

Date: 16th May 2011

Between

Littop Enterprises Limited

Bridgemont Ventures Limited

Bordo Management Limited

Ballioti Enterprises Limited

Renalda Investments Limited

and

Mr Alan Sutton

Agreement

✓
H. D. #116 RAS ✓

THIS AGREEMENT is made on the 16th day of May 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 Alan Sutton of Pereulok Kazakhsky 37, Dnepropetrovsk 49053, Ukraine** (passport number 761221267 issued by the Foreign and Commonwealth Office ("FCO") of the United Kingdom) the ("**Individual**").

WHEREAS:

- (A) The Individual has expressed his willingness to be considered for appointment as the Deputy Board Chairman, Director for Planning and Economics ("**Director**") of UKRNAFTA, a company incorporated in Ukraine (identification number 00135390) whose registered address is at Nestorivskyi lane, 3-5, Kyiv, 04053, Ukraine (the "**Company**").

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- (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 Director 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.
- "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.

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2. Commencement and duration

This Agreement shall commence on 16th May 2011 and shall continue thereafter up to 25 February 2014, 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 Director by the Minority Shareholders and assume such position;
- (b) following his appointment as Director, 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.

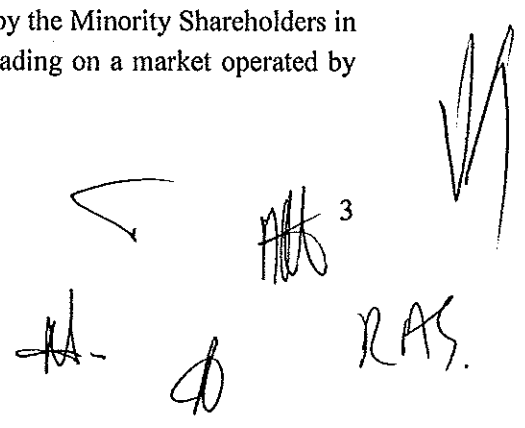
4. Minority Shareholders' obligations and incentive payments and benefits due to the Individual

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 Director of the Company and support his nomination with a view for the Individual to be appointed as Director 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 Director, pay and/or procure the provision to the Individual of the Collective Benefits in accordance with the terms set out in Schedule 2.

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.

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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 and:

- (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 wilful 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 3 months' Fixed compensation or US\$ 87,500.

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.

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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 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.

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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:

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

to the Individual at:

Pereulok Kazakhsky 37, Dnepropetrovsk 49053, Ukraine

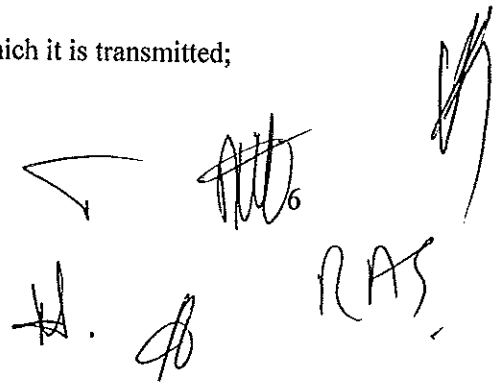
fax: _____

attention: Mr Alan Sutton

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

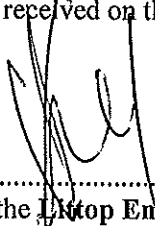
9.6.2 Any communication or document made or delivered by the parties shall be deemed to have been received:

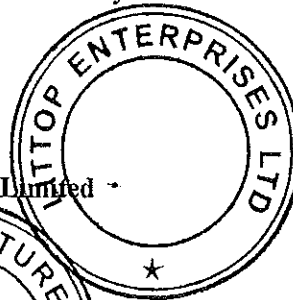
- (a) if sent by fax, with a confirmation of transmission, on the day on which it is transmitted;
- (b) if sent or given by hand, on the day of actual delivery; and

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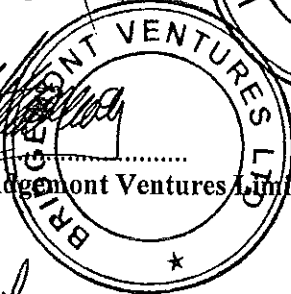
(c) if sent by recognised international courier, on the second Business Day after being left with the said courier.

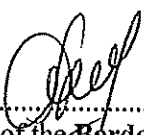
9.6.3 A communication given as described in paragraphs (a), (b) or (c) of Clause 9.6.2 on a day which is not a Business Day (or after normal business hours in the place of receipt) shall be deemed to have been received on the next Business Day.

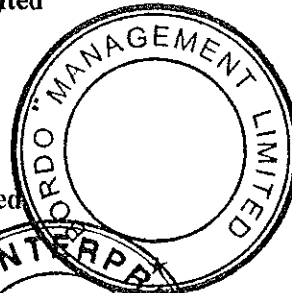

SIGNED by
For and on behalf of the **Litop Enterprises Limited**



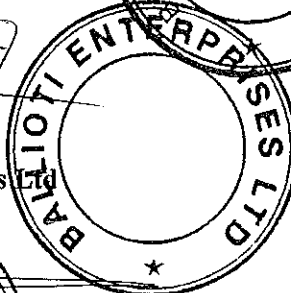

SIGNED by
For and on behalf of the **Bridgmont Ventures Limited**

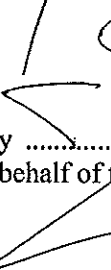


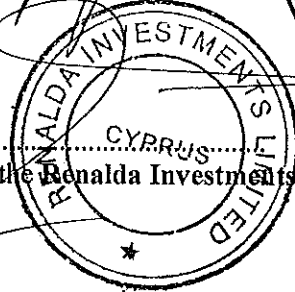

SIGNED by
For and on behalf of the **Bordo Management Limited**

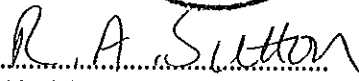



SIGNED by
For and on behalf of the **Balloti Enterprises Ltd**




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




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

Schedule 1

Services

1. IFRS

- Completion of IFRS reporting for 2008, 2009 and 2010
- Ensuring a clean audit report on the IFRS financial statements for 2008, 2009 and 2010 as essential preparation for our record expected to be published at the IPO
- Liaising and obtaining the relevant valuations (Assets, Reserves, Actuarial) to enable the audit report to be clean
- Setting up an internal function to enable the Company to take the IFRS reporting off Ernst and Young so that it can be performed internally from 2011.

2. Budgeting

- Completion of a usable budget for 2012
- Setting up an internal budgeting function

3. Departments

- Rationalisation of accounting and financial departments over the units to follow operational reorganisation
- Reorganisation of HQ accounting and finance depts. As appropriate

4. Treasury management and cash flow – day to day management

5. Tax matters – optimisation of tax positions

6. IPO

- Additional to the items in point 1 above, any other necessary support, if appropriate, to the IPO process in 2010

7. Ad hoc – To provide any other financial analyses and financial related matters to the CEO as part of the ongoing reorganisation of Ukrnafta and its transactional structures.

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Schedule 2

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

Fixed compensation of US\$350,000 per year payable in monthly instalments in arrears.

Each monthly instalment shall be equal

Monthly fixed compensation US\$ 29 166, 67 (US\$350,000/12)

(plus) rent compensation US\$ 2 400

(less) amount received in Ukraine US\$ 5 142.50

Monthly instalment to be paid by Minority Shareholders equals US\$26 424,17 (twenty six thousand four hundred twenty four US Dollars and 17 cents)

2. Annual bonus

Yearly bonus of up to US\$150,000 – depending upon an agreed set of deliverables/criteria against which the performance of the company will be judged.

3. IPO bonus

IPO bonus of US\$350,000 – payable only upon the successful completion of the listing of the Company on an agreed internationally recognised stock exchange within an agreed framework.

3. Benefits Package

The Minority Shareholders shall recover the Individual's expenses for rent of apartments in amount US\$2 400 per month. Said compensation shall be added to each monthly instalment of Fixed compensation.

W.D. ↙ [Signature] [Signature]
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R.A.S.