

Date: 30 March 2011

Between

Littop Enterprises Limited

Bridgemont Ventures Limited

Bordo Management Limited

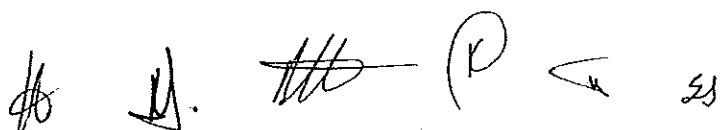
Ballioti Enterprises Limited

Renalda Investments Limited

and

Mr Michael Bakunenko

Agreement



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THIS AGREEMENT is made on the 30 day of March 2011

BETWEEN:

- (1) **Littop Enterprises Limited**, a company incorporated in the Republic of Cyprus with registration number 165193 whose registered address is at Timokreontos, 12, NAAFI, P.C. 3076, Limassol, Cyprus;
- (2) **Bridgemont Ventures Limited**, a company incorporated in the Republic of Cyprus with registration number 165169 whose registered address is at Grigoriou Afxentiou & Knossou, 59 MAVRELLIS, Flat/Office 31, Agia Zoni, Limassol, Cyprus;
- (3) **Bordo Management Limited**, a company incorporated in the Republic of Cyprus with registration number 165172 whose registered address is at Petrou Tsirou, 71, Swepeco Court 8, Flat/Office M2, NAAFI, P.C. 3076, Limassol, Cyprus;
- (4) **Ballioti Enterprises Ltd**, a company incorporated in the Nevis, West Indies with registration number C24171 whose registered address is at Daly Building, Prince William Street, Charestown, Nevis, West Indies, and postal address at PO Box 872 Government Road, Charlestown, Nevis, West Indies; and
- (5) **Renalda Investments Limited**, a company incorporated in the Republic of Cyprus with registration number 116502 whose registered address is at Marinou Geroulanou, 82, Kato Polemidia, P.C. 4153, Limassol Cyprus.

(Collectively referred to as the "**Minority Shareholders**")

and

- (6) **Mr. Michael Bakunenko** of Kruglouniversitetskaya 3/5, apartment 29 (passport number 422032129 by National Passport Service Center) the ("**Individual**").

WHEREAS:

- (A) The Individual has expressed his willingness to be considered for appointment as the Deputy Chief Executive Officer ("DCEO") and Member of the Management Board of UKRNAFTA, a company incorporated in Ukraine



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(identification number 00135390) whose registered address is at Nestorivskyi lane, 3-5, Kyiv, 04053, Ukraine (the "Company").


- (B) The Minority Shareholders are the shareholders of the Company, collectively representing 40.47% of the Company's issued share capital, being the minority share of the Company's share capital, and who wish to support the appointment of the Individual as the DCEO of the Company.

WHEREBY IT IS AGREED as follows:

1. Definitions

In this Agreement the following expressions have the following meanings:

- "Annual Bonus" means the sum to be paid by the Minority Shareholders to the Individual as set out in Schedule 2;
- "Benefits Package" means the various benefits and incentives to be provided and/or paid by the Minority Shareholders to the Individual as set out in Schedule 2;
- "Business Day" shall mean a day, other than Saturday or Sunday and official (public) holidays in Ukraine and the Republic of Cyprus;
- "Collective Benefits" means the Fixed Compensation, the Annual Bonus, the IPO Bonus and the Benefits Package as defined herein;
- "Fixed Compensation" means the sum to be paid by the Minority Shareholders to the Individual as set out in Schedule 2;
- "IPO Bonus" means the sum to be paid by the Minority Shareholders to the Individual as set out in Schedule 2;
- "Services" means the services provided to the Minority Shareholders as set out in Schedule 1.



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"Shareholders Agreements" means the Shareholders Agreements dated 21 January 2010 and 23 December 2010 between the Minority Shareholders, NJSC Naftogaz of Ukraine and the Company.

2. Commencement and duration

This Agreement shall commence on ____ March 2011 and shall continue thereafter for a period of three years, unless and until it is terminated by either the Minority Shareholders or the Individual in accordance with the terms hereunder.

3. Individual's obligations

In consideration for the provision of the Collective Benefits, the Individual shall:

- (a) consent to his nomination to the position of the DCEO by the Minority Shareholders and assume such position;
- (b) following his appointment as DCEO, provide the Services and perform the duties efficiently, in the best interests of the Company and to the best of his ability and shall take all reasonable steps to ensure that the Services are completed in accordance with Schedule 1, the Company's constitutional documents, the Shareholders Agreements and the applicable laws of Ukraine.

4. Minority Shareholders' obligations and incentive payments and benefits due to the Individual

4.1 In consideration for the Individual's obligations set out at Clause 3 above, the Minority Shareholders shall:

- (a) nominate the Individual to the position of the DCEO of the Company and support his nomination with a view for the Individual to be appointed as Member of the Management Board of the Company in accordance with the Company's constitutional documents, the Shareholders Agreements and the applicable laws of Ukraine;
- (b) following the appointment of the Individual as DCEO, pay and/or procure the provision to the Individual of the Collective Benefits in accordance with the terms set out in Schedule 2. The payments will be effective to the persons and accounts as instructed by the Individual.

- 4.2 The Collective Benefits (with the exception of such proportion of the Fixed Compensation as shall have already accrued (by reference to the part of the year already spent in employment)) shall only be payable or provided to the Individual if the Minority Shareholders are satisfied that the Individual has complied with his obligations in accordance with Clause 3 above and Schedule 1 hereto.
- 4.3 The IPO Bonus shall only be payable to the Individual by the Minority Shareholders in the event that the Company's shares are admitted to trading on a market operated by an internationally recognised stock exchange.

5. Minority Shareholders' Acknowledgements

- 5.1 The Minority Shareholders undertake and acknowledge that the Individual is an employee of the Company and not of the Minority Shareholders or any of them.

6. Individual's Acknowledgements

- 6.1 The Individual acknowledges that if he commits gross negligence or wilful misconduct in supplying the Services in accordance with the terms of this Agreement, or if he terminates his employment with the Company:

- (a) it is reasonably foreseeable that, as a direct result of the Individual's acts or omissions in such respect, the Minority Shareholders may incur loss or damage arising from, amongst other things, the adverse impact such acts or omissions of the Individual will or may have on the Company;
- (b) the Individual would be liable to the Minority Shareholders in respect of any damages arising from such acts or omissions, irrespective of whether such damages are quantifiable at the time of such acts or omissions or otherwise;
- (c) the Minority Shareholders are entitled, in accordance with the terms of this Agreement, to withhold the payment or provision of the Collective Benefits (or any part thereof, with the exception of such proportion of the Fixed Compensation as shall have already accrued (by reference to the part of the year already spent in employment)) in the event that the Individual commits gross negligence or willful misconduct or if he terminates his employment with the Company.

6.2 Notwithstanding any other provision of this Agreement, the total liability of the Individual pursuant to this Agreement shall not exceed US\$3,000,000.

7. Damages

Without prejudice to the Minority Shareholders' rights to withhold the payment or provision of the Collective Benefits as set out above, the Minority Shareholders and the Individual acknowledge and agree that any potential claim or claims for compensation, damages or other remedy in relation to this Agreement (in addition to or by way of alternative to the Minority Shareholders' right to withhold the Collective Benefits) do not and would not constitute a penalty.

8. Termination

8.1 The Minority Shareholders may at any time (by written notice to the Individual) terminate this Agreement with immediate effect with no liability to make any payment or provision of the Collective Benefits (with the exception of such proportion of the Fixed Compensation as shall have already accrued (by reference to the part of the year already spent in employment)) to the Individual if:

- (a) (subject to the remedy period set out in Clause 8.1(b) below) the Individual is in material breach of any of his obligations under this Agreement; or
- (b) other than as a result of illness or accident, after notice in writing, the Individual wilfully neglects to provide or fails to remedy any default in providing the Services within 30 calendar days of the issue by the Minority Shareholders of such written notice (for the purposes of this sub-clause, the Individual would not be considered in default if he has genuinely used his reasonable endeavours to remedy the default and provide the Services in accordance with the terms of this Agreement); or
- (c) the Individual ceases to be employed by the Company due to the termination of his employment as a result of the Individual issuing a termination notice in accordance with the provisions of Clause 8.2.

8.2 Both the Minority Shareholders and the Individual may terminate this Agreement by providing the other with four weeks' written notice of termination. In the event of termination of this Agreement pursuant to this Clause, the Individual hereby also agrees to voluntarily terminate his

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employment with the Company by promptly taking all and any action necessary to bring about such termination.

8.3 Any delay by the Minority Shareholders in exercising their rights to terminate shall not constitute a waiver of those rights.

8.4 The Individual shall not be liable in respect of a claim brought by the Minority Shareholders under this Agreement unless such claim is made by no later than the 180th calendar day after the termination of the Individual's employment with the Company.

9. Miscellaneous

9.1 No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

9.2 This Agreement may be executed in any number of counterparts, each of which, when executed, shall be an original, and all the counterparts together shall constitute one and the same instrument.

9.3 The terms of this Agreement represent the entire agreement between the parties and supersede any previous representations or agreements whether recorded in writing or otherwise.

9.4 It is the intention of the parties that no term of this Agreement may be enforced by any person who is not a party to this Agreement (a "third party") notwithstanding that any such term of this Agreement may purport to confer or may be construed as conferring any benefit on such third party and irrespective of whether such third party is identified in the Agreement. This Contract (Rights of Third Parties) Act 1999 shall not apply to any provisions of this Agreement.

9.5 It is agreed that this Agreement will be governed and construed according to the laws of England and Wales and the parties submit to the exclusive jurisdiction of the English Courts.

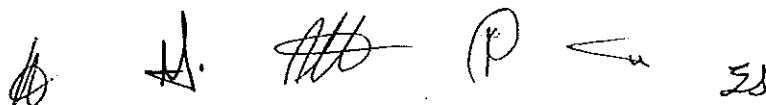
9.6 Notices

9.6.1 Any communication to be made under or in connection with this Agreement shall be:

(a) made in writing and, unless otherwise stated, may be delivered personally or through a recognised international courier or fax; and

(b) sent or delivered:

to the Minority Shareholders at:

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Proteas House
155 Makariou III Avenue
Limassol 3026
Cyprus
fax: +357 25 849100
attention: Mr Andreas Marangos

to the Individual at:

fax: _____

attention: _____,

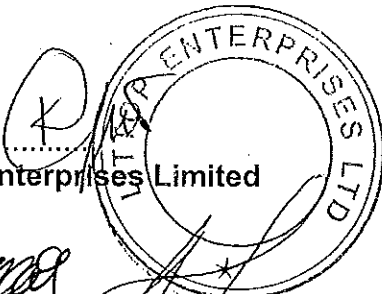
or to any other address or fax number as either party may notify to the other in writing.

9.6.2 Any communication or document made or delivered by the parties shall be deemed to have been received:

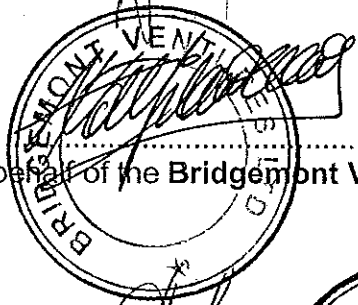
- (a) if sent by fax, with a confirmation of transmission, on the day on which it is transmitted;
- (b) if sent or given by hand, on the day of actual delivery; and
- (c) if sent by recognised international courier, on the second Business Day after being left with the said courier.

9.6.3 A communication given as described in paragraphs (a), (b) or (c) of Clause 9.6.2 on a day which is not a Business Day (or after normal business hours in the place of receipt) shall be deemed to have been received on the next Business Day.

SIGNED by
For and on behalf of the **Littop Enterprises Limited**



SIGNED by
For and on behalf of the **Bridgemont Ventures Limited**



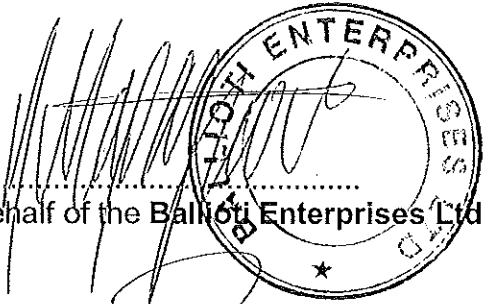
SIGNED by
For and on behalf of the **Bordo Management Limited**



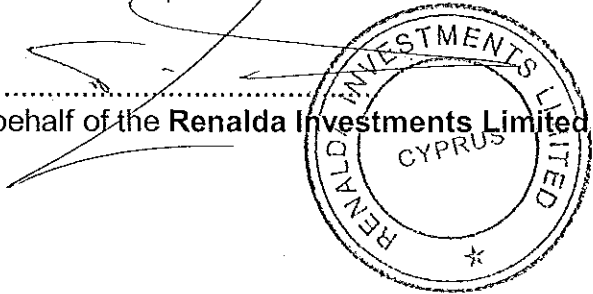
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SIGNED by
For and on behalf of the **Ballou Enterprises Ltd**



SIGNED by
For and on behalf of the **Renalda Investments Limited**



SIGNED by
For and on behalf of the **Individual**

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Schedule 1

Services

1. Supporting the CEO with preparation and implementation of a 3-year business plan, setting out plans and targets of the Company's development (the "Business Plan");
2. Assisting the CEO in protecting the best interests' of the Company, in particular, assist in ensuring its ability to meet all and any budgetary and business planning targets;
3. Assisting the CEO in ensuring that the Company is placed in the strongest position possible and in all the circumstances to enable the Company's shares to be admitted to trading on a market operated by an internationally recognised stock exchange in accordance with the Company's existing and future business planning arrangements.
4. Take a leadership role on a broad range of projects assigned by the CEO (including, but not limited to, operational and Debt and Capital raising projects) and ensure that objectives and targets of these projects are met.

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Schedule 2

1. Individual's Fixed Compensation ("Fixed Compensation")

Fixed compensation of US\$1m per year payable in monthly instalments in arrears.

2. Annual bonus

Yearly bonus of 75% of fixed compensation = US\$0.75m – depending upon an agreed set of deliverables/criteria against which the performance of the company will be judged.

3. IPO bonus

IPO bonus of Fixed Compensation x3 = US\$3m – payable only upon the successful completion of the listing of the Company on an agreed internationally recognised stock exchange within an agreed framework.

4. Benefits package

Health insurance for the Individual and his immediate family (being his spouse and any dependent children up to the age of 18 years) shall be provided by the Company but in the event this is not provided by the Company, the Minority Shareholders shall ensure that the same is organised by them direct.

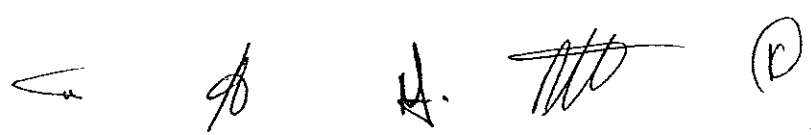
5. Outstanding cash deferral payments

Underwriting of the outstanding / cash deferral payment amounts properly due to the Individual by Renaissance Capital in relation to pre-2010 bonus round (cash and equity) in the event the Individual is unable to recover the same from Renaissance Capital.

Underwriting of the any bonus amounts properly due to the Individual by Renaissance Capital in relation to 2010 in the event the Individual is unable to recover the same from Renaissance Capital.

The details of cash deferral payments referred to in this Schedule 2 and the due dates for their payments are determined in Appendix No.1 to this Schedule 2.

Should the Agreement be terminated by the Minority Shareholders for any reason and/or should the Individual be dismissed from the Company, the



unpaid cash deferral amounts payable to the Individual under this Clause 5 of Schedule 2, shall become due and payable within five business days after the termination of the Agreement and/or dismissal, whichever is earlier.

ES → ~~AS~~ H. ~~AS~~ (P)

Appendix No.1 to Schedule 2

I. Cash deferral payment from March 28, 2011:

- a) USD98,400 (payable with USD Libor +5% interest) to be paid by the Minority Shareholders on June 15th, 2011;
- b) USD98,400 (payable with USD Libor +5% interest) to be paid by the Minority Shareholders on September 15th, 2011;
- c) USD42,400 (payable with USD Libor +5% interest) to be paid by the Minority Shareholders on January 15th, 2012;
- d) USD42,400 (payable with USD Libor +5% interest) to be paid by the Minority Shareholders on January 15th, 2013;
- e) USD42,400 (payable with USD Libor +5% interest) to be paid by the Minority Shareholders on January 15th, 2014

II. Cash deferral payment from March 31, 2009:

USD30,000 (payable with USD Libor +5% interest) to be paid by the Minority Shareholders on January 15th, 2012

For avoidance of doubts LIBOR mean 12month London Interbank Offered Rate which is in force on the date commencing on the third day before the payment date.

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