

Annex #2- Draft State Procurement Contract

(The terms and conditions of the State Procurement Contract may be adjusted by the time of signing the contract, based on the negotiations between parties)

Tbilisi

_____ 2018

JSC “Georgian Oil and Gas Corporation” (hereinafter referred to as “Corporation” or “GOGC”) represented by its Director, Mr. ---
--, on the one hand and
[] (hereinafter referred as the “Contractor”) on the other hand represented by []

Whereas, Contractor is announced to be the successful bidder with the price of GEL ----- in the tender for the Construction Works of the -----) announced by GOGC for the year --- in accordance with 1.“p” paragraph of article 3 of the Law of Georgia on “State Procurement”, Considering tender documentation, Contractor’s BID and applicable law and signing the Contract agree on the following:

1. Subject of the Contract

1.1. The subject of this Contract is State Procurement of ----- (hereinafter referred to as “Service”) accordance with the terms of the Contract (CPV-----).

1.2. Service description, specifications and price are specified in Annex №1 of this Contract, attached hereto and representing its integral part;

2. Obligations of Parties

2.1. The Purchaser shall be obliged to demand timely and complete performance of the obligations from the supplier;

2.2. The Purchaser shall be obliged to timely and completely pay the Supplier amount specified under this Contract;

2.3. The Supplier shall be entitled to demand the Purchaser provide duly and timely performance of obligations undertaken under the Contract provisions;

2.4. The Supplier is obligated to provide the Purchaser with flawless service and accompanied documentation under the Contract provisions;

3. Terms of Provisions of Service

3.1. The Supplier shall deliver Service within ----- calendar days after signing the Contract.

3.2. Acceptance Certificate shall be signed between the Supplier and the Purchaser upon full delivery of Service to the Purchaser.

4. Service Quality

4.1. The Supplier undertakes obligation that the quality of service shall meet the terms of the Contract as well as the standards and technical norms existing in the field;

5. Total Price of Contract and Payment

5.1. Total price of the Contract shall constitute GEL excluding VAT (if the Supplier by the moment of signing the Contract is VAT payer in accordance with the requirements of the Georgian legislation the Supplier shall be reimbursed VAT in the amount of GEL---after submitting the invoice);

5.2. For the payment purposes, the Supplier shall submit the following documentation(s):

- Positive expert conclusion of the project;
- Acceptance Certificate (signed by both parties);
- Invoice (see clause 5.1 of the Contract).

5.3. Payment to the Supplier shall be made in Georgian National Currency Lari, in the form of cashless payment not earlier 8 (eight) and not later than 10 (ten) business days, after the submission of document(s) envisaged by Clause 5.2 of the Contract.

5.4. Payment to the Supplier shall be made in Georgian National Currency Lari, in the form of cashless payment not earlier 8 (eight) and not later than 10 (ten) business days, after full delivery of the Service and submission of documents envisaged by Clause 5.2 of the Contract.

6. Responsibility and Non-performance of Contract Provisions

6.1. The Supplier guarantees that provided service shall meet the criteria specified in Articles 1 and 4 of the Contract

6.1.1. If the Supplier fails to provide the service meeting the criteria specified in article 6.1 of the Contract, the Purchaser shall be entitled to impose the Supplier to pay penalty in an amount of 100% of the value of the Contract, which shall be paid immediately but not later than 3 calendar days after written notification receipt by Supplier about fine imposture.

- 6.2. Non performance and/or breach of Contract provisions by the parties shall held them accountable to the Contract and to the rules specified by the applicable law.
- 6.3. In case of damage incurred to the Purchaser or the third party due to improper performance the Supplier shall be imposed to reimburse the damage.
- 6.4. Either party may request reimbursement of damage incurred due to nonperformance or improper performance of responsibilities of the other party.
- 6.5. In case of service provision delay or incomplete provision, the Supplier shall be imposed penalty in an amount of 0.1 % of delayed service price per each delayed calendar day. The Purchaser is entitled to deduct amount of during the payment.
- 6.6. In case the Purchaser delays payment, the Supplier is entitled to impose the Purchase penalty in an amount of 0.1% for each delayed calendar day.
- 6.7 In case of Contract termination/refusal to perform the Service the Supplier shall be imposed penalty in an amount of 5 % of the value of the Contact.
- 6.8. Penalty payment by the Supplier shall not release it, except in cases specified under Civil Code, from the responsibility to perform Contract provisions.

7. Exemption From Responsibilities

- 7.1. Parties shall be exempted from responsibilities for complete or partial non-performance if such non-performance is resulted from force-majeure circumstances (earthquake, floods, insurrection and other circumstances that are not under the control of the parties, it is impossible to foresee them and are considered to be force-majeure circumstances).
- 7.2. Party that is under force-majeure circumstances, shall immediately notify the other party about such circumstances and estimated term of its elimination. Otherwise, party shall not be exempted from responsibility for complete or partial nonperformance under the Contract.
- 7.3. Facts specified in written notification shall be certified by competent authority. Such certification shall not be necessary if facts are publicly known
- 7.4. Parties shall proceed responsibilities performance upon force-majeure circumstances elimination.

8. Provisions of Contract Inspection

- 8.1. The Purchaser or its authorized person shall be entitled to provide control of the Service;
- 8.2 Inspection group established by the Purchasing organization shall perform control over State procurement Contract and its annexes performance by the supplier.
- 8.3 Functions of inspection group shall be:
- 8.3.1. Proper control and surveillance of Service volume and quality and provision terms with the Contract requirements;
 - 8.3.2. Service inspection prior to the signature of acceptance certificate and its rejection in case of low quality;
 - 8.3.3. Performance of other powers for the purpose of effective performance of this Contract.
- 8.4. The Supplier shall be liable for reimbursement of any expenses related to revealed defect elimination and inspection.

9. Contract Amendments

- 9.1. Neither party hereto shall be entitled to alter the Contract provisions unilaterally.
- 9.2. Amendments shall not be affected if such alteration shall increase the Contract value for the Purchaser or shall deteriorate Contract provisions, except cases defined under article 398 of Civil Code.
- 9.2.1 Upon occurrence of cases defined under article 398 of Civil Code of Georgia, it shall be prohibited to increase Contract total value for more than 10%.
- 9.3. Any amendment to the Contract shall be executed in the form of written agreement, shall be attached to the Contract and shall constitute integral part thereto.
- 9.4. All amendments to the Contract shall be legally binding only upon parties signing thereon.

10. Entering into Force and Term

- 10.1. The Contract shall enter into force upon parties singing thereon and shall be valid till
- 10.2. Relevant provisions of the Contract shall remain valid until complete fulfillment of responsibilities undertaken by the parties.

11. Contract Termination

- 11.1. Parties may terminate this Contract mutually at any stage of its implementation upon agreement.
- 11.2. Either party may terminate the Contract unilaterally upon written notice to the other party if:
- a) Any party fully of partially breached the provision of the Contract;
 - b) One of the parties of the Contract systematically breaches the provisions of the Contract;
 - c) Upon occurrence of cases defined under article 398 of Civil Code of Georgia.

11.3. The Purchaser shall be entitled to terminate the Contract unilaterally at any stage of its implementation. The Contract shall be terminated in accordance with the term indicated in the written notice,

12. Dispute Settlement, Governing Law

12.1. Any dispute arisen between the parties shall be settled through amicable negotiations.

12.2. If the settlement is not reached, all disputable issues shall be discussed in the Courts of Georgia.

12.3. Contract is executed in accordance with the Legislation of Georgia and shall be interpreted under the Legislation of Georgia.

13. Final Provisions

13.1. The Contract is made up in the Georgian Language in 2 (two) identical specimens having equal legal capacity.

13.2. If any article, clause and/or provisions of this Contract are deemed invalid and/or void, this shall not affect validity of the remaining articles, clauses and/or provisions of the Contract.

13.3. Any communication between the parties required under the Contract shall be performed in writing via mail or through e-mail;

13.4. Neither party of the Contract is entitled to fully or partially delegate the powers specified in the Contract to the third party without a written agreement.

14. Requisites of the Pertis and signitures