

Denitsa Zlateva

From: Vladimir Malinov <Vladimir.Malinov@bulgartransgaz.bg>
Sent: Friday, December 30, 2022 2:13 PM
To: Denitsa Zlateva
Subject: Fwd: BOTAŞ-Bulgargaz Term-Sheet execution copy
Attachments: BOTAŞ-Bulgargaz TS initaled 24.12.2022.pdf

Sent from my iPad

Begin forwarded message:

“БУЛГАРГАЗ” ЕАД	
СООИЛ	
Per. No.	44-011-3231/2
	30.12.22

From: İbrahim Faruk ADIGUZEL <ifaruk.adiguzel@botas.gov.tr>
Date: 24 December 2022, 13:35:44 EET
To: Vladimir.Malinov@bulgartransgaz.bg, Denitsa Zlateva <denitsa.zlateva@bulgargaz.bg>, Veselin Sinabov <Veselin.Sinabov@bulgargaz.bg>, I.gancheva@me.government.bg
Cc: Mithat AYDIN <mithat.aydin@botas.gov.tr>, Yunus Emre İÇİK <yemir.icik@botas.gov.tr>, Oğuzhan OĞUZ <oguzhan.oguz@botas.gov.tr>, Başak ÖZER <basak.ozel@botas.gov.tr>
Subject: Re: BOTAŞ-Bulgargaz Term-Sheet execution copy

Dear All,

Please find attached scanned copy of the TS for your initials/signatures.

Best regards,
İbrahim

24 Ara 2022 13:59 tarihinde İbrahim Faruk ADIGUZEL <ifaruk.adiguzel@botas.gov.tr> yazdı:

Dear All,

Please find attached the execution copy of the TS.

Best,

İbrahim

Bu e-postada yer alan bilgiler, beraberinde iletilen tüm bilgi, onay ve her türlü formattaki dosyalar, gizlidir ve kişiye özel olabilir ve sadece gönderildiği kişi ya da kuruma ya da bu bilgileri kullanmaya ya da almaya yetkili diğer kişilere özeldir. Bu e-postada ve ekindeki dosyalarda bulunan tüm fikir ve görüşler sadece adres yazarına ait olup, BOTAŞ'ın resmi görüşünü yansıtmaz. Eğer siz doğru kişi değilseniz, bu e-postayı açıklamak, kopyalamak, dağıtmak ya da içeriğine istinaden işlem yapmak tümüyle yasaktır ve kanuna aykırı olabilir. Bu nedenle bu e-postayı yanlışlıkla aldıysanız, bu durumu derhal gönderene haber veriniz ve e-postayı siliniz. Bu e-postanın tarafınıza yanlışlıkla iletilmiş olması yüzünden e-postanın gizli ve kişiye özel niteliği kaybolmaz ya da bu niteliğinden vazgeçilmez. BOTAŞ, bu e-postada yer alan bilgilerin ya da e-postanın kendisinin usulüne göre ve/veya tam iletiminden ya da e-postanın alınmasında yaşanan herhangi bir gecikmeden sorumlu değildir. BOTAŞ bu e-postanın içeriği ile ilgili olarak hiçbir hukuksal sorumluluğu kabul etmez. BOTAŞ, virüs filtreleme uygulamakla birlikte, e-postanın virüs içermediğini

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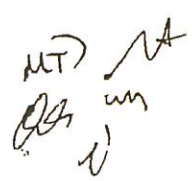
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This Term Sheet dated 30/12/2022 is entered into between BOTAŞ BORU HATLARI İLE PETROL TAŞIMA A.Ş (“Seller”) and Bulgargaz EAD (“Buyer”), (each a Party and together the Parties).

The Parties intend to enter into a fully termed Sale and Purchase Agreement (the “SPA”) based on the terms set out in this legally binding Term Sheet.

The Parties agree, in mutual consideration of each Party's respective obligations under this Term Sheet, as follows:

<p>1. Seller</p>	<p>BOTAŞ BORU HATLARI İLE PETROL TAŞIMA A.Ş, a company organized under the laws of Republic of Türkiye having its registered address at Bilkent Plaza A-II Blok, 06800 Bilkent, Ankara, Türkiye (hereinafter referred to as “BOTAŞ” and/or “Seller”).</p>
<p>2. Buyer</p>	<p>Bulgargaz EAD, a company organized under the laws of the Republic of Bulgaria having its registered address at Petar Parchevich Str. 47., Sofia, Bulgaria (hereinafter referred to as “Bulgargaz” and/or “Buyer”).</p>
<p>3. Deal Scope</p>	<p>The Seller agrees to sell and deliver natural gas to the Buyer at the Delivery Point and the Buyer agrees to purchase and pay for that natural gas at the Delivery Point in the quantities (such quantities being the “Contract Quantity”) and on the terms and conditions agreed by the Parties. Unless otherwise agreed by the Parties, total volume of the Contract Quantity shall be equal to the total quantity of LNG (in MWh) delivered by Buyer to Seller in accordance with the Article 6. For the avoidance of doubt, Bulgargaz shall be responsible for the supply of LNG delivered to BOTAŞ and notwithstanding any other provisions of this Term Sheet, BOTAŞ shall, under no circumstances, have an obligation to make available quantities of gas more than the total LNG quantity it received under this Term Sheet.</p> <p>For every Day during the Term of the Term Sheet, Buyer shall reserve daily capacity of 53,200 MWh at the Malkoçlar/Stranzha to be allocated for BOTAŞ’s use (“BOTAŞ’s Allocated Capacity”). For the first Delivery Year of 2023, BOTAŞ’s Allocated Capacity reservation shall be made in full starting from 1 April 2023 by Bulgargaz and for the period between the Start Date and 31 March 2023, capacity reservations shall be made in accordance with BOTAŞ’s request. BOTAŞ’s Allocated Capacity shall be on top of the capacity to be reserved by Bulgargaz for the delivery of Cargo Quantity.</p>

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4. Term	This Term Sheet shall be in full force and effect from .../January/2023 (“Start Date”) and shall remain in effect until 31 December 2035 (“End Date”) or terminated in accordance with the relevant clauses of the SPA and the Term Sheet.
5. Delivery Point	Delivery Point shall be the point where the connection point at the border of the Republic of Türkiye and Bulgaria, known as the Malkoclar/Strandzha interconnection point.
6. LNG Deliveries	<p>Buyer shall be responsible to deliver LNG cargoes to Seller’s Facilities.</p> <p>The Seller’s Facilities and the discharge port shall be located at Saros FSRU Terminal, Turkey.</p> <p>No later than 15 days prior to each delivery window, Seller may nominate an alternate Seller’s Facilities and discharge port any LNG terminal located in the Republic of Türkiye and Europe. Nomination to European terminals will be subject to Buyer’s approval, which shall not be unreasonably withheld.</p> <p>Delivery schedule of the LNG Cargoes shall be on a reasonably rateable basis throughout each Delivery Year, subject to the following conditions:</p> <ul style="list-style-type: none"> - LNG deliveries for each month other than for the months of December, January and February shall not exceed 1 (one) cargo - The Buyer shall not deliver more LNG quantity during the Summer Period (April - September) than Winter Period (October - March) - Cargo no 1, 4 and 5 shall be delivered in the months of December, January and February <p>For the Delivery Years 2024-2035, in case the number of LNG cargoes is 14, then the number of LNG cargoes to be delivered in each January and February shall be 2 and the remaining LNG Cargoes shall be distributed as 1 LNG Cargo for each month.</p> <ul style="list-style-type: none"> - If in any Delivery Year the number of LNG cargoes to be delivered is between 11 and 13, then Cargo No 11 shall be delivered in January and if applicable Cargo No 12 shall be delivered in February. <p>For each Delivery Year, Seller and Buyer shall mutually agree on the Annual Delivery Plan no later than 31 October of the preceding year.</p>
7. LNG Procurement	The Buyer and the Seller shall use reasonable endeavours to enter into a joint LNG procurement agreement for the LNG deliveries starting from 1 January 2026 until the End Date.
8. BOTAS’s Allocated Capacity	Capacity reservation payment for BOTAS’s Allocated Capacity (“BAC”) paid by Bulgargaz to Bulgartransgaz (“BAC Entry Point Fee”) shall be reimbursed by BOTAS on a monthly basis upon Bulgargaz’s relevant invoice. Annual BAC Entry Point Fee shall be 204 Euro/MWh and this fee shall be updated annually according to CPI starting from 1 January 2025.

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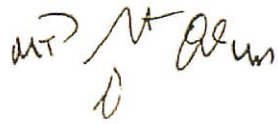
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	<p>During the Term of this Term Sheet, Bulgargaz agrees and confirms that BAC shall be allocated and used exclusively in accordance with BOTAŞ's instructions at BOTAŞ's sole discretion. Bulgargaz agrees and confirms that it will (i) sublet BAC to third parties or (ii) deliver natural gas quantities made available at the Delivery Point by BOTAŞ under BAC to third parties at Bulgarian Virtual Trading Point or provided that there is availability, Exit Points as per BOTAŞ's instructions.</p> <p>Buyer shall be entitled to 0.85% of the TTF FM for the delivery quantity if the option (i) is exercised, 1.7% of the TTF FM for the delivery quantity if the option (ii) is exercised. Documented transportation and capacity reservation costs in Republic of Bulgaria incurred by Bulgargaz as a result of BAC deliveries shall be reimbursed by BOTAŞ.</p> <p>BOTAŞ shall have a right to assign its rights (partially or in full) in relation to BAC to its Affiliates. BOTAŞ shall not be required to obtain Bulgargaz's consent to exercise such right to assign.</p> <p>Further details to be detailed in SPA.</p>
<p>9. Warranties</p>	<p>Each Party warrants that during the Term, it has the right, power and authority to enter into and perform its obligations under this Term Sheet. Each Party shall indemnify the other Party in respect of direct and documented losses, damages, costs or liabilities that the other Party may suffer or incur in the event that such warranty is not true and accurate.</p> <p>If any time during the Term, (I) BOTAŞ's rights in relation to BAC is impaired for any reason attributable to Bulgarian authorities including Bulgargaz and Bulgartransgaz, and as a result BOTAŞ is unable to exercise such rights (ii) Buyer fails to perform its obligations related to BAC or any of its payment obligations and such failure continuous for or not remedied within fifteen (15) consecutive Days then Seller shall have a right to immediately terminate this Term Sheet and the SPA by giving written notice to Buyer ("Early Termination"). In case of Early Termination, the Buyer shall pay to the Seller an amount equal to the product of Daily Payment Amount at the time and remaining Days within the Term.</p>
<p>10. Delivery Day and Delivery Year</p>	<p>"Delivery Day" shall mean the 24-hour period beginning at 08.00 a.m. and ending at the following 08.00 a.m. Official Local Time in Türkiye.</p> <p>"Delivery Year" shall mean the twelve-month period commencing on 1 January and ending on the 31 December of the relevant year. The first Delivery Year shall be the period between the Start Date and 31 December 2023.</p>
<p>11. Title and Risk</p>	<p>Title to, and risk of loss of, the Natural Gas shall pass from the Seller to the Buyer upon delivery at the Delivery Point.</p>





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	Title to, and risk of loss of, the LNG shall pass from the Buyer to the Seller upon delivery at the relevant LNG terminal.
12. Annual Contract Quantity (ACQ)	During each Delivery Year Seller shall make available at the Delivery Point and Buyer shall be entitled to purchase the Annual Contract Quantity which shall be equal to the total quantity of 14 LNG Cargoes. The Deemed Cargo Quantity for each LNG cargo shall be within a quantity range of 2,800,000 to 3,700,000 MWh.
13. Daily Contract Quantity (DCQ)	During each Delivery Day, Seller shall make available at the Delivery Point and Buyer shall be entitled to purchase up to the Daily Contract Quantity. The DCQ shall be 53 200 MWh.
14. Daily Payment Amount	<p>Daily Payment Amount ("DPA"), in US Dollars (USD) shall be (9,145)* 53 200.</p> <p>DPA shall be recalculated in the first day of the each Delivery Year after 1st January 2025, as follows:</p> <p>$DPA = DPABase * (CPI / CPIbase)$</p> <p>$DPABase = (9,145) * 53\ 200\ USD$</p> <p>Where:</p> <p>9,145 USD shall be the price for deliveries in MWh</p> <p>53 200 shall be the daily availability for deliveries in MWh</p> <p>CPIbase is 297.711 which is the value of the CPI for November 2022.</p> <p>CPI is the Consumer Price Index in the United States of America, all items, all urban consumers (CPI-U), on a basis for the period covering the calendar years from 1982-1984, as published by the US Department of Labor, Bureau of Labor Statistics, in the Producer Price Indexes Detailed Report for the November of the previous Delivery Year.</p> <p>For the avoidance of doubt, the price of natural gas is not included in the Daily Payment Amount.</p>
15. Make-up Quantities	In case the Buyer fails to offtake total quantities of LNG delivered in any Delivery Year (Delivered Quantity), then the Buyer shall have right in the subsequent Delivery Year to offtake up to 20% of the Delivered Quantity (Make-up Quantity). Buyer may offtake Make-Up Quantity in excess of ACQ.
16. Invoicing & Payment Terms	Following the end of each calendar month, Seller shall issue and send to the Buyer a Monthly Delivery Act with the quantities delivered by days for signing by both Parties and a Monthly Invoice via e-mail. Regardless of deliveries in such month, the Monthly Invoice amount shall be equal to the product of DPA and number of days in the relevant month. Nevertheless, on the face of the Monthly Invoice, the

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	<p>computation shall contain separate information for the total quantities delivered and for the total quantities not delivered at the Delivery Point.</p> <p>Buyer shall pay such Monthly Invoice within 5 (five) Working Days following the receipt of the e-mail including the relevant Monthly Invoice.</p> <p>For the custom purposes and for transfer of title and risk as per Article 11, only, the Parties shall respectively issue equal and opposite invoices and monthly protocols for the LNG and natural gas deliveries (quantities expressed in MWh) under this Term Sheet. Such invoices shall not be construed so as to create payment obligations for the Parties under any circumstances.</p> <p>For the purposes of this Article 14, "Working Day" shall mean a day when banks are open for business in Sofia, Bulgaria; Ankara, Türkiye and New York, USA.</p> <p><u>Seller's USD Account for Receipt of Payment</u> The name and location of Seller's bank and Seller's account details are as follows: Bank: Türkiye Vakıflar Bankası T.A.O Ankara Kurumsal Merkez Branch Account No: 00158048004004715 IBAN No: TR10 0001 5001 5004 8004 0047 15 Swift Code: TVBATR2A</p> <p><u>Buyer's USD Account for Receipt of Payment</u> The name and location of Buyer's bank and Seller's account details are as follows: Bank: Citibank Europe PLC, Bulgaria Account No: EG3801192501010006802 IBAN No: EG3801192501010006802 Swift Code: CITIBGSF</p>
<p>17. Prepayment</p>	<p>No later than 3 (three) Working Days before the Start Date of the Term Sheet, Seller provide Buyer a pro-forma invoice for the total amount of equal to the Daily Payment Amount of subsequent 3 (three) months which shall be paid no later than Start Date.</p>
<p>18. Taxes</p>	<p>Parties agrees that Seller shall not be liable for the payment of any taxes, duties, royalties, levies, imposts, fees or any other charges of any kind whatsoever related to the purchase of gas under this Term Sheet arising at or after the Delivery Point and in the event that Seller do become so liable then Buyer shall indemnify Seller and pay any such tax arising.</p> <p>Parties agree that Buyer shall not be liable for the payment of any taxes, duties, royalties, levies, imposts, fees or any other charges of any kind whatsoever related to the sale of gas under this Term Sheet arising up to the Delivery Point and in the event that Buyer do become so liable, then Seller shall indemnify Buyer and pay any such tax arising.</p>

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<p>19. Nomination</p>	<p>No later than 15.30 noon (Official Local Time in Türkiye) on each Delivery Day, Buyer submits to Seller the nomination for the next Delivery Day. Seller informs in due time (18:00) Buyer about the quantities confirmed for delivery for the next Delivery Day. In case the confirmed quantities are less than the nominated quantities for a specific Delivery Day, for this Delivery Day DPA shall be calculated with the confirmed quantities instead of 53 200 MWh.</p>
<p>20. Condition Precedent and Special Provisions</p>	<p>Decision of Council of Ministers of Bulgaria for Bulgargaz and all relevant approval for both Parties.</p> <p>Within 7 Days after the Start Date, Buyer shall reserve total B/C stipulated under Article 3 at least for the first 10 years of the Term.</p> <p>Any notice given to a Party under or in connection with this Term Sheet shall be in writing and shall be delivered by letter, e-mail or facsimile.</p> <p>For the Delivery Year 2023 only; ACQ, DCQ and cargo distribution shall be as per Annex-1.</p>
<p>21. Governing Law</p>	<p>Swiss Law shall govern the transaction and this Article.</p> <p>Disputes shall be submitted to binding ad-hoc arbitration by a tribunal consisting of three arbitrators (one to be appointed by each of the Parties and the chairman to be appointed in accordance with the applicable rules) having its seat in Geneva Switzerland, in accordance with the Rules of Arbitration of the ICC International Court of Arbitration. The relevant procedure shall be conducted in and the arbitral award shall be issued in the English language.</p>
<p>22. Confidentiality</p>	<p>Each party shall keep this Term Sheet confidential and shall not make any disclosure to third parties except where such disclosures are reasonably required in connection with the implementation of this Term Sheet. Parties may disclose the other Party's confidential information to its employees, officers, representatives or advisers on a need to know basis and as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority.</p>
<p>23. Force Majeure</p>	<p>Force Majeure shall mean any event or circumstances (or any combination of events and/or circumstances) which are not within the reasonable control of the Party affected (the "Claiming Party") and which, despite the Claiming Party acting and having acted as a reasonable and prudent operator and despite the exercise of reasonable diligence and taking all reasonable precautions, due care and reasonable alternative measures in order to avoid the effects of such circumstance, cannot be prevented, avoided or removed by that Party and which results in or causes the Claiming Party to fail to fulfil its obligations under this Term Sheet. For the avoidance of doubt, any circumstance that is the result of the failure of a Party to</p>

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	<p>perform any of its obligations under this Term Sheet shall not constitute Force Majeure for such Party.</p> <p>For the avoidance of doubt; inability to make payment, conjectural changes in market conditions, including but not exclusively related to demand and prices, cancellation of permits, licenses and other documents related to the commercial assets of Buyer shall not constitute Force Majeure for Parties.</p> <p>The Parties shall be temporarily released, in whole or in part, from their obligations in the event of Force Majeure.</p>
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For and on behalf of

.....

For and on behalf of

..... [Signature]

By: _____
Title: _____

By: Rumen Koishev
Title: Minister of Energy
Republic of Bulgaria

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MTD [Signature]

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Annex 1

2023						
Period	Quantities MWh/d	Price EUR/MWh	Daily Payment Amount (in USD)	Cargo	8G Cargo Distribution	Cargo Size MWh
Oct.23	Daily Delivered Quantity (DDQ)	TBA	3 USD/MMBTu*DDQ in MMBtu			
Sub.23	DDQ		0 3 USD/MMBTu*DDQ in MMBtu			
Mar.23	DDQ		0 3 USD/MMBTu*DDQ in MMBtu			
Nis.23	18500	LNG	9145*18500			
May.23	18500	LNG	9145*18500		1	500000
Haz.23	18500	LNG	9145*18500	Delivered in October 2022		335000
Tem.23	18500	LNG	9145*18500	Delivered in October 2022		335000
Aug.23	18500	LNG	9145*18500			
Eyl.23	18500	LNG	9145*18500		1	500000
Eki.23	18500	LNG	9145*18500		1	500000
Kas.23	18500	LNG	9145*18500			
Ara.23	18500	LNG	9145*18500		1	1000000
	5.087.500				1	1000000
						4.170.000

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