

MEMORANDUM OF UNDERSTANDING

Between

N.V. Gemeenschappelijk Electriciteitsbedrijf

Bovenwindse Eilanden

and

Gulfstream Petroleum Dominicana S. de R.L.

This **Memorandum of Understanding** (hereinafter the “**MOU**”) is made on _____ February 2015 (the “**Effective Date**”) by and between the following Parties (jointly the “**Parties**”, and each individually a “**Party**”):

1. **N.V. Gemeenschappelijk Electriciteitsbedrijf Bovenwindse Eilanden** (hereinafter the “**Licensed Operator**”), a limited liability company incorporated under the laws of Sint Maarten, registered at the trade register of Sint Maarten under number [*], represented by the president of the managing board Ir. Romelio Maduro; and
2. **Gulfstream Petroleum Dominicana S. de R.L., a Panamanian limited liability company**, represented by the managing director, _____ (the “**Company**”).

1. **Purpose MOU**

This MOU serves as an outline of the envisaged cooperation between the Parties, which shall serve as a basis for the final agreement on the terms and conditions of the envisaged business relations between the Parties (the “**Final Agreement(s)**”) as set out in paragraph 2.

2. **Subject of cooperation between the Parties**

- 2.1 The Licensed Operator intends to instruct the Company to (the “**Instruction**”):

- 2.1.1 construct, operate and maintain a storage facility for a storage of HFO and LFO fuel and LPG gas (“**Fuel and LPG Storage Site**”); and
- 2.1.2 construct, operate and maintain a LPG electrical power generation unit that supplies electricity exclusively to the Licensed Operator at a lower cost of electricity (US\$/kWh) than the Licensed Operators does at present, and that is fully compatible with and integratable in the Licensed Operator’s current electricity plant/grid taking into consideration Licensed Operator’s future energy plans (including but not limited to waste to energy and solar energy) (the “**LPG Plant**”).

The Fuel and LPG Storage Site and LPG Plant are collectively referred to as the “**Project**”.

- 2.2 The Instruction is contingent on the Company presenting a draft of the Term Sheet (as defined in clause 2.3) to the Licensed Operator that meets the definition of the project above (the “**Draft Term Sheet**”). The Licensed Operator shall provide all reasonably required assistance and data the Company requests to enable it to prepare the Draft Term Sheet, provided the Licensed Operator is in a position to provide said assistance and is in the possession of the requested data.

- 2.3 If the Draft Term Sheet is acceptable to the Licensed Operator and permissible under applicable laws, the Parties will execute a term sheet, containing the key commercial terms and conditions of the cooperation between the Parties (the “**Term Sheet**”).
- 2.4 The Licensed Operator and the Company shall subsequently enter into a construction and power purchase agreement setting out, amongst other things, the terms and conditions of the construction of the Project, power delivery by the Company to the Licensed Operator and operations and management of the Project (the “**PPA**”).
3. **Timing and working committee**
 - 3.1 Parties hereby agree to the following timeline for the Project:
 - 3.1.1 Sixty (60) days from the Effective Date - The Company submits the Draft Term Sheet to the Licensed Operator
 - 3.1.2 Ninety (90) days from the Effective Date - Execution Term Sheet
 - 3.1.3 Sixty (60) days from the date of execution of the Term Sheet - Execution PPA
 - 3.1.4 3Q 2015 – Subject to the final terms of the PPA, envisaged commencement of the engineering, procurement and construction phase
 - 3.1.5 1Q 2017 – Subject to the final terms of the PPA, envisaged commencement of operations of the Project.
 - 3.2 In order to meet the timing as set out above, the Parties will form a Project working committee consisting of Company and Licensed Operator members (the “**Project Committee**”), which members shall be determined by 9 February 2015 at the latest.
 - 3.3 The Project Committee will meet and/or have conference calls (at least) once a week until the Terms Sheet is executed to discuss the (progress of the) Proposal and exchange any data/information that might be required.
 - 3.4 Management of the Company, the Parent Company and the Licensed Operator will meet on a monthly basis until the Term Sheet is executed.
4. **Financing**

The Company is obliged to secure complete financing for the Project. Execution of the Final Agreements (more specifically the PPA) shall not be contingent on financing, nor shall the Final Agreements contain any conditions with respect to financing. By signing this MOU the Company confirms that financing is secured ultimately when the PPA is executed.
5. **Certain contractual terms**
 - 5.1 In addition to other terms and conditions that are customary in a transaction of this scope and nature, it is understood and agreed that the Final Agreements will contain performance guarantees for: (i) the (timely) construction of the project; and (ii) the

Company's performance under the PPA, to be issued by a reputable financial institution on behalf of the Company for the benefit of the Licensed Operator ("Performance Guarantees").

- 5.2 The Licensed Operator shall be entitled to claim under the Performance Guarantees in the event of a breach by the Company under the Final Agreements.
- 5.3 The Performance Guarantees shall be valid for the duration of the applicable Final Agreements (including any extensions thereof).
- 5.4 Amongst other terms, the Final Agreements will contain long stop dates for various stages of the Project. Should the Company fail to meet those deadlines, the Licensed Operator will, in addition to all other recourse and remedies afforded to it based on applicable law and the agreements (including but not limited to damages), be entitled to terminate the relevant Final Agreement and will be entitled to a termination penalty. Any land that may have been allocated/transferred to the Company in the context of the Project shall be delivered/retransferred to the original owner at the expense of the Company without any compensation.
- 5.5 Subject to applicable laws, the Licensed Operator shall provide all assistance and support to the Company in obtaining the documents and information required for the execution of the Project.
- 5.6 Subject to applicable laws, the Licensed Operator shall assist the Company with the execution of the Project in any manner within its authorities.
- 5.7 Where appropriate in the context of the Project, the Final Agreements may contain wording to the effect that force majeure or unlawful acts by the Licensed Operator, may qualify the liability of the Company with respect to the Performance Guarantee and/or the termination penalty thereof.

6. Project Expenses

The expenses related to the implementation of the Project shall be fully borne by the Company.

7. Effectiveness of the MOU and its Termination

- 7.1 This MOU is valid until the earliest of the following dates (the "**Termination Date**"):
 - 7.1.1. the day on which the Term Sheet shall all have been signed by all Parties thereto; or
 - 7.1.2. ninety (90) days from the Effective Date (or such other date as agreed to by the Parties).
- 7.2 Should the MOU be terminated based on clause 7.1.2, the discussions and negotiations with respect to the Project shall be discontinued with immediate effect as

per the Termination Date. Neither of the Parties shall then have any obligation to the other Party except for any and all obligations under clauses 8.2, 8.3, 8.4, 8.7 and 9, which shall remain valid for an indefinite period of time, nor be obliged to make any payment for damages, costs or whatever other reason in connection with the discussions and negotiations regarding the Project or the discontinuation thereof.

8. Miscellaneous

- 8.1 In consideration of the time, effort, and expense Company will incur in pursuing the transactions contemplated hereunder, the Licensed Operator agrees that, while this MOU remains in effect, it will not, and will not permit accountants, agents or other representatives to, without the prior written consent of the Company, encourage, solicit, initiate, or participate in any discussions or negotiations with, or provide any information to, any person or entity or group thereof (other than officers, directors, employees, financial advisors, attorneys, accountants, agents and other representatives of Company) regarding any transaction (whether public or private) involving or contemplating the Project (or any other substantially similar LPG project).
- 8.2 The Parties hereto have each agreed to treat as confidential and proprietary all information disclosed to each other during the course of negotiation of the Agreement and the conduct of due diligence related thereto in accordance with a confidentiality agreement. The Parties hereto agree that said agreement will remain in full force and effect and survive the terms of this MOU.
- 8.3 Each Party will bear its own expenses incident to the preparation of this MOU and the other transaction agreements; provided, however, that any Party instituting legal proceedings to enforce any provision hereof (including those that survive termination of this MOU) or in remedy of any breach hereof will be entitled to recover reasonable attorney's fees incurred in connection therewith, if that instituting Party is successful in any such proceedings.
- 8.4 No Party hereto will make any public announcement or issue any press release, or disclose to any other person (except as otherwise provided herein) any information regarding this transaction, the MOU or the subject matter hereof without the prior written consent of each other Party hereto, unless otherwise required by law.
- 8.5 This MOU may be amended by written agreement between the Parties. If any provision of this MOU becomes invalid or unenforceable, the validity of other provisions shall not be affected.
- 8.6 No Party shall assign any part of the rights and obligations under this MOU to any other Party without the prior written consent of the other Party.
- 8.7 Any correspondence sent by the Parties within the framework of this MOU shall be made in writing and shall be sent by mail, courier service or facsimile transmission (with the original to follow). The notification shall enter into force immediately upon its receipt by the recipient.

9. Governing Law and Dispute Resolution

9.1 This MOU shall be governed by the laws of Sint Maarten.

9.2 The Parties agree that they shall strictly comply with the terms of this MOU, but in case of a dispute between the Parties, they shall attempt to resolve such dispute through negotiations. In case of failure to reach an agreement, all disputes arising out of this MOU shall be resolved by the competent courts of Sint Maarten, in accordance with the applicable legislation of Sint Maarten.

SIGNATURES ON NEXT PAGE

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IN WITNESS WHEREOF, the Parties have caused this MOU to be signed by their respective duly authorized officers as of the Effective Date.

**Signed: On behalf of Gulfstream Petroleum Dominicana
S. de R.L.**

By:

Signed: on behalf of N.V. GEBE

By: Ir. Romelio Maduro