

MEMORANDUM OF UNDERSTANDING

This **MEMORANDUM OF UNDERSTANDING (MOU)** is made this ___ day of November, 2010

BETWEEN

The Government of the United Republic of Tanzania (**GoT**), through the Ministry of Energy and Minerals (**MEM**), of P.O Box 2000, Samora Avenue, Dar es Salaam, Tanzania (hereinafter referred to as either **MEM** or **GoT**) on the first part;

AND

ProEnergy Services International, Inc. (**ProEnergy**), of 2001 ProEnergy Blvd., Sedalia, Missouri 65301 USA, and ETG Power Limited (**EGT**), of 801 Twin Towers, Baniyas Street, P.O. Box 15162, Dubai, U.A.E, have agreed to work with one another in connection with the subject matter of this MOU (hereinafter ProEnergy and EGT collectively referred to as the **Consortium**) of the second part.

WHEREAS GoT own 100% shares of TANESCO, a utility company responsible for generation, transmission, distribution and supply of electric energy to customers in the United Republic of Tanzania;

AND

WHEREAS EGT is willing to be an Independent Power Producer developer for the generation and transmission of electric power in Tanzania, for a 230 MW simple cycle gas fired power generation facility at Somanga in Kilwa District, Lindi Region and a transmission line of double circuit 220kV of approximately 265 km, from Somanga to Dar-Es-Salaam (hereafter referred to as the **Project**);

AND

WHEREAS EGT has the ability to secure funding to be applied towards the 230MW power generation plant and the double circuit 220kV transmission line Somanga project;

AND

WHEREAS EGT owns two (2) GE Frame 9 gas turbine generator packages which would be used on the Project;

AND

WHEREAS ProEnergy would provide the EPC services needed to engineer, construct, start-up and commission the power plant for the Project;

AND

WHEREAS EGT, with the assistance of ProEnergy, would provide the EPC services needed to engineer, construct, start-up and commission the transmission line for the Project;

AND

WHEREAS the Consortium will despatch a team of experts to Tanzania in order to carry out analysis for the best plant configuration and the associated transmission line with their counterpart experts in Tanzania particularly TANESCO;

AND

WHEREAS GoT is putting high priority on projects such as this proposed Project in order to avert the power shortage in the country.

**ARTICLE 1:
Project Proposal and Contract Price**

- a) The Consortium has prepared a proposal and submitted the same to TANESCO. Further detailed proposals shall be prepared once discussions have commenced with TANESCO.
- b) TANESCO shall duly provide the Consortium with the necessary data and their specific requirements in order for the Consortium to estimate the appropriate contract price for the Project.

**ARTICLE 2:
Financing of the Project**

- a) EGT has agreed to prepare the financial proposal for the Project which will be based on the generation and transmission of the power from the Project to be supported by the GoT and TANESCO.
- b) MEM and TANESCO shall prepare an Environmental and Social Impact Assessment (hereafter referred to as the **ESIA**) which shall satisfy both Tanzania Environment Standards and International guidelines as stipulated by the World Bank Guidance. EGT stands prepared to finance any such study should this assist in moving the project forward.

**ARTICLE 3:
Other Activities**

- a) The Consortium and TANESCO would form a working group to discuss and evaluate technical details of the Project.
- b) Findings of the technical and environmental studies and discussions thereto shall be applied towards discussions and agreement on the final binding contract price and the construction schedules for the Project.
- c) Both parties would work towards achieving the Project implementation.

- d) The Consortium and TANESCO shall engage in discussions with TPDC and PanAfrican Energy with regard to gas supply and associated issues thereto.
- e) After concluding the commercial, financial and technical discussions the Consortium and TANESCO shall thereafter sign a binding Term Sheet that shall encapsulate the commercial, financial and technical details with regard to the Project.

ARTICLE 4: Amendment

This MOU may be amended and or extended only upon mutual agreement by MEM and the Consortium. Such amendments shall be in writing and signed by the authorized representatives of both parties.

ARTICLE 5: Miscellaneous

- a) GoT and the Consortium will sign this MOU to realise and recognize the Project.
- b) In a bid to fulfill the goals and objectives under this MOU, the Consortium and TANESCO may reach a definitive contract agreement concerning execution of the Project.
- c) MEM, and consequently TANESCO, and the Consortium shall jointly own any intellectual property jointly created by the parties during the existence of this MOU.

ARTICLE 6: Validity

This MOU shall be valid for one (1) year after date of signing or the date of a definitive contract agreement is executed between the parties for the Project, whichever occurs first.

NOW THEREFORE, THE TWO PARTIES SIGN THIS MEMORANDUM OF UNDERSTANDING ON THE DATE AND YEAR FIRST ABOVE WRITTEN.

MINISTRY OF ENERGY AND MINERALS

Signed by:.....

Name:.....

On behalf of GoT

Title

Witnessed by:.....

Name:.....

Title

CONSORTIUM

Signed by:.....

Name:.....

Title:.....

On behalf of EGT

Witnessed by:

Name:.....

Title:.....

Signed by:.....

Name:.....

Title:.....

On behalf of ProEnergy

Witnessed by:

Name:.....

Title:.....