Final Version of July 11, 2008

JOINT MANAGEMENT AGREEMENT

between

Rohöl-Aufsuchungs Aktiengesellschaft

and

Transeuro Energy Corporation

concerning the management of Ukraine assets of Transeuro and RAG

July 11, 2008

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JOINT MANAGEMENT AGREEMENT

THIS JOINT MANAGEMENT AGREEMENT ("***JMA***") is made as of July 11, 2008 among Transeuro Energy Corporation, a company existing under the laws of Canada (hereinafter referred to as "***Transeuro***") and Rohöl-Aufsuchungs Aktiengesellschaft, a company existing under the laws of Austria (hereinafter referred to as "***RAG***"). The companies named above, and their respective successors and assignees (if any), may sometimes individually be referred to as "***Party***" and collectively as the "***Parties***".

WITNESSETH:

WHEREAS, Transeuro is a public limited liability company listed on the TSX Venture Exchange and Oslo Axess, with its corporate seat in Suite 500 - 900 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E5;

WHEREAS, RAG is a stock corporation with its corporate seat in Schwarzenbergplatz 16, 1015 Vienna, Austria, registered with the Commercial Register under the number 78563 i;

WHEREAS, the Parties have entered into a JVA dated March 28, 2008 concerning Ukraine assets of Transeuro and its Subsidiaries for farm-out to RAG;

WHEREAS, pursuant to the terms of the JVA Transeuro and RAG each shall own a 50% interest in Scythian Energy B.V., a Dutch limited liability company with its corporate seat in Amsterdam, registered with the Trade Register of The Netherlands under number 34296798 ("***Scythian Energy***");

WHEREAS, Scythian Energy wholly owns the subsidiary Sarmatian Energy B.V. and holds a 99% interest in each of West Crimea Energy BV ("***West Crimea NL***"), Ammonite BV ("***Ammonite NL***") and East Crimea Energy B.V. ("***East Crimea NL***"). Ammonite NL in turn owns 100% of the shares in Ammonite LLC, Ukraine, ("***Ammonite UA***"), East Crimea NL owns 100% of the shares in Pivdenspetsbud LLC, Ukraine ("***Pivdenspetsbud UA***") and West Crimea NL owns 100% of the shares in Indusmin LLC UA ("***Indusmin UA***"). Ammonite UA, Pivdenspetsbud UA and Indusmin UA (all three companies together the "***Operating Subsidiaries***");

WHEREAS, Pivdenspetsbud UA, West Crimea NL and Indusmin UA (together the "***Contract Subsidiaries***") hold interests under the Contracts in 4 fields in Crimea, Ukraine via various agreements with the state-owned company SSE NJSC "Nadra Ukrainy" CrymGeologia ("***CrymGeologia***") along with further related assets;

WHEREAS, this JMA sets out the relationship between RAG and Transeuro regarding the management of activities of the Subsidiaries and the operation of the various fields in Crimea, Ukraine under the Contracts. The Parties acknowledge that CrymGeologia is vested with various rights with regard to the Operating Subsidiaries relating to the 4 fields in Crimea, Ukraine, and, therefore, needs to be consulted and involved in accordance with the Contracts;

WHEREAS, upon agreement of the Parties this JMA may also become applicable to further fields in Crimea with respect to which the Parties enter into a joint venture;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements and obligations set out below and to be performed, the Parties agree as follows:

1. DEFINITIONS

As used in this JMA, the following words and terms shall have the meaning ascribed to them below. Any capitalized term used in this JMA and not specifically defined in the JMA shall have the same meaning as in the JVA.

1.1 ***Acceptance Period*** has the meaning ascribed to it in Article 12.4.

1.2 ***Accounting Procedure*** means the rules, provisions and conditions contained in Exhibit 1.1.

1.3 ***Acquiring Party*** has the meaning ascribed to it in Article 8.4 (B).

1.4 ***Affected Interest*** has the meaning ascribed to it in Article 13.2 (B).

1.5 ***AFE*** means an authorization for expenditure pursuant to Article 6.8.

1.6 ***Affiliate*** means a legal entity which Controls, or is Controlled by, or which is Controlled by an entity which Controls, a Party.

1.7 ***Agreed Interest Rate*** means interest compounded on a monthly basis, at the rate per annum equal to the one (1) month term, London Interbank Offered Rate (LIBOR rate) for Euros (EUR) deposits, as published in London by the Financial Times or if not published, then by The Wall Street Journal, plus 2 percentage points, applicable on the first Business Day prior to the due date of payment and thereafter on the first Business Day of each succeeding calendar month. If the aforesaid rate is contrary to any applicable usury law, the rate of interest to be charged shall be the maximum rate permitted by such applicable law.

1.8 ***Ammonite NL*** has the meaning ascribed to it in the fifth Whereas clause.

1.9 ***Ammonite UA*** has the meaning ascribed to it in the fifth Whereas clause.

1.10 ***Amount in Default*** has the meaning ascribed to it in Article 8.3 (A).

1.11 ***Appraisal Well*** means any well (other than an Exploration Well or a Development Well) whose purpose at the time of commencement of drilling such well is to appraise the extent or the volume of Hydrocarbon reserves contained in an existing Discovery.

1.12 ***Appraised Value*** has the meaning ascribed to it in Article 8.4 (B).

1.13 ***Article*** means the Articles as referenced in this JMA.

1.14 ***Business Day*** means a Day on which the banks in Ukraine, Canada and Austria are customarily open for business.

1.15 ***Buy Notice*** has the meaning ascribed to it in Article 12.4.

1.16 ***Buy-Out Option*** has the meaning ascribed to it in Article 8.4 (B).

1.17 ***Buyer*** has the meaning ascribed to it in Article 13.2 (B).

1.18 ***Calendar Quarter*** means a period of three (3) months commencing with January 1 and ending on the following March 31, a period of three (3) months commencing with April 1 and ending on the following June 30, a period of three (3) months commencing with July 1 and ending on the following September 30, or a period of three (3) months commencing with October 1 and ending on the following December 31, all in accordance with the Gregorian Calendar.

1.19 ***Calendar Year*** means a period of twelve (12) months commencing with January 1 and ending on the following December 31.

1.20 ***Chief Executives*** means the chief executive officer of each of RAG and Transeuro, currently being Markus Mitteregger for RAG and Hal Hemmerich for Transeuro.

1.21 ***Closing Date*** means the date on which the closing of the transactions contemplated by the JVA occurs.

1.22 ***Commercial Discovery*** means any Discovery that is sufficient to entitle the Parties (i) to apply for authorization from the Government to commence exploitation or (ii) to commence exploitation pursuant to an Existing License.

1.23 ***Completion*** means an operation intended to complete a well through the Christmas tree as a producer of Hydrocarbons in one or more Zones, including the setting of production casing, perforating, stimulating the well and production Testing conducted in such operation. ***"Complete"*** and other derivatives shall be construed accordingly.

1.24 ***Consequential Loss*** means any loss, damages, costs, expenses or liabilities caused (directly or indirectly) by any of the following arising out of, relating to, or connected with this JMA or the operations carried out under this JMA: (i) reservoir or formation damage; (ii) inability to produce, use or dispose of Hydrocarbons; (iii) loss or deferment of income; (iv) punitive damages; or (v) other indirect damages or losses whether or not similar to the foregoing.

1.25 ***Continuing Party*** has the meaning ascribed to it in Article 12.3.

1.26 ***Contracts*** means the West Crimea Contracts as assigned to West Crimea NL and Indusmin UA and the East Crimea Contract, with each set of such Contracts also referred to as a "***Contract***", and any extension, renewal or amendment of such Contracts agreed to in writing.

1.27 ***Contract Area*** means with respect to each of the West Crimea Contracts and the East Crimea Contract the areas that are described in the Existing Licenses. The perimeter or perimeters of the Contract Area may vary from time to time during the term of validity of the Contracts, including but not limited to variations as a result of the issuance of exploration and production licenses in the future.

1.28 ***Contract Subsidiaries*** means West Crimea NL, Indusmin UA and Pivdenspetsbud UA.

1.29 ***Control*** means the ownership directly or indirectly of fifty (50) percent of the legal and beneficial voting rights in a legal entity. ***"Controls"***, "***Controlling***", ***"Controlled by"*** and other derivatives shall be construed accordingly.

1.30 ***Crude Oil*** means all crude oils, condensates, and natural gas liquids at atmospheric pressure which are subject to and covered by the Contract.

1.31 ***CrymGeologia*** has the meaning ascribed to it in the sixth Whereas clause.

1.32 ***Day*** means a calendar day unless otherwise specifically provided.

1.33 ***Deadlock*** has the meaning ascribed to it in Article 12.8.

1.34 ***Deadlock Notice*** has the meaning ascribed to it in Article 12.9.

1.35 ***Deadlock Option Notice*** has the meaning ascribed to it in Article 12.13 (A).

1.36 ***Deepening*** means an operation whereby a well is drilled to an objective Zone below the deepest Zone in which the well was previously drilled, or below the deepest Zone proposed in the associated AFE (if required), whichever is the deeper. ***"Deepen"*** and other derivatives shall be construed accordingly.

1.37 ***Default Notice*** has the meaning ascribed to it in Article 8.1 (A).

1.38 ***Defaulting Party*** has the meaning ascribed to it in Article 8.1 (A).

1.39 ***Default Participating Interest*** has the meaning ascribed to it in Article 8.4 (B).

1.40 ***Default Period*** has the meaning ascribed to it in Article 8.1 (B).

1.41 ***Development Plan*** means a plan for the development of Hydrocarbons from an Exploitation Area.

1.42 ***Development Well*** means any well drilled for the production of Hydrocarbons pursuant to a Development Plan.

1.43 ***Disaffected Party*** has the meaning ascribed to it in Article 12.13 (A).

1.44 ***Discovery*** means the discovery of an accumulation of Hydrocarbons whose existence until that moment was unproven by drilling.

1.45 ***Dispute*** means any dispute, controversy or claim (of any and every kind or type, whether based on contract, tort, statute, regulation, or otherwise) arising out of, relating to, or connected with this JMA or the operations carried out under this JMA, including any dispute as to the construction, validity, interpretation, enforceability or breach of this JMA.

1.46 ***East Crimea Contract*** means the Joint Activity Agreement dated July 4, 2003, and any extension, renewal or amendment of such Contract.

1.47 ***East Crimea NL*** has the meaning ascribed to it in the fifth Whereas clause.

1.48 ***Encumbrance*** shall mean any lien, encumbrance, proxy, voting trust or similar arrangement, pledge, security interest, collateral security agreement, limitations on voting rights, limitations on rights of ownership, financing statement (and similar notices) filed with any governmental authority or Government, claim, charge, equities, mortgage, pledge, objection, title defect, option, restrictive covenant, restriction on transfer or any comparable interest or right created by or arising under applicable law, of any nature whatsoever.

1.49 ***Entitlement*** means the right of a Party to purchase that percentage quantity of Hydrocarbons (excluding all quantities used or lost in Joint Operations) produced by each Operating Subsidiary that corresponds to such Party's Participating Interest.

1.50 ***Environmental Loss*** means any loss, damages, costs, expenses or liabilities (other than Consequential Loss) caused by a discharge of Hydrocarbons, pollutants or other contaminants into or onto any medium (such as land, surface water, ground water and/or air) arising out of, relating to, or connected with this JMA or the operations carried out under this JMA, including any of the following: (i) injury or damage to, or destruction of, natural resources or real or personal property; (ii) cost of pollution control, cleanup and removal; (iii) cost of restoration of natural resources; and (iv) fines, penalties or other assessments.

1.51 ***Exclusive Operation*** means those operations and activities carried out pursuant to this JMA, the costs of which are chargeable to the account of less than all the Parties and the risk of which is attributable solely to the Party performing the Exclusive Operation.

1.52 ***Exclusive Well*** means a well drilled pursuant to an Exclusive Operation.

1.53 ***Existing Licenses*** means (i) the license for KARL, (ii) the license for POVO, (iii) the license KRAS and (iv) the license for VLAD; and in each case any extension, renewal or amendment of such licenses as well as any production licenses that may be issued in the future with respect to any Contract Area.

1.54 ***Exploitation Area*** means that part of the Contract Area which is established for development of a Commercial Discovery pursuant to a Contract or, if a Contract does not establish an exploitation area, then that part of the Contract Area which is delineated as the exploitation area in a Development Plan approved as a Joint Operation or as an Exclusive Operation.

1.55 ***Exploitation Period*** means any and all periods of exploitation during which the production and removal of Hydrocarbons is permitted under a Contract.

1.56 ***Exploration Period*** means any and all periods of exploration set out in a Contract.

1.57 ***Exploration Well*** means any well the purpose of which at the time of the commencement of drilling is to explore for an accumulation of Hydrocarbons, which accumulation was at that time unproven by drilling.

1.58 ***Fair Value*** has the meaning ascribed to it in Article 13.2 (D).

1.59 ***Force Majeure*** means circumstances, which were beyond the reasonable control of the Party concerned but shall not in any event include failure to comply with funding obligations.

1.60 ***G & G Data*** means only geological, geophysical and geochemical data and other similar information that is not obtained through a well bore.

1.61 ***Government*** means the government of Ukraine, regional and national parliaments, and any political subdivision, agency or instrumentality thereof and any regional, national or local authority.

1.62 ***Gross Negligence / Willful Misconduct*** means any act or failure to act (whether sole, joint or concurrent) by any person or entity which was intended to cause, or which was in reckless disregard of or wanton indifference to, harmful consequences such person or entity knew, or should have known, such act or failure would have on the safety or property of another person or entity.

1.63 ***HSE*** means health, safety and environment as set out in Article 4.10.

1.64 ***Hydrocarbons*** means all substances which are subject to and covered by a Contract, including Crude Oil and Natural Gas.

1.65 ***Indusmin UA*** has the meaning ascribed to it in the fifth Whereas clause.

1.66 ***Initial Stabilization Phase*** has the meaning ascribed to it in Article 4.1.

1.67 ***JMA*** means this agreement, together with the Exhibits which form an integral part hereof attached to this agreement, and any extension, renewal or amendment hereof agreed to in writing by the Parties.

1.68 ***Joint Account*** means the accounts maintained by the Subsidiaries in accordance with the provisions of this JMA, including the Accounting Procedure.

1.69 ***Joint Operations*** means those operations and activities carried out by any Subsidiary pursuant to this JMA after the Closing Date, the costs of which are chargeable to the Parties in accordance with the Accounting Procedure.

1.70 ***Joint Property*** means, at any point in time, all wells, facilities, equipment, materials, information, funds and property (other than Hydrocarbons) held for use in Joint Operations.

1.71 ***JVA*** means the Joint Venture Agreement between RAG and Transeuro to which this JMA is deemed to be appended as Schedule 2.2.

1.72 ***KARL*** means the license area Karlavske, license number 2498 issued on July 14, 2004.

1.73 ***KRAS*** means the license area Krasnopolianske, license number 2138 issued on November 21, 2002 and extended on April 24, 2007 up to and including November 21, 2012.

1.74 ***Laws / Regulations*** means those laws, statutes, rules and regulations governing activities under the Contracts or with respect to the Subsidiaries the laws applicable in the country of incorporation.

1.75 ***Lead Manager*** means Transeuro unless and until RAG becomes Lead Manager pursuant to the terms of this JMA.

1.76 ***Loan Notes*** means the loan notes issued by the Subsidiaries to the Parties at any time pursuant to the loan agreement substantially in the form attached hereto as Exhibit 1.75, which may be amended by the Scythian Energy supervisory board from time to time, and references to Loan Notes shall include any and all rights and obligations existing under such Loan Notes.

1.77 ***Major Decision*** has the meaning ascribed to it in Article 12.8.

1.78 ***Minimum Work Obligations*** means those work and/or expenditure obligations specified in the Contracts that must be performed in order to satisfy the obligations of the Contracts.

1.79 ***Natural Gas*** means all gaseous hydrocarbons (including wet gas, dry gas and residue gas) which are subject to and covered by the Contract, but excluding Crude Oil.

1.80 ***New Project*** means a new opportunity for the joint acquisition of other onshore exploration, development and/or production assets in the Republic of Crimea.

1.81 ***Non-Consenting Party*** means the Party who elects not to participate in an Exclusive Operation.

1.82 ***Non-Defaulting Party*** has the meaning ascribed to it in Article 8.1 (A).

1.83 ***Non-Lead Shareholder*** means the Party that is not the Lead Manager.

1.84 ***Obligatory Transfer Event*** has the meaning ascribed to it in Article 13.1.

1.85 ***Obligatory Transfer Penalty*** has the meaning ascribed to it in Article 13.13 (A).

1.86 ***Offer*** has the meaning ascribed to it in Article 13.2 (B).

1.87 ***Offer Terms*** has the meaning ascribed to it in Article 12.3 (C).

1.88 ***Operating Committee*** means the committee constituted in accordance with Article 5.

1.89 ***Operator*** means the company / companies designated as such in accordance with Article 4. Since there is more than one Operator (one for each of the East Crimean and the West Crimean Contracts) references in this JMA to "Operator" shall refer to the respective Operator for the relevant fields.

1.90 ***Operating Subsidiaries*** means Ammonite UA, Pivdenspetsbud UA and Indusmin UA.

1.91 ***Option Notice*** has the meaning ascribed to it in Article 8.4 (B).

1.92 ***Other Party*** has the meaning ascribed to it in Article 12.13 (A).

1.93 ***Participating Interest*** means the percentage of shares owned by the Parties in Scythian Energy.

1.94 ***Parties*** means RAG and Transeuro together with permitted transferees that become bound by the terms of this Agreement pursuant to the terms of Article 12 from time to time (and "***Party***" shall be construed accordingly).

1.95 ***Pivdenspetsbud UA*** has the meaning ascribed to it in the fifth Whereas clause.

1.96 ***Plugging Back*** means a single operation whereby a deeper Zone is abandoned in order to attempt a Completion in a shallower Zone. ***"Plug Back"*** and other derivatives shall be construed accordingly.

1.97 ***Price*** has the meaning ascribed to it in Article 12.13 (A).

1.98 ***POVO*** means the license area Povorotne, license number 1946 issued on May 24, 2002, with respect to which an application for extension has been made by CrymGeologia.

1.99 ***Recompletion*** means an operation whereby a Completion in one Zone is abandoned in order to attempt a Completion in a different Zone within the existing wellbore. ***"Recomplete"*** and other derivatives shall be construed accordingly.

1.100 ***Reworking*** means an operation conducted in the wellbore of a well after it is Completed to secure, restore, or improve production in a Zone which is currently open to production in the wellbore. Such operations include well stimulation operations, but exclude any routine repair or maintenance work, or drilling, Sidetracking, Deepening, Completing, Recompleting, or Plugging Back of a well. ***"Rework"*** and other derivatives shall be construed accordingly.

1.101 ***Rules*** has the meaning ascribed to it in Article 19.2 (B) (1).

1.102 ***Sarmatian Energy BV*** means Sarmatian Energy B.V., a Dutch limited liability company with its corporate seat in Amsterdam, registered with the Trade Register of The Netherlands under number 34296955.

1.103 ***Scythian Energy*** has the meaning ascribed to it in the fourth Whereas clause.

1.104 ***Secondee*** has the meaning ascribed to it in Article 4.3.

1.105 ***Security*** means (i) a guarantee or standby letter of credit issued by a bank; (ii) an on-demand bond issued by a surety corporation; (iii) a corporate guarantee; (iv) any financial security required by the Contract or this JMA; and (v) any financial security agreed from time to time by the Parties; provided, however, that the bank, surety or corporation issuing the guarantee, standby letter of credit, bond or other security (as applicable) has a credit rating of at least BBB+.

1.106 ***Seller*** has the meaning ascribed to it in Article 13.2 (B).

1.107 ***Senior Supervisory Personnel*** means, with respect to a Party, any individual who functions as its designated manager or supervisor who is responsible for or in charge of onsite drilling, construction or production and related operations, or any other field operations; and, in any of the above alternatives, any individual who functions for such Party or one of its Affiliates at a management level equivalent to or superior to the tier selected, or any officer or director of such Party or one of its Affiliates.

1.108 ***Shares*** has the meaning ascribed to it in Article 12.1.

1.109 ***Sidetracking*** means the directional control and intentional deviation of a well from vertical so as to change the bottom hole location unless done to straighten the hole or to drill around junk in the hole or to overcome other mechanical difficulties. ***"Sidetrack"*** and other derivatives shall be construed accordingly.

1.110 ***Sole Risk Party*** has the meaning ascribed to it in Article 7.2 (C).

1.111 ***Specified Price*** has the meaning ascribed to it in Article 12.3 (A).

1.112 ***Subsidiaries*** means Scythian Energy and each of the companies held directly or indirectly by Scythian Energy.

1.113 ***Testing*** means an operation intended to evaluate the capacity of a Zone to produce Hydrocarbons. ***"Test"*** and other derivatives shall be construed accordingly.

1.114 ***Third Party Purchaser*** has the meaning ascribed to it in Article 12.3 (B).

1.115 ***Total Amount in Default*** has the meaning ascribed to it in Article 8.3 (A).

1.116 ***Transfer Notice*** has the meaning ascribed to it in Article 12.3.

1.117 ***Transferee*** has the meaning ascribed to it in Article 12.2.

1.118 ***Transferor*** has the meaning ascribed to it in Article 12.2.

1.119 ***Transferred Interest*** has the meaning ascribed to it in Article 12.3.

1.120 ***Urgent Operational Matters*** means operations which involve the use of a drilling rig that is standing by in the Contract Area and such other operational matters reasonably considered by the Operator to require by their nature urgent determination.

1.121 ***Venture Information*** has the meaning ascribed to it in Article 16.1 (A).

1.122 ***VLAD*** means the license area Achinske, number 2137 issued on November 21, 2002 (including the oil producing well Vlad 28) and extended on April 24, 2007 up to and including November 21, 2012.

1.123 ***Warning Notice*** has the meaning ascribed to it in Article 12.11.

1.124 ***West Crimea Contracts*** means the contractual rights of West Crimea NL and Indusmin UA in the following agreements with CrymGeologia: the Joint Activity Agreement dated December 28, 2000, the Investment Agreement dated April 19, 2001, the Management Agreement dated February 9, 2001 and the Ratification Agreement dated December 12, 2001; each of which has been amended as set forth in the Assignment Agreement between West Crimea NL, Indusmin UA, Indusmin Energy Corp., CrymGeologia and NAK Nadra dated July 7, 2008.

1.125 ***West Crimea NL*** has the meaning ascribed to it in the fifth Whereas clause.

1.126 ***Work Program and Budget*** means a work program for Joint Operations and budget therefor as described and approved in accordance with Article 6.

1.127 ***Zone*** means a stratum of earth containing or thought to contain an accumulation of Hydrocarbons separately producible from any other accumulation of Hydrocarbons.

2. EFFECTIVE DATE AND TERM

This JMA shall have effect from the Closing Date and shall continue in effect until the following occur in accordance with the terms of this JMA: the Contracts terminate; all materials, equipment and personal property used in connection with Joint Operations or Exclusive Operations have been disposed of or removed; all Subsidiaries have been liquidated under applicable law unless otherwise agreed between the Parties; and final settlement (including settlement in relation to any financial audit carried out pursuant to the Accounting Procedure) has been made. Notwithstanding the preceding sentence: (i) Article 10 shall remain in effect until all abandonment obligations under the Contract have been satisfied; and (ii) Article 4.5, Article 8, Article 16.2, Article 19 and the indemnity obligation under Article 20.1 shall remain in effect until all obligations have been extinguished and all Disputes have been resolved. Termination of this JMA shall be without prejudice to any rights and obligations arising out of or in connection with this JMA and/or JVA which have vested, matured or accrued prior to such termination.

3. SCOPE

3.1 Scope

(A) The purpose of this JMA is to establish the respective rights and obligations of the Parties with regard to the management of the activities of the Subsidiaries and operations under the Contracts, including the joint exploration, appraisal, development, production and disposition of Hydrocarbons from the Contract Areas. This JMA is without prejudice to the rights and obligations of the Contract Subsidiaries vis-à-vis CrymGeologia as set out in the Contracts.

(B) Under this JMA Ammonite UA shall provide services to and perform such other functions for the Contract Subsidiaries, if the Operating Committee and, if required, the supervisory board of Scythian Energy so decide. The Parties agree that Ammonite UA also shall be entitled to provide services to third parties, subject to the approval requirements set forth in this JMA.

(C) To the extent the Parties decide to bring New Projects within the scope of this JMA, this JMA shall also apply with respect thereto under the conditions agreed in writing between the Parties. The Parties also agree that Scythian Energy shall be primarily responsible for identifying and pursuing New Project opportunities, without limiting the right of either Party to propose New Projects to the other Party.

3.2 Participating Interest

(A) The Participating Interests of the Parties as of the Closing Date are:

Transeuro	50%
RAG	50%

(B) If a Party transfers all or part of its Participating Interest pursuant to the provisions of this JMA, the Participating Interests of the Parties shall be revised accordingly.

3.3 Ownership, Obligations and Liabilities

(A) Unless otherwise provided in this JMA, all the rights and interests in and under the Contracts, all Joint Property, and any Hydrocarbons produced from the Contract Areas shall, subject to the terms of the Contracts, be owned by the respective Operators. The Parties indirectly hold such rights and interests in accordance with their respective Participating Interests.

(B) Except as provided under Sections 3 and 4 of the JVA and Article 3.3 (D) of this JMA, which include expenses with effect prior to the Closing Date, the obligations of the Operators under the Contracts and all liabilities and expenses incurred by the Operators in connection with Joint Operations shall be charged to the Joint Account with effect from the Closing Date and all credits to the Joint Account shall be shared by the Parties via their indirect shareholdings in the Operating Subsidiaries with effect from the Closing Date. The detailed funding obligations of the Parties are set forth in Article 4 (Consideration) of the JVA and the Accounting Procedure.

(C) Each Party shall pay when due, in accordance with the Accounting Procedure, its share of Joint Account expenses with effect from the Closing Date (and for certain expenses prior to the Closing Date as set out in the JVA), including cash advances and interest, accrued pursuant to this JMA, subject to Article 4 of the JVA. A Party's payment of any charge under this JMA shall be without prejudice to its right to later contest the charge.

(D) Notwithstanding any other provision of this JMA, each of RAG and Transeuro shall bear 50% of the recoverable general and administrative costs relating to the contemplated joint venture incurred by or on behalf of any Subsidiary or RAG for the time period between June 1, 2008 up through and including the Closing Date. Transeuro and the Subsidiaries shall be regarded as one entity for this purpose. The Party that has incurred less than 50% of the costs shall pay to the other Party such amount such that it carries 50% of all recoverable general and administrative costs. By way of example, if estimated costs of the Subsidiaries are 50, those of Transeuro 20 and those of RAG 30, RAG shall pay to Transeuro the amount of 20. The budget for general and administrative costs is shown in Exhibit 6.1. The provisions of Sections 3.2 and 3.6 of the JVA shall apply *mutatis mutandis* for determining the actual general and administrative costs incurred between June 1, 2008 and the Closing Date and allowing for any adjustment in the amount paid by RAG on the Closing Date. The Post-Closing Balance Sheet therefore also shall contain the calculation required by this sub-paragraph (D) for the time period between June 1, 2008 and the Closing Date.

4. OPERATORS

4.1 Business Management Philosophy and Designation of Operators and Lead Manager and Non-Lead Shareholder

(A) Without prejudice to Article 4.1 (D) and (E) below, the Parties recognize that in order to stabilize the business of the Subsidiaries and until the Subsidiaries are capable of achieving the long-term objectives mentioned in paragraph (B) below, Scythian Energy shall supervise the Joint Operations with guidance of the Lead Manager and active support of the Non-Lead Shareholder as further described in this JMA and/or other corporate governance documents (including by-laws of the Subsidiaries) which the Parties may adopt and amend from time to time. It is the Parties' expectation and intention that the above-mentioned stabilization phase for achieving the independent and fully accountable execution of the business by the Subsidiaries shall take thirty (30) months from the Closing Date ("***Initial Stabilization Phase***").

(B) The Parties agree that as soon as possible and in any case after expiration of the Initial Stabilization Phase the Joint Operations will be managed on the following principles:

(1) The day-to-day business of the Operating Subsidiaries will be managed autonomously by the Operating Subsidiaries within the business management framework set up by the Parties as indirect shareholders as amended from time to time,

(2) the Subsidiaries shall be (i) authorized appropriately to undertake day-to-day business management and (ii) held accountable for achievement of the performance parameters set up by the Scythian Energy supervisory board and as otherwise foreseen in this JMA after an interactive process;

(3) Transeuro and RAG will exercise their supervision and control through the Scythian Energy supervisory board and through the Operating Committee;

(4) the Subsidiaries shall be adequately staffed (preferably through suitably qualified and experienced local staff directly employed by the respective Subsidiary) to profitably and prudently manage the business;

(5) the Scythian Energy supervisory board shall regularly review the progress of the Subsidiaries with regard to their achievement of the aforementioned objectives and, after assessing the actual progress achieved, shall adopt measures geared towards implementation of all required steps (e.g., changes in by-laws of Subsidiaries, modification to the role of Operators, etc.) to empower the Subsidiaries to undertake necessary measures.

(C) The following entities are designated as Operators and the Parties shall procure that such entities act as such in accordance with this JMA and the Contracts: for the East Crimean Contract Pivdentspetsbud UA and for the West Crimean Contract Indusmin LLC. RAG and Transeuro agree, however, that as indirect shareholders they will manage, determine and supervise activities of the Operating Subsidiaries within the parameters set out in this JMA. During the term of this JMA and except as otherwise provided in this JMA (e.g., as set out in the last sentence of this sub-paragraph, in Article 8 and in Article 12.7 (C)), Transeuro shall be the Lead Manager; provided, however, that RAG has the right to assume the role of Lead Manager by giving thirty (30) Days prior written notice to Transeuro at any time after the later of (i) the expiration of the Initial Stabilization Phase or (ii) the issuance of a production license with respect to part or all of any license area under one of the Contracts. The Parties recognize that the nature of the business of the Subsidiaries will undergo a substantial change once the issuance of a production license with respect to part or all of any license area under one of the Contracts takes place. To provide the necessary guidance at such stage and recognizing RAG's expertise in the area of production management, RAG has the aforementioned right to assume the role of Lead Manager. In addition, where the Participating Interest of a Party becomes greater than 66%, such Party shall be entitled to assume the role of Lead Manager by giving thirty (30) Days prior written notice to the other Party.

(D) Vis-à-vis the licensing authority operatorship responsibilities shall be those set forth under the respective Contract and otherwise as required by Ukrainian law.

The role of Lead Manager shall carry with it the following rights and obligations:

(1) right to appoint the chair-person(s) of the supervisory board of Scythian Energy and management boards of Subsidiaries (such persons shall have no casting vote and shall only have a normal vote);

(2) without limiting the supervisory roles of the Scythian Energy supervisory board and the Operating Committee as provided in this JMA, overall responsibility for overseeing the operations of the Subsidiaries in accordance with the applicable laws, rules, regulations and corporate governance documents and undertaking reasonable endeavors to ensure the continuing proper conduct of business of the Subsidiaries, for which there will be no compensation (for the sake of clarity, jointly approved costs as part of Joint Operations under this JMA will be shared by the Parties pursuant to the Accounting Procedure);

(3) maintaining good relations with Ukrainian parties to the Contracts, stake-holders, potential business partners and Ukrainian authorities, for which there will be no compensation (for the sake of clarity, jointly approved costs as part of Joint Operations under this JMA will be shared by the Parties pursuant to the Accounting Procedure);

(4) primary responsibility for the provision of management and staff to the Operating Subsidiaries as required for the proper conduct of their business, and at least in a scope as in place immediately prior to the Closing Date and continuity thereafter of at least the key personnel, for which there shall be no compensation (for the sake of clarity, jointly approved costs as part of Joint Operations under this JMA will be shared by the Parties pursuant to the Accounting Procedure);

(5) provision of technical services via service agreements, for which there shall be compensation according to standard international petroleum industry practice.

(E) The Party that is not the Lead Manager shall be termed the Non-Lead Shareholder and shall have the following rights and obligations:

(1) providing general support to the development of the Operating Subsidiaries via its representatives in the Operating Committee and

members of corporate bodies as foreseen in this JMA, for which there will be no compensation (without prejudice to the compensation owing directly to members of corporate bodies as approved by the Operating Committee);

(2) the right (but not the obligation) to appoint Secondees as foreseen in Article 4.3 (B) (in addition to the right to have appointed members of corporate bodies as foreseen in this JMA);

(3) provision of technical services via service agreements, for which there shall be compensation according to standard industry practice.

(F) Without prejudice to Article 4.1 (D) and (E) above, the Parties further agree that during the Initial Stabilization Phase, the Parties shall be required to provide guidance and support to the Subsidiaries for them to acquire the necessary competencies to achieve the objectives mentioned in Article 4.1 (A) above. Any Subsidiary requiring such support shall give due consideration to limited resources available at Transeuro and RAG. The in-house expertise currently available to the Parties is identified in paragraphs (1) and (2) below and, until the Subsidiaries are adequately equipped to cover these areas on their own, they may request support from the Parties accordingly on a chargeable basis in accordance with a Secondment Agreement:

(1) Transeuro shall provide in-house support for the Subsidiaries, as far as reasonably possible, in the following areas:

(i) geological and geophysical activities;

(ii) drilling; and

(iii) contracts, procurement and logistics.

(2) RAG shall provide in-house support for the Subsidiaries, as far as reasonably possible, in the following areas:

(i) field development;

(ii) project management;

(iii) business planning and controls;

(iv) production management; and

(v) recovery optimization and life extension.

(G) Any expertise not available in-house to the Parties and reasonably requested by any Subsidiary will be outsourced by the respective Subsidiary, to third party service providers. When outsourcing activities to third party service providers the respective Subsidiary shall give due consideration to all relevant economic and other factors, including, but not limited to overall cost effectiveness, time efficiencies, confidentiality requirements and conflict of interest aspects.

4.2 Rights and Duties of Operator

(A) Subject to the terms and conditions of this JMA, the Parties agree that the Operators shall have all of the rights, functions and duties of Operator under the Contracts and shall have exclusive charge of and shall conduct all Joint Operations and Exclusive Operations, subject to (i) operations that the Parties agree are to be conducted by Ammonite UA or other entities and (ii) any limitations of such rights resulting from agreements with CrymGeologia. The Parties agree to procure that the Operators comply with the terms and conditions of this JMA by implementing a corresponding corporate governance structure at the level of each Operator and its direct and indirect shareholders. The Operators may employ independent contractors and agents (which independent contractors and agents may include an Affiliate of Operator, a Party, or an Affiliate of a Party) in Joint Operations and Exclusive Operations.

(B) In the conduct of Joint Operations the Parties agree that each Operator shall:

(1) perform Joint Operations in accordance with the provisions of the Contract, the Laws / Regulations, this JMA, and the decisions of the Operating Committee not in conflict with this JMA;

(2) conduct all Joint Operations in a diligent, safe and efficient manner in accordance with such good and prudent petroleum industry practices and field conservation principles as are generally followed by the international petroleum industry under similar circumstances;

(3) exercise due care with respect to the receipt, payment and accounting of funds in accordance with good and prudent practices as are generally followed by the international petroleum industry under similar circumstances;

(4) not charge an operator fee to either of the Parties or any of the Subsidiaries;

(5) perform the duties for the Scythian Energy supervisory board set out in Article 4, for the Operating Committee set out in Article 5, and prepare and submit to the Operating Committee proposed Work Programs and Budgets and (if required) AFEs, as provided in Article 6;

(6) in coordination with CrymGeologia acquire all permits, consents,

approvals, and surface or other rights that may be required for or in connection with the conduct of Joint Operations;

(7) upon receipt of reasonable advance notice, permit the representatives of any of the Parties to have at all reasonable times during normal business hours and at their own risk and expense reasonable access to the Joint Operations with the right to observe all Joint Operations and to inspect all Joint Property and to conduct financial audits as provided in the Accounting Procedure;

(8) undertake to maintain the Contracts in full force and effect in accordance with such good and prudent petroleum industry practices as are generally followed by the international petroleum industry under similar circumstances. Operator shall timely pay and discharge all liabilities and expenses incurred in connection with Joint Operations and use its reasonable endeavors to keep and maintain the Joint Property free from all liens, charges and encumbrances arising out of Joint Operations;

(9) pay to the Government for the Joint Account, within the periods and in the manner prescribed by the Contract and the Laws / Regulations, all periodic payments, royalties, taxes, fees and other payments pertaining to Joint Operations;

(10) carry out the obligations of Operator pursuant to the Contracts, including preparing and furnishing such reports, records and information as may be required pursuant to the Contracts and this JMA;

(11) have, in accordance with any decisions of the Operating Committee, the exclusive right and obligation to represent the Parties in all dealings with the Government with respect to matters arising under the Contract and Joint Operations. Operator shall notify the members of Operating Committee as soon as possible of such meetings. Subject to the Contract and any necessary Government approvals, any member of the Operating Committee shall have the right to attend any meetings with the Government with respect to such matters;

(12) in accordance with Article 9 and any decisions of the Operating Committee, assess (to the extent lawful) alternatives for the disposition of Natural Gas from a Discovery;

(13) in case of an emergency (including a significant fire, explosion, Natural Gas release, Crude Oil release, or sabotage; incident involving loss of life, serious injury to an employee, contractor, or third party, or serious property damage; strikes and riots; or evacuations of Operator personnel): (i) take all necessary and proper measures for the protection of life, health, the environment and property; and (ii) as soon as reasonably practicable, report to the Operating Committee the details

of such event and any measures Operator has taken or plans to take in response thereto;

(14) establish and implement pursuant to Article 4.10 an HSE plan to govern Joint Operations which is designed to ensure compliance with applicable HSE laws, rules and regulations and this JMA;

(15) include, to the extent practical, in its contracts with independent contractors and to the extent lawful, provisions which:

(a) establish that such contractors can only enforce their contracts against Operator;

(b) permit Operator, on behalf of itself, to enforce contractual indemnities against, and recover losses and damages suffered by them (insofar as recovered under their contracts) from, such contractors; and

(c) require such contractors to take insurance required by Article 4.6 (C).

These obligations shall apply *mutatis mutandis* to Exclusive Operations.

The relevant Subsidiary shall provide such power of attorney(ies) and authorizations in favor of Operators' designated senior personnel as may be necessary for Operators to conduct the Joint Operations or Exclusive Operations in an efficient manner and fulfill its obligations hereunder.

4.3 Operator Personnel

(A) Operator shall engage or retain only such employees, Secondees, contractors, consultants and agents as are reasonably necessary to conduct Joint Operations. For the purposes of this JMA, ***"Secondee"*** means an employee of a Party (or its Affiliate) who is seconded to any Subsidiary (regardless whether acting as a management board member of the Subsidiary) to provide services under a secondment agreement to be negotiated and entered into between the relevant Subsidiary and such Party; and ***"Secondment"*** means placement within the Subsidiary's organization in accordance with this JMA of one or more persons who are employed by a Party or an Affiliate.

(B) Operator shall prepare and send to the Operating Committee a draft staffing plan as part of the proposed Work Program and Budget. Subject to the Contracts and this JMA, the Operating Committee after consultation with the Operator shall determine the number of employees, Secondees, contractors, consultants and agents, the selection of such persons, their hours of work, and (except for Secondees) the compensation to be paid to all such persons in connection with Joint Operations. Notwithstanding the foregoing, the Parties agree that the Non-Lead Shareholder, in addition to appointment rights otherwise foreseen in this JMA, shall have the right to appoint two (2) Secondees at each Operating Subsidiary, one of which shall be in the second line of management and the other below, as part of the agreed staffing plan, but in no event more than 25% of the personnel of any of the Subsidiaries.

(C) Any Secondment under this JMA shall be in accordance with a separate secondment agreement to be negotiated and entered into between Operator and the employer of the Secondee, the principles of which are set forth in Exhibit 4.3.

(D) All costs related to Secondment and Secondees that are within the Work Program and Budget related to such Secondment position shall be charged to the Joint Account.

4.4 Information Supplied by Operating Subsidiaries

(A) Each Operator shall provide the Operating Committee with the following data and reports (to the extent to be charged to the Joint Account) as they are currently produced or compiled from Joint Operations:

(1) copies of all logs or surveys, including in digitally recorded format if such exists;

(2) daily drilling reports;

(3) copies of all Tests and core data and analysis reports;

(4) final well recap report;

(5) copies of plugging reports;

(6) copies of final geological and geophysical maps, seismic sections and shot point location maps;

(7) engineering studies, development schedules and quarterly progress reports on development projects;

(8) field and well performance reports, including reservoir studies and reserve estimates;

(9) as requested by the Operating Committee, (i) copies of all material reports relating to Joint Operations or the Contract Area furnished by Operator to CrymGeologia or the Government; and (ii) other material studies and reports relating to Joint Operations;

(10) gas balancing reports;

(11) such additional information as an Operating Committee member may reasonably request, provided that the requesting member's Party pay

the costs of preparation of such information and that the preparation of such information will not unduly burden Operator's administrative and technical personnel. Only Parties who pay such costs will receive such additional information via their Operating Committee members;

(12) daily production reports; and

(13) other reports as directed by the Operating Committee.

(B) Operator shall give the Operating Committee members and the Parties access at all reasonable times during normal business hours to all data and reports (other than data and reports provided to the Parties in accordance with Article 4.4 (A)) acquired in the conduct of Joint Operations, which the Operating Committee or a Party may reasonably request. Any Party may make copies of such other data at its sole expense.

(C) Each Subsidiary shall provide to Scythian Energy all financial data on a monthly, quarterly and yearly basis, as needed by the Scythian Energy supervisory board. Such financial data shall include all financial details to meet all statutory obligations of Subsidiaries and Parties and shall include:

(1) Hydrocarbon production, storage, inventory and disposition data;

(2) Hydrocarbon sale data including price realized for each sale;

(3) Any other receipt or credit;

(4) Profit and loss statement;

(5) Balance sheet statement;

(6) Cash flow statement;

(7) Variance analysis for expenditure for each line item of budget for a variation of more than +5% (or EUR 50,000) /-10% (or EUR 100,000) for such line item.

4.5 Settlement of Claims and Lawsuits

(A) Operator shall promptly notify the Operating Committee and Scythian Energy supervisory board members of any and all material claims or suits that relate in any way to Joint Operations. Operator shall represent the relevant Contract Subsidiary and defend or oppose the claim or suit. Operator may in its sole discretion compromise or settle any such claim or suit or any related series of claims or suits for an amount not to exceed the equivalent of EUR fifty thousand (EUR 50,000) exclusive of legal fees. Operator shall obtain the approval and direction of the Scythian Energy supervisory board on amounts in excess of the above-stated amount. Without prejudice to the foregoing, each

Party shall have the right to be represented by its own counsel at its expense in the settlement, compromise or defense of such claims or suits.

(B) Any Party shall promptly notify the other Parties of any claim made against such Party by a third party that arises out of or is directly related to the Joint Operations, and such Party shall defend or settle the same in accordance with any directions given by the Operating Committee. Those costs, expenses and damages incurred pursuant to such defense or settlement which are attributable to Joint Operations shall be for the Joint Account. This sub-section (B) is without prejudice to any rights and claims that RAG may have under the JVA.

4.6 Insurance Obtained by Operator

(A) Operator shall procure and maintain for the Joint Account all insurance in the types and amounts required by the Contract or the Laws / Regulations and as approved by the Operating Committee from time to time taking into adequate consideration of international insurance standards.

(B) The cost of insurance under this Article 4.6 shall be for the Joint Account, except that the cost of insurance with respect to an Exclusive Operation shall be ring-fenced as a separate cost and funded by the Consenting Parties.

(C) Operator shall use its reasonable endeavors to require all contractors performing work with respect to Joint Operations to:

(1) obtain and maintain any and all insurance in the types and amounts required by the Contract, the Laws / Regulations or any decision of the Operating Committee; and

(2) provide Operator with certificates reflecting such insurance prior to the commencement of their services.

4.7 Commingling of Funds

The Parties agree and acknowledge that since neither of them shall directly assume the role of Operator, funds of various Subsidiaries may be co-mingled to address operational requirements subject to approval of the Operating Committee.

4.8 Resignation of Operator / Lead Manager

(A) The Parties agree that the Operator may not resign as Operator as long as the Operator is the contracting party under the Contract.

(B) The Lead Manager may not resign as Lead Manager.

4.9 Removal of Operator / Lead Manager

(A) Removal of an Operator can only occur as a result of a decision of the Operating Committee and the supervisory board of Scythian Energy.

(B) The Lead Manager shall be deemed to be removed and replaced by the Non-Lead Shareholder upon receipt of notice from the Non-Lead Shareholder if:

(1) the Lead Manager becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors;

(2) an order is made by a court or an effective resolution is passed for the reorganization under any bankruptcy law, dissolution, liquidation, or winding up of the Lead Manager;

(3) a receiver is appointed for a substantial part of the Lead Manager's assets; or

(4) the Lead Manager dissolves, liquidates, is wound up, or otherwise terminates its existence.

(C) The Lead Manager may be removed by the decision of the Non-Lead Shareholder if Lead Manager has committed a material breach of this JMA and has either failed to commence to cure that breach within thirty (30) Days of receipt of a notice from the Non-Lead Shareholder detailing the alleged breach or failed to diligently pursue the cure to completion, in which case the Non-Lead Shareholder shall become the Lead Manager and the Lead Manager shall become the Non-Lead Shareholder. However, if the Lead Manager disputes such alleged commission of or failure to cure a material breach and dispute resolution proceedings are initiated pursuant to Article 19.2 in relation to such breach, then the Lead Manager shall remain appointed and no successor Lead Manager may be appointed pending the conclusion or abandonment of such proceedings, subject to the terms of Article 8 with respect to the Lead Manager's breach of its payment obligations.

(D) Without prejudice to the other provisions of this Article 4.9, by mutual consent of the Parties, the Lead Manager may become Non-Lead Shareholder and consequently the Non-Lead Shareholder shall become the Lead Manager.

4.10 Health, Safety and Environment ("HSE")

(A) With the goal of achieving safe and reliable operations in compliance with applicable HSE laws, rules and regulations (including avoiding significant and unintended impact on the safety or health of people, on property, or on the environment), the Parties agree that Operator shall in the conduct of Joint Operations:

(1) establish and implement an HSE plan, after receiving the approval of

the Operating Committee of such plan, in a manner consistent with standards and procedures generally followed in the international petroleum industry under similar circumstances;

(2) design and operate Joint Property consistent with the HSE plan; and

(3) conform with locally applicable HSE laws, rules and regulations and other HSE-related statutory requirements that may apply.

(B) The Operating Committee shall from time to time review details of Operator's HSE plan and Operator's implementation and compliance therewith.

The Operating Committee also shall be provided by Operator, on an annual basis, with an HSE letter of assurance providing adequate evidence that an HSE plan is in place and that any major HSE issues have been brought to the attention of the Operating Committee and are being properly managed.

(C) In the conduct of Joint Operations, the Parties agree that Operator shall establish and implement a program for regular HSE assessments. The purpose of such assessments is to periodically review HSE systems and procedures, including actual practice and performance, to verify that the HSE plan is being implemented in accordance with the policies and standards of the HSE plan. Operator shall, at a minimum, conduct such an assessment before entering into significant new Joint Operations and before undertaking any major changes to existing Joint Operations. Upon reasonable notice given to Operator, the Parties shall have the right to participate in such HSE assessments.

(D) Operator shall require its contractors, consultants and agents undertaking activities for the Joint Account to manage HSE risks in a manner consistent with the requirements of this Article 4.10 and local rules and regulations.

(E) Operator shall establish and enforce rules consistent with those generally followed in the international petroleum industry under similar circumstances that, at a minimum, prohibit within the Contract Area the following:

(1) possession, use, distribution or sale of firearms, explosives, or other weapons without the prior written approval of senior management of Operator;

(2) possession, use, distribution or sale of alcoholic beverages without the prior written approval of senior management of Operator; and

(3) possession, use, distribution or sale of illicit or non-prescribed controlled substances and the misuse of prescribed drugs.

(F) Without prejudice to a Party's rights under Article 4.2 (B) (7), with reasonable advance notice, Operator shall permit each Party to have at all reasonable times during normal business hours (and at its own risk and expense) the right to conduct its own HSE audit.

5. GOVERNANCE AND OPERATING COMMITTEE

5.1 Supervisory Board of Scythian Energy and Corporate Governance Generally

(A) The Parties agree that the Scythian Energy corporate bodies shall consist of the following: (i) a shareholders meeting; (ii) a supervisory board; and (iii) a management board.

The supervisory board of Scythian Energy shall meet at least once each Calendar Quarter. Each of the Parties shall be entitled to appoint two (2) representatives to such supervisory board. The Lead Manager shall have the right to appoint the chairman of the supervisory board, which chairman, however, shall have a normal vote and not a casting vote. Decisions shall be taken by a two-thirds majority of votes cast at a meeting. Each member of the supervisory board shall be entitled to nominate his/her alternative by written notice to other members of the supervisory board.

Where the Participating Interest of a Party becomes greater than 66%, such Party shall be entitled to appoint an additional supervisory board representative and the other Party may only appoint 1 supervisory board member (with the Parties being obliged to revoke and appoint such members immediately after such exceedance in Participating Interest is reached). The Party holding a Participating Interest of greater than 66% also shall be entitled to appoint the chairman of the supervisory board.

(B) The following decisions concerning the Project, Joint Operations or Subsidiaries shall require the prior approval of the supervisory board of Scythian Energy:

(1) approval of budgets and work programs (consisting of balance sheet and financial planning including major increases and reallocations) for any Subsidiary; investments and projects with a total value of more than EUR 100,000 (excluding VAT) as single investments, and EUR 1 million (excluding VAT) as combined investments must be listed separately;

(2) approval of business plan and related activity plan, production and sale plans, investment budgets, operational plans and financial plans for a period of five years, as a basic frame for the development of the business;

(3) approval of the business plan activities and the related investment and operational expenditures for the first year of the business plan

period as well as investment expenditures for the following years with regard to projects with a multi-year expenditures plan (e.g., infrastructure and storage);

(4) purchase and sale of real estate or parts of real estate by any Subsidiary, if not already permitted in the approved budget; in case of barter the value of the return service is relevant;

(5) license acquisitions and sales by any Subsidiary;

(6) appointment and revocation of senior management personnel for Subsidiaries;

(7) expenditure by any of the Subsidiaries in respect of any item where such expenditure would result in an exceedance of (i) the Work Program and Budget for the given year in an amount equivalent to five percent (5%) of the approved Work Program and Budget or (ii) any item in the Work Program and Budget for the given year in an amount equivalent to the greater of (A) EUR 100,000 or (B) twenty-five percent (25%) of the approved amount for such item;

(8) accounting policies: the adoption of, and any changes to, the accounting policies;

(9) acquisitions and disposals: any disposal or acquisition by any Subsidiary of any business, or any material part of any business, or any shares in any company or (otherwise than intra-group or in the ordinary course of business) any other material assets of any nature;

(10) acquisition of patents or other intellectual property rights, if the amount of EUR 100,000 (excluding VAT) is exceeded in a single case or in connected cases;

(11) formation or closure of branch offices;

(12) partnerships and joint ventures: the entry into by any Subsidiary of any partnership, joint venture or other profit sharing agreement;

(13) material contracts: (except for contracts which satisfy such criteria as the Parties may from time to time approve as part of the procedures for the entry into of contracts by a Subsidiary) the entry into by any Subsidiary of any contract, liability or commitment which:

a. is of a long term (long term meaning, for this purpose, having a duration in excess of 2 Calendar Years) or unusual nature; or

b. could involve an obligation of a material magnitude or nature (a liability for expenditure in excess of EUR one million (EUR 1,000,000) being regarded as "material" for this purpose) except where such obligation is part of an approved AFE; or

c. is outside the ordinary course of business of the Subsidiary.

The criteria set forth above may be changed from time to time by the Scythian Energy supervisory board;

(14) entering into lease or leasing contracts regarding immovable property, if the envisaged overall consideration (in particular lease and leasing fees) for the duration of the contract or in case of a non-defined duration for the period of five years exceeds EUR 500,000 (excluding VAT) in each single case or in connected cases.

(15) tenders and contract procedures: establishing rules for tenders and contract procedures for the Subsidiaries;

(16) employee policies: the policies from time to time of the Subsidiaries regarding employees' remuneration and pension schemes;

(17) guarantees and indemnities: any arrangement under which any Subsidiary would enter into any guarantee, indemnity or suretyship (whether or not legally binding) in respect of the liabilities or solvency of any third party or any similar obligation or the acceptance of a Subsidiary for its benefit of any such arrangement;

(18) dividends: any decision not to proceed with the declaration or payment of any cash dividend by any Subsidiary;

(19) regulatory matters: adoption of a strategy in dealing with Ukrainian governmental or regulatory authorities or bodies;

(20) proposals to dispense of or dilute the Contract Subsidiaries' interest in the Existing Licenses;

(21) abandonment: any proposal or program leading to the abandonment of a well;

(22) approval of schemes: application for approval of any scheme for deposit development;

(23) delineation: delineation of areas required to be relinquished by the terms of the Existing Licences;

(24) licences: proposals to seek extension or renewal of the Existing Licences and proposals to seek the issuance of production licenses relating to any part of the Contract Areas:

(25) relinquishment and termination of licences: any proposals for the voluntary relinquishment or the voluntary termination of any Existing

License or any part thereof;

(26) unitisation: any proposal for unitisation with another block;

(27) additional areas: any proposal for the addition of additional areas to be regarded as a part of a Contract Area;

(28) other matters: such other matters of an operational nature relating to the preparation or implementation of proposed or approved work programmes or the performance of work obligations not mentioned above as may be referred to the supervisory board by the Operating Committee;

(29) change in nature or business: any material change in the nature or scope of the business of the Subsidiaries taken as a whole;

(30) change in organisation: any material change in the organisation of the Subsidiaries or their business (including, without limitation, any material closures or material redundancies);

(31) auditors: the appointment or removal of the auditor(s) of the Subsidiaries;

(32) approval of statutory accounts: the approval of the statutory accounts of the Subsidiaries;

(33) accounting reference date: change in the Subsidiaries' accounting reference date;

(34) alteration of name: any alteration of the name of any Subsidiary;

(35) non-cash distributions: the making of any distribution other than by way of cash dividend;

(36) pension schemes: the adoption by any Subsidiary of, or the participation by any such company in, any pension scheme;

(37) charges: the creation of any Encumbrance in respect of all or any material part of the undertaking, property or assets of any Subsidiary;

(38) changes in share and loan capital: any change in the authorised or issued share or loan capital of any Subsidiary or the issue of any shares (or right to convert into shares);

(39) alteration to corporate governance documents: any alteration to the Memorandum, Articles or by-laws of any Subsidiary or corporate body of any Subsidiary and any alteration to the Operating Committee by-laws;

(40) transactions with Affiliates: any transaction by any Subsidiary with any Party or its Affiliates;

(41) winding-up: any proposal that any of the Subsidiaries or material parts of their businesses be wound up;

(42) borrowings: other than loans required to be made by the Parties, any borrowing by any Subsidiary (which shall include the entry into of any finance lease, loan, guarantee, suretyship, pledge agreement, and assumption of any other liabilities) other than by way of normal trade credit where such borrowing would result in aggregate borrowings by the Subsidiaries being in excess of EUR 100,000 (or such other sum as may from time to time be agreed in writing between the Parties) and with respect to borrowings from the Parties by the Subsidiaries any amendment or alteration or changes to the sample format of the Loan Notes attached as <u>Exhibit 1.75</u>;

(43) awarding short-term loans or credits, if such are not part of the ordinary business (short-term in this connection means up to a year);

(44) issuing powers of attorneys or other commercial powers of attorney;

(45) entering into employment contracts with relatives of management board members;

(46) all transactions between (i) the Subsidiary and other affiliated companies and (ii) management board members and related persons or companies with the exception of transactions of daily life;

(47) entering into contracts with members of the supervisory board in which they provide their services outside their activity as supervisory board members to a Subsidiary for a not insubstantial salary; this also applies to contracts in which a member of the supervisory board has a substantial economic interest;

(48) litigation: the commencement, settlement or abandonment of litigation or admission of liability by any Subsidiary involving a dispute in relation to an amount in excess of EUR fifty thousand (EUR 50,000) concerning a Subsidiary;

(49) sale and disposal of Hydrocarbons: structure, pricing and strategy relating to the sale and disposal of Hydrocarbons;

(50) public announcements related to this JMA and activities of Subsidiaries;

(51) estimates of Hydrocarbon reserves, with the content and timing thereof as required by the disclosure and balance sheet preparation

obligations of the Parties.

Before the supervisory board of Scythian Energy decides on any matter set out in this Article 5.1 (B) the Operating Committee shall resolve upon the matter and then present the respective resolution to the management board of Scythian Energy, which shall take into adequate consideration the decision of the Operating Committee. After due consideration by the management board of Scythian Energy, the management board of Scythian Energy shall present the respective resolution to the supervisory board of Scythian Energy, whereupon the supervisory board shall resolve upon the matter without being bound by the decision of the Operating Committee. No approvals shall need to be obtained from the shareholders meeting of Scythian Energy, unless mandatorily required under applicable Dutch law. Decisions at the shareholder level of Scythian Energy shall be taken by a two-thirds majority of Participating Interest. The Parties shall procure that Scythian Energy's articles of association are amended as soon as possible after Closing so that they are fully in line with the provisions of this JMA. Until this is achieved, the provisions of the JMA shall prevail over the deviating provisions of Scythian Energy's articles of association.

(C) Apart from Scythian Energy, the Subsidiaries shall only have a management board and not a supervisory board. The Parties agree that the management board of Scythian Energy shall consist of 4 directors. Each of the Parties shall be entitled to appoint one director to the management board. The Parties shall procure that the shareholder meeting shall appoint (i) Mr. Neil Stewart on behalf of Transeuro and Mr. Wolfgang Nachtmann on behalf of RAG as members of the management board of Scythian Energy on the Closing Date and (ii) one appointee of Transeuro and one appointee of RAG as members of the management board of the Operating Subsidiaries as soon as possible after the Closing Date. Unless and until otherwise agreed by the Parties through appropriate shareholders' resolutions, the other two (2) directors shall continue to be the existing directors pursuant to the existing agreement(s) entered into by Transeuro and RAG with Tradman (a trust company in The Netherlands). Any decision to be required to be made by management board pursuant to the applicable laws or other corporate governance documents shall be taken unanimously. Where the Participating Interest of a Party becomes greater than 66%, with respect to each Dutch Subsidiary such Party shall be entitled to appoint two (2) additional management board representatives and the Parties shall procure that one of the independent representatives (currently Tradman) resigns as a management board representative (with the Parties being obliged to revoke and appoint such members immediately after such exceedance in Participating Interest is reached). The Party holding a Participating Interest of greater than 66% shall be entitled to appoint the chairman of the management board. Unless and until otherwise agreed by the Parties through appropriate shareholders' resolution(s), the management boards of Sarmatian Energy BV, Ammonite NL, West Crimea Energy NL and East Crimea Energy NL shall continue to have two (2) existing directors pursuant to the existing agreement(s) entered into by Transeuro and RAG with Tradman (a trust company in The Netherlands). The Parties agree and acknowledge that the company South Crimea Energy B.V., which is owned 99.9% by Scythian Energy and 0.1% by Sarmatian Energy BV, shall not be part of the joint venture structure and shall be held as a dormant company, unless and until otherwise decided by the supervisory board of Scythian Energy.

(D) In order to ensure that all decisions set forth in (B) above are subject to the prior approval of Scythian Energy's supervisory board, the Parties agree to include in the corporate governance documents relating to the rights and obligations of the Operating Committee the obligation of the Operating Committee to obtain the supervisory board approval of Scythian Energy in the matters set out under (B) above before instructing the Operating Subsidiaries to act in accordance with their resolutions. Additionally, the Parties agree to include in the corporate governance documents of the Operating Subsidiaries that such Operating Subsidiaries cannot take decisions independently with regard to matters set out in (B) above but rather must seek shareholder approval through the Operating Committee. Decisions set out under (B) above will require the prior approval of Ammonite NL, West Crimea Energy NL or East Crimea Energy NL, as the case may be. Ammonite NL, West Crimea Energy NL and East Crimea Energy NL in turn shall not be entitled to adopt a resolution on matters set out in (B) above unless a corresponding decision is reached by the supervisory board of Scythian Energy. Once such supervisory board decision is taken, the management boards of Scythian Energy and Sarmatian Energy BV must exercise their rights as shareholder of Ammonite NL, West Crimea Energy NL or East Crimea Energy NL, as the case may be, in accordance with such supervisory board decision. The management boards of Ammonite NL, West Crimea Energy NL and East Crimea Energy NL in turn must exercise their shareholder rights with respect to the respective Operating Subsidiaries in accordance with such supervisory board decisions. In addition, the Parties agree to vote as shareholders of Scythian Energy in accordance with the decision made by the supervisory board of Scythian Energy. The Parties agree to implement appropriate corporate governance arrangements in the statutory documents of the Subsidiaries to reflect these principles.

With respect to the Operating Subsidiaries there shall be a collective board of directors system unless otherwise decided in the future by the supervisory board of Scythian Energy, and the Lead Manager within such collective board shall be entitled to appoint the general manager. The Parties agree to establish and implement the corporate and other bodies and to ensure the staffing of such bodies as set out in <u>Exhibit 5.1 (D)</u> as expeditiously as possible after Closing. Until such corporate governance structure is fully implemented at the level of the Operating Subsidiaries and the Operating Committee, the Parties agree that for all decisions set out in Section 5.1(B) they shall procure that the Operating Subsidiaries do not take or implement any actions without the prior written approval of the Operating Committee and the supervisory board of Scythian Energy. In addition, the Parties agree to procure that for any and all actions of the Operating Subsidiaries resulting in a cost or expense of greater than 10,000 Hryvnya, no such action shall be taken unless the prior written approval of the Operating Committee has been obtained, in particular with respect to requests for advances of funds. The supervisory board of Scythian Energy shall be entitled to change this threshold at any time. Nothing contained in this paragraph shall be applicable with respect to any rights and obligations (actual or accrued) of the Parties that have arisen prior to the Closing Date. Furthermore, the supervisory board of Scythian Energy shall be empowered to modify any requirement set out in this paragraph by mutual agreement in writing without requiring further approval of the Parties and/or requiring Operating Committee and/or board of director members to make a proposal in this regard.

(E) Each of the Parties shall be entitled to have one (1) management board member on each of the management boards of the Operating Subsidiaries. Any additional member(s) may also be appointed to the management board of the Subsidiaries by mutual agreement of Parties to comply with requirements of applicable laws. Where the Participating Interest of a Party becomes greater than 66%, such Party shall be entitled to appoint an additional management board representative (with the Parties being obliged to appoint such members immediately after such exceedance in Participating Interest is reached). The Party holding a Participating Interest of greater than 66% also shall be entitled to appoint the chairman of the management board. The Parties further agree that the majority required for all decisions at the level of the Operating Subsidiaries shall be 66% of the Participating Interests (with the Parties being obliged to alter all corporate governance documents immediately after such exceedance in Participating Interest is reached).

(F) The Parties agree that the management boards of the Operating Subsidiaries shall act in accordance with decisions taken by the Operating Committee and the supervisory board of Scythian Energy.

(G) The Parties agree that employees and Secondees as well as consultants engaged by Subsidiaries shall work in the interest of such Subsidiaries and not in order to provide advantages for either or both Parties.

(H) With respect to actions to be taken or not to be taken by the Contract Subsidiaries towards CrymGeologia, the Parties acknowledge that in each of the management committees established under the Contracts, there are 3 members designated by each of the Contract Subsidiaries. The Lead Manager shall be entitled to designate two (2) members and the Non-Lead Shareholder one (1) member on each of such management committees. Notwithstanding the foregoing, the Parties shall coordinate their votes and decide unanimously regarding decisions to be made in the management committees established under the Contracts before exercising their voting rights in the management committees established under the Contracts in such way that their members of the management committees vote identically and in line with the resolution adopted prior thereto by the Operating Committee or Scythian Energy supervisory board, as the case may be. Notwithstanding the foregoing, where the Participating Interest of a Party becomes greater than 66%, such Party shall be entitled to designate two (2) members and the other Party one (1) member on each of such management committees. Among such three (3) members decisions shall be made by two-thirds majority (two out of three members), with all three (3) members being bound to act in accordance with such two-thirds majority decisions at meetings of the management committee established under the Contracts.

5.2 Meeting procedures for Scythian Energy Supervisory Board and Management Board

Unless otherwise mutually agreed by the Parties in writing, the following procedures set out in Articles 5.2.1 to 5.2.6 shall be applied to the meetings of the Scythian Energy supervisory board and shall be included together with other provisions in separate by-laws for the supervisory board.

5.2.1. Scythian Energy Supervisory Board - Notice of Meeting

(A) Any representative of the supervisory board may call a meeting of the supervisory board by giving notice to the other members of the supervisory board at least five (5) Days in advance of such meeting.

(B) Upon receiving such request, the chairman of the supervisory board shall call such meeting for a date not less than five (5) Days nor more than ten (10) Days after receipt of the request.

(C) The notice periods above may only be waived with the unanimous consent of all the Parties.

5.2.2. Contents of Meeting Notice of Scythian Energy Supervisory Board

(A) Each notice of a meeting of the supervisory board as provided by the chairman of the supervisory board shall contain:

(1) the date, time and location of the meeting;

(2) an agenda of the matters and proposals to be considered and/or voted upon; and

(3) copies of all proposals to be considered at the meeting (including all appropriate supporting information not previously distributed to the Parties).

(B) A member, by notice to the other members given not less than three (3) Days prior to a meeting, may add additional matters to the agenda for a meeting.

(C) On the request of a member, and with the unanimous consent of all members, the supervisory board may consider at a meeting a proposal not contained in such meeting agenda.

5.2.3. Voting Procedure for Scythian Energy Supervisory Board

The quorum for conducting a meeting of the supervisory board shall be met if at least two (2) representatives of each Party are present. If that quorum is not present within two (2) hours from the time when the duly called meeting should have begun, the meeting shall be adjourned for ten (10) Days, in Urgent Operational Matters for two (2) Days. In such case the quorum shall be met if at least one (1) representative of each Party is present.

All decisions, approvals and other actions of the supervisory board on all proposals coming before it shall be decided by the affirmative vote of two-thirds of votes cast at such meeting.

5.2.4. Record of Votes at Scythian Energy Supervisory Board Meetings

The chairman of the supervisory board shall appoint a secretary who shall make a record of each proposal voted on and the results of such voting at each supervisory board meeting. Each representative shall sign and be provided a copy of such record at the end of such meeting, and it shall be considered the final record of the decisions of the supervisory board.

5.2.5. Minutes of Scythian Energy Supervisory Board

The secretary shall provide each Party with a copy of the minutes of the supervisory board meeting within fifteen (15) Business Days after the end of the meeting. Each Party shall have fifteen (15) Days after receipt of such minutes to give notice to the secretary of its objections to the minutes. A failure to give notice specifying objection to such minutes within said fifteen (15) Day period shall be deemed to be approval of such minutes. In any event, the votes recorded under Article 5.2.4 shall take precedence over the minutes described above.

5.2.6. Scythian Energy Supervisory Board - Voting by Written Resolution

The supervisory board shall be entitled to vote by written resolution.

5.2.7. Scythian Energy Management Board

The Parties agree to adopt by-laws for the management board of Scythian Energy to reflect the corporate governance principles set forth in this JMA.

5.3 Establishment of Operating Committee and Powers

(A) To provide for the overall supervision and direction of Joint Operations, there is established an Operating Committee composed of representatives of each Party. Each Party shall appoint one (1) representative and one (1) alternate representative to serve on the Operating Committee. The appointments of Mr. Neil Stewart (alternate Mr. Geoff Papero) on behalf of Transeuro and Mr. Wolfgang Nachtmann (nominee for alternate to be proposed by RAG prior to or after the Closing Date) on behalf of RAG as members of the Operating Committee are deemed to have been approved by the supervisory board as of the Closing Date. Each Party shall have the right to change its representative and alternate at any time by giving notice of such change to the other Party. Each Party shall ensure that the Operating Committee member(s) appointed by it comply with the Operating Committee by-laws approved by the Scythian Energy supervisory board.

(B) The Operating Committee shall have the power and duty to authorize and supervise Joint Operations that are necessary or desirable to fulfill the Contracts and properly explore and exploit the Contract Areas in accordance with this JMA and in a manner appropriate in the circumstances. The Parties agree that the Operating Committee shall be responsible for supervision of the Operating Subsidiaries in day-to-day management issues and for matters falling under Article 5.1 (B), on which the approval of the supervisory board of Scythian Energy is also required. The Operating Committee shall also supervise the Operating Subsidiaries in preparing documents and agenda items necessary for the supervisory board of Scythian Energy to be in a position to adopt a fully informed decision. Subject to the decision-making approval items set forth in this JMA, the Operating Committee also shall prepare decisions and resolutions of the management boards of Subsidiaries. Furthermore, the Operating Committee shall provide directly to the supervisory board members of Scythian Energy a report on business developments per Calendar Quarter. In the event of major events or developments the Operating Committee shall immediately provide a report to the supervisory board members of Scythian Energy.

(C) With regard to Joint Operations under the Existing Licenses, this entire Article 5 is without prejudice to CrymGeologia's rights and obligations, as CrymGeologia is vested with extensive rights pursuant to the Contracts. This Article 5 only regards the decision-making process between the Parties and how the Operators acts towards CrymGeologia and other third parties.

5.4 Operating Committee Authority to Vote

The representative of a Party in the Operating Committee, or in his absence his alternate representative, shall be authorized to represent and bind such Party with respect to any matter which is within the powers of the Operating Committee and is properly brought before the Operating Committee. Each such representative shall have a vote equal to the Participating Interest of the Party such person represents. Each alternate representative shall be entitled to attend all Operating Committee meetings but shall have no vote at such meetings except in the absence of the representative for whom he is the alternate. In addition to the representative and alternate representative, each Party may also bring to any Operating Committee meetings such technical and other advisors as it may deem appropriate.

5.5 Subcommittees

The Operating Committee may establish such subcommittees, including technical subcommittees, as the Operating Committee may deem appropriate. The functions of such subcommittees shall be in an advisory capacity or as otherwise determined unanimously by the Operating Committee members. Each member shall have the right to appoint a representative to each subcommittee.

5.6 Location of Operating Committee Meetings

All meetings of the Operating Committee shall be held at the location as the Operating Committee may decide or by email or telephone.

5.7 Procedures for Operating Committee

Rules on meeting notices, the contents of meeting notice, voting procedure, records of the meetings and other items are set out in the Operating Committee by-laws. Any resolution requiring approval of the Scythian Energy supervisory board pursuant to Article 5.1 (B) above shall be prepared in writing. All decisions of the Operating Committee shall be made in a timely manner. A two-thirds majority of the Operating Committee shall be required for adopting any resolution. In the event of disagreement on any issue between members of the Operating Committee regardless whether set forth in Article 5.1 (B), the matter may be referred to the Scythian Energy supervisory board for resolution. Notwithstanding the foregoing, where the Participating Interest of a Party becomes greater than 66%, such Party shall be entitled to designate an additional member of the Operating Committee.

5.8 Lead Manager's Duties for Operating Committee Meetings

With respect to meetings of the Operating Committee and any subcommittee, the Lead Manager's duties shall include:

(1) timely preparation and distribution of the agenda;

(2) organization and conduct of the meeting;

(3) ensuring that sufficient information is available for informed decisions to be made; and

(4) preparation of a written record or minutes of each meeting.

5.9 Operating Committee Voting by Notice

(A) In lieu of a meeting, any member of the Operating Committee may submit any proposal to the Operating Committee for a vote by notice. The proposing Operating Committee member shall notify the other members describing the proposal so submitted and whether it considers such operational matter to require urgent determination. Such member shall include with such notice adequate documentation in connection with such proposal to enable the Operating Committee to make a decision. Each Operating Committee member shall communicate its vote by notice to the other members within one of the following appropriate time periods after receipt of such notice:

(1) 24 hours in the case of operations which involve the use of a drilling rig that is standing by in the Contract Area and such other operational matters reasonably considered by the Operator to require by their nature urgent determination (such operations and matters being referred to as "***Urgent Operational Matters***"); and

(2) ten (10) Days in the case of all other proposals.

(B) Except in the case of Article 5.9 (A) (1), any Operating Committee member may, by notice delivered to all Operating Committee members within seven (7) Days of receipt of a notice under (A) above, request that the proposal be decided at a meeting rather than by notice. In such an event, such proposal shall be decided at a meeting duly called for that purpose.

(C) Except as provided in Article 10, any Operating Committee member failing to communicate its vote in a timely manner shall be deemed to have voted against such proposal.

(D) If a meeting is not requested, then at the expiration of the appropriate time period, the Lead Manager shall give each Operating Committee member a confirmation notice stating the tabulation and results of the vote.

5.10 Operating Committee – Effect of Vote

All decisions taken by the Operating Committee shall be conclusive and binding on all the Parties, except in the following cases.

(A) If a Joint Operation has been properly proposed to the Operating Committee by an Operator, or if a Party has proposed a Joint Operation to the Operating

Committee (which either Party may do in its sole discretion at any time), the Operating Committee must present such Joint Operation for decision to the supervisory board of Scythian Energy if so required by Article 5.1. If no such supervisory board approval is required and the Operating Committee does not make a decision to proceed with the Joint Operation due to diverging views of the Parties, the matter shall be presented to the supervisory board of Scythian Energy for decision. In all cases presented to the supervisory board of Scythian Energy, only the supervisory board representatives of such Party that have voted in favor of the Joint Operation shall entitle such Party, for the appropriate period specified below, to propose, in accordance with Article 7, an Exclusive Operation involving operations essentially the same as those proposed for such Joint Operation, provided that such Joint Operation falls under Article 7.1 (C).

(1) For proposals related to Urgent Operational Matters, such right shall be exercisable for twenty-four (24) hours after the time specified in Article 5.9 (A) (1) has expired or after receipt of Operator's notice given to the Parties pursuant to Article 5.9 (D), as applicable.

(2) For proposals to develop a Discovery, such right shall be exercisable for one (1) month after the date the Operating Committee was required to consider such proposal pursuant to Article 5.1 (B) or Article 5.9.

(3) For all other proposals, such right shall be exercisable for one (1) month after the date the Operating Committee was required to consider such proposal pursuant to Article 5.1 (B) or Article 5.9.

(B) Once a Joint Operation for the drilling, Deepening, Testing, Sidetracking, Plugging Back, Completing, Recompleting, Reworking, or plugging of a well has been approved and commenced, such operation shall not be discontinued without the consent of the Operating Committee; provided, however, that such operation may be discontinued if:

(1) an impenetrable substance or other condition in the hole is encountered which in the reasonable judgment of Operator causes the continuation of such operation to be impractical; or

(2) other circumstances occur which in the reasonable judgment of Operator cause the continuation of such operation to be unwarranted and the Operating Committee, within the applicable period required under Article 5.9 or the Operating Committee by-laws, approves discontinuing such operation.

On the occurrence of either of the above, Operator shall promptly notify the Operating Committee members that such operation is being discontinued pursuant to the foregoing, and any Party shall have the right to propose in accordance with Article 7 an Exclusive Operation to continue such operation; provided, however that the supervisory board of Scythian Energy prior thereto shall make a decision as set out in (A) above.

6. WORK PROGRAMS AND BUDGETS

6.1 General

(A) The Work Program and Budget for 2008 agreed by the Parties is attached as Exhibit 6.1 hereto and is deemed to have been approved by the supervisory board of Scythian Energy.

(B) On or before August 1 of each Calendar Year, Operator shall deliver to the Parties a proposed Work Program and Budget detailing the Joint Operations to be performed for the following two (2) Calendar Years along with a general outline for a 5-year Calendar Year time period. Within four (4) months of such delivery, the Operating Committee and then the supervisory board of Scythian Energy shall meet to consider and shall endeavor to agree on a Work Program and Budget.

6.2 Exploration and Appraisal

(A) If a Discovery is made, Operator shall deliver any notice of Discovery required under the Contract and shall as soon as possible submit to the Operating Committee members a report containing available details concerning the Discovery and Operator's recommendation as to whether the Discovery merits appraisal. If the Operating Committee determines that the Discovery merits appraisal, the Operating Committee shall procure that the Operator shall deliver to the Operating Committee expeditiously and no later than within thirty (30) Days a proposed Work Program and Budget for the appraisal of the Discovery, which proposal the Operating Committee shall immediately deliver to the Scythian Energy supervisory board and Parties. The Operating Committee and then the Scythian Energy supervisory board shall meet in a timely manner to consider, modify and then either approve or reject the appraisal Work Program and Budget, taking into consideration requirements under the Contract. If the appraisal Work Program and Budget is approved by the Operating Committee and by the supervisory board of Scythian Energy in accordance with Article 5.1 (B), Operator shall take such steps as may be required under the Contract to secure approval of the appraisal Work Program and Budget by the Government, and the Parties shall through their representatives in the management committee seek the approval of CrymGeologia under the Contract. In the event CrymGeologia or the Government requires changes in the appraisal Work Program and Budget, the matter shall be resubmitted to the Operating Committee for further consideration.

(B) Any approved Work Program and Budget may be revised by the Operating Committee from time to time, always subject to approval by the supervisory board of Scythian Energy. To the extent such revisions are approved by the Operating Committee and the supervisory board of Scythian Energy, the Work Program and Budget shall be amended accordingly. Operator shall prepare and submit a corresponding work program and budget amendment to the

Government if required by the Contract.

(C) Subject to Article 6.9, approval of any such Work Program and Budget which includes:

(1) an Exploration Well, whether by drilling, Deepening or Sidetracking, shall include approval for all expenditures necessary for drilling, Deepening or Sidetracking, as applicable, and Testing and Completing an Exploration Well.

(2) an Appraisal Well, whether by drilling, Deepening or Sidetracking, shall include approval for all expenditures necessary for drilling, Deepening or Sidetracking, as applicable, and Testing and Completing such Appraisal Well.

6.3 Development

(A) If the Operating Committee determines that a Discovery may be a Commercial Discovery, Operator shall, as soon as practicable, deliver to the Operating Committee members a Development Plan together with the first annual Work Program and Budget (or a multi-year Work Program and Budget pursuant to Article 6.6) and provisional Work Programs and Budgets for the remainder of the development of the Discovery, which shall contain, *inter alia*:

(1) details of the proposed work to be undertaken, personnel required and expenditures to be incurred, including the timing of same, on a Calendar Year basis;

(2) an estimated date for the commencement of production;

(3) a delineation of the proposed Exploitation Area; and

(4) any other information requested by the Operating Committee.

(B) After receipt of the Development Plan and prior to any applicable deadline under the Contract, the Operating Committee shall meet to consider, modify and then either approve or reject the Development Plan and the first annual Work Program and Budget for the development of a Discovery, as submitted by Operator. If the Operating Committee and the supervisory board of Scythian Energy determine that the Discovery is a Commercial Discovery and approves the corresponding Development Plan, Operator shall, as soon as possible, deliver any notice of Commercial Discovery required under the Contract and take such other steps as may be required under the Contract to secure approval of the Development Plan by the Government and the Parties shall seek via their representatives in the management committee the approval of CrymGeologia under the Contract. In the event CrymGeologia or the Government requires changes in the Development Plan, the matter shall be resubmitted to the Operating Committee for further consideration.

(C) If the Development Plan is approved, such work shall be incorporated into and form part of annual Work Programs and Budgets, and Operator shall, on or before August 1 of each Calendar Year submit a Work Program and Budget for the Exploitation Area, for the following Calendar Year. Subject to Article 6.6, the Operating Committee and the supervisory board of Scythian Energy shall endeavor to agree to such Work Program and Budget expeditiously and in no event later than within four (4) months of approval of the Development Plan, including any necessary or appropriate revisions to the Work Program and Budget for the approved Development Plan.

6.4 Production

On or before August 1 of each Calendar Year, Operator shall deliver to the Operating Committee members a proposed production Work Program and Budget detailing the Joint Operations to be performed in the Exploitation Area and the projected production schedule for the following Calendar Year. Within four (4) months of such delivery, the Operating Committee and then the supervisory board of Scythian Energy shall agree upon a production Work Program and Budget.

6.5 Itemization of Expenditures

(A) During the preparation of the proposed Work Programs and Budgets and Development Plans contemplated in this Article 6, Operator shall consult with the Operating Committee or the appropriate subcommittees regarding the contents of such Work Programs and Budgets and Development Plans.

(B) Each Work Program and Budget and Development Plan submitted by Operator shall contain an itemized estimate of the costs of Joint Operations and all other expenditures to be made for the Joint Account during the Calendar Year in question and shall, *inter alia*:

(1) identify each work category in sufficient detail to afford the ready identification of the nature, scope and duration of the activity in question;

(2) include such reasonable information regarding Operator's allocation procedures and estimated manpower costs as the Operating Committee may determine;

(3) comply with the requirements of the Contract;

(4) contain an estimate of funds to be expended by Calendar Quarter; and

(5) during the Exploration Period, provide a forecast of annual expenditures and activities through the end of the Exploration Period.

(C) The Work Program and Budget shall designate the portion or portions of the Contract Area in which Joint Operations itemized in such Work Program and

Budget are to be conducted and shall specify the kind and extent of such operations in such detail as the Operating Committee may deem suitable.

6.6 Multi-Year Work Program and Budget

Any work that cannot be efficiently completed within a single Calendar Year may be proposed in a multi-year Work Program and Budget. Upon approval by the Operating Committee, such multi-year Work Program and Budget shall, subject only to revisions approved by the Operating Committee thereafter: (i) remain in effect as between the Parties (and the associated cost estimate shall be a binding pro-rata obligation of each Party) through the completion of the work; and (ii) be reflected in each annual Work Program and Budget. If the Contract requires that Work Programs and Budgets be submitted to the Government for approval, such multi-year Work Program and Budget shall be submitted to the Government either in a single request for a multi-year approval or as part of the annual approval process, according to the terms of the Contract.

6.7 Contract Awards

Subject to the compliance with the relevant provisions in the Contracts, Operator shall award the contract to the best qualified contractor as determined by cost and ability to perform the contract without the obligation to tender and without informing or seeking the approval of the Operating Committee, except where required under the Operating Committee by-laws.

6.8 Authorization for Expenditure ("AFE") Procedure

(A) Prior to incurring any commitment or expenditure for the Joint Account, which is estimated to be:

(1) in excess of EUR 250,000 in an exploration or appraisal Work Program and Budget;

(2) in excess of EUR 500,000 in a development Work Program and Budget; and

(3) in excess of EUR 100,000 in a production Work Program and Budget,

Operator shall send to the Operating Committee an AFE as described in Article 6.8 (C). Notwithstanding the above, Operator shall not be obliged to furnish an AFE to the Operating Committee with respect to general and administrative costs that are listed as separate line items in an approved Work Program and Budget.

(B) Prior to making any expenditures or incurring any commitments for work subject to the AFE procedure in Article 6.8 (A), Operator shall obtain the approval of the Operating Committee to an AFE for cost and technical control purposes. An Operating Committee member may vote to disapprove an AFE issued in furtherance of an approved Work Program and Budget only if (i) some or all of the costs described in the AFE exceed the line items in the approved Work Program and Budget by more than is permitted under Article 6.9; (ii) the proposed terms of any third party contract described in the AFE do not approximate fair market terms; or (iii) in such member's good faith opinion, any material technical specifications contained in the AFE that are not in the approved Work Program and Budget are imprudent or are not supported by the known data about the formations being drilled. An Operating Committee member's vote shall be considered a vote to approve the AFE unless the member specifically describes one or more of the three reasons listed above as the basis for its vote of disapproval. If the Operating Committee approves an AFE for the operation within the applicable time period under Article 5.9 or the Operating Committee by-laws, and, if falling within the competence of the supervisory board of Scythian Energy pursuant to Article 5.1 (B) (7), if the AFE is approved by Scythian Energy's supervisory board, Operator shall be authorized to conduct the operation under the terms of this Agreement. If the Operating Committee fails to approve an AFE for the operation within ten (10) Days of submission for any reason as a result of the Operating Committee members having divergent views, each member of the Operating Committee shall be entitled to refer the matter to the Scythian Energy supervisory board for resolution. In the event that the Scythian Energy supervisory board cannot resolve the matter within 20 Days, the operation shall be deemed rejected, unless the AFE is in line with the Work Program and Budget, in which case the AFE shall be deemed to be approved. Subject to Article 7, any Party may in case of rejection of the AFE thereafter propose to conduct the operation as an Exclusive Operation under Article 7. When an operation is rejected under this Article 6.8 (B) or an operation is approved for differing amounts than those provided for in the applicable line items of the approved Work Program and Budget, the Work Program and Budget shall be deemed to be revised accordingly.

(C) Each AFE proposed by Operator shall:

(1) identify the operation by specific reference to the applicable line items in the Work Program and Budget;

(2) describe the work in detail;

(3) contain Operator's best estimate of the total funds required to carry out such work;

(4) outline the proposed work schedule;

(5) provide a timetable of expenditures, if known; and

(6) be accompanied by such other supporting information as is necessary for an informed decision.

6.9 Overexpenditures of Work Programs and Budgets

(A) For expenditures on any line item of an approved Work Program and Budget, Operator shall be entitled to incur without further approval of the Operating Committee an over-expenditure for such line item up to ten percent (10%) of the authorized amount for such line item; provided that the cumulative total of all over-expenditures for a Calendar Year shall not exceed five percent (5%) of the total annual Work Program and Budget in question.

(B) At such time Operator reasonably anticipates the limits of Article 6.9 (A) will be exceeded, Operator shall furnish to the Operating Committee a supplemental AFE for the estimated expenditures for the Operating Committee's approval, and Operator shall provide reasonable details of such over-expenditures. The Work Program and Budget shall be revised accordingly and the over-expenditures permitted in Article 6.9 (A) shall be based on the revised Work Program and Budget. Operator shall promptly give notice of the amounts of over-expenditures when actually incurred.

(C) The restrictions contained in this Article 6 shall be without prejudice to Operator's rights to make expenditures for Urgent Operational Matters and measures in case of an emergency as set out in Article 4.2 (B) (13) without the Operating Committee's approval.

7. OPERATIONS BY LESS THAN ALL PARTIES

7.1 Limitation on Applicability

(A) No operations may be conducted in furtherance of the Contract except as Joint Operations under Article 5 or as Exclusive Operations under this Article 7. No Exclusive Operation shall be conducted (other than the tie-in of Exclusive Operation facilities with existing production facilities pursuant to Article 7.8) which conflicts with a previously approved Joint Operation or with a previously approved Exclusive Operation.

(B) No Party may propose or conduct an Exclusive Operation under this Article 7 unless and until (i) the Scythian Energy supervisory board fails to include the proposed operation as Joint Operation and meeting(s) of Chief Executives of Parties fail to include the proposed operation as Joint Operation and (ii) such Party has properly exercised its right to propose an Exclusive Operation pursuant to Article 5.10, or is entitled to conduct an Exclusive Operation pursuant to Article 10.

(C) The following operations may be proposed and conducted as Exclusive Operations, subject to the terms of this Article 7 and applicable laws and regulations:

(1) drilling and/or Testing of Exploration Wells and Appraisal Wells;

(2) Completion of Exploration Wells and Appraisal Wells not then Completed as productive of Hydrocarbons;

(3) Deepening, Sidetracking, Plugging Back and/or Recompletion of Exploration Wells and Appraisal Wells;

(4) development of a Discovery;

(5) acquisition of G & G Data;

(6) any operations specifically authorized to be undertaken as an Exclusive Operation under Article 10;

(7) late field production beyond a previously determined abandonment condition;

(8) extension or renewal of a license.

No other type of operation may be proposed or conducted as an Exclusive Operation unless otherwise agreed.

7.2 Procedure to Propose Exclusive Operations

(A) Subject to Article 7.1, if any Party proposes to conduct an Exclusive Operation, such Party shall give notice of the proposed operation to the Non-Consenting Party, if and only if the latter has not relinquished its rights to participate in such operation pursuant to Article 7.4 (B) or Article 7.4 (F) and still has an option to reinstate such rights under Article 7.4 (C). Such notice shall specify that such operation is proposed as an Exclusive Operation and include the work to be performed, the location, the objectives, corporate and/or capital restructuring envisaged to implement such Exclusive Operation including whether and which Operating Subsidiary is to be involved and estimated cost of such operation.

(B) The Non-Consenting Party entitled to receive such notice shall have the right to participate in the proposed operation.

(1) For proposals to Deepen, Test, Complete, Sidetrack, Plug Back, Recomplete or Rework related to Urgent Operational Matters, the Non-Consenting Party wishing to exercise such right must so notify the proposing Party within twenty-four (24) hours after receipt of the notice proposing the Exclusive Operation.

(2) For all other proposals, the Non-Consenting Party wishing to exercise such right must so notify the proposing Party within four (4) weeks after receipt of the notice proposing the Exclusive Operation.

(C) Failure of the Non-Consenting Party to whom a proposal notice is delivered to properly reply within the period specified above or a rejection of participating in the proposed operation shall constitute an election by that Party not to participate in the proposed operation. The Parties agree that the Party proceeding with an Exclusive Operation (the "***Sole Risk Party***") shall be entitled to do so within 1 month after rejection by the other Party. Unless otherwise agreed between the Parties, Operator shall commence such Exclusive Operation as promptly as practicable and conduct it with due diligence based upon the instructions of the Sole Risk Party.

(D) If the Non-Consenting Party properly exercises its rights to participate, then the proposed operation shall be conducted as a Joint Operation. Operator shall commence such Joint Operation as promptly as practicable and conduct it with due diligence.

7.3 Responsibility for Exclusive Operations

(A) The Sole Risk Party shall bear the entire risk, cost and liability of conducting an Exclusive Operation and shall indemnify the Non-Consenting Party from any and all costs and liabilities incurred incident to such Exclusive Operation (including Consequential Loss and Environmental Loss) and shall keep the Contract Area free and clear of all liens and encumbrances of every kind created by or arising from such Exclusive Operation.

(B) Notwithstanding Article 7.3 (A), each Party shall continue to bear its Participating Interest share of the risk, cost and liability incident to the operations in which it participated, including plugging and abandoning and restoring the surface location, but only to the extent those costs were not increased by the Exclusive Operation.

7.4 Consequences of Exclusive Operations

(A) With regard to any Exclusive Operation, for so long as the Non-Consenting Party has the option under Article 7.4 (C) to reinstate the rights it relinquished under Article 7.4 (B), such Non-Consenting Party shall be entitled to have access concurrently with the Sole Risk Party to all data and other information relating to such Exclusive Operation, other than data obtained in an Exclusive Operation for the purpose of acquiring G & G Data. If the Non-Consenting Party desires to receive and acquire the right to use such G & G Data, then such Non-Consenting Party shall have the right to do so by paying to the Sole Risk Party its Participating Interest share as set out in Article 3.2 of the cost incurred in obtaining such G & G Data together with a premium to participate in Exclusive Operations as set out in Article 7.5 (B) (1).

(B) Subject to Article 7.4 (C), the Non-Consenting Party shall be deemed to have relinquished to the Sole Risk Party, and the Sole Risk Party shall be deemed to own:

(1) all of the Non-Consenting Party's right to participate in further

operations

(a) in the well or Deepened or Sidetracked portion of a well in which the Exclusive Operation was conducted and on any Discovery made or appraised in the course of such Exclusive Operation;

(b) after a previously determined abandonment condition and on any Discovery made or appraised in the course of such Exclusive Operation;

(c) after extension or renewal of licenses and on any Discovery made or appraised in the course of such Exclusive Operation; and

(2) all of the Non-Consenting Party's right pursuant to the Contract to take and dispose of Hydrocarbons produced and saved:

(a) from the well or Deepened or Sidetracked portion of a well in which such Exclusive Operation was conducted;

(b) from any wells drilled to appraise or develop a Discovery made or appraised in the course of such Exclusive Operation;

(c) from any late field production beyond a previously determined abandonment condition; and

(d) from any extension or renewal of a license.

(C) The Non-Consenting Party shall have only the following options to reinstate the rights it relinquished pursuant to Article 7.4 (B):

(1) If the Sole Risk Party decides to appraise a Discovery made in the course of an Exclusive Operation, the Sole Risk Party shall submit to the Non-Consenting Party the approved appraisal program. For 30 Days (or forty-eight (48) hours for Urgent Operational Matters) from receipt of such appraisal program, the Non-Consenting Party shall have the option to reinstate the rights it relinquished pursuant to Article 7.4 (B) and to participate in such appraisal program. The Non-Consenting Party may exercise such option by notifying Operator and the Sole Risk Party within the period specified above that such Non-Consenting Party agrees to bear its Participating Interest share of the expense and liability of such appraisal program, and to pay such amounts as set out in Articles 7.5 (A) and 7.5 (B).

(2) If the Sole Risk Party decides to develop a Discovery made or appraised in the course of an Exclusive Operation, the Sole Risk Party shall submit to the Non-Consenting Party a Development Plan substantially in the form intended to be submitted to the Government

under the Contract. For 30 Days from receipt of such Development Plan or such lesser period of time prescribed by the Contract, the Non-Consenting Party shall have the option to reinstate the rights it relinquished pursuant to Article 7.4 (B) and to participate in such Development Plan. The Non-Consenting Party may exercise such option by notifying Operator and the Sole Risk Party within the period specified above that such Non-Consenting Party agrees to bear its Participating Interest share of the liability and expense of such Development Plan and such future development, operating and producing costs, and to pay the amounts as set out in Articles 7.5 (A) and 7.5 (B).

(3) If the Sole Risk Party decides to Deepen, Complete, Sidetrack, Plug Back or Recomplete an Exclusive Well and such further operation was not included in the original proposal for such Exclusive Well, the Sole Risk Party shall submit to the Non-Consenting Party the approved AFE for such further operation. For 30 Days (or forty-eight (48) hours for Urgent Operational Matters) from receipt of such AFE, the Non-Consenting Party shall have the option to reinstate the rights it relinquished pursuant to Article 7.4 (B) and to participate in such operation. The Non-Consenting Party may exercise such option by notifying Operator and the Sole Risk Party within the period specified above that such Non-Consenting Party agrees to bear its Participating Interest share of the liability and expense of such further operation, and to pay the amounts as set out in Articles 7.5 (A) and 7.5 (B).

(4) If the Sole Risk Party decides to proceed with late field production beyond a previously determined abandonment condition studied and planned in the course of an Exclusive Operation, the Sole Risk Party shall submit to the Non-Consenting Party a Development Plan detailing how to obtain such late field production substantially in the form intended to be submitted to the Government under the Contract. For thirty (30) Days from receipt of such Development Plan or such lesser period of time prescribed by the Contract, the Non-Consenting Party shall have the option to reinstate the rights it relinquished pursuant to Article 7.4 (B) and to participate in such Development Plan. The Non-Consenting Party may exercise such option by notifying Operator and the Sole Risk Party within the period specified above that such Non-Consenting Party agrees to bear its Participating Interest share of the liability and expense of such Development Plan and such future development, operating and producing costs, and to pay the amounts as set out in Articles 7.5 (A) and 7.5 (B).

(5) If the Sole Risk Party decides to proceed with the extension or renewal of a license, the Sole Risk Party shall submit to the Non-Consenting Party a Proposal detailing how to obtain such extension or renewal and a Development Plan for the license area to be extended or renewed

substantially in the form intended to be submitted to the Government under the Contract. For thirty (30) Days from receipt of such proposal and Development Plan or such lesser period of time prescribed by the Contract, the Non-Consenting Party shall have the option to reinstate the rights it relinquished pursuant to Article 7.4 (B) and to participate in such Proposal and Development Plan. The Non-Consenting Party may exercise such option by notifying Operator and the Sole Risk Party within the period specified above that such Non-Consenting Party agrees to bear its Participating Interest share of the liability and expense of such Proposal and Development Plan and such future development, operating and producing costs, and to pay the amounts as set out in Articles 7.5 (A) and 7.5 (B).

The Non-Consenting Party shall not be entitled to reinstate its rights in any other type of operation.

(D) If the Non-Consenting Party does not properly and in a timely manner exercise its option under Article 7.4 (C), including paying all amounts due in accordance with Articles 7.5 (A) and 7.5 (B), such Non-Consenting Party shall have forfeited the options as set out in Article 7.4 (C) and the right to participate in the proposed program, unless such program, plan or operation is materially modified or expanded (in which case a new notice and option shall be given to such Non-Consenting Party under Article 7.4 (C)).

(E) The Non-Consenting Party exercising its option under Article 7.4 (C) shall notify the Sole Risk Party that it agrees to bear its share of the liability and expense of such further operation and to reimburse the amounts set out in Articles 7.5 (A) and 7.5 (B) that such Non-Consenting Party had not previously paid. Such Non-Consenting Party shall in no way be deemed to be entitled to any amounts paid pursuant to Articles 7.5 (A) and 7.5 (B) incident to such Exclusive Operations. The Participating Interest of such Non-Consenting Party in such Exclusive Operation shall be its Participating Interest pursuant to Article 3.2. Upon participation of the Non-Consenting Party in the proposed operation, such operation shall be conducted as a Joint Operation pursuant to Article 5.

(F) If after the expiry of the period in which the Non-Consenting Party may exercise its option to participate in a Development Plan, late field production after a previously determined abandonment condition or an extension or renewal of a license the Sole Risk Party desires to proceed, Operator shall give notice to the Government under the appropriate provision of the Contract requesting a meeting to advise the Government (i) that the Sole Risk Party considers the Discovery to be a Commercial Discovery, or (ii) that the Sole Risk Party considers that the field still warrants late production beyond a previously determined abandonment condition, or (iii) that the Sole Risk Party requests the extension or renewal of a license. Following such meeting such Operator for such development shall apply for an Exploitation Area (if applicable in the Contract). Unless the Development Plan is materially modified or expanded prior to the commencement of operations under such plan (in which case a new notice and option shall be given to the Non-Consenting Party under Article 7.4 (C)), the Non-Consenting Party to such Development Plan shall:

(1) if the Contract so allows, elect not to apply for an Exploitation Area covering such development and forfeit all interest in such Exploitation Area, or

(2) if the Contract does not so allow, be deemed to have:

(a) elected not to apply for an Exploitation Area covering such development;

(b) forfeited all economic interest in such Exploitation Area; and

(c) assumed a fiduciary duty to exercise its legal interest in such Exploitation Area for the benefit of the Sole Risk Party.

In either case such Non-Consenting Party shall be deemed to have withdrawn from this JMA to the extent it relates to such Exploitation Area, even if the Development Plan is modified or expanded subsequent to the commencement of operations under such Development Plan and shall be further deemed to have forfeited any right to participate in the construction and ownership of facilities outside such Exploitation Area designed solely for the use of such Exploitation Area.

7.5 Premium to Participate in Exclusive Operations

(A) The Non-Consenting Party shall

within thirty (30) Days of the exercise of its option under Article 7.4 (C), pay in immediately available funds to the Sole Risk Party a lump sum amount payable in the currency designated by the Sole Risk Party. Such lump sum amount shall be equal to such Non-Consenting Party's Participating Interest share of all liabilities and expenses that were incurred in every Exclusive Operation relating to the Discovery (or Exclusive Well or Development Plan, as the case may be) in which the Non-Consenting Party desires to reinstate the rights it relinquished pursuant to Article 7.4 (B), and that were not previously paid by such Non-Consenting Party.

(B) In addition to the payment required under Article 7.5 (A), immediately following the exercise of its option under Article 7.4 (C) the Non-Consenting Party shall be liable to reimburse the Sole Risk Party who took the risk of such Exclusive Operations an amount equal to the total of:

(1) three hundred percent (300%) of the Non-Consenting Party's Participating Interest share of all liabilities and expenses that were incurred in any Exclusive Operation relating to the obtaining of the

portion of the G & G Data which pertains to the Discovery, and that were not previously paid by such Non-Consenting Party; plus

(2) three hundred percent (300%) of the Non-Consenting Party's Participating Interest share of all liabilities and expenses that were incurred in any Exclusive Operation relating to the drilling, Deepening, Testing, Completing, Sidetracking, Plugging Back, Recompleting and Reworking of the Exploration Well which made the Discovery in which the Non-Consenting Party desires to reinstate the rights it relinquished pursuant to Article 7.4 (B), and that were not previously paid by such Non-Consenting Party; plus

(3) three hundred percent (300%) of the Non-Consenting Party's Participating Interest share of all liabilities and expenses that were incurred in any Exclusive Operation relating to the drilling, Deepening, Testing, Completing, Sidetracking, Plugging Back, Recompleting and Reworking of the Appraisal Well(s) which delineated the Discovery in which the Non-Consenting Party desires to reinstate the rights it relinquished pursuant to Article 7.4 (B), and that were not previously paid by such Non-Consenting Party; plus

(4) three hundred percent (300%) of other costs incurred in field development studies or other expenditures in order to firm up feasibility of late field life production after a previously defined abandonment condition and/or extension or renewal of a license.

(C) The Non-Consenting Party who is liable for the amounts set out in Article 7.5 (A) and (B) shall within thirty (30) Days of the exercise of its option under Article 7.4 (C), pay in immediately available funds the full amount due from it under Article 7.5 (A) and (B) to the Sole Risk Party, in the currency designated by the Sole Risk Party. Upon the mutual written agreement of the Parties, such reimbursement to the Sole Risk Party may be paid by the Non-Consenting Party to the Operator and thereby automatically reduce the Sole Risk Party's funding obligations with respect to all future costs otherwise to be carried by the Sole Risk Party.

(D) The Non-Consenting Party exercising its option under Article 7.4 (C) shall be entitled to all Hydrocarbons derived from reimbursements made under Article 7.5 (A). Such Non-Consenting Party shall not be entitled to Hydrocarbons associated with payments made under Article 7.5 (B).

7.6 Stand-By Costs

(A) When an operation has been performed, all tests have been conducted and the results of such tests furnished to the Parties, stand by costs incurred pending response to any Party's notice proposing an Exclusive Operation for Deepening, Testing, Sidetracking, Completing, Plugging Back, Recompleting, Reworking or other further operation in such well shall be charged and borne as part of the operation just completed. Stand by costs incurred subsequent to all Parties responding, or expiration of the response time permitted, whichever first occurs, shall be charged to and borne by the Party proposing the Exclusive Operation regardless of whether such Exclusive Operation is actually conducted.

(B) If a further operation related to Urgent Operational Matters is proposed while the drilling rig to be utilized is on location, any Party may request and receive up to five (5) additional Days after expiration of the applicable response period specified in Article 7.2 (B) (1) within which to respond by notifying Operator and the Operating Committee that such Party agrees to bear all stand by costs and other costs incurred during such extended response period. Operator may require such Party to pay the estimated stand by costs in advance as a condition to extending the response period.

7.7 Use of Property

The Party participating in any Deepening, Testing, Completing, Sidetracking, Plugging Back, Recompleting or Reworking of any well drilled under this JMA or using any field equipment under this JMA shall be permitted to use (free of cost) all casing, tubing and other equipment in the well and field equipment that is not needed for operations by the owners of such equipment, but the ownership of all such equipment shall remain unchanged. On abandonment of a well or field equipment in which operations with differing participation have been conducted, the Party abandoning the well or field equipment shall account for all equipment to the entity owning such equipment by tendering to such entity the value of such equipment less the cost of salvage.

7.8 Lost Production During Tie-In of Exclusive Operation Facilities

(A) If, during the tie-in of Exclusive Operation facilities with the existing production facilities of another operation, the production of Hydrocarbons from such other pre-existing operations is lessened or permanently lost as a result, then the Sole Risk Party shall compensate the Non-Consenting Party to such existing operation for such loss of production in the following manner. Operator shall determine the amount by which each Day's production during the tie-in of Exclusive Operation facilities falls below the previous month's average daily production or is permanently lost from the existing production facilities of such operation. The so-determined amount of lost production shall be recovered by the Non-Consenting Party who experienced such loss in proportion to its respective Participating Interest. Upon completion of the tie-in, such lost production shall be recovered in full by Operator deducting up to one hundred percent (100%) of the production from the Exclusive Operation, prior to the Sole Risk Party being entitled to receive any such production.

(B) With respect to capacity limitations, production from Joint Operations shall have priority over production from Sole Risk activities.

7.9 Conduct of Exclusive Operations

(A) Each Exclusive Operation shall be carried out by the Sole Risk Party acting as the Operating Committee and shall be implemented by the Operator. The provisions of this JMA shall apply *mutatis mutandis* to such Exclusive Operation and shall be subject to the terms and conditions of the Contract. The Non-Consenting Party shall be obligated to vote in accordance with the vote of the Sole Risk Party within the management committee under the relevant Contract.

(B) The computation of liabilities and expenses incurred in Exclusive Operations, including the liabilities and expenses of Operator for conducting such operations, shall be made in accordance with the principles set out in the Accounting Procedure.

(C) Operator shall maintain separate books, financial records and accounts for Exclusive Operations which shall be subject to the same rights of audit and examination as the Joint Account and related records, all as provided in the Accounting Procedure. Said rights of audit and examination shall extend to the Sole Risk Party and the Non-Consenting Parties so long as the latter are, or may be, entitled to elect to participate in such Exclusive Operations.

(D) Operator, if it is conducting an Exclusive Operation for the Sole Risk Party, shall be entitled to request cash advances and shall not be required to use its own funds to pay any cost and expense and shall not be obliged to commence or continue Exclusive Operations until cash advances requested have been made, and the Accounting Procedure shall apply to Operator in respect of any Exclusive Operations conducted by it.

(E) Should the submission of a Development Plan be approved in accordance with Article 6.3, or should any Party propose (but not yet have the right to commence) a development in accordance with this Article 7 where neither the Development Plan nor the development proposal call for the conduct of additional appraisal drilling, and should any Party wish to drill an additional Appraisal Well prior to development, then the Party proposing the Appraisal Well as an Exclusive Operation shall be entitled to proceed first, but without the right (subject to the following sentence) to future reimbursement pursuant to Article 7.5. If such an Appraisal Well is produced, the Sole Risk Party shall own and have the right to take in kind and separately dispose of Hydrocarbons from such Appraisal Well until the value received in sales to purchasers in arm-length transactions equals one hundred percent (100%) of such Non-Consenting Party's Participating Interest shares of all liabilities and expenses that were incurred in any Exclusive Operations relating to the Appraisal Well. Following the completion of drilling such Appraisal Well as an Exclusive Operation, the Parties may proceed with the approved Development Plan, or (if applicable) the Parties may complete the procedures to propose an Exclusive Operation to develop a Discovery.

(F) The Parties agree and acknowledge that the particular corporate framework of implementing Exclusive Operations is not specified herein. The Parties agree that the Sole Risk Party shall be entitled to choose the most appropriate framework for conducting the Exclusive Operations and the Non-Consenting Party agrees to provide all necessary assistance and approvals in establishing the requisite framework for conducting such Exclusive Operations. Without limiting the foregoing, examples of framework structures from which the Sole Risk Party may choose include the following: (i) conducting Exclusive Operations within the currently envisaged corporate structure of the JVA; (ii) conducting Exclusive Operations via a newly formed subsidiary fully-owned by the Sole Risk Party; and (iii) creating new classes of shares in existing Subsidiaries and conducting Exclusive Operations via such Subsidiaries. The Parties further agree that the Scythian Energy supervisory board may consider this topic from time to time and reach agreement on the most appropriate framework alternatives for implementing different exclusive operation scenarios.

8. DEFAULT

8.1 Default and Notice

(A) Any Party that fails to:

(1) pay when due its share of Joint Account expenses (including cash advances pursuant to cash calls (regardless whether in the form of loans or equity under the Accounting Procedure)) and interest and/or amounts that the Party otherwise has failed to pay when due under the JVA and/or the JMA;

(2) obtain and maintain any Security required of such Party under the Contract or this JMA;

shall be in default under this JMA (a ***"Defaulting Party"***). The relevant Subsidiary, or the Party not in default (the "***Non-Defaulting Party***") upon learning of the same, shall promptly give notice of such default (the ***"Default Notice"***) to the Defaulting Party and, in the case of the relevant Subsidiary, to the Non-Defaulting Party.

(B) For the purposes of this Article 8, ***"Default Period"*** means the period beginning five (5) Business Days from the date that the Default Notice is issued in accordance with this Article 8.1 and ending when all the Defaulting Party's defaults pursuant to this Article 8.1 (A) have been remedied in full.

8.2 Meetings and Data

(A) Notwithstanding any other provision of this JMA, neither the Defaulting Party nor members of corporate bodies of Subsidiaries, their subcommittees or

Operating Committee nominated by the Defaulting Party shall have any right, during the Default Period, to:

(1) call or attend meetings of (a) the Operating Committee, (b) any subcommittee, (c) any of the corporate bodies of the Subsidiaries or (d) any management or other committee under the Contracts; except in each case where prohibited by mandatory law;

(2) vote on any matter coming before (a) the Scythian Energy supervisory board, (b) the Operating Committee, (c) any subcommittee, (d) any of the corporate bodies of the Subsidiaries or (e) any management or other committee under the Contracts; except in each case where prohibited by mandatory law;

(3) access any data or information relating to any operations under this JMA;

(4) consent to or reject data trades between the Parties and third parties, nor access any data received in such data trades;

(5) transfer its Participating Interest, except to the Non-Defaulting Party in accordance with this Article 8;

(6) consent to or reject any transfer or otherwise exercise any other rights in respect of transfers under this Article 8 or under Article 12;

(7) receive any cash from any Subsidiary (including dividends or loan repayment);

(8) purchase its Entitlement pursuant to Article 9; or

(9) withdraw from this JMA under Article 14.

(B) Notwithstanding any other provisions in this JMA, during the Default Period:

(1) unless agreed otherwise by the Non-Defaulting Party, the voting interest of such Non-Defaulting Party shall be equal to a 100% Participating Interest;

(2) any matters requiring a unanimous vote or approval of the Parties shall not require the vote or approval of the Defaulting Party;

(3) the Defaulting Party shall be deemed to have elected not to participate in any operations that are voted upon during the Default Period, to the extent such an election would be permitted by Article 5.10 and Article 7; and

(4) the Defaulting Party shall be deemed to have approved, and shall join with the Non-Defaulting Party in taking, any other actions voted on

during the Default Period.

8.3 Allocation of Defaulted Accounts

(A) In the event of Article 8.1 (A), the Party (or the Subsidiary) providing the Default Notice pursuant to Article 8.1 shall include in the Default Notice a statement of: (i) the sum of money that the Non-Defaulting Party shall pay as the Amount in Default; and (ii) if the Defaulting Party has failed to obtain or maintain any Security required of such Party for conducting Joint Operations in full force and effect, the type and amount of the Security the Non-Defaulting Party shall post or the funds they shall pay in order to allow the Subsidiary to post and maintain such Security. Unless otherwise agreed, the obligations for which the Defaulting Party is in default towards a Subsidiary shall be satisfied by the Non-Defaulting Party in full. For the purposes of this Article 8:

"Amount in Default" means the Defaulting Party's share of Joint Account expenses which the Defaulting Party has failed to pay when due pursuant to the terms of this JMA (but excluding any interest owed on such amount) and/or amounts that the Defaulting Party otherwise has failed to pay when due under the JVA and/or this JMA; provided, however that such expenses and/or amounts otherwise payable by the Defaulting Party to a Subsidiary have been actually paid or borne by the Non-Defaulting Party. For the avoidance of doubt, in the event that the Joint Account Expenses are funded by loans from Parties to a Subsidiary, the Non-Defaulting Party shall be required to provide the loan constituting the Amount in Default to such Subsidiary on behalf of the Defaulting Party to constitute a default under this Article 8; and

"Total Amount in Default" means the following amounts: (i) the Amount in Default; (ii) third-party costs of obtaining and maintaining any Security incurred by the Non-Defaulting Party or the funds paid by such Party in order to allow Operator to obtain or maintain Security, in accordance with Article 8.3 (A) (ii); plus (iii) any interest at the Agreed Interest Rate accrued on the amount under (i) from the date this amount is due by the Defaulting Party until paid in full by the Defaulting Party and on the amount under (ii) from the date this amount is incurred by the Non-Defaulting Party until paid in full by the Defaulting Party. Without prejudice to the rights of the Parties set out in this Article 8, the Total Amount in Default shall be deemed to have been reduced by such amount(s) with respect to which a default has been remedied from time to time by the Defaulting Party in accordance with the provisions of this Article 8.

(B) In the event of Article 8.1, if the Defaulting Party remedies its default in full before the Default Period commences, the notifying Party (or notifying Subsidiary) shall promptly notify the Non-Defaulting Party by facsimile or telephone and by email, and the Non-Defaulting Party shall be relieved of any obligations that may arise under Article 8.3 (A), with any monies paid by the Non-Defaulting Party to the Subsidiary to be returned to such Non-Defaulting Party unless, upon the mutual written agreement of the relevant Subsidiary to which payment is owing from the Defaulting Party and the Non-Defaulting Party, appropriate adjustments are made with respect to future funding obligations of the Non-Defaulting Party vis-à-vis such Subsidiary. If the Defaulting Party does not so remedy its default, and the default relates to expenses and/or amounts otherwise payable by the Defaulting Party to a Subsidiary, the Non-Defaulting Party shall satisfy its obligations under Article 8.3 (A) (i) before the Default Period commences and its obligations under Article 8.3 (A) (ii) within ten (10) Days following the Default Notice. If the Non-Defaulting Party fails to timely satisfy such obligations, commencement of the Default Period shall be deemed to have been deferred until the Non-Defaulting Party satisfies its obligations hereunder.

8.4 Remedies

(A) During the Default Period, the Defaulting Party shall not have a right to receive any payments (including dividends or loan repayment from any Subsidiary). During the Default Period, the Non-Defaulting Party shall have the right to instruct the relevant Subsidiary to pay the Defaulting Party's share of any payments (including any dividend declared by Scythian Energy or loan repayment) to the Non-Defaulting Party (in payment of first the Agreed Interest Rate and then the penalty, if applicable pursuant to 1st paragraph of Article 8.4 (B) below, and then the principal), until all such Total Amount in Default is recovered. Any surplus in such payments remaining shall be paid to the Defaulting Party, and as a result of such recovery of the Total Amount in Default, the default shall be deemed to have been remedied in full. Any deficiency shall remain a debt due from the Defaulting Party to the Non-Defaulting Party and shall constitute the revised Amount in Default.

(B) In the event of Article 8.1 (A), if a Defaulting Party fails to fully remedy all its defaults by the thirtieth (30th) Day following the date of the commencement of the Default Period, then, without prejudice to any other rights available to the Non-Defaulting Party to recover the Total Amount in Default, the Defaulting Party can remedy its Default in full by paying the Total Amount in Default together with a penalty of twenty percent (20%) of the Amount in Default to the Non-Defaulting Party by no later than the ninetieth (90th) Day following the date of the commencement of Default Period. Upon the mutual written agreement of the Parties, such remediation may be effected by making necessary adjustments in subsequent funding obligations of the Parties to achieve a net funding position of each of the Parties corresponding to each Party's Participating Interest immediately prior to the default and having the Defaulting Party paying only the interest and twenty percent (20%) penalty of the Total Amount in Default to the Non-Defaulting Party.

In the event that the Defaulting Party fails to fully remedy all its defaults by the ninetieth (90th) Day immediately following the date of the commencement of the Default Period, the Defaulting Party shall be deemed to have granted to the Non-Defaulting Party the right and option to acquire (the ***"Buy-Out Option"***) that percentage of the Defaulting Party's Participating Interest equaling the Amount in Default divided by 50% of the Appraised Value as determined in this Article 8.4 (B) (the "***Default Participating Interest***") for no consideration. The Parties agree and acknowledge that no consideration shall be owing from the Non-Defaulting Party to the Defaulting Party since (i) in the case the default relates to a payment owing from the Defaulting Party to a Subsidiary the Non-Defaulting Party has fulfilled such payment obligation and (ii) in the case of a default other than a payment owing from the Defaulting Party to a Subsidiary, the Non-Defaulting Party has suffered damages. If the Default Participating Interest is higher than the Defaulting Party's Participating Interest, the Default Participating Interest shall be deemed to be the Participating Interest of the Defaulting Party. If the Default Participating Interest is a negative number, then the Defaulting Participating Interest shall be deemed to be the Participating Interest of the Defaulting Party. In the event that the Buy-Out Option is exercised pursuant to this Article 8, a percentage of all Loan Note(s) owed by any Subsidiary to the Defaulting Party shall be automatically transferred for no consideration to the Non-Defaulting Party as corresponds to the percentage of the Defaulting Party's Participating Interest that is transferred to the Non-Defaulting Party as a result of the exercise of the Buy-Out Option; provided that the Defaulting Party shall carry any stamp duty that may become owing as a result of such transfer. For the avoidance of doubt, such percentage of all Loan Note(s) shall be transferred to the Non-Defaulting Party, and it shall not be permissible to carve out particular loans or have lower percentages for certain loans and higher percentages of other loans.

"***Appraised Value***" shall be the fair market value of the assets of all Subsidiaries determined in accordance with the generally accepted principles in the international oil and gas industry as of the date of issuing the Option Notice. Unless otherwise agreed by the Parties and/or so decided by the expert, the following guidelines will be used to determine the Appraised Value:

- discounted cash flow method at 15% discounting rate shall be used for valuing the assets;

- any capitalized investment (including any allocated revenue expense) shall be considered at book value as of the date of issuing the Option Notice;

- any capital work-in-progress shall be considered at book value;

- any expenses not allocated to joint activities under Contracts (e.g., general overhead, administrative expenses etc.) shall be disregarded;

- any fixed asset shall be valued at the book value (i.e. net of depreciation);

- net position of working capital i.e. current assets (e.g. cash-in-hand) less current liabilities (e.g. accounts payable to suppliers) shall be considered in the valuation;

- cash flows from a discovered field shall be based on 2P reserves. 2P reserves refer to the sum of proved and probable developed net reserves (excluding reserves share of CrymGeologia) of the fields according to the definition and methodology approved by the Society of Petroleum Engineers (SPE);

- impact of Ukrainian and Dutch corporate taxes shall be appropriately considered;

- investments in any license/field/activity which have been relinquished and/or aborted and/or agreed to be as unsuccessful, as the case may be, shall be disregarded;

- loans owed by Subsidiaries to Parties shall not be considered;

- the Appraised Value shall be reduced by the total amount of loans owed by Subsidiaries to third party entities that are not Parties or Affiliates within the meaning of this JMA;

- the expert shall be entitled to take account of any other factors that the expert reasonably believes should be taken into account unless explicitly excluded above.

By way of example, if the Appraised Value is EUR four million (EUR 4,000,000 for 100% of the shares in Scythian Energy), the Participating Interest is 50% and the Amount in Default together with the costs of the expert to obtain the valuation is EUR five hundred thousand (EUR 500,000), the Default Participating Interest would be twenty-five percent (25%) [i.e. equaling 500,000/(0.5*4,000,000)] shareholding in Scythian Energy and no consideration would be payable from the Non-Defaulting Party to the Defaulting Party. As a result of the exercise of the Buy-Out Option, the Non-Defaulting Party would hold seventy-five percent (75%) of the shares in Scythian Energy. Furthermore, if the loans owed by Subsidiaries as of the date of issuing the Option Notice are EUR 10 million to each Party, the loans owed by Subsidiaries after exercising the Buy-Out Option shall be EUR 15 million to the Non-Defaulting Party and EUR 5 million to the Defaulting Party.

If a Defaulting Party fails to remedy its default by the ninetieth (90th) Day following the date of the commencement of the Default Period, then, without prejudice to any other rights available to the Non-Defaulting Party to recover the Total Amount in Default the Non-Defaulting Party may, but shall not be obligated to, exercise such Buy-Out Option by notice to the Defaulting Party (the ***"Option Notice"***). The Defaulting Party shall be obligated to transfer, effective on the date of the Option Notice, the Default Participating Interest to the Non-Defaulting Party having exercised the Buy-Out Option (the ***"Acquiring Party"***). Within five (5) Days of the Option Notice, the Defaulting Party shall (i) notify the Acquiring Party that it accepts the Appraised Value specified by the Acquiring Party in its Option Notice or (ii) refer the Dispute to an independent expert pursuant to Article 19.3 for determination of the Appraised Value (in which case the ***"Amount in Default"*** shall have added to it the cost of the expert to obtain such valuation). If the Defaulting Party fails to so notify the Acquiring Party, then the Defaulting Party shall be deemed to have accepted the Acquiring Party's proposed value as the Appraised Value.

The Parties shall be obligated to implement the transfer of the Default Participating Interest within ten (10) Days of the Appraised Value being accepted or determined pursuant to the previous paragraph. The corresponding percentage of the loans owed by the Subsidiaries to the Defaulting Party that are automatically transferred to the Non-Defaulting Party shall be deemed to have been so transferred effective on the date of the Option Notice. With effective transfer of the shares in Scythian Energy pursuant to the Buy-Out Option and the corresponding percentage of loans owed by the Subsidiaries from the Defaulting Party to the Non-Defaulting Party, the Defaulting Party shall be deemed to have remedied its defaults with respect thereto.

(C) In addition to the other remedies available to the Non-Defaulting Party under this Article 8 and any other rights available to the Non-Defaulting Party to recover its portion of the Total Amount in Default (but not simultaneously with exercising of the Buy-Out Option), in the event a Defaulting Party fails to remedy its default within thirty (30) Days of the Default Notice, the Non-Defaulting Party may elect to enforce a mortgage and security interest on the Defaulting Party's Participating Interest as set forth below.

(1) On the date of the commencement of the Default Period, the Defaulting Party shall be deemed to have granted to the Non-Defaulting Party, in pro rata shares based on their relative Participating Interests, a mortgage and security interest on its Participating Interest, whether now owned or hereafter acquired, together with all products and proceeds derived from that Participating Interest as well as all loan repayment obligations owed by the Subsidiaries under the Loan Notes (collectively, the ***"Collateral"***) as security for the payment of the Total Amount in Default.

(2) Should a Defaulting Party fail to remedy its default by the ninetieth (90th) Day following the date of commencement of the Default Period, then the Non-Defaulting Party shall have the option, exercisable at any time thereafter during the Default Period but until the date of serving a notice for Buy-Out Option pursuant to Article 8.4 (B) above, to foreclose its mortgage and security interest against its pro rata share of the Collateral by any means permitted under the JVA, the Contract, this JMA or the Laws / Regulations and to sell all or any part of that Collateral in public or private sale after providing the Defaulting Party and other creditors with any notice required by the JVA, the Contract, this JMA or the Laws / Regulations. Except as may be prohibited by the

JVA, Contract or the Laws / Regulations, the Non-Defaulting Party that forecloses its mortgage and security interest shall be entitled to become the purchaser of the Collateral sold and shall have the right to credit toward the Total Amount in Default. Any deficiency in the amounts received by the foreclosing party shall remain a debt due by the Defaulting Party. The foreclosure of mortgages and security interests by the Non-Defaulting Party shall not in any way limit the rights or remedies available to it with respect to the remaining Total Amount in Default. Each Party agrees that, should it become a Defaulting Party, it waives the benefit of any stay, extension or redemption law and any other debtor protection law that otherwise could be invoked to prevent or hinder the enforcement of the mortgage and security interest granted above.

(3) Each Party agrees to execute such memoranda, financing statements and other documents, and make such filings and registrations, as may be reasonably necessary to establish and perfect, validate and provide notice of the mortgages and security interests granted by this Article 8.4 (C).

(4) For the purpose of avoidance of doubt, it is agreed that the Non-Defaulting Party's rights to enforce a security and mortgage interest shall be deemed to have expired on the date, when the Defaulting Party has remedied its default in full in pursuant to the provisions of this Article 8.

(D) For purposes of Articles 8.4 (B) and 8.4 (C), the Defaulting Party shall, without delay following any request from the Non-Defaulting Party, do any act required to be done by the Laws / Regulations and any other applicable laws in order to render the transfer of its Participating Interest and Loan Notes legally valid, including obtaining all governmental consents and approvals, and shall execute any document and take such other actions as may be necessary in order to effect a prompt and valid transfer. The Defaulting Party shall be obligated to promptly remove any liens and encumbrances which may exist on its assigned Participating Interest. In the event all Government approvals are not timely obtained, the Defaulting Party shall hold the Default Participating Interest in trust for the Non-Defaulting Party which is entitled to receive it.

(E) The Non-Defaulting Party shall be entitled to recover from the Defaulting Party all reasonable attorneys' fees and all other reasonable costs sustained in the collection of amounts owing by the Defaulting Party.

(F) The rights and remedies granted to the Non-Defaulting Party in this Article 8 shall be in addition to any other rights and remedies that may be available to the Non-Defaulting Party, whether under this JMA, at law, in equity or otherwise. Each right and remedy available to the Non-Defaulting Party may be exercised from time to time and so often and in such order as may be considered expedient by the Non-Defaulting Party in its sole discretion.

8.5 Survival

The obligations of the Defaulting Party and the rights of the Non-Defaulting Party shall survive the surrender of the Contract, abandonment of Joint Operations and termination of this JMA.

8.6 No Right of Set Off

Subject to the right of set off under the JVA, each Party acknowledges and accepts that a fundamental principle of this JMA is that each Party pays its Participating Interest share of all amounts due under this JMA as and when required. Accordingly, any Party which becomes a Defaulting Party undertakes that, in respect of either any exercise by the Non-Defaulting Party of any rights under or the application of any of the provisions of this Article 8, such Party hereby waives any right to raise by way of set off or invoke as a defense, whether in law or equity, any failure by any other Party to pay amounts due and owing under JVA, this JMA or any alleged claim that such Party may have against Operator or any Party, whether such claim arises under JVA, this JMA or otherwise. Each Party further agrees that the nature and the amount of the remedies granted to the Non-Defaulting Party hereunder are reasonable and appropriate in the circumstances.

8.7 Mutual Co-operation for Long Term Sustainability of the Relationship

Without prejudice to the Non-Defaulting Party's rights under this JMA, the Parties hereby recognize that a continuing relationship will mutually benefit the Parties in the long term. The Non-Defaulting Party, at its sole and unfettered discretion, may consider such measures, as may be feasible to achieve this objective. In the event that any measure is implemented upon the mutual written agreement of the Parties, the provisions of this Article 8 may not apply or may be waived as expressly provided in such written agreement.

9. DISPOSITION OF PRODUCTION

9.1 Right and Obligation to Take in Kind

Except as otherwise provided in Article 8, each Party shall have the right to purchase its Entitlement from the relevant Operating Subsidiary at fair market price; provided, however, that where both Parties agree to purchase their Entitlement from the relevant Operating Subsidiary, an alternative purchase price structure shall apply, details of which are to be agreed upon and to reflect compliance with applicable law. In case of disagreement on the alternative price structure, the Parties shall have the right to purchase its Entitlement from the relevant Operating Subsidiary at fair market price. The Parties agree that marketing of Entitlement shall principally be completed by the relevant Operating Subsidiary.

10. ABANDONMENT

10.1 Abandonment of Wells Drilled as Joint Operations

(A) A decision to plug and abandon any well which has been drilled as a Joint Operation shall require the approval of the Operating Committee.

(B) Should any Operating Committee member fail to reply within the period prescribed in Article 5.9 (A) (1) or Article 5.9 (A) (2), whichever is applicable, after delivery of notice of Operator's proposal to plug and abandon such well, such Operating Committee member shall be deemed to have consented to the proposed abandonment.

(C) Article 5.10 (A) shall govern Exclusive Operations in the wellbore proposed by a Party. If no Exclusive Operation is timely proposed, or if an Exclusive Operation is timely proposed but is not commenced within the applicable time periods under Article 7.2 (B) and (C), such well shall be plugged and abandoned.

(D) Any well plugged and abandoned under this JMA shall be plugged and abandoned in accordance with the Laws / Regulations and at the cost, risk and expense of the Parties who participated in the cost of drilling such well.

10.2 Abandonment of Exclusive Operations

This Article 10 shall apply *mutatis mutandis* to the abandonment of an Exclusive Well or any well in which an Exclusive Operation has been conducted (in which event all Parties having the right to conduct further operations in such well shall be notified and have the opportunity to conduct Exclusive Operations in the well in accordance with the provisions of this Article 10).

10.3 Liquidation

With respect to the liquidation of any Subsidiaries the Parties shall bear all costs in proportion to their Participating Interest, including with respect to employees and, without prejudice to Article 10.1, other abandonment obligations; provided, however, that solely Transeuro shall pay such abandonment costs relating to abandonment obligations existing prior to the Closing Date. Any decision on liquidation shall require the unanimous decision of the Parties. In case of disagreement with respect to liquidation, the deadlock provisions set forth in Article 12 shall apply.

11. SURRENDER, EXTENSIONS AND RENEWALS

11.1 Surrender

(A) If the Contract requires the Parties to surrender any portion of the Contract Area, Operator shall advise the Operating Committee and Scythian Energy supervisory board of such requirement at least one hundred and twenty (120) Days in advance of the earlier of the date for filing irrevocable notice of such surrender or the date of such surrender. Prior to the end of such period, the Scythian Energy supervisory board shall determine pursuant to Article 5 the size and shape of the surrendered area, consistent with the requirements of the Contract. If a sufficient vote of the Scythian Energy supervisory board cannot be attained, then the proposal supported by a simple majority of the Participating Interests shall be adopted. In the event of a tie, Operator shall choose among the proposals receiving the largest aggregate Participating Interest vote. The Parties shall execute any and all documents and take such other actions as may be necessary to effect the surrender. Each Party renounces all claims and causes of action against Operator and the other Party on account of any area surrendered in accordance with the foregoing but against its recommendation if Hydrocarbons are subsequently discovered under the surrendered area.

(B) A surrender of all or any part of the Contract Area which is not required by the Contract shall require the unanimous consent of the Parties.

12. TRANSFER OF INTEREST OR RIGHTS / DEADLOCK

12.1 Restriction on Transfer and Encumbrance

Without prejudice to the provisions of Articles 8 and 13, the provisions of this Article 12.1 through 12.7 apply in relation to any transfer, or proposed transfer, of shares in Scythian Energy ("***Shares***"), any interest in the Shares and Loan Notes. Except as otherwise expressly provided for in this JMA, no Party shall:

(A) sell, transfer, dispose of or otherwise deal with any right or interest in any Shares (including the grant of any option over any Shares) and/or Loan Notes; or

(B) create or permit to exist any Encumbrance over any Shares or any interest in any Shares and/or Loan Notes.

12.2 Sale of Shares to Affiliate

A selling Party (the "***Transferor***") is free to transfer all (but not some only) of its Shares and Loan Notes to an Affiliate (the "***Transferee***") provided that:

(A) the Transferor shall procure that if the Transferee ceases or proposes to cease to be an Affiliate, the Transferee shall prior to such cessation transfer all of its interest in the Shares and Loan Notes to the Transferor or to another Transferor's Affiliate and as part of such procurement obligation shall ensure that the Transferee prior to such transfer enters into an agreement with the

Transferor (a copy to be provided to the Continuing Party as defined below) on the re-transfer of such Shares and Loan Notes; and

(B) the Transferor shall be jointly and severally liable with the Transferee for the observance and performance of the obligations of the Transferee under this JMA as if it remained a Party hereto and if the Transferee (which must become a Party to this Agreement) subsequently transfers its Participating Interest to an Affiliate, the Party (being the original Transferor) shall remain jointly and severally liable with the second and any subsequent Transferees under this JMA as if they remained a Party hereto; and

(C) both the Transferee and RAG or Transeuro (depending on whose Affiliate the Transferee is), notwithstanding the transfer, shall be liable to the other Party for the Transferor's share of any costs and obligations (financial or otherwise) which have vested, matured or accrued under the provisions of this JMA prior to such transfer. Such obligations shall include any proposed expenditure approved by the Operating Committee (and if necessary by the supervisory board of Scythian Energy) prior to the Transferor notifying the other Party of its proposed transfer and shall also include costs of plugging and abandoning wells or portions of wells and decommissioning facilities in which the Transferor participated (or with respect to which it was required to bear a share of the costs pursuant to this sentence) to the extent such costs are payable by the Parties under this JMA;

(D) the Transferor at the same time transfers the Loan Notes to the Transferee;

(E) in case of successive transfers to Affiliates, the then current Transferee always must remain an Affiliate of the original Transferor, and such original Transferor always shall remain jointly and severally liable with the then current Transferee under this JMA as if they remained a Party hereto.

12.3 Transfer of Shares and Loan Notes to a Third Party

The Transferor shall only be entitled to transfer Shares to a third party that is not an Affiliate if it transfers a corresponding percentage of the Loan Notes to such third party. Before the Transferor makes any transfer of Shares and Loan Notes to a third party that is not an Affiliate, it shall first give the other party (the "***Continuing Party***") notice (a "***Transfer Notice***") offering to sell the Shares and Loan Notes (the "***Transferred Interest***") to the Continuing Party. A Transfer Notice shall be irrevocable and shall specify:

(A) the proposed price for the Transferred Interest, which must be in cash (the "***Specified Price***");

(B) the identity and address of the person(s) to whom the Transferor proposes to sell the Transferred Interest (the "***Third Party Purchaser***"); and

(C) any other material terms of the proposed sale (including consideration for Loan Notes), provided no material or unusual obligations shall be imposed on the Transferor or the Third Party Purchaser by the terms of transfer (the "***Offer Terms***").

12.4 Buy Notice and Acceptance Period

On receipt of the Transfer Notice, the Continuing Party shall have the right to buy all (but not some only) of the Transferred Interest at the Specified Price and on the Offer Terms by giving notice (a "***Buy Notice***") to the selling Shareholder of its wish to purchase all (but not some only) of the Transferred Interest within thirty (30) Days of receiving the Transfer Notice (the "***Acceptance Period***"). A Buy Notice shall be irrevocable unless otherwise agreed in writing by the Parties.

12.5 Failure to send a Buy Notice or to satisfy Conditions

If the Continuing Party fails to serve an effective Buy Notice before the expiry of the Acceptance Period or fails to perform its obligations in respect of the acquisition of the Transferred Interest before the expiry of the Completion Period, which means a period of thirty (30) Days following the date of the Buy Notice, or if regulatory approvals are required, within a period of thirty (30) Days of the last such approval being obtained, the Continuing Party's right to buy the Transferred Interest shall cease to have effect and the Seller may transfer the Transferred Interest on a bona fide arm's length sale to the Third Party Purchaser at not less than the Specified Price and otherwise on the Offer Terms provided that the transfer is completed within forty-five (45) Days of the end of the Completion Period. The Parties shall give any approvals required by the Articles of Association of Scythian Energy in relation to any transfer of the Transferred Interest permitted by the terms of this Article 12.5.

12.6 Continuing Liability of Transferor

A Transferor selling its Transferred Interest as set out above to a Third Party Purchaser shall continue to be liable for the costs and obligations set out in Article 12.2 (C) as if the Third Party Purchaser were a Transferee.

12.7 Transferee Requirements

A transferee (whether Transferee or Third Party Purchaser) shall have no rights in this JMA and a transfer shall not become effective unless and until:

(A) It expressly undertakes in an instrument reasonably satisfactory to the Continuing Party to perform the obligations of the Transferor under JVA and this

JMA in respect of the Transferred Interest being transferred and obtains any necessary Government approval for the transfer and furnishes any guarantees required by the Government or the JMA on or before the applicable deadlines.

(B) Except in the case of a transfer to an Affiliate, the Continuing Party has consented in writing to such transfer, which consent shall not be unreasonably withheld. Examples of where consent can be validly withheld include the following: such third party does not have sufficient financial or technical capabilities to perform its obligations under this JMA; failure of such third party or its Controlling shareholder(s) to meet international standards of best practice for corporate governance and business ethics.

(C) The Continuing Party, in case of a transfer to a Third Party Purchaser, has assumed the role of Lead Manager in the event the Continuing Party elects to assume such role, to which it shall be entitled.

(D) The transferee becomes a Party to this Agreement, assuming all the existing obligations of the Transferor, by executing a document in a form reasonably acceptable to the other Party ensuring that the transferee is bound as a Party under this Agreement. In addition, the Parties agree to amend the terms of this Agreement such that it reflects the fact of having more than two (2) Parties to the Agreement, whereby the rights of the transferee and the Transferor after such amendment shall in no event be greater than the rights of the Transferor prior to the transfer.

(E) With respect to a transfer permitted by this Article 12, the Parties shall procure prior to the transfer the entering into of (i) new pledge agreements (or assigning these if permissible under Dutch law) in form and substance substantially as set out in Exhibits 13.1(A) and 13.1(B) such that the transferee becomes a pledgor of shares in Scythian Energy and a pledgor of Loan Notes and of (ii) new option to purchase agreements and transfer agreements in form and substance substantially as set out in Exhibits 13.3 such that the transferee becomes a grantor of the option to purchase.

(F) Unless otherwise mutually agreed by RAG and Transeuro, the total number of parties owning shares in Scythian Energy shall not exceed four (4) at any time, whereby each of the Parties shall be entitled to make at least one (1) transfer under Article 12.3.

12.8 Deadlock

Each Party shall seek to resolve any disagreement in the best interests of the Operating Subsidiaries.

For the purposes of this Article 12: "***Deadlock***" shall mean a situation wherein decisions to be taken by Parties or the Scythian Energy supervisory board cannot be taken for reasons of (i) an insufficient quorum and/or (ii) rejection of a decision, in each case of (i) and (ii) where the relevant decision relates to a Major Decision. A "***Major Decision***" shall mean each of those set forth in Article 5.1 (B) (1), (5), (12), (18), (20), (24), (25), (29), (32), (35) and (41).

12.9 Preliminary measures

If the Deadlock arises because the Parties or the Scythian Energy supervisory board members, as the case may be, fail to agree on any Major Decision, the matter shall be referred to the respective Chief Executives of the Parties no later than five (5) Days after the day of the meeting pursuant to Article 5 of the JMA upon either Party sending to the other a Deadlock Notice.

12.10 Contents of Deadlock Notice

Each Deadlock Notice shall contain:

(A) the date, time and location of the meeting, in which the Deadlock occurred;

(B) an agenda of the matters and proposals to be considered and/or voted upon in such meeting; results of the voting;

(C) copies of all proposals to be considered at the meeting (including all appropriate supporting information not previously distributed to the Parties).

12.11 Warning Notice

If the Deadlock cannot be resolved within thirty (30) Days after referring the dispute to the Parties' respective Chief Executives, either party may give notice ("***Warning Notice***") that it intends to implement the deadlock procedure contemplated below in this Article 12.

12.12 Contents of Warning Notice

Each Warning Notice shall contain:

(A) the date, time and location of the meeting, in which the Deadlock occurred;

(B) an agenda of the matters and proposals to be considered and/or voted upon; results of the voting; results of Chief Executives' consideration;

(C) notification about intention to implement the deadlock procedure.

12.13 Deadlock Option Notice

(A) If the Deadlock cannot be resolved within thirty (30) Days of the Warning Notice, either Party may within a further thirty (30) Days notify the other Party

("***Deadlock Option Notice***"), specifying the price ("***Price***") at which the first-mentioned party ("***Disaffected Party***") offers to sell to the other Party ("***Other Party***") all of its Participating Interest. A Deadlock Option Notice is irrevocable.

(B) Within a period of thirty (30) Days after receiving a Deadlock Option Notice, the Other Party shall at its sole discretion elect either to:

(i) buy, or procure the purchase of, all of the Disaffected Party's Participating Interest and Loan Notes at the Price stated in the Deadlock Option Notice; or

(ii) require the Disaffected Party to buy, or procure the purchase of, all of the Participating Interest and Loan Notes by that Other Party at the same price per percentage Participating Interest as would have applied to the Price under option (i) expressed as a price per percentage Participating Interest.

(C) If an election under option (i) or (ii) is duly made, the Parties shall complete the sale and purchase of the relevant Participating Interest within thirty (30) Days after the election, which period shall be extended to the extent Government approval is required.

(D) If that Other Party does not make any election in writing within thirty (30) Days of receiving a Deadlock Option Notice, the Parties shall then take all steps required promptly to place Scythian Energy and its Subsidiaries into liquidation.

12.14 Implementation

With respect to this Articles 12, the Parties shall do any act required to be done by the Laws / Regulations and any other applicable laws in order to render the transfer of its Participating Interest and Loan Notes legally valid, including obtaining all governmental consents and approvals, and shall execute any document and take such other actions as may be necessary in order to effect a prompt and valid transfer. The transferring Party shall be obligated to promptly remove any liens and encumbrances which may exist on its assigned Participating Interest and Loan Notes.

13. OPTION TO PURCHASE

13.1 Obligatory Transfer Event

If anything mentioned in this Article 13.1 happens to a Party it is an Obligatory Transfer Event in respect of that Party and the provisions of Articles 13.2 and 13.3 apply:

(A) the liquidation (voluntary or otherwise) of the Party other than a genuine solvent reconstruction or amalgamation in which the new company assumes (and is capable of assuming) all the obligations of the Party;

(B) an order is made by a court of competent jurisdiction, or a resolution is passed for the administration of a Party, or documents are filed with the court for the appointment of an administrator, or notice of intention to appoint an administrator is given by the Party, or its directors, or by another entitled person;

(C) any step is taken by any person other than the other Party to appoint a receiver, administrative receiver or manager in respect of the whole or a substantial part of the assets or undertaking of the Party;

(D) the Party being unable to pay its debts as they fall due for the purposes of the applicable insolvency provisions;

(E) the Party entering into a composition or arrangement with its creditors;

(F) any person creating or enforcing any Encumbrance created over any shares held by the Party in Scythian Energy;

(G) if a process has been instituted that could lead to the party being dissolved and its assets being distributed among the Party's creditors, shareholders or other contributors; or

(H) the Party has been declared bankrupt, or has been granted suspension of payments or otherwise has become subject to any other similar regulation.

The Party with respect to which no Obligatory Transfer Event occurs shall be entitled, in its sole discretion, to exercise its rights under either Article 13.2 or 13.3 or a combination of these Articles to the extent feasible.

13.2 Transfer following Obligatory Transfer Event

(A) Where an Obligatory Transfer Event happens to a Party it shall give notice of it to the other Party as soon as possible and, if it does not, it is deemed to have given notice of the Obligatory Transfer Event on the date on which the other Party becomes aware of such Obligatory Transfer Event.

(B) The Party receiving or deemed to have received notice of an Obligatory Transfer Event (the "***Buyer***") has the right, within fifteen (15) Days of receiving the notice (the first day is the day after it received or is deemed to have received the notice), to notify the other Party (the "***Seller***") and the expert within the meaning of (C) below that it intends to buy all the shares of the other Party in Scythian Energy and the Loan Notes (the "***Affected Interest***") at the Fair Value in cash as determined by the expert pursuant to Article 13.3 (C) and not on deferred terms (the "***Offer***").

(C) The Parties hereby agree that the expert shall reach its decision expeditiously and no later than thirty (30) Days after being appointed. The expert is not an arbitrator and shall not be deemed to be acting in an arbitral capacity. Expert shall mean the expert appointed by the International Centre for Expertise of the International Chamber of Commerce (ICC), which shall administer such expert determination through the ICC's Rules for Expertise. The expert, once appointed, shall have no ex parte communications with any of the Parties concerning the Fair Value determination or the underlying circumstances. All Parties agree to cooperate fully in the expeditious conduct of such expert determination and to provide the Expert with access to all facilities, books, records, documents, information and personnel necessary to make a fully informed decision on Fair Value in an expeditious manner. The Expert shall issue a final decision on the Fair Value without issuing any draft report. The expert's Fair Value decision shall be final and binding on the Parties.

(D) The Fair Value shall be the Appraised Value plus the Obligatory Transfer Penalty (if actually paid) reduced by the value of the Loan Notes (equalling the principal amount of any Loan Notes together with accrued but unpaid interest thereon, discounted by whatever amount the expert may deem appropriate) to the extent that any of such Loan Notes cannot be transferred for no consideration under applicable law. The Parties agree that where possible under applicable law the Loan Notes shall be transferred for no consideration.

(E) If any problem arises in applying any of the criteria set out in Article 13.2 or in the determination of Appraised Value, the expert shall resolve the problem in whatever manner he shall, in his absolute discretion, think fit.

(F) To exercise its right to buy, the Buyer shall give notice to the Seller within ten (10) Days of receiving notification of the Fair Value determined by the expert (the first day being the day after the Buyer receives the Fair Value notification from the expert).

(G) The Seller shall, without delay following any request from the Buyer, do any act required to be done by the Laws / Regulations and any other applicable laws in order to render the transfer of its Participating Interest and Loan Notes legally valid, including obtaining all governmental consents and approvals, and shall execute any document and take such other actions as may be necessary in order to effect a prompt and valid transfer. The form and content of the option agreement and the transfer agreement is set forth in <u>Exhibit 13.3</u>. The Seller shall be obligated to promptly remove any Encumbrances which may exist on its assigned Participating Interests and Loan Notes. In the event all Government approvals are not timely obtained, the Buyer shall hold the Seller's Participating Interest in trust for the Seller.

(H) The provisions applying to a Defaulting Party set forth in Article 8.2 shall apply to Seller as if Seller were a Defaulting Party and to Buyer as if Buyer were a non-Defaulting Party, and "Default Period" for the purposes of this Article 13 shall be the time period during which an Obligatory Transfer Event exists. During such time period the Seller shall not have a right to either dividends or loan repayment under the Loan Notes from Subsidiaries. The Buyer has the right to instruct Scythian Energy to pay the Seller's share of any dividend declared by Scythian Energy or loan repayment component under the Loan Notes representing the defaulted amount to the Buyer.

(I) The Buyer shall be entitled to recover from the Seller all reasonable attorneys' fees and all other reasonable costs sustained in the implementation of this Article 13.

(J) The rights and remedies granted to the Buyer in this Article 13 shall be in addition to any other rights and remedies that may be available to the Buyer, whether under this JMA, at law, in equity or otherwise. Each right and remedy available to the Buyer may be exercised from time to time and so often and in such order as may be considered expedient by the Buyer in its sole discretion.

13.3 Obligatory Transfer Penalty and Pledge

(A) Upon the occurrence of an Obligatory Transfer Event, a penalty in an amount of EUR 500,000 (EURO five-hundred thousand) (the "***Obligatory Transfer Penalty***") shall become due by the Party subject to the Obligatory Transfer Event to the other Party. The Obligatory Transfer Penalty shall become payable within five (5) Days of the relevant date mentioned in Article 13.2 (A).

(B) Payment of the Obligatory Transfer Penalty and implementation of this Article 13 is secured by the pledge of each of the Party's shares in Scythian Energy and the Loan Notes to the other Party as further set out in Exhibit 13.1. The Parties agree to execute the Pledge Agreements regarding the loan agreement and the Loan Notes as expeditiously as possible after Closing.

(C) If the Obligatory Transfer Penalty is not paid when due the Party not subject to the Obligatory Transfer Event is entitled to execute the pledge as set forth in Exhibit 13.1.

(D) For the avoidance of doubt, upon the occurrence of an Obligatory Transfer Event the Parties shall be entitled to exercise the option to purchase as set forth in Article 13.2 irrespective of whether the Obligatory Transfer Penalty has been paid when due.

(E) For the avoidance of doubt, the Parties hereby recognize and agree that nothing contained in Exhibit 13.1 and/or Exhibit 13.3 shall be construed as an agreement of the Parties to waive any of their rights under the JVA and/or JMA. In the event of any actual or perceived conflict between any provisions of this JMA and that of Exhibit 13.1 and/or Exhibit 13.3, the provisions of this JMA shall prevail and shall take precedence over any provisions of Exhibit 13.1 and/or Exhibit 13.3. In the event any such conflict becomes known to any Party, the Parties shall discuss in good faith and suitably amend such conflicting provision(s) of Exhibit 13.1 or Exhibit 13.3.

14. TERMINATION OF JMA

14.1 No Right of Ordinary Termination

(A) Each of the Parties irrevocably waives any right of ordinary termination of this JMA and/or the JVA . Without prejudice to other rights under this JMA, this JMA only can be terminated for a major breach that is not remedied that makes the continuation of the contractual relationship no longer reasonable for the non-breaching Party to continue or where a ground for removal as described in Section 4.9 (B) exists as applied to either the Lead Manager or the Non-Lead Shareholder as if the Non-Lead Shareholder were a Lead Manager.

(B) Each of the Parties further agrees that in case of a claim made by any third party against it with respect to which execution proceedings are instituted, the other Party shall be entitled to pay such third party claim and receive from the Party against which the claim is made the amount paid in addition to any other rights it may have.

14.2 Termination or Withdrawal by All Parties

In the event a Party rightfully terminates this JMA under Article 14.1 (A) or in the event all Parties decide to withdraw from this JMA, the Parties agree that they shall be bound by the terms and conditions of this JMA for so long as may be necessary to wind up the affairs of the Parties with the Government, to satisfy any requirements of the Laws / Regulations and to facilitate the sale, disposition or abandonment of property or interests held by the Joint Account, to liquidate the Subsidiaries, all in accordance with Article 2.

15. RELATIONSHIP OF PARTIES AND TAX

15.1 Relationship of Parties

The rights, duties, obligations and liabilities of the Parties under this JMA shall be individual, not joint or collective. It is not the intention of the Parties to create, nor shall this JMA be deemed or construed to create, a mining or other partnership, joint venture or association or (except as explicitly provided in this JMA) a trust; provided, however, that the Parties have agreed to implement the corporate structure foreseen in the JVA. This JMA shall not be deemed or construed to authorize any Party to act as an agent, servant or employee for any other Party for any purpose whatsoever except as explicitly set forth in this JMA. In their relations with each other under this JMA, the Parties shall not be considered fiduciaries except as expressly provided in this JMA.

15.2 Tax

Each Party shall be responsible for reporting and discharging its own tax measured by the profit or income of the Party as a shareholder of Scythian Energy or otherwise imposed on a Party as a result of this JMA. Each Party shall protect, defend and indemnify each of RAG and Transeuro from any and all loss, cost or liability arising from the indemnifying Party's failure to report and discharge such taxes or satisfy such obligations. Operator shall provide each Party, in a timely manner and at such Party's sole expense, with such information with respect to Joint Operations as such Party may reasonably request for preparation of its tax returns or responding to any audit or other tax proceeding.

16. VENTURE INFORMATION - CONFIDENTIALITY - INTELLECTUAL PROPERTY

16.1 Venture Information

(A) Except as otherwise provided in this Article 16 or in Articles 4.4 and 8.4 (A), each Party will be entitled to receive all Venture Information related to operations in which such party is a participant. "***Venture Information***" means any information and results developed or acquired as a result of Joint Operations and shall be Joint Property, unless provided otherwise in accordance with this JMA and the Contract. Each Party shall have the right to use all Venture Information it receives without accounting to any other Party, subject to any applicable patents and any limitations set forth in this JMA and the Contract. For purposes of this Article 16, such right to use shall include the rights to copy, prepare derivative works, disclose, license, distribute, and sell.

(B) Each Party may, subject to any applicable restrictions and limitations set forth in the Contract, extend the right to use Venture Information to each of its Affiliates which are obligated to terms not less restrictive that this Article 16.

(C) The acquisition or development of Venture Information under terms other than as specified in this Article 16 shall require the approval of the Operating Committee. The request for approval submitted by a Party shall be accompanied by a description of, and summary of the use and disclosure restrictions which would be applicable to, the Venture Information, and any such Party will be obligated to use all reasonable efforts to arrange for rights to use which are not less restrictive than specified in this Article 16.

(D) All Venture Information received by a Party under this JMA is received on an "as is" basis without warranties, express or implied, of any kind. Any use of such Venture Information by a Party shall be at such Party's sole risk.

16.2 Confidentiality

(A) Subject to the provisions of the Contract and this Article 16, the Parties agree that all information in relation with Joint Operations or Exclusive Operations shall be considered confidential and shall be kept confidential and not be disclosed during the term of the Contract and for a period of 10 years thereafter to any person or entity not a Party to this JMA, except:

(1) to an Affiliate pursuant to Article 16.1 (B);

(2) to a governmental agency or other entity when required by the Contract;

(3) to the extent such information is required to be furnished in compliance with the applicable law or regulations, or pursuant to any legal proceedings or because of any order of any court binding upon a Party;

(4) to prospective or actual attorneys engaged by any Party where disclosure of such information is essential to such attorney's work for such Party;

(5) to prospective or actual contractors and consultants engaged by any Party where disclosure of such information is essential to such contractor's or consultant's work for such Party;

(6) to a bona fide prospective transferee of a Party's Participating Interest to the extent appropriate in order to allow the assessment of such Participating Interest (including an entity with whom a Party and/or its Affiliates are conducting bona fide negotiations directed toward a merger, consolidation or the sale of a majority of its or an Affiliate's shares);

(7) to a bank or other financial institution to the extent appropriate to a Party arranging for funding;

(8) to the extent such information must be disclosed pursuant to any rules or requirements of any government or stock exchange having jurisdiction over such Party, or its Affiliates; provided that if any Party desires to disclose information in an annual or periodic report to its or its Affiliates' shareholders and to the public and such disclosure is not required pursuant to any rules or requirements of any government or stock exchange, it shall require the approval of the other Party;

(9) to its respective employees for the purposes of Joint Operations or Exclusive Operations as the case may be, subject to each Party taking customary precautions to ensure such information is kept confidential; and

(10) any information which, through no fault of a Party, becomes a part of the public domain.

(B) Disclosure as pursuant to Articles 16.2 (A) (5), (6), and (7) shall not be made unless prior to such disclosure the disclosing Party has obtained a written undertaking from the recipient party to keep the information strictly confidential for at least 10 years and to use the information for the sole purpose described in Articles 16.2 (A) (5), (6), and (7), whichever is applicable, with respect to the disclosing Party.

16.3 Intellectual Property

(A) Subject to Articles 16.3 (C) and 16.5 and unless provided otherwise in the Contract, all intellectual property rights in the Venture Information shall be Joint Property. Each Party and its Affiliates have the right to use all such intellectual property rights in their own operations (including joint operations or a production sharing arrangement in which the Party or its Affiliates has an ownership or equity interest) without the approval of any other Party. Decisions regarding obtaining, maintaining and licensing such intellectual property rights shall be made by the Operating Committee, and the costs thereof shall be for the Joint Account. Upon unanimous consent of the Operating Committee as to ownership, licensing rights, and income distribution, the ownership of intellectual property rights in the Venture Information may be assigned to the Operator or to a Party.

(B) Nothing in this JMA shall be deemed to require a Party to (i) divulge proprietary technology to the other Party; or (ii) grant a license or other rights under any intellectual property rights owned or controlled by such Party or its Affiliates to the other Party.

(C) If a Party or an Affiliate of a Party has proprietary technology applicable to activities carried out under this JMA which the Party or its Affiliate desires to make available on terms and conditions other than as specified in Article 16.3 (A), the Party or Affiliate may, with the prior approval of the Operating Committee, make the proprietary technology available on terms to be agreed. If the proprietary technology is so made available, then any inventions, discoveries, or improvements which relate to such proprietary technology and which result from Joint Account expenditures shall belong to such Party or Affiliate. In such case, each other Party shall have a perpetual, royalty-free, irrevocable license to practice such inventions, discoveries, or improvements, but only in connection with the Joint Operations.

16.4 Continuing Obligations

Any Party ceasing to own a Participating Interest during the term of this JMA shall nonetheless remain bound by the obligations of confidentiality in Article 16.2, and any disputes in relation thereto shall be resolved in accordance with Article 19.2.

16.5 Trades

Operator may, with approval of the Operating Committee, make well trades and data trades for the benefit of the Parties, with any data so obtained to be furnished to all Parties who participated in the cost of the data that was traded. Operator shall cause any third party to such trade to enter into an undertaking to keep the traded data confidential.

17. FORCE MAJEURE

17.1 Obligations

If as a result of Force Majeure any Party is rendered unable, wholly or in part, to carry out its obligations under this JMA, other than the obligation to pay any amounts due or to furnish Security, then the obligations of the Party giving such notice, so far as and to the extent that the obligations are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused and for such reasonable period thereafter as may be necessary for the Party to put itself in the same position that it occupied prior to the Force Majeure, but for no longer period. The Party claiming Force Majeure shall notify the other Parties of the Force Majeure within a reasonable time after the occurrence of the facts relied on and shall keep all Parties informed of all significant developments. Such notice shall give reasonably full particulars of the Force Majeure and also estimate the period of time which the Party will probably require to remedy the Force Majeure. The affected Party shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in an economic manner but shall not be obligated to settle any labor dispute except on terms acceptable to it, and all such disputes shall be handled within the sole discretion of the affected Party.

18. NOTICES

Notices to Parties shall be made as set out in the JVA.

19. APPLICABLE LAW – DISPUTE RESOLUTION – WAIVER OF SOVEREIGN IMMUNITY

19.1 Applicable Law

The substantive laws of The Netherlands exclusive of any conflicts of laws principles that could require the application of any other law shall govern this JMA for all purposes, including the resolution of all Disputes between or among Parties.

19.2 Dispute Resolution

(A) Amicable negotiation: The Parties shall use all their reasonable endeavors to resolve any dispute, controversy or claim arising out of or in connection with this JMA, or the subject matter hereof, including any question regarding the existence, validity or termination of this JMA quickly (and if possible within 30 days) and amicably. An attempt to arrive at an amicable settlement shall be deemed to have failed as soon as a Party so notifies the other Party in writing.

(B) Arbitration. After written notification pursuant to Article 18 above, any Dispute shall be exclusively and definitively resolved through final and binding arbitration, it being the intention of the Parties that this is a broad form arbitration agreement designed to encompass all possible disputes.

(1) Rules. The arbitration shall be conducted in accordance with the following arbitration rules (as then in effect) (the ***"Rules"***):

Rules of Arbitration of the International Chamber of Commerce (ICC).

(2) Number of Arbitrators. The arbitration shall be conducted by three arbitrators. For greater certainty, for purposes of this Article 19.2, the filing of the arbitration means the date on which the claimant's request for arbitration is received by the other parties to the Dispute.

(3) Method of Appointment of the Arbitrators.

Each party to the Dispute shall appoint one arbitrator within thirty (30) Days of the filing of the arbitration, and the two arbitrators so appointed shall select the presiding arbitrator within thirty (30) Days after the latter of the two arbitrators has been appointed by the parties to the Dispute. If a party to the Dispute fails to appoint its party-appointed arbitrator or if the two party-appointed arbitrators cannot reach an agreement on the presiding arbitrator within the applicable time period, then the International Chamber of Commerce shall appoint the remainder of the three arbitrators not yet appointed.

(4) Place of Arbitration. The place of arbitration shall be Amsterdam.

(5) Language. The arbitration proceedings shall be conducted in the English language and the arbitrator(s) shall be fluent in the English language.

(6) Entry of Judgment. The award of the arbitral tribunal shall be final and binding. Judgment on the award of the arbitral tribunal may be entered and enforced by any court of competent jurisdiction.

(7) Notice. All notices required for any arbitration proceeding shall be deemed properly given if sent in accordance with Article 18.

(8) Qualifications and Conduct of the Arbitrators. All arbitrators shall be and remain at all times wholly impartial, and, once appointed, no arbitrator shall have any *ex parte* communications with any of the parties to the Dispute concerning the arbitration or the underlying Dispute other than

communications directly concerning the selection of the presiding arbitrator, where applicable.

(9) Interim Measures. Any party to the Dispute may apply to a court for interim measures (i) prior to the constitution of the arbitral tribunal (and thereafter as necessary to enforce the arbitral tribunal's rulings); or (ii) in the absence of the jurisdiction of the arbitral tribunal to rule on interim measures in a given jurisdiction. The Parties agree that seeking and obtaining such interim measures shall not waive the right to arbitration. The arbitrators (or in an emergency the presiding arbitrator acting alone in the event one or more of the other arbitrators is unable to be involved in a timely fashion) may grant interim measures including injunctions, attachments and conservation orders in appropriate circumstances, which measures may be immediately enforced by court order. Hearings on requests for interim measures may be held in person, by telephone, by video conference or by other means that permit the parties to the Dispute to present evidence and arguments.

(10) Costs and Attorneys' Fees. The arbitral tribunal is authorized to award costs and attorneys' fees and to allocate them between the parties to the Dispute. The costs of the arbitration proceedings, including attorneys' fees, shall be borne in the manner determined by the arbitral tribunal.

(11) Interest. The award shall include interest, as determined by the arbitral award, from the date of any default or other breach of this JMA until the arbitral award is paid in full. Interest shall be awarded at the Agreed Interest Rate.

(12) Currency of Award. The arbitral award shall be made and payable in United States dollars, free of any tax or other deduction.

(13) Exemplary Damages. The Parties waive their rights to claim or recover, and the arbitral tribunal shall not award, any punitive, multiple, or other exemplary damages (whether statutory or common law) except to the extent such damages have been awarded to a third party and are subject to allocation between or among the parties to the Dispute.

(14) Waiver of Challenge to Decision or Award. To the extent permitted by law, any right to appeal or challenge any arbitral decision or award, or to oppose enforcement of any such decision or award before a court or any governmental authority, is hereby waived by the Parties except with respect to the limited grounds for modification or non-enforcement provided by any applicable arbitration statute or treaty.

19.3 Expert Determination

For any decision referred to an expert under Article 8.4 with respect to a determination of Appraised Value, the Parties hereby agree that the expert shall reach its decision expeditiously and no later than thirty (30) Days after being appointed. The expert is not an arbitrator and shall not be deemed to be acting in an arbitral capacity. The Party desiring an expert determination shall give the other parties to the Dispute and the International Centre for Expertise of the International Chamber of Commerce (ICC) written notice of the request for such determination. The International Centre for Expertise of the International Chamber of Commerce (ICC) shall appoint such expert and shall administer such expert determination through the ICC's Rules for Expertise. The expert, once appointed, shall have no ex parte communications with any of the parties to the Dispute concerning the expert determination or the underlying Dispute. All Parties agree to cooperate fully in the expeditious conduct of such expert determination and to provide the expert with access to all facilities, books, records, documents, information and personnel necessary to make a fully informed decision on Appraised Value in an expeditious manner. The expert shall issue a final decision on Appraised Value without issuing a draft report. The expert's decision shall be final and binding on the parties.

20. GENERAL PROVISIONS

20.1 Conduct of the Parties

Each Party warrants that it and its Affiliates have not made, offered, or authorized and will not make, offer, or authorize with respect to the matters which are the subject of this JMA, any payment, gift, promise or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any public official (*i.e.*, any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate (i) the applicable laws of Ukraine; (ii) the laws of the country of incorporation of such Party or such Party's ultimate parent company and of the principal place of business of such ultimate parent company; or (iii) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999, and the Convention's Commentaries. Each Party shall defend, indemnify and hold the other Parties harmless from and against any and all claims, damages, losses, penalties, costs and expenses arising from or related to, any breach by such first Party of such warranty. Such indemnity obligation shall survive termination or expiration of this JMA. Each Party shall in good time (i) respond in reasonable detail to any notice from any other Party reasonably connected with the above-stated warranty; and (ii) furnish applicable documentary support for such response upon request from such other Party.

20.2 Public Announcements

The Scythian Energy supervisory board shall be responsible for the approval of all public announcements and statements regarding this JMA or the Joint Operations. The principles set forth in Article 17.10 of the JVA shall apply.

20.3 Successors and Assigns

Subject to the limitations on transfers contained in Article 12, this JMA shall inure to the benefit of and be binding upon the successors and assignees of the Parties and transferees permitted by the terms of this JMA. References to Parties shall be deemed to be reference to or to include its respective successors and assignees and transferees permitted by the terms of this JMA.

20.4 Waiver

No waiver by any Party of any one or more defaults by another Party in the performance of any provision of this JMA shall operate or be construed as a waiver of any future default or defaults by the same Party, whether of a like or of a different character. Except as expressly provided in this JMA no Party shall be deemed to have waived, released or modified any of its rights under this JMA unless such Party has expressly stated, in writing, that it does waive, release or modify such right.

20.5 No Third Party Beneficiaries

The interpretation of this JMA shall exclude any rights under legislative provisions conferring rights under a contract to persons not a party to that contract.

20.6 Joint Preparation

Each provision of this JMA shall be construed as though all Parties participated equally in the drafting of the same. Consequently, the Parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting party shall not be applicable to this JMA.

20.7 Severance of Invalid Provisions

If and for so long as any provision of this JMA shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this JMA except only so far as shall be necessary to give effect to the construction of such invalidity, and any such invalid provision shall be deemed severed from this JMA without affecting the validity of the balance of this JMA.

20.8 Modifications

Except as is provided in Article 20.7, there shall be no modification of this JMA or the Contract except by written consent of all Parties.

20.9 Interpretation

(A) Headings. The topical headings used in this JMA are for convenience only and shall not be construed as having any substantive significance or as indicating that all of the provisions of this JMA relating to any topic are to be found in any particular Article.

(B) Singular and Plural. Reference to the singular includes a reference to the plural and vice versa.

(C) Gender. Reference to any gender includes a reference to all other genders.

(D) Article. Unless otherwise provided, reference to any Article or an Exhibit means an Article or Exhibit of this JMA.

(E) Include. "***include***" and "***including***" shall mean include or including without limiting the generality of the description preceding such term and are used in an illustrative sense and not a limiting sense.

20.10 Counterpart Execution

This JMA may be executed in any number of counterparts and each such counterpart shall be deemed an original JMA for all purposes; provided that no Party shall be bound to this JMA unless and until all Parties have executed a counterpart. For purposes of assembling all counterparts into one document, Operator is authorized to detach the signature page from one or more counterparts and, after signature thereof by the respective Party, attach each signed signature page to a counterpart.

20.11 Entirety / Conflict

With respect to the subject matter contained herein, this JMA, the JVA and corporate governance documents agreed between the Parties (i) is the entire agreement of the Parties; and (ii) supersedes all prior understandings and negotiations of the Parties. In case of a discrepancy between this JMA and the JVA, the provisions of the JVA shall prevail. For the avoidance of doubt, rights and remedies foreseen in the JVA shall in no way be limited by any provisions contained in this JMA.

IN WITNESS of their agreement each Party has caused its duly authorized representative to sign this instrument on this 11th day of July 2008.

Markus Mitteregger Thomas Teyssen	Harold Hemmerich David Worrall
for	for
Rohoel-Aufsuchungs Aktiengesellschaft	Transeuro Energy Corporation

Exhibits to JMA

- Exhibit 1.1 (Accounting Procedure)
- Exhibit 1.75 (Sample Loan Notes)
- Exhibit 4.3 (Principles of Secondment Agreement)
- Exhibit 5.1 (D) Organization Chart
- Exhibit 6.1 (Work Program and Budget for 2008)
- Exhibit 13.1 (A) (Pledge of Shares)
- Exhibit 13.1 (B) (Pledge of Receivables)
- Exhibit 13.3 (Option to Purchase Agreement)