

SYNDICATION AGREEMENT

CONTRACTING PARTIES:

Project Company

Business

1. Recitals

..... City General Assembly on the date of passed a declaration under the number (Hereinafter, the “Declaration”), on the basis of which the Contracting Parties have founded the Project Company under the name of (Name of the Project Company), which was registered at the Capital City Company Court of Law under the number

The Project Company name:

.....

The Project Company Seat:

.....

The Project Company founding members:

.....Municipality

..... (Name of the Business)

Business shares of the individual members:

Municipality: ...%

Business: ...%

The task of the Project Company is the public and residential production of long-term, green electrical energy, supplemented by the preparation for realization of a geothermal system which meets usage cost needs optimally (hereinafter the “Project”).

In the interest of the Project realization, the Contracting Parties sign the present agreement to make decisions on the sub-tasks necessary for the Project and to create the order for their cooperation in carrying out the sub-tasks.

2. The Contracting Parties’ general rights and obligations

2.1.) The Contracting Parties declare that they will mutually co-operate, in the interest of Project realization, to determine the applicable tender constructions, and the preparation of such tenders. They will especially co-operate on the Environment and Energy Operative Program (EEOP), the Economic Development Operative Program (EDOP), the Regional Operative Program (ROP), the Norway Foundation, the EFTA and inside of the EEN program, to secure any local tender

resources that come out concerning heating and cooling energy system needs being met with renewable resources.

2.2.) The Municipality declares that

- Regarding production and usage of geothermal energy, as long as the Project Company exists, it shall not request or carry out negotiations with a natural or legal person except for the Business and the Project Company,
- In the interest of Project realization and successful tender bids for financial support, and in the interest of successful permit authority and other permit proceedings, the Municipality shall cooperate as a supporter, it shall provide data, information and declarations necessary to successfully register and win a given tender,
- As the Municipality is a member of the Project Company, it shall hand over to the Project Company, data, information and declarations necessary to move the Project forward or to realize the Project.

2.4.) The Business declares that

- It agrees to fund the preparation of the Project,
- The financing for the realization of the Project – that is to say the funds necessary above the amount to be received from tender supports, with the inclusion of outside financing sources - shall be arranged by the Business, with the understanding that the Municipality agrees that, dependent on its possibilities, it shall provide help to the tender support funds and the loans.

3.) Rights and obligations of the Contracting Parties and obligations during completion of the sub-tasks.

3.1.) Preliminary analysis of Project realization

a.) The Business

- shall measure, and based on preliminary tests, shall analyze the potential geothermal steam sources on the project site,
- shall analyze the local public and residential steam power needs,
- plan the optimal geothermal steam production system to meet the needs.

b.) The Municipality

- shall release for the work of the Project Company test-related data in its possession,

- shall give approval, as owner, for drilling that needs to be done on land it owns, it provides the properties with the understanding that if the drilling is unsuccessful, the Project Company is obligated to return the properties to their original condition.

3.2.) Preparation of the Preliminary Realization Study

(Preconditioned to the activity is the prompt completion of the tasks described in point 1 and the determination by the Contracting Parties as to the Project feasibility)

a.) The Business

- Agrees, that it will cooperate in the compilation of applicable tender documentation for the Preliminary Realization Study for the Intelligent Energy Europe – IEE program (hereinafter “IEE”) invitation,
- will give complete advising activities to the Municipality for all procedural actions necessary for the filed IEE program tender,
- will manage, in the case of an unsuccessful IEE tender, preparation of the Preliminary Realization Study through other preparatory financial sources.

b.) The Municipality

- shall file the tender prepared for the IEE program tender invitation.
- In the case of a successful IEE tender – inside the framework of a public procurement – it shall sign an agreement for the preparation of the Preliminary Realization Study with the winner of the public procurement proceeding.
- declares, that it shall use the funds received from the IEE tender for the preparation of the Preliminary Realization Study, and that the value received from the tender support shall later be transferred to the Project Company.

3.3.) If the goal of the Project becomes impossible

The Contracting Parties agree, that if, based on the data of the Preliminary realization Study, the Project is determined to not be profitable, while mutually cooperating, given the fact that the Project which the Project Company planned to realize is has become impossible for reasons outside the control of the Parties, in this case, the Parties will take action to close the Project Company.

3.4.) Filing of tenders in the interest of project realization

The Contracting Parties shall mutually co-operate so that the Project Company

- Completely prepares and files the tender or tenders that will help the Project realization move forward,
- Creates a detailed all-encompassing Final Realization Study necessary for the tender, the detailed conditions for the long-term operation of the Project,
- Prepare a recommendation for the possibility of bringing in other financial resources.

3.5.) Project impossibility

a.) If, after the measurements and test drilling, and the creation of the Final Realization Study, the study's data does not qualify as profitable, the Contracting Parties, while mutually cooperating - given the fact that the Project which the Project Company planned to realize has become impossible for reasons outside the control of the Parties - in this case, the Parties will take action to close the Project Company.

b.) The Contracting Parties declare that the Municipality has no obligation of remuneration to the Business in accordance with sub point a), neither retroactively or later, especially given the fact that the cost of the Final Realization Study burdens the Project Company, and not its individual members.

3.6.) Cooperation during the Project

(Precondition: Favorable tender decision and further financial resources are brought in)

The Contracting Parties shall mutually cooperate so that the Project Company

- Completely does all tasks connected to the realization of the Project, to include the planning (both by themselves and by others), construction, discovering operational possibilities and as a part of this, to run the operation of the Project.
- Checks to discover if there is a possibility for the Project to produce electricity and the usage therefor, further, prepares a realization study in order to discover the possibilities mentioned for electricity production and usage.

3.7.) Other connected agreements

- Detailed rules for cooperation in the realization of the Project were regulated in a separated agreement by the Municipality and the Project Company..... In accordance with the..... Municipality General Assembly declaration numbered

- Detailed conditions for handover of produced energy by the Project Company will be regulated in a separate agreement, after the signature of this Agreement by both parties, by bringing in an interested third party in steam energy production service.
- At the same time as signing the present agreement, the parties will sign a mutual confidentiality declaration with each other.

4. The Project Company assets, registered capital, tender supports

4.1.) The Municipality agrees that, based on its possibilities, it will provide help for the tender support and drawing of loans.

4.2.) In the interest of bringing in financial resources, the Municipality, if the share capital of the Project Company is to be increased in reaction to the inclusion of a new member, will agree to admit the new member as long - as it does not harm the interest of the Municipality – and will cooperate with the Business during the necessary approval procedure and modification of the articles of association, with the condition that if there is a capital increase to the Project Company, the share of the Municipality cannot drop below%. If the Municipality raises an objection to the potential new member, it has the right to refuse approval if it has an alternative potential new member who is willing to join the Project Company under the exact same terms and conditions as the potential new member.

The Contracting Parties agree that if the Municipality cannot or does not wish to approve the capital increase of the Project Company, they will modify the articles of association so the share capital does not track with the capital contribution.

4.3.) The Contracting Parties agree, that if the Project can be financed, the Project Company shall appoint, jointly through both owners, an independent expert to assist in increasing the value, and within 60 days of the value increase, the Municipality may purchase, compared to the entire share capital, % share of the Business, at the price of the increase in value established, and thereby the Municipality share percentage can increase to%.

5. Miscellaneous Provisions

5.1.) The present agreement is made with the consent of the Contracting Parties, it can only be modified in writing, and it can be terminated or cancelled exclusively with the mutual consent of the Contracting parties. The present agreement may be exercised by any member with a unilateral declaration, the Contracting Parties exclude the possibility of normal termination, with

the understanding that the present agreement is terminated automatically if the Project Company expires or is closed, as well as if the share capital relationship of any member is terminated.

5.2.) New potential members wishing to join the Project Company, prior to joining must make a declaration about the Project Company's founding documents, about the present Syndication Agreement, as well as about their acceptance of the Cooperation Agreement and the Confidentiality Declaration signed at the same time as this agreement, about any modification recommendations, or the conditions necessary for their acceptance. A decision about accepting new members to the Project Company can only go to the quorum if the potential new member has modification recommendations to this Syndication Agreement, a consensus arises among the members as to the potential member's preconditions for acceptance.

5.3.) The Contracting Parties accept the contents of the present agreement as binding.

5.4.) The Contracting Parties have read and understood the present Agreement, and have signed it accordance with their wishes, in 5 original copies.

Sent:

...

Municipality
Represented by:

(name of the Business)
Represented by: