

## ***Beneficiary Agreement***

between

**the Risk Sharing Mechanism (“RSM”) for Resource Validation**

**represented by the Development and Investment Bank of Turkey (“TKYB”)**

and

**Beneficiary**

NB: this is a form of a Beneficiary Agreement intended for use with the Risk Sharing Mechanism for Resource Validation Programme. The RSM reserves the option to amend or adjust the form of the Beneficiary Agreement. This might occur where a project to be supported is considered by the RSM to have a risk profile that warrants additional terms

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# Beneficiary Agreement

[TF0A1532]

This Beneficiary Agreement is made on [date] by and between the following:

PARTIES:

- (i) **Beneficiary** (trading number: ), **Adress** (Tax office number: ) (the “**Beneficiary**”)
- (ii) Risk Sharing Mechanism for Resource Validation, represented by the Development and Investment Bank of Turkey, Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No:10, B Blok Ümraniye, İstanbul, (registration number: 198898-5) (the “**RSM**”)

(the “Parties” and each of them being a “**Party**”)

Once completed, this document, together with the Annexes attached hereto (all of which shall hereinafter be referred to as the “**Beneficiary Agreement**”), forms an agreement between the RSM and the Beneficiary;

**WHEREAS** the Beneficiary has prepared and the RSM has approved for inclusion in this RSM Program, a Beneficiary Business Plan as presented in Ref. 4 hereto which identifies the profitable use of the geothermal energy resulting from successfully completed Exploration Wells which have been identified in the Ref. 2 Drilling Program; and

**WHEREAS** the Parties have entered into this Beneficiary Agreement under the Risk Sharing Mechanism for Resource Validation Program (the “**RSM Program**”) reference number CTF Grant Number: TF0A1532 (Contract No. WB 03-2018) for the purpose of providing partial coverage of drilling costs incurred when an Unsuccessful Well, tested as per the Well Testing Protocol (Ref. 3), is drilled by the Beneficiary pursuant to the Ref. 2 Drilling Program; and

**WHEREAS** the Beneficiary is desirous of obtaining such partial coverage of drilling costs in respect of Unsuccessful Wells in accordance with the terms and conditions set forth in this Beneficiary Agreement; and

**WHEREAS** the Beneficiary agrees and undertakes to perform all exploration drilling activities pursuant to the terms and conditions of this Beneficiary Agreement and to make any applicable Success Fee payment provided for therein.

The RSM and the Beneficiary hereby agree as follows:

## Article 1. Definitions

In this Beneficiary Agreement (which includes the Annexes attached hereto), the following terms shall have the meaning indicated below and cognate expressions shall have corresponding meanings:

<b>“Acceptable Well Costs”</b>	means a subset of the total costs borne by the Beneficiary to perform the Ref. 2 “Drilling Program” which are further set forth in Annex II “Acceptable Well Costs, Partial Coverage and Success Fee”. These costs are identified and have been agreed by the Parties to be those specific categories of Drilling Program costs for which partial coverage will be granted in the event of an Unsuccessful Well;
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“ <b>Administrative Fee</b> ”	shall have the meaning as set forth in Article 5 “RSM Unit Administrative Fee” hereof.
“ <b>Application</b> ”	means the application form as completed by the Beneficiary and set forth in Annex I “Application Form”;
“ <b>Application Procedure</b> ”	means the procedure where Beneficiaries can prepare an application to benefit from the RSM
“ <b>Beneficiary</b> ”	
“ <b>Beneficiary Bank Account</b> ”	means the bank account of the Beneficiary.
“ <b>Beneficiary Agreement</b> ”	means this agreement including all annexes hereto;
“ <b>Blowout</b> ”	means uncontrollable well discharge
“ <b>Business Day</b> ”	means any day other than a Saturday, Sunday or Public Holiday in the Country;
“ <b>Contract Period</b> ”	means the period commencing on the Effective Date and terminating on the date this Beneficiary Agreement is terminated;
“ <b>Country</b> ”	means the Republic of Turkey;
“ <b>Drilling completion Date</b> ”	means the date when the final drilling reports have been submitted.
“ <b>Effective Date</b> ”	means the date that this Beneficiary Agreement is signed by both Parties;
“ <b>Environmental and Social Impact Monitoring Report</b> ”	means the Environmental and Social Impact Monitoring Report as specified in Annex XIII “Templates for Environmental and Social Impact Monitoring Reports”;
“ <b>Exploration Wells</b> ”	means the geothermal wells for which the Beneficiary has applied for coverage under this Beneficiary Agreement and which are listed and described in Article 3.1 hereof;
“ <b>Escrow Account</b> ”	means the account for <b>the Beneficiary</b> where the Success Fee will be deposited prior to commencement of drilling operations with IBAN xxxxxxxxxxxxxxxxxxxxxx
“ <b>Escrow Agent</b> ”	means TKYB’s fiscal department or treasury which will store the Success Fee during the drilling period.
“ <b>Escrow Agreement</b> ”	means the escrow agreement in the form and substance as Ref. 6 “Escrow Agreement”;
“ <b>Escrow Amount</b> ”	means the amounts of the Success Fee as defined and set out in Article 4.2 hereof;
“ <b>Force Majeure</b> ”	shall have the meaning set forth it in Article 13 hereof;
“ <b>General Manager of RSM Unit</b> ”	means the General Manager responsible for the key decisions of the RSM Unit related to the Beneficiary Agreements

<b>“Maximum Acceptable Well Cost”</b>	shall have the meaning as set forth in Article 6 “Acceptable Well Costs” hereof.
<b>“Party”</b>	means the RSM or the Beneficiary, as the context requires, and “Parties” refers to both entities;
<b>“Project Budget”</b>	means Project Budget for the Beneficiary’s activities under the RSM Program as set out in Ref. 4 “Beneficiary’s Business Plan”
<b>“Project Site”</b>	means the place or places named in the Beneficiary Agreement as the site for drilling by the Beneficiary and accepted by the RSM;
<b>“RSM”</b>	means the Risk Sharing Mechanism for Resource Validation, funded by contingent grant from the Climate Technology Fund to the Government of Turkey;
<b>“RSM Bank Account”</b>	means the designated account as mentioned in the Operational Manual with bank account no.  IBAN TR04 0001 7000 0001 0014 34B4 28
<b>“RSM Consultant”</b>	means the Joint Venture of AFRY Switzerland Ltd. (JV leader Switzerland), MRC ARGE Enerji Mühendisliği Kontrol ve Test Hizmetleri A.Ş. (Turkey), ÍSOR Iceland GeoSurvey (Iceland) and Verkís (Iceland);
<b>“RSM Database”</b>	means a database created as a part of the RSM, which will store all available information provided by the Beneficiary as well as data from wells drilled with support from the RSM within specific Project Sites;
<b>“RSM Escrow Account”</b>	means the special account as mentioned in the Operational Manual, with bank account no.  IBAN TR74 0001 7000 0001 0014 34B4 29
<b>“RSM Program”</b>	means the coverage of a pre-defined percentage of Acceptable Well Cost in case a well is not meeting the pre-agreed Success Criteria as stated in this Agreement, as well as the payment of Success Fee of the actual cost paid by the Beneficiary, if the drilled well meets the pre-determined Success Criteria;
<b>“RSM Unit”</b>	means the implementing agency, a dedicated unit within the Development and Investment Bank of Turkey, responsible for all aspects of RSM implementation;
<b>“RSM Website”</b>	means the dedicated website for the RSM Program, which can be reached in the English language at <a href="http://www.rsmgeoturkey.com">http://www.rsmgeoturkey.com</a> and in the Turkish language at <a href="http://www.rpmjeoturkiye.com">http://www.rpmjeoturkiye.com</a> .
<b>“Sanctioned Persons”</b>	means any individual or institution named on updated lists of sanctioned persons promulgated by the United Nations Security Council or its committees pursuant to Security Council Resolutions 1267 (1999), 1373 (2001) (available on <a href="http://www.un.org">www.un.org</a> ) and/or by the Council of the European Union pursuant to its Common Positions 2001/931/CFSP and

	2002/402/CSFP and their related or successor resolutions and/or implementing acts in connection with money laundering or financing of terrorism matters;
<b>“Sub-Contractor”</b>	means any person/company or the legal successor in title thereto, with whom the Beneficiary has entered into an agreement to perform all or part of the Beneficiary’s activities under the RSM Program;
<b>“Subcontract Information Threshold Value”</b>	means the maximum value of individual subcontracts signed without notifying the RSM PIU. This value is set at USD 500,000.00 (five hundred thousand American Dollars). When subcontracting value is higher than the threshold value, Beneficiary must notify the RSM PIU and get an approval before concluding the subcontract;
<b>“Success Criteria”</b>	means the threshold values obtained from well testing and technical specifications that define whether a well is considered a Successful Well or not.
<b>“Success Fee”</b>	means the amount that the Beneficiary is to pay to the RSM in case a well drilled under the RSM program is found to be successful;
<b>“Success Fee Guarantee”</b>	means an acceptable bank letter of guarantee provided by the Beneficiary or by depositing this amount into the dedicated RSM Escrow Account
<b>“Successful Well”</b>	means that the well meets the agreed upon Success Criteria as measured during well testing;
<b>“Testing completion Date”</b>	means the date when the final testing reports have been submitted.
<b>“TKYB”</b>	means the Development and Investment Bank of Turkey;
<b>“Unacceptable Well Costs”</b>	means all other costs than the subset of the total costs borne by the Beneficiary to perform the Ref. 2 “Drilling Program” which are further set forth in Annex II “Acceptable Well Costs, Partial Coverage and Success Fee”. These costs are identified and have been agreed by the Parties to be those specific categories of Drilling Program costs for which partial coverage will be granted in the event of an Unsuccessful Well;
<b>“Unsuccessful Well”</b>	means that the well does not meet the agreed upon Success Criteria as measured during well testing;
<b>“USD”</b>	means United States Dollars, being the currency of the United States of America;
<b>“Well Completion”</b>	means the completion of one well, evidenced by the removal of the drill string from the hole, installing the perforated/slotted production liner and carry out a short injection test;
<b>“Well Pad”</b>	means the foundation on the Project Site designated for the activities of the Beneficiary under the RSM Program;

<b>“Well Spud”</b>	means the commencement of the drilling operations, evidenced by the entry of a drill bit into a well situated on the Project Site;
<b>“Well Testing Protocol”</b>	means the protocol for flow testing as presented in Ref. 3
<b>“World Bank Group General Environmental and Health and Safety Guidelines”</b>	means the World Bank Group General Environmental and Health and Safety Guidelines as made available on the RSM Website;
<b>“World Bank Group Environmental and Health and Safety Guidelines for Geothermal Power Generation”</b>	means the World Bank Group General Environmental and Health and Safety Guidelines for Geothermal Power Generation as made available on the RSM Website;
<b>“World Bank Group Environmental and Health and Safety Guidelines for Onshore Oil and Gas Development (for the management of naturally occurring radioactive materials)”</b>	means the World Bank Group General Environmental and Health and Safety Guidelines for Onshore Oil and Gas Development as made available on the RSM Website;
<b>“World Bank Group Environmental and Health and Safety Guidelines for Toll Roads (regarding abnormal load transports)”</b>	means the World Bank Group General Environmental and Health and Safety Guidelines for Toll Roads as made available on the RSM Website;
<b>“Guidelines on Incorporating Human Rights Standards and Principles, Including Gender, in Programme Proposals for Bilateral German Technical and Financial Cooperation”</b>	means the Guidelines on Incorporating Human Rights Standards and Principles, Including Gender, in Programme Proposals for Bilateral German Technical and Financial Cooperation as made available on the RSM Website;

## Article 2. Scope of this Beneficiary Agreement

2.1 The Beneficiary shall perform all required activities customarily performed by a geothermal project developer including those activities and requirements identified in this Beneficiary Agreement which includes the Annexes and Reference documents listed below (“Annexes”) to execute the Drilling Program, set forth in Ref. 2 “Drilling Program” and to perform well testing as set forth in Ref. 3 “Well Testing Protocol” hereof. In addition, the Beneficiary shall perform all activities, reporting and communications as set forth in this Beneficiary Agreement to comply with; (i) geothermal permitting and licensing requirements of all government authorities having jurisdiction, (ii) social and environmental requirements of all government authorities having jurisdiction, (iv) Drilling Program accounting, (v) verification of payments made under the Drilling Program; and, (vi) any other reasonable requirement set forth by the RSM Unit to complete the Drilling Program and well testing in conformance with the laws, rules, regulations and requirements of the Government of Turkey and the World Bank Group:

### Annexes:

Annex I: Application Form (including all changes agreed upon before the Effective Date)



Annex II: Acceptable Well Costs, Partial Coverage and Success Fee

Annex III: List of required Permits, Licenses and Rights

Annex IV: Standard Request for Payment

Annex V: Template for Notification of Sub-Contractor Selection

Annex VI: Success Fee Guarantee

Annex VII: Statement by the Beneficiary's bank confirming the bank account into which the partial coverage of Unsuccessful Wells will be paid

Annex VIII: Signed letter by authorized representative of the Beneficiary setting forth the name, title and authenticated specimen signature of each person authorized to sign payment requests

Annex IX: Specimen signature for the person authorized to represent the Beneficiary in signing this Beneficiary Agreement

Annex X: Specimen signatures for the persons authorized to represent the Beneficiary during the implementation of this Beneficiary Agreement

Annex XI: Information provided by the Beneficiary, which the RSM may use for reporting purposes

Annex XII: Templates for Progress and Final Reports

Annex XIII: Templates for Environmental and Social Impact Monitoring Reports

**Reference Documents:**

Ref. 1 Beneficiaries Manual

Ref. 2 Drilling Program

Ref. 3 Well Testing Protocol

Ref. 4 Beneficiary's Business Plan

Ref. 5 Environmental and Social Impact Management Plan

Ref. 6 Escrow Agreement

- 2.2 The Ref. 2 "Drilling Program" and Ref. 3 "Well Testing Protocol", as approved by the RSM Unit identify the scope of work that the Beneficiary will perform, how the work will be carried out and to what standards.
- 2.3 Annex I "Application Form", Annex IV "Standard Request for Payment", Annex VI "Success Fee Guarantee" and Ref. 6 "Escrow Agreement" may be amended by the RSM Unit in its sole discretion, at all times acting reasonably and the latest versions will be made available on the RSM Website.
- 2.4 Any conflict that may arise between the terms and conditions of the body of the Beneficiary Agreement (excluding its Annexes) and the provisions of the Annexes shall be settled by the provisions of the highest priority document after which the terms of that document shall take precedence only to the extent of such conflict. The following documents are listed in their priority order:
- 1) This Beneficiary Agreement (excluding its Annexes);
  - 2) Ref 1. "Beneficiaries Manual";
  - 3) Annex I. "Application Form";
  - 4) Ref 2. "Drilling Program";
  - 5) Ref 3. "Well Testing Protocol";

- 6) Annex II. "Acceptable Well Cost, Partial Coverage and Success Fee";
- 7) Ref 4. "Beneficiary's Business Plan";
- 8) Ref 5. "Environmental and Social Impact Management Plan";
- 9) Annex III. "List of required Permits, Licenses and Rights";
- 10) Annex IV. "Standard Request for Payment";
- 11) Annex V. "Template for Notification of Sub-Contractor Selection";
- 12) Annex VI. "Success Fee Guarantee";
- 13) Annex VII. "Statement by the Beneficiary's bank confirming the bank account into which the partial coverage of Unsuccessful Wells will be paid";
- 14) Annex VIII. "Signed letter by authorised representative of the Beneficiary setting forth the name, title and authenticated specimen signature of each person authorised to sign payment requests";
- 15) Annex IX. "Specimen signature for the person authorised to represent the Beneficiary in signing this Beneficiary Agreement";
- 16) Annex X. "Specimen signatures for the persons authorised to represent the Beneficiary during the implementation of this Beneficiary Agreement";
- 17) Annex XI. "Information provided by the Beneficiary, which the RSM may use for reporting purposes";
- 18) Ref 6. "Escrow Agreement";
- 19) Annex XII. "Templates for Progress and Final Reports"
- 20) Annex XIII. "Templates for Environmental and Social Impact Monitoring Reports"

### Article 3. Success Criteria and RSM Program Pay-Out for Unsuccessful Wells

- 3.1 The following Exploration Wells (as further detailed in the Beneficiary's Ref. 2 "Drilling Program") are approved for partial coverage up to the identified maximum percentage of Acceptable Well Costs under the RSM Program. Based on the Beneficiary's Business Plan, the Success Criteria is to reach a gross well power output of **X.XX** MW per well ("Gross Well Power Output") using the calculation methods described in Appendix 7 of the Ref. 1 "Beneficiary Manual". In addition to the aforementioned Success Criteria, forecasted drawdown of 300 m from ground surface within five (5) years of production using the required mass flow to produce **X.XX** MW, is considered maximum acceptable drawdown. The water-level depth after 5 years of production from a single well, should be predicted by first estimating the water-level depth ( $h_0$ ) for the required mass flow rate ( $Q_0$ ) on basis of the outcome (water-level vs. mass flow) of the test. Secondly, the water-level depth should be extrapolated up to 5 years using slope  $m$  on a semi-logarithmic time-scale (time logarithmic and water-level linear) using the following equation based on the hydrological model:

$$\text{waterlevel depth} = m \cdot \log(\text{time}) + h_0 \quad \text{with} \quad m = \frac{2.3Q_0}{4\pi gT}$$

Here,  $g$  is the acceleration of gravity and  $T$  the transmissivity (kH). The transmissivity is estimated through analysis of the production test data.

To reach the same total power output, a lower temperature and higher flowrate or higher temperature and lower flowrate can result in the same Gross Well Power Output. The minimum

discharge enthalpy at which a well is considered successful is 504 kJ/kg, corresponding to a liquid temperature of 120°C.

- 3.2 If self-flow from wells is not sufficient to meet the Success Criteria, well testing shall be carried out according to Chapter 6 of the Ref. 1 “Beneficiary Manual”. Pumping will be a prerequisite for estimating the long term well output. However, airlifting may suffice in determining the well output, if airlifting results are firm and definite (much lower or much higher) compared to the Success Criteria.

Subject to limitations of the RSM partial coverage identified herein, the RSM will cover and pay to the Beneficiary an amount corresponding to 40% or 60% of the Acceptable Well Costs for the Exploration Wells that are identified below, in case any of the drilled wells are Unsuccessful Well, which have been actually incurred by the Beneficiary, reviewed and accepted by the RSM Unit and drilled and tested in accordance with the Ref. 2 “Drilling Program” and Ref. 3 “Well Testing Protocol”:

	First Well	Second Well	Third Well
<b>Well no.</b>	1	2	3
<b>Type of well</b>			
<b>Diameter</b>			
<b>Depth</b>			
<b>Location</b>			
<b>Coverage</b> (Maximum percentage if well is unsuccessful)			
<b>Success Criteria for a Successful Well</b> (If self-flow is not sufficient, pumping will be required for estimating well output)	<b>Well power output is X.XX MWe</b>  Maximum forecasted drawdown of 300 m from ground surface  Minimum acceptable discharge enthalpy 504 kJ/kg.	<b>Well power output is X.XX MWe</b>  Maximum forecasted drawdown of 300 m from ground surface  Minimum acceptable discharge enthalpy 504 kJ/kg.	<b>Well power output is X.XX MWe</b>  Maximum forecasted drawdown of 300 m from ground surface  Minimum acceptable discharge enthalpy 504 kJ/kg.
<b>Conversion efficiency factor (Gross)</b>	11.0% at 120°C, 12.5% at 140°C, 14.5% at 160°C, 16.0% at 170°C, 17.0% at 180°C, 17.5% at 190°C.	11.0% at 120°C, 12.5% at 140°C, 14.5% at 160°C, 16.0% at 170°C, 17.0% at 180°C, 17.5% at 190°C.	11.0% at 120°C, 12.5% at 140°C, 14.5% at 160°C, 16.0% at 170°C, 17.0% at 180°C, 17.5% at 190°C.
<b>CO<sub>2</sub> concentration</b>	< 540 g/kWh	< 540 g/kWh	< 540 g/kWh
<b>Success Fee</b> (if well is successful)	5%	5%	5%

- 3.3 When determining if a well is a Successful Well or an Unsuccessful Well the Beneficiary will compare and test the Exploration Wells in accordance with the requirements set forth in Ref. 2 “Drilling Program” and Ref. 3 “Well Testing Protocol”. The Success Criteria for each Exploration Well is identified in Article 3.2 above.

- 3.4 The RSM pay-out of partial coverage pursuant to the maximum percentage identified for each Unsuccessful Well included in the RSM Program shall be subject to the following conditions and limitations:

- 3.4.1 The Beneficiary must perform the scope of work for each drilled well pursuant to Article 2 “Scope of this Beneficiary Agreement” and comply with the standards set forth in the Ref. 2 “Drilling Program”,

- 3.4.2 To receive an RSM pay-out, the well in question must be deemed by the RSM Unit to be an Unsuccessful Well based on testing in accordance with Ref. 3 “Well Testing Protocol” as compared to the predetermined well test Success Criteria, as identified in Article 3.2 above.
- 3.5 The amount of the partial coverage available for an Unsuccessful Well shall be calculated with reference to the Acceptable Well Costs, as further described in Annex II “Acceptable Well Costs, Partial Coverage and Success Fee”.
- 3.6 The partial coverage of an Unsuccessful Well shall be payable in accordance with Article 9 “Financing and Payment Arrangements” of this Beneficiary Agreement.
- 3.7 The Parties hereby agree that:
- 3.7.1 No RSM partial coverage of 40% or 60% will be granted for Exploration Wells which are deemed to be Successful Wells after careful evaluation of well test results (in accordance with the procedures described in the Ref. 3 “Well Testing Protocol”) and comparison to the Success Criteria, as identified in Article 3.2 above.
- 3.7.2 In case two Exploration Wells are deemed by the RSM Unit to be Unsuccessful Wells, the RSM Program will immediately be terminated upon such evaluation in accordance with the terms of Article 16 “Commencement, Duration and Termination” hereof. However, 40% or 60% of the Acceptable Well Costs will be paid to the Beneficiary for each of the two Unsuccessful Wells;
- 3.7.3 In the event that the RSM partial coverage for Unsuccessful Wells, which is calculated by multiplying the maximum percentage coverage by the Acceptable Well Costs, exceeds the maximum pay-out which is explained in the Ref.1 World Bank Risk Sharing Mechanism Beneficiary Manual, the RSM pay-out will be capped at the maximum pay-out and the RSM Program will be terminated in accordance with the terms of Article 16 “Commencement, Duration and Termination” hereof;
- 3.7.4 In case the CO<sub>2</sub> concentration in the fluid of the First Well or the Second Well, results in CO<sub>2</sub> emissions in excess of 540 g/kWh, the RSM Program will terminate, in accordance with the terms of Article 16 “Commencement, Duration and Termination” hereof;
- 3.7.5 After completion and testing of the first well, the RSM payment will be made to the Beneficiary in accordance with the terms of Article 3 if the first well is proven unsuccessful or a success fee will be paid by the Beneficiary to the RSM in accordance with the terms of Article 4 if the first well is proven successful. Prior to the commencement of drilling the second well, the Beneficiary will be required to prove to the satisfaction of the RSM that the financing needed for the second and successive wells and for the overall business plan is in place or will be put in place as proven through reasonable commitments of investors. If the Beneficiary is not able to prove the availability of such financing to the satisfaction of the RSM within 90 (ninety) calendar days after the Beneficiary is officially informed that the first well is either successful or unsuccessful, the RSM shall have the right to terminate this Beneficiary Agreement pursuant to Article 16.3.1 vi.

## **Article 4. Beneficiary’s Success Fee for Successful Wells**

- 4.1 When an Exploration Well is deemed by the RSM Unit to be a Successful Well based on testing in accordance with Ref. 3 "Well Testing Protocol" as compared to the predetermined well test Success Criteria (identified in Article 3.2.) above which the well is deemed to be a Successful Well, the Beneficiary will pay a Success Fee to the RSM Unit.
- 4.2 The Success Fee shall equal 5% (five percent) of the Acceptable Well Costs (as further defined in Annex II "Acceptable Well Costs") for the first, second and third wells included in the RSM Program.
- 4.3 Payments of Success Fee for Successful Wells, as contemplated in this Beneficiary Agreement, shall be made into the RSM's Bank Account if a drilled well meets the pre-determined Success Criteria. The Beneficiary shall make a Success Fee payment within 30 (thirty) Business Days from a written notice by the RSM Unit that a well is a Successful Well, in compliance with the terms of this Beneficiary Agreement. The Beneficiary can make a direct payment to the RSM Bank Account within 30 (thirty) Business Days from receiving payment instructions from the RSM Unit. If a payment is not made to the RSM Bank Account within 30 (thirty) Business Days, the RSM Unit will access the Success Fee in accordance with Article 4.4.
- 4.4 [The RSM has received the Escrow Amount into the RSM Escrow Account in Accordance with the Escrow Agreement, cf. Ref. 6 "Escrow Agreement", for the purposes of securing the payment by the Beneficiary of the Success Fee. In case the Success Fee becomes payable by the Beneficiary to the RSM in accordance with this Article 4, the RSM shall forthwith transfer the Success Fee payable by the Beneficiary, from the RSM Escrow Account into the RSM Bank Account. The remaining balance of the Escrow Amount standing on the Escrow Account (if any) shall be payable forthwith to the Beneficiary into the Beneficiary Bank Account;]

**OR**

[The RSM has received the Success Fee Guarantee for the purposes of securing the payment by the Beneficiary of the Success Fee. In case the Success Fee becomes payable by the Beneficiary to the RSM in accordance with this Article 4, the Beneficiary shall, within 30 (thirty) Business Days from the date of a written notice from the RSM, pay the Success Fee to the RSM. In case the Beneficiary does not pay the Success Fee within this period, the RSM is authorized to demand payment of the Success Fee from the Success Fee Guarantor in accordance with the provisions of the Success Fee Guarantee cf. Annex VI "Success Fee Guarantee") and the Success Fee Guarantor shall forthwith render payment of the Success Fee to the RSM.]

## **Article 5. RSM Unit Administrative Fee**

- 5.1 Pursuant to the terms and conditions of the Clean Technology Fund Grant Agreement between the International Bank for Reconstruction and Development (acting as an Implementing Agency of the Clean Technology Fund) and TKYB, the RSM Unit shall collect a one-time fee from the Beneficiary to compensate the RSM Unit for its administration of the RSM Program (Administrative Fee).
- 5.2 The Administrative Fee shall be calculated by multiplying the estimated Acceptable Well Costs of the Beneficiary's Drilling Program as set forth in Ref. 2 "Drilling Program ", times the amount of 0.006 (0.6%). The Administrative Fee and the resulting tax liability (BITT-Banking and Insurance Transaction Tax) shall be paid by the Beneficiary into TKYB Account VAKIFBANK KIZILAY USD IBAN: TR750001500158048011061847 before signing the Beneficiary Agreement. The Administrative Fee shall not be trued up to actual Acceptable Well Costs upon completion of the RSM Program.
- 5.3 The regulation of the Beneficiary in Article 5.2 relates only to the Administrative Fee to be paid for the first well to the bank account of Article 9 of TKYB prior to the signing of the Beneficiary

Agreement. In the event that another well is drilled after the first well, the Beneficiary will pay the administrative fee to the bank account in question within 5 (five) working days after the approval of TKYB in accordance with the calculation in Article 5.2.

- 5.4 The Administrative Fee issued under Article 5.2 of this Beneficiary Agreement is independent of other amounts to be paid to the RSM by the Beneficiary under the Beneficiary Agreement and shall be paid to the TKYB by the Beneficiary in accordance with the procedures and principles specified in Article 5.2.

## **Article 6. Acceptable Well Costs**

- 6.1 The estimated cost of the Beneficiary's Drilling Program has been set forth in Ref. 2 "Drilling Program". The Parties have categorized and agreed upon each of the estimated costs being either an Acceptable Well Cost for which partial coverage is granted for an Unsuccessful Well or an Unacceptable Well Cost for which partial coverage is not granted for an Unsuccessful Well. The maximum USD value of Acceptable Well Costs (Maximum Acceptable Well Cost) for which partial coverage will apply has been established through negotiation between the Beneficiary and the RSM Unit based on the Beneficiary's Ref. 2 "Drilling Program" cost estimate for each Exploration Well. Identification of which Beneficiary drilling costs are Acceptable Well Costs along with the Maximum Acceptable Well Cost for each Exploration Well has been identified in Annex II „Acceptable Well Costs, Partial Coverage and Success Fee“.
- 6.2 The Parties hereby agree that; (i) identification of the categories of drilling costs which are included as Acceptable Well Costs, and; (ii) the total USD value of the Maximum Acceptable Well Cost for each Exploration Well are final and binding upon the Parties as set forth in Annex II "Acceptable Well Costs, Partial Coverage and Success Fee". If a well is deemed an Unsuccessful Well, the Beneficiary in accordance with the terms and conditions of this Beneficiary Agreement shall receive partial coverage for proven Acceptable Well Costs up to the Maximum Acceptable Well Cost for the well in question as set forth in Annex II "Acceptable Well Cost, Partial Coverage and Success Fee".
- 6.3 The list of Acceptable Well Costs set forth in Annex II "Acceptable Well Cost, Partial Coverage and Success Fee" includes all taxes, custom duties and levies on the drilling costs and expenditures included in Annex II "Acceptable Well Cost, Partial Coverage and Success Fee" and the Beneficiary is not authorized to claim for partial coverage any such taxes, duties or levies, in any form whatsoever except to the extent that such cost items are specifically identified in the list of Acceptable Well Costs for the Exploration Well in question.
- 6.4 The Beneficiary shall receive partial coverage under the RSM Program only for Acceptable Well Costs. Under no condition shall partial coverage under the RSM Program be granted for Unacceptable Well Costs.
- 6.5 The Beneficiary shall maintain and prepare separate accounting records for goods and services rendered to it that are included as Acceptable Well Costs and shall retain all invoices relating thereto for a period of 10 years after the Completion Date, in accordance with the provisions of the Turkish Commercial Law. The Beneficiary shall provide the RSM Unit with milestone reports and accounting records as further set out in Annex XII "Templates for Progress and Final Reports" to verify and confirm to the RSM Unit which Beneficiary drilling expenditures qualify as Acceptable Well Costs.

## **Article 7. Information Undertakings and Financial Reports**

- 7.1 The Beneficiary shall submit milestone information as well as progress reports and final reports to the RSM Unit with copies emailed to the RSM Consultant as set out in this Article 7. All necessary templates and formats of reports required by the Beneficiary, as set out in this Article 7, will be uploaded to the RSM Website by the RSM Unit.
- 7.2 The Beneficiary will submit the following reports through the RSM Database:
- 7.2.1 Daily drilling reports;
  - 7.2.2 Daily mudlogging/onsite geological reports;
  - 7.2.3 Well Completion reports;
  - 7.2.4 Well testing reports in which the performance of the well is measured against the Success Criteria; and
  - 7.2.5 Any other reports, as stipulated in the drilling program and flow testing procedures, as well as this Article 7.
- 7.3 The Beneficiary shall inform the RSM Unit and RSM Consultant in writing of the expected dates of the following milestones 4 (four) weeks in advance of each milestone for each of the Exploration Wells.
- 7.3.1 the commencement of the construction of the Well Pad;
  - 7.3.2 Well Spud commencement;
  - 7.3.3 Well Completion;
  - 7.3.4 the commencement and termination of testing of each Exploration Well, in which the performance of each Exploration Well is measured against the Success Criteria;
- 7.4 The Beneficiary shall prepare the following reports regarding the progress of its activities under the RSM Program using the templates made available in the RSM Website:
- 7.4.1 Monthly progress reports shall be submitted within 15 (fifteen) calendar days following the end of the reporting month for the time periods occurring at the beginning and the end of the RSM Program which include:
    - i. The period between the signature date of this Beneficiary Agreement and the start of the first Well; and
    - ii. The period between the last Well Drilling Completion and the Well Completion Date.
  - 7.4.2 Daily and weekly progress reports, both drilling reports and daily mudlogging/onsite geological reports shall be submitted during the time occurring after the first Well Spud and the last Well Completion for each Exploration Well. The daily progress reports shall be submitted within the next 2 (two) Calendar Days following the reporting day and weekly progress reports within 3 (three) Business Days following the end of the reporting week.
  - 7.4.3 A final report shall be submitted within 2 (two) months of the drilling rig being moved off from the last well drilled under the RSM Program. At a minimum, the final report shall consist of the following:
    - i. A narrative report; and
    - ii. A financial report prepared by a certified auditor certifying the Beneficiary's total drilling costs which costs shall be segmented between Acceptable Well Costs and Unacceptable Well Costs as identified in Annex II "Acceptable Well Costs, Partial Coverage and Success Fee".
- 7.5 The Beneficiary shall submit expenditure verification reports to the RSM Unit and RSM Consultant identifying Acceptable Well Costs with supporting invoices and proof of payment that have been incurred using the templates made available in the RSM Website:

- 7.5.1 When 30% of Acceptable Well Costs have been paid by the Beneficiary;
- 7.5.2 When 60% of Acceptable Well Costs have been paid by the Beneficiary and.
- 7.5.3 When 100% of Acceptable Well Costs have been paid by the Beneficiary.
- 7.6 The expenditure verification reports submitted pursuant to Article 7.5. shall; (i) be prepared by the Beneficiary's certified auditor who shall be acceptable to the RSM Unit; (ii) comply with international standards; and, (iii) provide supporting invoices and proof of payment for Acceptable Well Costs that qualify for partial cover. The expenditure verification report shall include the certified auditor's verification that the costs declared by the Beneficiary have; (i) been expended for goods and services that have been delivered on behalf of the reported Exploration Well; (ii) that the costs have been accurately recorded and paid; and, (iii) that the costs are included as a portion of the Acceptable Well Costs identified in Annex II "Acceptable Well Costs, Partial Coverage and Success Fee". The Beneficiary shall grant the certified auditor access rights as stated in Annex XII "Templates for Progress and Final Reports". as well as any other reasonable rights necessary for the certified auditor to professionally certify the Beneficiary's financial records.
- 7.7 Using the certified expenditure verification report submitted by the Beneficiary, the RSM Unit shall determine the total value of Acceptable Well Costs that have been expended by the Beneficiary on behalf of the Exploration Well in question. In the event of an Unsuccessful Well, the RSM Unit shall establish the Beneficiary's partial coverage pursuant to the terms and conditions of the Beneficiary Agreement. In the event of a Successful Well, the RSM Unit will establish the Success Fee for which the Beneficiary will be obligated to pay pursuant to the terms and conditions of the Beneficiary Agreement.
- 7.8 The Beneficiary shall prepare the following environmental and social performance reports for the Project:
- 7.8.1 Monthly Environmental and Social Impact Monitoring Reports, which are to be submitted within 30 (thirty) days to the RSM Unit following the end of the reporting month using the template in Annex XIII "Templates for Environmental and Social Impact Monitoring Reports"; and
- 7.8.2 A final Environmental and Social Impact Monitoring Report as can be found in Annex XIII "Templates for Environmental and Social Impact Monitoring Reports" shall be submitted within 2 (two) months of the drilling rig being moved off of the last well drilled under the RSM Program.
- 7.9 The RSM Unit has the right to review and audit all contracts made by the Beneficiary in relation to the Exploration Wells and the fulfilment of this Beneficiary Agreement, as deemed necessary by the RSM Unit or the RSM Consultant. The RSM Unit has the right to verify the expenditures made by the Beneficiary to ensure that all expenditures relating to the Beneficiary Agreement are in line with commercial and local practice. The RSM Unit has the right to verify that the contract prices and expenditures are consistent with the market prices, including reasonable practice margins, and that all agreements made by the Beneficiary are with third parties that are duly registered and operating. A review by the RSM of contracts made by the Beneficiary can furthermore include a review of the quality of contract output, technical compliance and physical completion. The Beneficiary must ensure that agreements are made available to the RSM Unit and the RSM Consultant upon request, and no later than 10 (ten) Business Days, following a request from the RSM Unit.
- 7.10 No later than 2 (two) weeks prior to retaining the services of a Sub-Contractor, the Beneficiary shall request approval of the RSM Consultant to award said subcontract pursuant to the requirements of Article 11 "Procurement Procedures".



- 7.11 The RSM Unit shall have the right to request and Beneficiary shall supply additional information relating to the activities of the Beneficiary under the Beneficiary Agreement when in the sole discretion of the RSM Unit such information is necessary to confirm Beneficiary's compliance with the terms and conditions of the Beneficiary Agreement. Such requested information shall be supplied by the Beneficiary within 7 (seven) Business Days (or longer as agreed between the Parties) of the request or the Beneficiary shall be considered in default of the Beneficiary Agreement.
- 7.12 All reports and other information shall be provided in English.
- 7.13 All reports and other information shall be provided in an electronic format native to the original publication of the document (i.e. Microsoft Word) or as a PDF for inclusion into the RSM Database by the RSM Unit.
- 7.14 Without prejudice to this Article 7 "Information Undertakings and Financial Reports", in the event the Beneficiary does not fulfil its reporting obligations or does not meet the required quality standard, the RSM may reduce the partial cover under the RSM Program in accordance with the following principles:
- 7.14.1 If a monthly report is not received within 15 (fifteen) days following the end of the reporting month, a reduction of USD 500 per day of delay shall be applied.
- 7.14.2 If a weekly report is not received within 3 (three) Business Days following the end of the reporting week, a reduction of USD 200 per day of delay shall be applied.
- 7.14.3 If a daily report is not received within 2 (two) Business Days, a reduction of USD 100 per day of delay shall be applied.
- 7.14.4 In its sole discretion, the RSM Unit shall have the right to waive late reporting reductions in partial coverage when it concludes that extenuating circumstances apply. Any waivers of reductions in partial coverage granted by the RSM Unit must be in writing. The maximum aggregated reduction in partial coverage shall be capped at 25% (twenty five percent) of the maximum coverage under the RSM Program.

## **Article 8. Monitoring**

- 8.1 In order to ensure compliance with the requirements of the RSM Program and the achievement of the performance goals and milestones under this Beneficiary Agreement, the RSM Unit is hereby appointing the RSM Consultant as the RSM Unit's authorized representative to oversee and monitor the activities of the Beneficiary under the RSM Program. Instructions issued by the RSM Consultant to the Beneficiary shall be equivalent to the authority of instructions issued by the RSM Unit to the Beneficiary
- 8.2 The RSM Consultant will review the progress reports, the final report, all Environmental and Social Impact Monitoring Reports as well as all other information provided by the Beneficiary for quality and informational value, as further set forth in Article 7 "Information Undertakings and Financial Reports" of this Beneficiary Agreement. If the reporting and application of mandatory requirements is found to be lacking in quality or informational value, the RSM Consultant shall instruct the Beneficiary concerning what corrections and improvements must be made after which the Beneficiary shall comply. Moreover, the RSM consultant will regulatory report to TKYB and WB about any non-compliances and inform them on the implementation of corrective measures, whether the non-compliance cases are closed or not.
- 8.3 In order to validate the progress of the Beneficiary's activities under the RSM Program and to check the fulfilment of the terms and conditions of the Beneficiary Agreement, the RSM Unit and RSM Consultant has the right to visit the Project Site as it deems appropriate without the need for advanced notification to the Beneficiary.

- 8.4 The Beneficiary shall provide the RSM Consultant with documentation or information in its possession that may be beneficial in assisting the RSM Consultant with the analysis and monitoring of drilling program operations. The Beneficiary shall also grant the right and assist the RSM Consultant in accessing the Beneficiary's information systems and databases containing information on the technical and financial management of the Beneficiary's drilling program activities.
- 8.5 The Beneficiary will allow the RSM Unit and RSM Consultant to closely monitor the activities performed and to carry out site visits, intermittently during drilling as well as during all or some well tests. The objective of the site visits is to monitor the progress during drilling, verify that costs incurred correspond to activities on site and observe well testing in order to ascertain the fulfilment of conditions and stipulations of this Agreement. The Beneficiary will allow the RSM Consultant to make arrangements for such site visits on behalf of the RSM Unit.

## **Article 9. Financing and Payment Arrangements**

- 9.1 The approved total Project Budget for the Beneficiary's activities under the RSM Program is set out in Ref. 4 "Beneficiary's Business Plan".
- 9.2 Payments of the partial cover in respect of Unsuccessful Wells, as contemplated in this Beneficiary Agreement, will only be made on payment request by the Beneficiary using the payment request form contemplated in Annex IV "Standard Request for Payment" into the Beneficiary's Bank Account.
- 9.3 Upon the occurrence of one or more of the events listed herein below, any payment/s due the Beneficiary as contemplated in this Beneficiary Agreement shall be immediately suspended:
- 9.3.1 If the Beneficiary has become insolvent, bankrupt, has come under supervision, observation or control of an administrator, or has filed for same with any authority having jurisdiction, or if such similar procedures have been commenced by any person, or if moratorium has been agreed or sought with the creditors of the Beneficiary or the Beneficiary has been absolved or any other situation has occurred which is similar to any of the aforementioned circumstances pursuant to the laws of incorporation of the Beneficiary or the laws of the Country; or
- 9.3.2 If the Beneficiary is unable to demonstrate to the satisfaction of the RSM Unit, that the drilling costs incurred by the Beneficiary are properly classified as Acceptable Well Costs in accordance with Annex II "Acceptable Well Cost, Partial Coverage and Success Fee".
- 9.4 Subject to the provisions of Article 3, payments of the partial coverage for Unsuccessful Wells will be made in accordance with the following disbursement procedures:
- 9.4.1 The payment will be made only if the following conditions are fulfilled:
- i. Receipt of a properly submitted payment request in compliance with the terms of Annex IV "Standard Request for Payment"
  - ii. Receipt of all milestone as well as progress reports and final reports by the RSM Unit with copies emailed to the RSM Consultant as set out in Article 7.
  - iii. Proof of information that the Beneficiary has not issued any uncovered checks, has no SGK and tax debts and has no protested issued bonds.
- 9.5 The RSM Unit through its RSM Consultant shall at all times have the right to reasonably request such further documentation and/or evidentiary proof from the Beneficiary (or from the Beneficiary's certified auditor) that it may deem necessary to confirm the validity of the Beneficiary's request for partial cover payment under the RSM program. The Beneficiary shall

comply with any such request within 7 (seven) Business Days or as otherwise agreed between the Parties.

9.6 Subject to the payment conditions of this Article 9, the time-limit for partial coverage payment by the RSM Unit is 30 (thirty) Business days from the receipt of a properly submitted payment request in compliance with the terms of this Beneficiary Agreement under approval of Deputy General Manager of the RSM Unit and in the form and substance according to Annex IV "Standard Request for Payment" by the Beneficiary. Without prejudice to anything contained in this Beneficiary Agreement, the RSM Unit at its sole discretion may reasonably suspend the time-limit for payment by notifying the Beneficiary in writing that;

9.6.1 the RSM requires further verification of costs, expenditures or delivery of goods or services claimed by the Beneficiary; or

9.6.2 the RSM requires further verification, including but not limited to physical inspections to ensure that the expenditure incurred by the Beneficiary are eligible for partial cover payment as an Acceptable Well Cost.

Suspension of a partial cover payment shall take effect immediately upon notification by the RSM Unit (or its authorized RSM Consultant) to the Beneficiary invoking such suspension which shall include a request for Beneficiary action or information necessary to remove such suspension. The time-limit for payment shall recommence immediately upon written notification by the RSM Unit (or its authorized RSM Consultant) to the Beneficiary confirming that all issues giving rise to payment suspension have been satisfied.

9.7 In the event of the RSM Unit not meeting the time-limit for payment provided in this Article 9, the RSM shall not be liable for payment of interest or damages of any kind whatsoever to the Beneficiary.

9.8 The RSM shall make all payments in USD. Expenses incurred by the Beneficiary for services rendered in other currencies shall be converted to USD according to the Central Bank TRL per USD buying rates for the date of the invoice,)

## **Article 10. Insurance**

10.1 The Beneficiary undertakes, at his own cost, to effect or maintain all insurances that are required by the laws of the Country, to secure necessary permits and licenses for the operations and activities of the Beneficiary during the Contract Period. All insurance related to the Beneficiary's activities under the RSM Program shall be maintained until expiry of the Contract Period.

10.2 The Parties agree that all proceeds of any insurance claim made due to loss or damage of any nature whatsoever, shall be allocated towards reinstatement, reconstruction, replacement, repair or renewal of such loss or damage in the first instance.

10.3 The Beneficiary shall keep the RSM Unit informed of any material changes in its methods or procedures of working which may affect insurance coverage. The Beneficiary shall not make any material alteration to the term of any insurance policy without the prior written approval of the RSM Unit.

10.4 Notwithstanding the provisions of this Article 10, the Beneficiary undertakes to take out and maintain during the Contract Period, the drilling risk insurances, depending on the availability and market conditions in the Country.

10.5 Beneficiary will include in each Sub-Contractor's subcontract the equivalent insurance requirements as those required of the Beneficiary under the Beneficiary Agreement which shall include the requirement for Sub-Contractor's naming of the RSM Unit and RSM Consultant as

additional insured. Copies of all Beneficiary and Sub-Contractor's insurance policy schedules and insurance binders shall be submitted to the RSM Unit and/or the RSM Consultant upon request.

- 10.6 In addition to the minimum insurance requirements set forth in Article 10.4, the Beneficiary shall be required to procure additional insurance at its own expense should the RSM Unit reasonably believe that such additional insurance is necessary to manage the risk of the Beneficiary's RSM Program activities or to comply with prevailing laws.
- 10.7 In the event that the Beneficiary fails to take out and/or maintain in effect the insurances referred to in this Article 10, the RSM Unit may terminate this Beneficiary Agreement in accordance with Article 16.1.

## **Article 11. Procurement Procedures**

- 11.1 The Beneficiary shall award sub-contracts in accordance with the principles as set out in Annex V "Templates for Notification of Sub-Contractor Selection".
- 11.2 The Beneficiary shall keep a full written record of the procedure for awarding Sub-Contractor's subcontracts for 3 (three) years from the Effective Date. The Beneficiary shall grant the RSM Unit and RSM Consultant as well as any agents or auditors authorized by the RSM Unit full access to such records within 5 (five) Business Days of written notice requesting access.
- 11.3 Before entering into any third-party subcontract that exceeds the Subcontract Threshold Value, the Beneficiary shall submit subcontract information substantially in the form set forth in Annex V "Template for Notification of Sub-Contractor Selection" to the RSM Unit and shall obtain written consent of the RSM Unit prior to signing of the subcontract. Written consent of the RSM Unit shall be granted when the subcontract meets the standard requirements set forth in Annex V "Template for Notification of Sub-Contractor Selection".

## **Article 12. General Undertakings, Representations and Warranties**

### **A. General Undertakings**

- 12.1 The Beneficiary undertakes and shall comply with all conditions set forth, both in the Annex I Application Form and this Beneficiary Agreement and Annexes.
- 12.2 The Beneficiary shall commence and shall diligently execute the Drilling Program within the time schedule set forth in Ref. 2 "Drilling Program";
- 12.3 The Beneficiary undertakes to perform its activities subject to the terms of the Beneficiary Agreement and carry out its obligations hereunder always with all due diligence, financial efficiency and economy and in accordance with sound engineering and professional techniques. In addition, the Beneficiary shall employ best practices generally accepted and substantially in accordance with the concept agreed between the RSM Unit and the Beneficiary concerning the execution of the Ref. 2 "Drilling Program" all times during which the Beneficiary shall observe sound management practices, employ appropriate advanced technology that is safe while using effective equipment, machinery, materials and methods.
- 12.4 The Beneficiary shall perform the RSM Program activities in accordance with all applicable laws and regulations of the Country and to take all practicable steps to ensure that any personnel of the Beneficiary and any Sub-Contractor comply with all laws and regulations of the Country.
- 12.5 The Beneficiary shall ensure that all environmental and social standards applicable to the RSM Program activities have been fulfilled and that all necessary authorizations required for execution of the Ref. 2 "Drilling Program" have been obtained.

- 12.6 The Beneficiary shall inform the RSM Consultant by its own accord of any event which occurs or threatens to occur that could impair or jeopardize the Beneficiary's ability to perform any of its obligations under this Beneficiary Agreement or that otherwise impede the Beneficiary's implementation, operation, or activities required to successfully implement the RSM Program.
- 12.7 The Beneficiary hereby ensures that persons whom it entrusts with the preparation and implementation of RSM Program activities will not demand, accept, make, grant, promise or accept the promise of unlawful payments or other advantages in connection with said activities.
- 12.8 The Beneficiary shall not conduct business with any Sanctioned Person and shall immediately stop any such business dealings that may have unknowingly been entered or after which such person is sanctioned. The Beneficiary shall institute, maintain and comply with internal procedures and controls in compliance with best practices and any applicable law of the Country to ensure that no transactions are entered with or for the benefit of any Sanctioned Persons.
- 12.9 The Beneficiary shall comply with World Bank Operational Policies on Environment and Social Safeguards, with particular regard to the policies on Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Physical Cultural Resources (OP 4.11), and Involuntary Resettlement (OP 4.12), which are triggered under the ESMF- Turkey Geothermal Development Project Environmental and Social Management Framework (Disclosed), Resettlement Policy Framework for the Turkey Geothermal Development Project Component 1 (Disclosed) of the RSM Project, as well as the following:
- 12.9.1 World Bank Group General Environmental and Health and Safety Guidelines;
- 12.9.2 World Bank Group Environmental and Health and Safety Guidelines for Geothermal Power Generation;
- 12.9.3 World Bank Group Environmental and Health and Safety Guidelines for Onshore Oil and Gas Development (for the management of naturally occurring radioactive materials);
- 12.9.4 World Bank Group Environmental and Health and Safety Guidelines for Toll Roads (regarding abnormal load transports);
- 12.9.5 Guidelines on Incorporating Human Rights Standards and Principles, Including Gender, in Programme Proposals for Bilateral German Technical and Financial Cooperation;
- 12.9.6 For the resettlement aspects, the UN Basic Principles and Guidelines on Development-based Evictions and Displacement, namely §§ 42, 49, 52, 54 and 60 in addition to national legislation of the Country and IFC Performance Standard 5.
- 12.9.7 World Bank operational policies on environment and social safeguards, Namely OP 4.01 "Environmental Assessment", OP 4.04 "natural habitats" and OP 4.12 "involuntary resettlement".

All guidelines and standards listed in this Article 12 will be made available on the RSM Website.

- 12.10 The Beneficiary shall notify the RSM Unit without undue delay of any event giving rise to a direct (or potentially direct) materially adverse effect on environmental and social matters (including occupational health and safety or labor related matters) as well as on adjacent populations or on events that have attracted substantially adverse attention of outside parties, that have created adverse press reports or that have created potential liabilities. The Beneficiary shall also notify the RSM Unit of all measures taken by the Beneficiary or its authorized representatives to remedy or otherwise mitigate the effects or cause of such event.
- 12.11 The Beneficiary shall seek the approval of the RSM Unit prior to assigning any rights or obligations under this Beneficiary Agreement to a successor entity. The Beneficiary is not authorized to assign the Beneficiary Agreement, or the terms of the Agreement in part or in full, to a third party without the prior approval of the RSM Unit.

12.12 In addition to the submission of reports and information as set forth in Article 7 “Information Undertakings and Financial Reports”, the Beneficiary shall inform the RSM Unit in writing of any serious incident, accident or event related to RSM Program activities which occur within 3 (three) Business Days of such occurrence. Such occurrences shall include but not be limited to:

12.12.1 any fatalities or serious injuries occurring in the RSM Program construction, testing or operations activities;

12.12.2 any serious incidents or accidents occurring in relation to the workforce or members of the public which are affected by the RSM Program construction, testing or operations activities;

12.12.3 when RSM Program construction, testing or operations activities are partly or entirely halted due to incidents or accidents;

12.12.4 occurrences of significant social grievances, labor strikes or public unrest which occur because of RSM Program activities or that otherwise affect RSM Program activities; or

12.12.5 any action that is taken by any public authority against the Beneficiary in relation to environmental and/or social matters;

Simultaneously with such occurrence (or no later than 15 (fifteen) days thereafter) the Beneficiary shall submit a remedial action plan to the RSM Consultant which is prepared as a means of resolving and remedying the resulting situation of the occurrence and shall provide information on the nature and/or cause of the incident, accident or event.

## **B. Representations and Warranties**

12.13 The Beneficiary represents and warrants that it is a private limited liability company under public law, duly incorporated and validly existing under the laws of Turkey.

12.14 The Beneficiary represents and warrants that it is a holder of valid exploration licenses (both public and private) that have a remaining validity of at least 18 (eighteen) months from the Effective Date;

The Beneficiary represents and warrants that it has the necessary technical and financial capacity to complete the requirements of the Ref. 2 “Drilling Program” and Ref. 3 “Well Testing Protocol” as well as all other Beneficiary obligations as stated in this Beneficiary Agreement;

12.15 The Beneficiary represents and warrants that all authorizations by any authority having jurisdiction in connection with the Beneficiary’s execution and implementation of the RSM Program activities and all authorizations required for the operation of the Beneficiary’s business pursuant to Ref. 4 “Beneficiary’s Business Plan” have been granted and are in full force and effect.

12.16 This Beneficiary Agreement executed by the Beneficiary constitutes legally valid, binding and enforceable obligations of the Beneficiary.

12.17 The Beneficiary warrants that, prior to entering into this Beneficiary Agreement, it has fully acquainted itself with all local, regional and national conditions that may affect the Project Site, and with the regulatory, legal and financial matters relevant to its performance of the RSM Program activities.

12.18 The Beneficiary represents and warrants that all declarations made, as well as information or documentation provided by the Beneficiary in connection with this Beneficiary Agreement and the related application procedure shall be correct as of the Effective Date. This representation and warranty shall be deemed repeated each time a new declaration, information or documentation is given throughout the entire Contract Period.

12.19 The Beneficiary shall enable the representatives of the RSM Unit and RSM Consultant, their respective authorized representative, agents and nominees at any reasonable time to inspect the

Beneficiary's RSM Program activities and all related installations. In the event the Beneficiary fails to enable inspection, the Beneficiary shall be liable towards the RSM for all reasonable costs and expenses incurred.

## Article 13. Force Majeure

- 13.1 For the purposes of this Beneficiary Agreement, "Force Majeure" means any event, circumstance, or combination of events or circumstances beyond the reasonable control of and without the fault or negligence of the Party claiming the Force Majeure (the "**Affected Party**"), which, despite the exercise of reasonable diligence, cannot be caused to be prevented, avoided or removed by the Affected Party, including the following:
- 13.1.1 hostilities (whether a state of war is declared), warlike operations, military occupation, revolution, insurrection, civil war, riot, rebellion, civil commotion mob violence or terrorism;
  - 13.1.2 earthquake, volcanic eruption, windstorm, fire, tidal wave, flood, severe icing conditions, drought, lightning or other severe weather events or other natural catastrophes;
  - 13.1.3 quarantine, pandemic, embargo, loss of critical equipment during transportation, general suspension of transportation or navigation;
  - 13.1.4 actions or inactions of governmental authorities, any change in, or enactment of, any law after the Effective Date, including the imposition of any new approval, or general strikes, local strikes, lock-outs or similar labor disturbance;
- which the Affected Party could not, by taking all reasonable measures available to it, have prevented or controlled, but only to the extent that the events or circumstances satisfy the definitional requirements.
- 13.2 If an Affected Party is rendered wholly or partly unable to perform its obligations under this Beneficiary Agreement or its performance is delayed because of Force Majeure, such Affected Party shall be excused from and shall not be held liable for, whatever performance it is unable to perform or delayed in performing due to the Force Majeure to the extent so affected, provided that:
- 13.2.1 the Affected Party shall have the burden of proof concerning the existence of the Force Majeure;
  - 13.2.2 the Affected Party, as soon as reasonably practical after the commencement of the Force Majeure and no later than 24 hours after the commencement of the Force Majeure, gives the other Party written notice thereof, including a description of the of the Force Majeure and the actions being taken by the Affected Party to overcome the Force Majeure;
  - 13.2.3 the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure; and
  - 13.2.4 the Affected Party uses reasonable efforts to overcome and remedy its inability to perform as soon as reasonably practical after the commencement of the Force Majeure.
- 13.3 Force Majeure shall expressly not include the following conditions, except to the extent they result from an event or circumstances of Force Majeure:
- 13.3.1 late delivery or changes in cost, in relation to the RSM Program activities;
  - 13.3.2 a delay in the performance of any Sub-Contractor;
  - 13.3.3 non-performance resulting from normal wear and tear typically experienced in well drilling materials and equipment; and

- 13.3.4 non-performance caused by, or connected with, the non-performing Party's (a) negligent or intentional acts, errors or omissions, (b) failure to comply with applicable laws, or (c) breach of, or default under, this Beneficiary Agreement.
- 13.4 Neither Party shall be deemed in breach of this Beneficiary Agreement because of any failure or delay in complying with its obligations pursuant to this Beneficiary Agreement due solely to Force Majeure. Whenever an Affected party is required to commence or complete any action within a specified period and is prevented or delayed by Force Majeure from commencing or completing such action within the specified, period, such period shall be extended by an amount in time equal to the duration of such event of Force Majeure occurring or continuing.
- 13.5 Notwithstanding anything in this Article 13, in no event shall Force Majeure excuse the obligation to make payments pursuant to this Beneficiary Agreement, including the Beneficiaries obligation to pay Success Fee or provide Success Fee Guarantee and the RSM's obligation to pay partial cover of the Beneficiary's Acceptable Well Costs on behalf of an Unsuccessful Well, as further described in Articles 3 and 4 of this Beneficiary Agreement.

## **Article 14. Confidentiality and Publishing of Information**

- 14.1 All relevant information regarding the RSM Program will be disclosed and disseminated to the public, unless there is compelling reason not to. For this reason, a RSM Website has been established, and all available information on the RSM Program, including but not limited to the Beneficiary Manual, will be published on the RSM Website.
- 14.2 Certain information contained in or provided under this Beneficiary Agreement may be used for public reporting purposes, and might be published online, including the list of sponsors and project locations, size and nature of resources, type and number of drillings and metadata and information sources. The information used for public reporting purposes and information that will be made available are further described in Annex XI "Information provided by the Beneficiary, which the RSM Unit may use for reporting purposes".
- 14.3 The RSM and the Beneficiary agree to the publishing of general information regarding the RSM Program, as further described in Annex XI "Information provided by the Beneficiary, which the RSM Unit may use for reporting purposes"; however, the RSM Unit, RSM Consultant and the Beneficiary shall otherwise keep confidential and shall not, without the written consent of the other Party hereto, whether such information has been furnished prior to, during or following termination of this Beneficiary Agreement for a period of 10 (ten) years, divulge to any third party any; (i) draft documents or final and executed documents, including this Beneficiary Agreement and changes made to the draft agreement available online; or, (ii) data or other information furnished directly or indirectly by the other Party hereto in connection with this Beneficiary Agreement. Exceptions to these rules are stated below but shall only apply when in compliance with the national rules and regulations of the Country.
- 14.4 Notwithstanding the above, the Beneficiary may furnish to its Sub-Contractor(s) such documents, data and other information it receives from the RSM Unit or RSM Consultant to the extent required for the Sub-Contractor(s) to perform its work under the RSM Program activities, in which event the Beneficiary shall obtain from such Sub-Contractor(s) a signed confidentiality agreement prior to furnishing the information.
- 14.5 The Beneficiary grants the RSM Unit and RSM Consultant the right to publish information concerning the RSM Program activities provided in Annex I "Application Form" and the Beneficiary's final narrative report, except for such information clearly indicated by the Beneficiary as confidential, which shall be kept confidential by the RSM Unit and RSM Consultant for a period of 10 (ten) years after the completion of the RSM Program activities, unless any of the licenses



or rights of the Beneficiary, which are necessary in order to carry out the RSM Program activities, are cancelled or relinquished.

- 14.6 Beneficiary's name, address and nationality as well as the purpose of the partial cover under the RSM Program, the duration of the activities subject to the RSM Program, the maximum cover amount under the RSM Program, the Success Fee and general information about the RSM Program, are non-confidential information about the project progress and can be published in the public domain by the RSM Unit.

## **Article 15. Variations to the Drilling Program**

- 15.1 The Beneficiary shall carry out the RSM Program activities in accordance with the description, scope and scheduled time frame set out in the Ref. 2 "Drilling Program" and Ref. 3 "Well Testing Protocol".
- 15.2 Any proposed variation of the scope, scheduled time frame, means or methods as it concerns the Ref. 2 "Drilling Program" and Ref. 3 "Well Testing Protocol" shall be requested by the Beneficiary through written notification to the RSM Consultant setting out the reasons for the proposed variation.
- 15.3 After receiving the Beneficiary's written notification of such proposed variation, the RSM Consultant in its sole discretion and at all times acting reasonably and without undue delay shall determine whether such variation shall be deemed to be a substantial variation and shall forthwith notify the Beneficiary in writing of its determination concerning whether or not the variation is considered substantial and whether or not the variation is approved by the RSM Unit. Upon the RSM Unit's determination that the variation is substantial and that the variation is approved, the Parties shall execute a written amendment to this Beneficiary Agreement. In the event that the RSM Unit determines that the proposed variation is not a substantial variation and that such variation is approved, the written notifications by each Party to the other concerning such non-substantial variation shall serve to affect the proposed variation and no written amendment to the Beneficiary Agreement will be required.
- 15.4 The Beneficiary shall not affect any variation to the Ref. 2 "Drilling Program" and Ref. 3 "Well Testing Protocol" unless such variation has been approved by the RSM Unit. The Beneficiary in effecting such approved variation shall conform with all relevant laws and regulations and shall provide the RSM Consultant with proof thereof upon request.
- 15.5 The Parties hereby agree that the RSM Unit and the RSM Consultant shall not incur any liability of any nature whatsoever and under no conditions be responsible for; (i) well safety; (ii) environmental effects of Beneficiary's drilling operations; (iii) the design of the drilling program and Well Testing Protocol or any variations thereto; (iv) any additional costs and time delays in connection with any variations to the Ref. 2 "Drilling Program" and Ref. 3 "Well Testing Protocol". The Beneficiary hereby agrees to indemnify the RSM Unit and RSM Consultant against any claims of any nature whatsoever that are made against it in respect of the aforementioned acts, omissions or liabilities.

## **Article 16. Commencement, Duration and Termination**

- 16.1 This Beneficiary Agreement shall commence on the Effective Date and subsist for the duration of the Contract Period, subject however to early termination as contemplated in the following subsections of this Article 16.
- 16.2 This Beneficiary Agreement will terminate if;

- 16.2.1 The exploration drilling by the Beneficiary results in two Unsuccessful Wells eligible for partial cover by the RSM under the RSM Program;
- 16.2.2 The CO<sub>2</sub> concentration in fluid of the First Well or the Second Well, as defined in Article 3.2, results in CO<sub>2</sub> emissions exceeding 540 g/kWh. CO<sub>2</sub> concentrations shall be determined when a flowing well has reached stability according to definition in Ref. 3 "Well Testing Protocol". In the case of termination due to high concentration of CO<sub>2</sub> only, the Success Fee is waived and shall be repaid to the Beneficiary. If the well in question is considered an Unsuccessful Well according to Article 3 and with reference to the Success Criteria, irrespective of the CO<sub>2</sub> concentrations, the Beneficiary is entitled to receive partial coverage of drilling cost in accordance with the terms of and conditions set forth in this Beneficiary Agreement.
- 16.2.3 The RSM has rendered payment to the Beneficiary, in respect of partial cover under the RSM Program, of an amount equaling maximum pay-out which is explained in Ref.1 World Bank Risk Sharing Mechanism Beneficiary Manuel;
- 16.2.4 The Beneficiary fails to submit the final report within the prescribed deadline as set out in Article 7.3.3, on the day following the last day of the submission deadline of the final report, unless a later date has been agreed in writing between the Parties;
- 16.2.5 The Beneficiary has not commenced and/or executed the Drilling Program within the time schedule set forth in Ref. 2 "Drilling Program", failing which this Beneficiary Agreement shall give rise to termination as contemplated in this Article 16, unless the RSM has agreed in writing, upon a written request by the Beneficiary, to amend the time schedule set forth in Ref. 2 "Drilling Program".
- 16.2.6 The Beneficiary fails to take out and/or maintain in effect the insurances referred to in Article 10 "Insurance";
- 16.3 The RSM may without prejudice to any other rights or remedies it may possess under or in connection with this Beneficiary Agreement and without paying compensation of any kind to the Beneficiary, summarily terminate this Beneficiary Agreement within 15 (fifteen) days following a warning from the RSM Unit, by written notification to the Beneficiary, where the Beneficiary is in breach of:
- i. any reporting and information obligations provided in Article 7;
  - ii. the obligation to provide the RSM Consultant with access or information to monitor the RSM Program activities;
  - iii. the obligations in respect of awarding subcontracts to Sub-Contractors in accordance with Annex V "Template for Notification of Sub-Contractor Selection";
  - iv. the obligation to carry out the activities subject to the RSM Program in accordance with the description and scope set out in Ref. 2 "Drilling Program";
  - v. any other obligation of the Beneficiary according to this Beneficiary Agreement inclusive of proving to the satisfaction of the RSM that the financing needed for the second and successive wells and for the overall business plan is in place, or will be put in place pursuant to the requirements of Article 3.7.5; or
  - vi. any undertakings, representations and warranties contained in this Beneficiary Agreement;
- 16.3.1 where the Beneficiary is declared bankrupt by any competent court of law or other authority or is in the process being wound up, is having its affairs administered by the courts, has entered into a settlement arrangement, moratorium, stand-still agreement, compromise or a comparable agreement with creditors, has suspended business activities, is the subject of proceedings concerning those matters or is in any analogous

- situation arising from a similar procedure provided for in the national legislation or regulations of the Country;
- 16.3.2 where the Beneficiary or any of its Sub-Contractors have conducted fraudulent acts, have been engaged in or are engaging in corruption, have been involved in or are involved in a criminal organization or any other illegal activity which in the RSM Unit's reasonable determination is detrimental to the RSM;
  - 16.3.3 where the Beneficiary changes legal personality, legal status, legal ownership, control or undergoes mergers, spin-offs, reorganizations or amalgamations without a written amendment to the Beneficiary Agreement approved by the RSM Unit;
  - 16.3.4 where the Beneficiary provides reports or information that do not reflect reality or makes false or incomplete or incorrect statements or representations to obtain the partial cover payment provided for in this Beneficiary Agreement;
  - 16.3.5 where the Beneficiary has not fulfilled obligations relating to any applicable and relevant law governing the activities of the Beneficiary under this Beneficiary Agreement;
  - 16.3.6 where the Beneficiary or any of its Sub-Contractors make substantial errors, irregularities or conduct fraud in the Application Procedure or the performance of the Beneficiary Agreement;
  - 16.3.7 where the Beneficiary fails to make outstanding payments under this Beneficiary Agreement or any other RSM Program agreements; or
  - 16.3.8 where the Beneficiary is unable to prove that the amounts disbursed by the Beneficiary on behalf of the RSM Program activities have all been used for the purpose stipulated by the Beneficiary.
- 16.4 The Beneficiary who has made false declarations, has made substantial errors or committed irregularities and fraud, or has been found in material breach of its Beneficiary Agreement obligations may be excluded from all contracts financed by the RSM for a maximum of 5 (five) years from the date on which the infringement is established, as confirmed following the adversarial procedure with the Beneficiary. This period can be extended to 10 (ten) years in the event of a repeated offence within 5 (five) years of the date referred above.
  - 16.5 Subject to Article 16.3, in the event of termination of the Beneficiary Agreement by the RSM Unit, the Beneficiary shall be entitled to payment of the partial cover for Unsuccessful Wells only for that portion of the RSM Program activities carried out before the notification of termination, excluding costs connected with current commitments that would be implemented after termination. For these purposes, the Beneficiary shall send a payment request to the RSM Unit, together with all supporting documentation for the request and appropriate final status report.
  - 16.6 However, in the event of termination of the Beneficiary Agreement by the RSM Unit under the cases specified in Sub-Articles 16.3.1. through 16.3.10, or in the event that such a case is discovered after the term of the Beneficiary Agreement, the RSM Unit may request immediate full or partial repayment of sums already paid in respect of the partial cover under the RSM Program, in proportion to the gravity of the failings in question, as determined by the RSM Unit at its sole discretion, and after giving the Beneficiary an opportunity of 30 (thirty) days to cure (if possible) the allegations. The Parties hereby agree that the Beneficiary's failure to submit the financial report including the expenditure verification report as set out in Article 7.5 and Article 7.6 in the prescribed form, quality or timeframe shall authorize the RSM to request immediate full repayment of all sums already paid in respect of the partial cover under the RSM Program to the Beneficiary.
  - 16.7 The Beneficiary may terminate the Beneficiary Agreement by giving 30 (thirty) days' written notice to the RSM Unit. This written notice shall also give valid reasons for such termination.

- 16.8 Subject to the provisions of Article 16.9 below, in the event of termination of the Beneficiary Agreement by the Beneficiary, the Beneficiary shall be obliged to repay to the RSM the value of the partial coverage under the RSM Program disbursed to it up to the date of the written notice contemplated in Article 16.7 within 30 (thirty) days thereof.
- 16.9 The obligation to repay the value of the disbursed partial coverage under the RSM Program upon termination as contemplated in Article 16.8 above, shall not arise where:
- 16.9.1 an event of Force Majeure occurs; or
  - 16.9.2 termination of the Beneficiary Agreement was as a direct result of the RSM Unit's failure to remedy a material breach of its obligations under this Beneficiary Agreement.
  - 16.9.3 The Beneficiary chooses to terminate the Beneficiary Agreement after a Well Completion and before drilling commences on the next consecutive Exploration Well
- 16.10 In all cases where this Beneficiary Agreement is terminated for any reason whatsoever, the Beneficiary shall provide to the RSM all data and reports of the work in its possession, completed up to the date of the written notification contemplated in Article 16.3 or 16.7. The provisions of this Beneficiary Agreement relating to the maintenance of records shall survive the termination of this Beneficiary Agreement for any reason whatsoever.

## **Article 17. Amendments to the Beneficiary Agreement**

- 17.1 Except for non-substantial variations made to the Ref. 2 "Drilling Program" and Ref. 3 "Well Testing Protocol" as contemplated in Article 14, any changes or variations made to the Beneficiary Agreement or its Annexes, must be memorialized through a written amendment agreed and signed by both Parties. This Beneficiary Agreement may only be modified during the period of its operation.
- 17.2 Except in the case where special circumstances duly substantiated by the Beneficiary and accepted by the RSM Unit occur, any amendment requested by the Beneficiary must be submitted to the RSM Unit 30 (thirty) days before the date upon which the amendment should enter into force.
- 17.3 Changes of address and/or bank account by the Beneficiary shall not be subject to an amendment but may simply be memorialized through the Beneficiary's written notification to the RSM Unit; however, the RSM Unit has the right in justified cases not to accept the Beneficiary's choice of bank account.
- 17.4 An amendment may not have the purpose or the effect of making changes to the Beneficiary Agreement or its Annexes that can be interpreted to question the RSM Units decision to make partial cover payments under the RSM Program or to create a condition under which the Beneficiary is subject to rights and obligations which are contrary to the equal treatment of applicants.

## **Article 18. Representatives, Correspondence & Notifications**

- 18.1 All notices, requests, demands or other communications hereunder shall be in writing, shall state the grant number and title of the RSM Program in the subject heading and shall be deemed to have been duly given if delivered in person or mailed, first class registered mail, postage prepaid, or transmitted via facsimile, or email as follows:

**To the Beneficiary:**

<b>Full legal name of Beneficiary</b>	
<b>Legal entity type (e.g. individual, incorporated association, company, partnership, etc)</b>	
<b>Trading or business name</b>	
<b>Company Registration Number or other entity identifiers</b>	Trading number: Tax office number:
<b>Registered office (physical/postal)</b>	
<b>Relevant business place (if different)</b>	
<b>Beneficiary's representative name</b>	
<b>Position</b>	
<b>Telephone</b>	
<b>Mobile</b>	
<b>Fax</b>	
<b>Email</b>	

**To the RSM Unit**

<b>Full legal name</b>	Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi
<b>Registration Number or other entity identifiers</b>	Trading number: 198898-5 TAX Number: 8790029935 TAX Office: Büyük Mükellefler
<b>Registered office (physical/postal)</b>	Türkiye Kalkınma ve Yatırım Bankası A.Ş. Saray Mahallesi, Dr. Adnan Büyükdeniz Cd No:10, B Blok 34768 Ümraniye/İstanbul
<b>RSM Unit's representatives name</b>	Seçil Yıldız, Fatih Saltuk
<b>Position</b>	Deputy General Manager, Manager (RSM Unit Coordinator)
<b>Telephone</b>	+90 216 636 8763 (RSM Unit Coordinator)
<b>Mobile</b>	+90 505 605 7011 (RSM Unit Coordinator)
<b>Fax</b>	+90 216 6301815
<b>Email</b>	secil.yildiz@kalkinma.com.tr fatih.saltuk@kalkinma.com.tr

## To the RSM Consultant

<b>Full legal name</b>	Joint Venture of AFRY Switzerland Limited (JV Leader, Switzerland) + MRC (Turkey) + ISOR Iceland GeoSurvey (Iceland) + Verkis (Iceland)  The Representative and Authorized Member on behalf of the JV is: MRC (Turkey)  or  MRC ARGE Enerji Mühendisliği Kontrol ve Test Hizmetleri A.Ş.
<b>Registration Number or other entity identifiers</b>	Statutory registration number: 261265  VAT registration number: 623 141 8810 (Maltepe, Ankara)
<b>Registered office (physical/postal)</b>	ODTÜ Teknokent Met Alanı, Mustafa Kemal Mahallesi, Dumlupınar Bul. No:280, D Blok No:3 Çankaya- 06530 ANKARA/TURKEY
<b>RSM Consultant's representative name</b>	Mehmet Kocaoğlu
<b>Position</b>	Managing Director
<b>Telephone</b>	0312 385 9354
<b>Mobile</b>	0533 267 7071
<b>Fax</b>	0312 354 6927
<b>Email</b>	mehmet.kocaoglu@mrc-tr.com

- 18.2 All correspondence shall be sent via email unless the receiving Party explicitly request receipt of the original document.
- 18.3 Copies of the milestone information and reports sent by the Beneficiary as referenced in Article 7 shall be sent via email to the RSM Unit and the RSM Consultant:

## Article 19. Applicable Law and Dispute Settlement

- 19.1 Disputes arising under the terms and conditions of this Beneficiary Agreement that cannot be settled through mediated negotiation pursuant to the following procedure shall be settled under Turkish law through the binding arbitration rules of The Istanbul Arbitration Centre (ISTAC) according to the arbitration clause of Circular Nr.2016/25 published in the Official Gazette dated November 19th 2016, Nr.29893. The arbitrated judgment shall be binding on both Parties and enforceable in the court of competent jurisdiction.
- 19.2 Mediated Negotiation Process
- 19.2.1 The Parties shall appoint an Independent Mediator (IM) who shall be a person in the geothermal industry who is experienced in matters relating to the development of geothermal power plants including exploratory drilling, construction and interpretation of contractual documents. The IM shall be appointed through mutual agreement of the Parties upon the Effective Date of the Agreement and shall serve until the completion of the Agreement or the termination thereof. In the event that the IM is unwilling or unable to serve for the entire term of the Agreement or is terminated through mutual agreement

of the Parties, the Parties shall appoint a new IM through mutual written agreement within 30 business days thereafter.

- 19.2.2 In the event of a dispute arising between the Parties regarding the application or interpretation of any provision of this Agreement, designated representatives of the Beneficiary and of the RSM Consultant will endeavor in good faith to resolve such dispute. If the Beneficiary's representative and the RSM Consultant's representative are unable to reach an equitable resolution to the dispute, the aggrieved Party shall give Notice of Protest in writing to the other Party invoking the provisions of this Article 19.
- 19.2.3 The Notice of Protest must be accompanied by a detailed statement clearly identifying the contractual basis upon which the protest is being filed along with pertinent supporting documentation. Upon the receiving Party's receipt of the aggrieved Party's written Notice of Protest, the following process shall take place.
- 19.2.4 Within ten (10) business days after receipt of a Party's written Notice of Protest which includes a detailed statement and supporting documentation of the claim, the receiving Party shall answer the protest in writing with a detailed statement clearly identifying the basis upon which the receiving Party refutes the aggrieved Party's claims.
- 19.2.5 Within fifteen (15) business days after receipt of a Party's written Notice of Protest, the RSM Consultant shall notify the IM of the dispute and shall provide to the IM the Notice of Protest and the receiving Party's answer to the Notice of Protest. Upon receipt of said documents, the IM shall be engaged in the dispute resolution process.
- 19.2.6 Within twenty business (20) business days of receipt of a Party's written Notice of Protest, both Beneficiary and RSM Consultant shall identify authorized representatives within their organizations that have the requisite authority to settle the dispute and bind their respective organizations through their signature and acceptance of the terms and conditions of a settlement agreement ("Dispute Representatives"). Within the same twenty (20) business day period, identification and contact information for each organization's Dispute Representative and the IM shall be communicated by the RSM Dispute Representative through official notification between the Parties and the IM. The Dispute Representative identified by each Party shall not be the same representative previously engaged by either the Beneficiary or the RSM Consultant to lead negotiations to settle the dispute prior to the aggrieved Party's filing of the Notice of Protest.
- 19.2.7 Within twenty five (25) business days of receipt of the Party's written Notice of Protest, the Dispute Representatives and IM shall have opened communications and set a date upon which the Dispute Representatives and IM shall meet at a mutually acceptable location in order to pursue dispute resolution.
- 19.2.8 Within thirty five (35) business days of receipt of a Party's written Notice of Protest, the Dispute Representatives and IM shall meet and attempt to resolve the dispute. The mediated negotiation shall last for at least one full day before either Party has the option to withdraw from the process. The Parties shall continue the mediated negotiation thereafter until either one of the Parties or the IM delivers a written notice of termination of the process stating that there is no reason to continue as a result of an impasse that cannot be overcome. All reasonable efforts will be made to complete the mediated negotiation within 30 days of the first session. Other than the mandatory full day session during which the IM acts as facilitator of the dispute resolution, the Dispute Representatives may choose to meet without the presence of the IM in order to resolve the dispute. It is incumbent on the IM to provide the Parties with an understanding of the potential risks and rewards that each may endure in the event that the dispute proceeds to binding arbitration. The signature of the Dispute Representatives on any settlement

agreement shall bind the Beneficiary and RSM Consultant respectively to the terms and conditions of the settlement agreement.

- 19.2.9 The mediated negotiation shall be confidential based on nonbiased terms acceptable to the IM. All communications both written and oral that are used during the mediated negotiation process are confidential and shall be treated as settlement negotiations for purposes of applicable rules of evidence; however, documents generated in the ordinary course of business prior to the Notice of Protest that would otherwise be discoverable do not become confidential as a result of their use in the negotiation or mediation process.
- 19.2.10 Except in the case of a Party's breach of Agreement as identified in Article 19.3.4, the cost of the IM shall be shared equally between the Parties unless the Parties otherwise agree in writing.
- 19.2.11 The mediated negotiation process shall proceed in whatever manner is mutually acceptable to the IM and the Dispute Representatives in order to settle the dispute; however, in the event that the dispute is not settled within fifty (50) business days of receipt of a Party's written Notice of Protest, the Parties shall proceed to binding arbitration unless otherwise agreed in writing by the Dispute Representatives.

### 19.3 Binding Arbitration Process

- 19.3.1 Any Dispute not resolved in accordance with 19.2 "Mediated Negotiation Process" shall be resolved by final and binding arbitration in accordance with the rules of the ISTAC according to the arbitration clause of Circular Nr.2016/25 published in the Official Gazette dated November 19th 2016 , Nr.29893.
- 19.3.2 The arbitration shall be held in Istanbul using a single arbitrator. In the event that the dispute is valued in excess of \$100,000 USD, either Party shall have the right through notification of the other Party to invoke the use of a three arbitrator panel. When a three arbitrator panel is used, each Party shall appoint one arbitrator from the ISTAC provided list of arbitrators after which the appointed arbitrators shall select the neutral arbitrator. All arbitration proceedings shall be conducted in English.
- 19.3.3 Except in the case of a Party choosing to ignore the requirements of this Article 19 as further clarified in Article 19.4.3 below, the Party against whom a finding has been made shall bear all reasonable expenses relating to the arbitration procedure inclusive of the cost of the arbitrators, the other Party's legal expenses and any other costs that the arbitration panel decides upon.
- 19.3.4 The Parties agree that the dispute resolution priority set forth in this Article 19 is a material term of this Agreement and that the damages for failure to comply with the dispute resolution priority are and would be difficult to measure. Consequently, the Parties hereby agree that in the event a Party breaches this Agreement by taking actions that ignore the dispute resolution priority set forth in this Article 19, the other Party may notify the electing Party in writing within 10 business days of such action stating that said action is ignoring the dispute resolution priority identified herein. After such notification is delivered, the electing Party may cure the breach by immediately reverting to and continuing to follow the dispute resolution priority set forth in this Article 19. In the event that the Party continues to make such an election to ignore the dispute resolution priority after being notified of breach pursuant to the above requirements, the electing Party shall be obligated to pay for all (internal and external) costs, fees and expenses, including attorneys' fees of the other Party regardless of how the dispute is ultimately decided. In other words, any Party electing to ignore the dispute resolution priority set forth in this Article 19 after being informed of such breach by the other Party also elects to pay the fees, costs and expenses of the other Party even if the electing Party ultimately prevails.



19.3.5 The dispute resolution priority order requirement specified in this Article 19 may be amended, modified, or waived only upon written agreement of the Parties.

## **Article 20. Entire Agreement**

- 20.1 This Beneficiary Agreement represents the Parties' entire agreement in relation to the RSM Program and supersedes all prior representations, communications, agreements, statements and understandings, whether oral or in writing.
- 20.2 Documents listed in Article 2.1 are agreed by the parties and signed to be reference to this Beneficiary Agreement.

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## Signatures

### Executed as an agreement:

On behalf of the RSM Unit

Signed for and on behalf of the RSM as represented by [•]

<b>Name</b> (print)	Mr. Fatih SALTUK
<b>Position</b> (print)	Manager- RSM PIU Coordinator
<b>Signature and date</b>	
<b>Second Name</b> (print)	Mrs. Seçil Kızılkaya YILDIZ Deputy General Manager
<b>Signature and date</b>	

On behalf of the Beneficiary

Signed for and on behalf of the RSM as represented by [•]

<b>Name of Company</b>	
<b>Name of person authorized to act on behalf of the applicant</b> (print)	
<b>Position of signatory</b>	
<b>Signature and date</b>	
<b>Second name</b> (print)	
<b>Signature and date</b>	

**Annex I.**  
**Application Form**

**(including all changes agreed upon before the Effective Date)**

See applicants Application Form submitted separately in files:

Stored in subdirectory .

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## **Annex II.**

### **Acceptable Well Cost, Partial Coverage and Success Fee**

#### **[Chapter 5.2. of the Beneficiaries Manual – Overview of Acceptable Well Cost]**

- Total cost borne by the Beneficiary to perform the Drilling Program.
- Identifying the categories of drilling costs which are included as Acceptable Well Cost:
- Identifying the cost for each Project, a number accepted that will be the “Acceptable Well Cost”.

In total 1 wells are aimed at under the RSM, the costs per well are as follows:

- Total USD value of Acceptable Well Cost = USD
- Total USD value of Partial Coverage = USD
- Total USD value of Success Fee = USD

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## Annex III.

### List of required Permits, Licenses and Rights

Three key licenses are:

- Exploration license (valid for 3 years and may be extended for 1 year)
- Operation license (valid for 30 years and may be extended for 10 years)
- Generation license (valid for 49 years)

In order for a Beneficiary to qualify for coverage under the RSM Program, a valid **exploration license** is required. This license should be valid until the end of the drilling program; however, a license that remains valid for 18 (eighteen) months from the application date will be accepted. The 18-month duration also includes the time necessary for the license holder to extend the exploration license by an additional year. Less than 18 (eighteen) months of remaining validity on the license may be acceptable in cases for which the drilling program can be completed in a shorter period.

A geothermal firm which has been active in Turkey, which has undertaken exploration activities in the past and that holds an **operation license** (i.e. for direct use of geothermal hot water in greenhouses) will generally be allowed to participate in the RSM Program for these additional exploration activities.

In addition to the right to explore for geothermal resources, additional licenses and permits will be required in order to successfully undertake the exploration activities including:

- Resolution of any land ownership issues affecting the exploration/searching area. The Beneficiary will have to identify the property holder of the land on which the search activities will be done. The Beneficiary will be required to present an agreement with the land owner, or expropriation plan, in case the Beneficiary is not the owner of the land. This should clearly demonstrate that expropriation will not be a barrier against exploration activities in the licensed area.
- For each drilling location, an EIA application must be performed and a certificate indicating that an "EIA is not required" must be granted.
- Expected disposals of brine will need to be planned for prior to start of drilling. Disposal permits must be obtained from the local Governors.
- A water extraction permit will be required in order to obtain the right to use the water which is anticipated to be found at the geothermal source.
- In case equipment will be imported, an import license will be required.

See applicants' license submitted separately in files:

Stored in subdirectory



## Annex V.

### Template for Notification of Sub-Contractor Selection

Item	Requirement
1	Legal name, legal structure and ownership (including total registered / paid capital and share structure) of the Sub-Contractor
2	Identification of the Subcontract Threshold Value and the value of the sub-contract agreement
3	<p>In order for the RSM Unit to accept the involvement of the Sub-Contractor selection must comply with the following conditions:</p> <p>The Procurement of goods, works and non-consulting services for the proposed Project will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits &amp; Grants" dated January 2011 and revised in July 2014 (Procurement Guidelines); and procurement of consultant services will be carried out in accordance with the World Bank's "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits &amp; Grants by World Bank Borrowers" dated January 2011 and revised in July 2014 (Consultant Guidelines) and the provisions stipulated in the Loan Agreements (LAs). World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 (Anti-Corruption Guidelines) will apply to this Project.</p> <p>The procurement of Consulting Services (to select the RSM consultant) under the Technical Assistance (TA) sub-component of Component 1 of the Project shall be carried out by the RSM Unit.</p> <p>The expenditures due to the procurement of goods, works, non-consulting and consulting services for exploration drilling activities by the Beneficiaries under Component 1.1 of the Project shall be done with due attention to economy and efficiency and in accordance with procedures which meet the requirements of paragraph 1.5 and 1.8 of the Procurement and Consultant Guidelines respectively. Such procurements will be reviewed and confirmed by the RSM consultant.</p> <p>Procurement activities under the project will be subject to procurement review and the World Bank anti-corruption guidelines (see link below):  <a href="https://ppfdocuments.azureedge.net/3682.pdf">https://ppfdocuments.azureedge.net/3682.pdf</a></p>
4	Confirmation of necessary licences
5	Confirmation of necessary insurances
6	General compliance with conditions of the Beneficiary Agreement and the confirmation of the Sub-Contractor that he will comply with conditions and requirements of the Beneficiary Agreement, including but not limited to reporting requirements, monitoring requirements and confidentiality.

**Annex VI.**  
**Success Fee Guarantee**

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**Annex VII.**

**Statement by the Beneficiary's bank confirming the bank account into which the partial coverage of Unsuccessful Wells will be paid**

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**Annex VIII.**

**Signed letter by authorised representative of the Beneficiary setting forth the name, title and authenticated specimen signature of each person authorised to sign payment requests**

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**Annex IX.**

**Specimen signature for the person authorised to represent the  
Beneficiary in signing this Beneficiary Agreement**

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**Annex X.**

**Specimen signatures for the persons authorised to represent the Beneficiary during the implementation of this Beneficiary Agreement**

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## **Annex XI.**

### **Information provided by the Beneficiary, which the RSM may use for reporting purposes**

As a part of the RSM, the RSM Database will be created which will store all available information provided by the Beneficiary as well as data from wells drilled with support from the RSM within specific project sites.

The RSM Database will have restricted access. No information on specific project will be made accessible or distributed public nor to other beneficiaries, unless with a written and signed permission from the Beneficiary, except for the information stated below.

The RSM Unit is allowed to make the following information accessible:

- ESIA and ESMP
- RAP; ARAP, EX-POST SOCIAL REVIEW REPORT

The RSM Unit does not need special permission to use the information for statistical analysis on the RSM Program which may be published, as long as the information remains secured, and will not be linked to a specific project.

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## Annex XII.

### Templates for Progress and Final Reports

*Reporting:* The Beneficiary will submit the following reports:

- Daily drilling reports.
- Daily mudlogging/onsite geological reports.
- Well completion reports.
- Well testing reports in which the performance of the well is measured against the Success Criteria.
- Any other reports, as stipulated in the drilling program and flow testing procedures.

The daily drilling reports and mud logging/onsite geological reports will be sent directly to the contacts assigned by the RSM Unit.

The RSM Unit shall evaluate the validity of any claims presented in the well testing report by the Beneficiary.

*Well data and financial information:* Throughout the drilling and testing period the Beneficiary will share financial and technical data with the RSM Unit as specified in the RSM Beneficiary Agreement.

The Beneficiary will be obligated to submit invoices and proof of payment to the RSM Unit as expenses are incurred in the exploration drilling projects. The RSM Unit shall receive and verify this information.

The data shall be submitted in a standardized format as defined by the RSM Unit.

## **Annex XIII.**

### **Templates for Environmental and Social Impact Monitoring Reports**

The Environmental and Social Incident Report Format can be found in “RSM Environmental and Social Incident Report.docx”

Template for Monthly Environmental and Social Monitoring Report can be found in “Monthly Environmental and Social Monitoring.docx”

Template for Final Environmental and Social Monitoring Report can be found in “Final Environmental and Social Monitoring Report.docx”

All are stored in directory “EK13-Cevresel Sosyal Etki Izleme Rapor Sablonları”

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## Reference Documents

### Ref. 1 Beneficiary Manual

See Beneficiary Manual submitted separately in file  
"RSM-Beneficiary-Manual\_20210126.pdf"  
Stored in sub-directory "REF1-Faydalanıcı Klavuzu"

### Ref. 2 Drilling Program

See applicants drilling program submitted separately in file  
Stored in subdirectory .

### Ref. 3 Well Testing Protocol

See applicants' well testing protocol and rig requirements are submitted separately in file  
Stored in subdirectory

### Ref. 4 Beneficiary's Business Plan

See applicants' Business Plan submitted separately in files:  
All files are stored in subdirectory .

### Ref. 5 Environmental and Social Impact Management Plan

See applicants' ESIA report submitted in files:  
Stored in subdirectory .

### Ref. 6 Escrow Agreement

The draft escrow agreement can be found in .