

SELISHTE SHPK

INFORMATION REGARDING HEC SELISHTA

Existing Hydropower Station:

“SELISHTE” sh.p.k is registered in the tax office in compliance with Albanian laws and regulations. The company is the concessionaire of a small power station of installed capacity of 3,000 Kw. After the completion of all necessary documentation we started the construction of this power station on March 2011.

Actually we are in the final phase of construction for this hydropower station. We have finished entirely the derivation canal, the damn, the penstock, the transmission line and the equipment plant. The only part of which is not finished yet is a tunnel with total length of 650 ml. We have excavated approximately 630 ml and there are still 20 ml left. According to our projections we are expecting to finish the tunnel within June 15 2012 and we expect to start operation within June 30, 2012.

*It is important to mention that at the beginning the hydropower station shall operate only with two turbines because the transmission line cannot transmit more than 2,000 Kw. We are in discussions with another concessionaire to build a new transmission line of 35 KV in cooperation and then we can start transmitting 3,000 Kw. All the projections are made on 2,000 Kwh produced.

Short Term Projects:

We have also prepared and submitted all the necessary documentation and studies in the Ministry of Economy, Trade and Energy for another hydro power station with installed capacity of 2,100 Kw. We are expecting to receive this concession within 2012 and we are planning to start the construction of civil works as soon as we get the concession. Total Investment for this power station amounts to about 1,500,000 EUR and construction time is estimated to be less than 12 months.

Future Projects:

Currently we are preparing all the necessary studies and documentation to submit in the Ministry of Economy, Trade and Energy the proposals for two other hydro power stations with total installed capacity of 7,000 Kw. Considering the experience we have gained in this sector and the positive cooperation we have established with the Ministry of Economy, Trade and Energy, we expect to finish all the procedures for these concessions within June 2013. Total Investment cost for these hydropower stations amounts to about 7,000,000 EUR. Construction time is about 12 months for each.

Pictures from Selishta Hydro Power Station

1. Control Panels



2. Control Panels



3. Generator View from Top



4. Dam at Lunara Bridge



5. View of Dam at Lunara Bridge



6. Derivation Canal



7. Connection of Tunnel with Canal



8. Power Plant



9. Pressure Penstock



INFORMATION REGARDING EXISTING PROJECT:

Number of employees:

We are planning to hire 11 full time employees for the operation and maintenance of Hec Selishta:

- 1) Administrator (1)
- 2) Engineer (1)
- 3) Accountant (1)
- 4) Maintenance Specialist (2)
- 5) Turbine Specialist (4)
- 6) Guards (2)

Total Investment

| NAME | BoQ Sum |
|--|------------------|
| DAMN AT LUNARA BRIDGE | 151.103 |
| DAMN AT POKARECI RIVER | 73.697 |
| DERIVATION CANAL | 400.484 |
| PRESURE BASIN | 111.964 |
| ROAD TO POWERSTATION | 81.142 |
| TUNEL L = 678 | 284.239 |
| PIPE PENSTOCK | 139.989 |
| POWER PLANT | 177.217 |
| TRANSFORMER PLANT + STAFF ROOM | 10.024 |
| HIDROTECHNIC STEEL GATE AND METALIC CONSTRUCTION | 6.112 |
| EQUIPMENT, TRANSPORTATION AND INSTALLATION | 760.870 |
| SUM | 2.196.842 |
| VAT 20 % | 439.368 |
| TOTAL SUM | 2.636.211 |

**We have not included the expenses for the preparation and extraction of all legal and technical documentation and licenses for the construction of Hec Selishta.*

Source of Financing:

| | |
|------------------|---------------|
| Bank Loan: | 1,000,000 EUR |
| Owner Financing: | 1,636,211 EUR |

Income Evaluation

Revenues from the hydropower station shall derive from the sale of energy produced. Price/Kw during 2012 is established to be 9.3 ALL/Kw excluding VAT and in the years to come the projections are to be increased 3 % per year as per inflation.

| | Year I | Year II | Year III | Year IV | Year V | Year VI |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Quantity produced in Kwh | 12.400.000 | 12.400.000 | 12.400.000 | 12.400.000 | 12.400.000 | 12.400.000 |
| Quantity sold (- 2 % fee - 10 % estimated losses) | 10.912.000 | 10.912.000 | 10.912.000 | 10.912.000 | 10.912.000 | 10.912.000 |
| Sale Price in EUR | 0.065 | 0.067 | 0.069 | 0.071 | 0.073 | 0.076 |
| Revenues in EUR | 711,652 | 733,002 | 754,992 | 777,642 | 800,971 | 825,000 |

| | Year VII | Year VIII | Year IX | Year X | Year XI | Year XII |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Quantity produced in Kwh | 12.400.000 | 12.400.000 | 12.400.000 | 12.400.000 | 12.400.000 | 12.400.000 |
| Quantity sold (- 2 % fee - 10 % estimated losses) | 10.912.000 | 10.912.000 | 10.912.000 | 10.912.000 | 10.912.000 | 10.912.000 |
| Sale Price in EUR | 0.078 | 0.080 | 0.083 | 0.085 | 0.088 | 0.090 |
| Revenues in EUR | 850,029 | 875,332 | 901,426 | 928,311 | 956,777 | 985,243 |

1) Revenues on monthly basis

(Fee 2 % + estimated losses of 10 % are subtracted)

| | J | SH | M | P | M | Q | K | G | S | T | N | DH |
|---------------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|--------|---------|-----------|-----------|
| Quantity Sold | 1.266.864 | 1.220.586 | 1.324.650 | 1.324.775 | 1.201.303 | 717.311 | 474.351 | 393.364 | 55.919 | 753.948 | 1.023.904 | 1.155.026 |
| ALL/Kwh | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 |
| Revenues EUR | 82,346 | 79,338 | 86,102 | 86,110 | 78,085 | 46,625 | 30,833 | 25,569 | 3,635 | 49,007 | 66,554 | 75,077 |

Expenses Evaluation

1 - Staff for operating this hydropower station shall be composed as below :

| Staff Structure | No. | Monthly Salary | Yearly Salaries in EUR |
|------------------------|------------|-----------------------|-------------------------------|
| Administrator | 1 | 500 | 6,000 |
| Engineer | 1 | 500 | 6000 |
| Accountant | 1 | 300 | 3600 |
| Maintenance Specialist | 2 | 600 | 7200 |
| Turbine Specialist | 4 | 1200 | 12000 |
| Guard | 2 | 500 | 6000 |
| Sum | 11 | 3600 | 40800 |

2 - Other Expenses

Prediction of Expenses

| Year | I | II | III | IV | V | VI |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Maintenance and Repairing | 2.899 | 3.188 | 3.507 | 3.858 | 4.244 | 4.668 |
| Oils | 2.536 | 2.536 | 2.536 | 2.536 | 2.536 | 2.536 |
| Spare Parts | 2.174 | 2.174 | 2.174 | 2.174 | 2.174 | 2.174 |
| Administrative Expenses | 11.594 | 11.594 | 11.594 | 11.594 | 11.594 | 11.594 |
| Loan Installment | 68.841 | 164.153 | 154.416 | 144.854 | 135.293 | 125.805 |
| Taxes | 11.471 | 11.471 | 11.471 | 11.471 | 11.471 | 11.471 |
| Other Expenses | 4.348 | 4.348 | 4.348 | 4.348 | 4.348 | 4.348 |
| Sum | 103.862 | 199.465 | 190.046 | 180.836 | 171.660 | 162.597 |

** The investment for Selishte HPP shall return in 7 years. In case we install the third unit the payback shall occur in less than 7 years.