

PRODUCTION SHARING CONTRACT

BETWEEN

**THE GOVERNMENT OF
REPUBLIC OF TAJIKISTAN,**

represented by the

**STATE AUTHORIZED BODY MINISTRY OF ENERGY AND
INDUSTRY OF THE REPUBLIC OF TAJIKISTAN,**

and

KULOB PETROLEUM LIMITED

DATED

« 13 » June 2008

TABLE OF CONTENTS

* [Omitted]

PRODUCTION SHARING CONTRACT AND LICENSES

This Production Sharing Contract (“PSC” or “Contract”) is made and entered into as of the 13 day of June 2008 by and between:

- (1) Ministry of Energy and Industry of the Republic of Tajikistan as the duly authorised representative of the State (as it is defined in article 1.67), pursuant to the authority set out in Annex B, (hereinafter referred to as the “State” or the “Ministry”) as the party of the first part; and
- (2) Kulob Petroleum Limited, a company organised and existing under the laws of the Bailiwick of Jersey, British Isles (registered number 97435), with registered address at Pirouet House, Union Street, St Helier, Jersey JE4 8ZQ, British Isles , and its successors and assignees, if any, will individually be referred to as “Contractor Party” and collectively referred to as “Contractor” or “Contractor Parties”) as the party of the second part; and

The State, the Ministry, and the Contractor may sometimes be referred to as “Party” and collectively as the “Parties”.

WITNESSETH:

WHEREAS, all Petroleum resources within the territory and under the internal waters of Republic of Tajikistan are owned by the State;

WHEREAS, the State enters into this Contract wishing to promote the development of the Contract Area and the Ministry and Contractor desire to join and assist in the exploration, development and production of the potential resources within the Contract Area;

[Headings referring to historical situation omitted]

NOW, THEREFORE, in consideration of the promises and the mutual covenants and conditions herein contained, it is hereby agreed as follows:

ARTICLE 1

DEFINITIONS

The following words and terms used in this Contract shall unless otherwise expressly specified in this Contract have the following respective meanings:

- 1.1 “Accounting Procedure” means the accounting procedure set out in Annex “C” hereto.
- 1.2 An “Affiliated Company” or “Affiliate” means:

a) with respect to a Contractor Party: a company, corporation, partnership or other legal entity:

- i) in which a Contractor Party owns directly or indirectly more than fifty percent (50%) of the shares, voting rights or otherwise has the right to establish management policy; or
- ii) in which at least fifty percent (50%) of the shares or voting rights are owned directly or indirectly by a company or other legal entity, which owns directly or indirectly more than fifty percent (50%) of the shares, voting rights or otherwise has the right to establish management policy of a Contractor Party;

b) with respect to the State: any legal entity directly or indirectly controlled by the State, respectively, or operating under their collective management. For the purposes of this part of the definition, the term to “control” (including the related terms “controlled” or “operates under collective management”) shall mean with respect to any entity, having the right to carry out direct or indirect supervision of such entity or to define a general scope of its activity based on holding the shares entitled to vote, other form of ownership, or on any other grounds.

- 1.3 “Annex” or “Annexes” means each or all of the Annexes “A”, “B”, “C”, “D” attached to this Contract and made a part hereof. In the event of a conflict between the provisions of an Annex and a term in the main body of this Contract, the provisions of the latter shall prevail.
- 1.4 “Appraisal” means all works carried out by Contractor to evaluate and delineate the commercial character of a Discovery of Petroleum in the Contract Area.
- 1.5 “Appraisal Programme” means a work programme submitted by Contractor under which Contractor plans to evaluate and delineate a Discovery of Petroleum in the Contract Area.
- 1.6 “Associated Natural Gas” means all gaseous hydrocarbons produced in association with Crude Oil, which Crude Oil itself can be commercially produced and separated therefrom.
- 1.7 “Available Crude Oil” means Crude Oil produced and saved from the Contract Area and not used in Petroleum Operations in accordance with Article 11.3.
- 1.8 “Available Natural Gas” means Natural Gas produced and saved from the Contract Area and not used in Petroleum Operations in accordance with Article 11.3.
- 1.9 “Barrel” means a quantity consisting of forty-two (42) United States gallons liquid measure, corrected to a temperature of sixty degrees (60°) Fahrenheit with pressure at sea level.

- 1.10 “Budget” means the estimate of the expenditures, listed category by category, relating to Petroleum Operations and contained in any Work Programme proposed by Contractor.
- 1.11 “Calendar Quarter” or “Quarter” is a period of three consecutive months beginning on January 1st, April 1st, July 1st and October 1st of each Calendar Year.
- 1.12 “Calendar Year” means a period of twelve (12) consecutive months beginning on January 1st and ending on December 31st in the same year, according to the Gregorian Calendar.
- 1.13 “Capital Expenditure” means Development Expenditure and Exploration Expenditure.
- 1.14 **[definition of commercial terms omitted]*
- 1.15 **[definition of commercial terms omitted]*
- 1.16 “Contract” or “PSC” means this Production Sharing Contract together with all attached Annexes and any variation, extension or modification hereto which may be agreed in writing by all the Parties.
- 1.17 “Contract Area” means the area specified in Article 3 hereof and delineated in Annex A, as reduced or enlarged from time to time in accordance with the provisions of this Contract.
- 1.18 “Contract Year” means a period of twelve (12) consecutive months within the term of the Contract.
- 1.19 “Contractor” means the Contractor Parties, their assignees and successors, as provided herein.
- 1.20 **[definition of commercial terms omitted]*
- 1.21 **[definition relating to financial terms omitted]*
- 1.22 **[definition relating to financial terms omitted]*
- 1.23 **[definition relating to financial terms omitted]*
- 1.24 **[definition relating to financial terms omitted]*
- 1.25 “Crude Oil” means crude mineral oil, asphalten, ozopherite and all kinds of hydrocarbons whether in a solid, liquid or mixed state at the wellhead or separator or which is obtained from Natural Gas through condensation or extraction, including Condensate (“Condensate” means hydrocarbon liquid separated from natural gas that condenses due to changes in the temperature, pressure, or both, and remains liquid at standard conditions).
- 1.26 “Customs Duties” means all import (or export) tariffs and duties and other mandatory payments as stipulated by applicable laws, regulations or other legal measures of Republic of Tajikistan with respect to the import or export

of materials, equipment, goods and any other similar items used for the purposes provided by the Agreement.

- 1.27 **[definition of financial terms omitted]*
- 1.28 **[definition of financial terms omitted]*
- 1.29 **[definition of financial terms omitted]*
- 1.30 **[definition of financial terms omitted]*
- 1.31 **[definition of financial terms omitted]*
- 1.32 “Dollar” or “US\$” means the lawful currency of the United States of America.
- 1.33 “Double Tax Treaty” means any international treaty or convention for the avoidance of double taxation of income and/or capital which is applicable in Republic of Tajikistan.
- 1.34 “Drilling Costs” shall mean all expenditures whether directly or indirectly incurred during Exploration and Development for well drilling, completing and reworking operations including, but not limited to, labour, geological design, engineering and other Subcontractors (including all fees, tariffs and charges payable to any such Subcontractors), material and equipment consumed or lost, perforation, formation testing, cementing, well-logging and transportation.
- 1.35 “Effective Date” means the date on which this Contract has been duly signed and executed by all Parties.
- 1.36 “Excess Associated Natural Gas” is defined as set forth in Article 16.1.b.
- 1.37 “Excess Crude” is defined as set forth in Article 11.15.
- 1.38 “Exploration” or “Exploration Operations” means operations conducted under this Contract in connection with the exploration for previously undiscovered Petroleum, or the evaluation of discovered reserves which shall include geological, geophysical, aerial and (other survey) activities and any interpretation of data relating thereto as may be contained in Exploration Work Programmes and Budgets, and the drilling of such shot holes, core holes, stratigraphic tests, Exploratory Wells for the discovery of Petroleum, Appraisal wells and other related operations.
- 1.39 **[definition of financial terms omitted]*
- 1.40 “Exploratory Well” means any well drilled with the objective of confirming a structure or geologic trap in which Petroleum capable of Commercial Production in significant quantities has not been previously discovered.
- 1.41 “Field” means a Petroleum reservoir or group of reservoirs within a common geological structure or feature. “Field” may be an “Oil Field” or a “Natural Gas Field”.

- 1.42 **[definition of financial terms omitted]*
- 1.43 “Force Majeure” is defined as set forth in Article 25.2.
- 1.44 “Foreign Employee” is defined as set forth in Article 17.11
- 1.45 “Foreign Subcontractors” means Subcontractors which are organised outside of Tajikistan.
- 1.46 “Gas Sales Contract” is any contract to be entered into for the sale of Non-associated Natural Gas in accordance with the provisions of Article 16.2.
- 1.47 Operator (Operating company) means the company defined in Article 2.8 or as subsequently amended in accordance with Article 2.8.
- 1.48 “Contractor Licence” is the “Licence” issued to the Contractor by the appropriate authority of the Republic of Tajikistan, giving the exclusive rights to the exploration for and production of Petroleum in the Contract Area, according to Republic of Tajikistan Law.
- 1.49 “LIBOR” means the three (3) months U.S. Dollars London Interbank fixing offer rate quoted daily in the London Financial Times.
- 1.50 “Marketing Team” is defined as set forth in Article 16.2.a.ii.
- 1.51 “Measurement Point” means the location specified in an approved Development Plan where the Petroleum is metered and delivered to the Parties.
- 1.52 “Month” or “Calendar Month” means a calendar month.
- 1.53 “Natural Gas” means Non-associated Natural Gas and Associated Natural Gas in their natural state.
- 1.54 “Natural Gas Field” means a field from which more than fifty (50) percent of the estimated reserves on an energy equivalency basis are Natural Gas at surface conditions.
- 1.55 “Non-associated Natural Gas” means all gaseous hydrocarbons produced from gas wells, and includes wet gas, dry gas and residue gas remaining after the extraction of liquid hydrocarbons from wet gas.
- 1.56 “Oil Field” means a field from which more than fifty (50) percent of the estimated reserves on an energy equivalency comprise Crude Oil.
- 1.57 **[definition of financial terms omitted]*
- 1.58 “Party” or “Parties” means the parties whose authorised representatives have affixed their signatures hereto.
- 1.59 “Payment Date” has the meaning as defined in 11.10.

- 1.60 “Petroleum” means Crude Oil and Natural Gas.
- 1.61 “Petroleum Operations” means the Exploration Operations, the Development Operations, Production Operations, and transportation, export and other activities related thereto carried out pursuant to this Contract, and “Petroleum Operations Expenditures” means all costs incurred by the Contractor Parties in connection with the Exploration Operations, the Development Operations, Production Operations, Finance Costs, transportation, export and other activities related thereto carried out pursuant to this Contract.
- 1.62 **[definition of financial terms omitted]*
- 1.63 “Production” or “Production Operations” means operations and all related activities carried out for Petroleum production after the approval of any Development Plan, including without limitation extraction, injection, stimulation, treatment, transportation, storage, lifting, and associated operations, but does not include any storage or transportation beyond the Measurement Point.
- 1.64 **[definition of financial terms omitted]*
- 1.65 **[definition of financial terms omitted]*
- 1.66 **[definition of financial terms omitted]*
- 1.67 “State” or “Government” means the Government of Republic of Tajikistan and all political or other agencies or instrumentalities or subdivisions thereof including but not limited to any local government bodies or other representative, agency or authority, which has the authority to govern, legislate, regulate, levy and collect taxes or duties, grant licences, permits, approve or otherwise impact (whether financially or otherwise) directly or indirectly upon any of the Parties’ rights, obligations or activities under the Contract; the word “Governmental” shall be construed accordingly.
- 1.68 **[definition of financial terms omitted]*
- 1.69 **[definition of financial terms omitted]*
- 1.70 “Subcontractor” means any natural person or juridical entity contracted directly or indirectly by or on behalf of Contractor to supply goods, works or services related to this Contract.
- 1.71 “Tax Inspectorate” is defined as set forth in Article 17.10.
- 1.72 “Third Party” or “Third Parties” means one or more of a natural person or juridical entity other than a Party hereto and any Affiliate of a Party.
- 1.73 “Taxes” means all levies, duties, payments, fees, taxes or contributions payable to or imposed by State agencies, State subdivisions or republican, local authorities and self-governing authorities of Republic of Tajikistan.

- 1.74 “VAT” means Tajikistan value added tax or any sales taxes.
- 1.75 “Work Programme” and “Work Programme and Budget” shall mean any work programme and work programme and Budget to be submitted to the Coordination Committee by the Contractor in accordance with the provisions of Article 10 and which shall set out the proposed Petroleum Operations to be carried out in the Contract Area together with the associated Budget as the case may be.

ARTICLE 2

SCOPE OF CONTRACT AND GENERAL PROVISIONS

- 2.1 By its approval of this Contract the State authorised body hereby ratifies that all required to Contractor Licences will be issued according to the current Laws of Republic of Tajikistan.
- 2.2 Subject to the terms and conditions of the Contract, the State hereby grants to the Contractor Parties the exclusive rights to conduct Petroleum Operations in the Contract Area during the term of this Contract.
- 2.3 The Contractor shall be responsible to the State for the execution of such Petroleum Operations with Operator acting as operator all in accordance with the provisions of the Contract.
- 2.4 In performing Petroleum Operations, Contractor shall provide all financial and technical requirements, unless otherwise provided in this Contract, or agreed with the State, and conduct all operations in accordance with the standards generally accepted in the international Petroleum industry.
- 2.5 Contractor shall be compensated for its services, not by way of reimbursement in cash of its expenditures under the Contract, but by receipt of its share of Petroleum from the Contract Area to which it may become entitled by way of recovery of Costs and Expenses from Cost Recovery Petroleum under Article 11. If share due to the Contractor in accordance with this Agreement Petroleum produced from Development Areas within the Contract Area developed by Contractor is insufficient to reimburse Contractor for Costs and Expenses incurred by Contractor, Contractor shall bear its own losses in respect of any shortfall.
- 2.6 This Contract defines the Parties’ rights and obligations, governs their mutual relations and establishes the rules and methods for the Exploration, Development, Production, and sharing of Petroleum between them. The entire interests, rights and obligations of each of the Parties under this Contract shall be solely governed by the provisions of this Contract. The Contractor and the Ministry may as between themselves, agree in writing to amend any provision of this Contract where to do so would, in the opinion of both the Contractor and the Ministry improve the day to day operations contemplated hereunder, but not so as to vary any fundamental provision of this Contract.

- 2.7 During the period in which this Contract is in force, all Available Crude Oil and Available Natural Gas resulting from Petroleum Operations, will be shared between the Ministry (or its designated representative) and the Contractor in accordance with the provisions of Article 11 of this Contract.
- 2.8 The Operator (Operating company) for Petroleum Operations shall be a Petroleum Operating Company established by the Contractor in accordance with the legislation of Republic of Tajikistan and may be changed by the Contractor with the consent of the Ministry. Such consent can not be unreasonably withheld. In case if no decision (consent) of the Ministry is given in the course of forty-five (45) days after the Ministry is informed by the Contractor the appointment of operator shall be deemed as effected. It is hereby agreed that the first Operator shall be Tethys Services Tajikistan Limited, a company organised and existing under the laws of the Republic of Tajikistan (registration number 001- 4472) and with current offices at 37/1, Bokhtar Street, Dushanbe, Tajikistan.

ARTICLE 3

CONTRACT AREA

- 3.1 The Contract Area is as set out by the geographic location and coordinates described in Annex “A” attached hereto and delineated in the map which forms part thereof. The total area of the Contract Area may hereafter be reduced only in accordance with the provisions of this Contract upon consent of the Parties.
- 3.2 Except as for all rights and authorisations necessary for the implementation of the provisions of this Contract, no right is granted in favour of the Contractor or the Ministry to the use or disposal of any other natural or man-made resources or aquatic resources with the exception of aquatic resources used directly in Petroleum Operations”.
- 3.3 **[description of commercial terms omitted]*

ARTICLE 4

CONTRACT TERM

- 4.1 The term of this Contract shall commence on the date of signing and on that date the Contract becomes fully effective (the “Effective Date”) and exclusive Petroleum Operations by the Contractor on the Contract Area may commence and shall continue for a total of twenty-five (25) consecutive Contract Years, unless the Contract is sooner terminated in accordance with Article 29 of this Contract. If not already issued the State undertakes to ensure that any further governmental consents, licences, approvals and permissions required by the Contractor or the Operator are issued within thirty (30) days of the Contract Effective Date.
- 4.2 If in respect of any Development Area, Commercial Production remains possible beyond the initial period of 25 consecutive Contract Years specified

in Article 4.1 or any extension provided under this Article, the Contractor, after giving notice to the State at least one (1) year prior to the end of any such term shall automatically be entitled to have an extension of the term of this Contract with respect to such Development Area for an additional term of not less than 5 years or the producing life of the Development Area.

ARTICLE 5

**[description of commercial terms omitted]*

ARTICLE 6

**[description of commercial terms omitted]*

ARTICLE 7

OPERATOR RESPONSIBILITY

7.1 The Parties agree that the Operator shall act as the Operator for Petroleum Operations within the Contract Area in accordance with approved Work Programmes and Budgets unless otherwise stipulated in this Article 7.

7.2 The Operator shall have the following obligations:

- a) to perform the Petroleum Operations reasonably, economically and efficiently
- b) to conduct (implement) the Work Programmes and Budgets approved ;
- c) to be responsible for purchasing facilities, equipment and miscellaneous material and enter into subcontracts and service contracts on behalf of Contractor with domestic service providers and vendors related to the Petroleum Operations, in accordance with approved Work Programmes and Budgets and instructions from Contractor;
- d) describes commercial obligations ;
- e) to establish and maintain complete and accurate accounting records regarding its costs and expenditures for the Petroleum Operations in accordance with the Accounting Procedure and this Contract;
- f) describes commercial obligations;
- g) as above .

7.3 Operator and Contractor, and their direct and indirect shareholders, shall not be responsible for any activities (including Petroleum activities) affecting the Contract Area prior to the date of the Operator's Licence and the results of such activities.

- 7.4 The Operator shall provide all Parties with copies of all relevant data and reports pertaining to Petroleum Operations (including but not be limited to geophysical, geological, technological, operational, accounting or other material) required by such Parties.

ARTICLE 8

OPERATOR OBLIGATIONS AND REQUIREMENTS

- 8.1 The Contractor will ensure that the Operator acts in accordance with International oil and gas field standards and good oilfield practices.
- 8.2 **[description of commercial obligations omitted]*

ARTICLE 9

- 9.1 **[description of commercial activities omitted]*

ARTICLE 10

ANNUAL WORK PROGRAMMES AND BUDGETS

- 10.1 Contractor shall be responsible for the procurement of installations, equipment and supplies and entering into contracts for the purchase of goods and services with Foreign Subcontractors and others arising out of Petroleum Operations, all in accordance with approved Work Programmes and Budgets. Operator shall assist the Contractor when requested in respect of the matters set out in the previous sentence, and shall implement domestic procurement operations as provided in Clause 7.2(c) in accordance with approved Work Programmes and Budgets.
- 10.2 **[description of commercial obligations omitted]*
- 10.3 **[description of commercial obligations omitted]*
- 10.4 **[description of commercial obligations omitted]*
- 10.5 **[description of commercial obligations omitted]*
- 10.6 **[description of commercial obligations omitted]*
- 10.7 **[description of commercial obligations omitted]*

ARTICLE 11

- 11.1 In accordance with requirements of part 1 Article 10 of the Law of Republic of Tajikistan “On Production Sharing contracts” Contractor shall

provide or procure the provision of all funds required to conduct Petroleum Operations under this Contract, and Contractor shall be entitled to recover its Costs and Expenses (Petroleum Operations Expenditures) from Petroleum produced from the Contract Area as provided below.

- 11.2 **[description of commercial terms omitted]*
- 11.3 Contractor and Operator shall have the right to use free of charge Petroleum produced from the Contract Area to the extent required for Petroleum Operations under the Contract. The amount of Petroleum which Contractor and Operator shall be entitled to use for Petroleum Operations shall not exceed the amount which would be expected to be used in accordance with international Petroleum industry practice. For the avoidance of doubt, the use of such Petroleum shall only be for the benefit of Petroleum Operations and not the personal gain of any Party. An appropriate paper shall also be executed for the use of such Petroleum.
- 11.4 Available Crude Oil and Available Natural Gas shall be measured at the applicable Measurement Point and allocated as set forth hereinafter.
- *[description of financial terms omitted]*
- 11.6 **[description of financial terms omitted]*
- 11.7 **[description of financial terms omitted]*
- 11.8 **[description of financial terms omitted]*
- 11.9 **[description of financial terms omitted]*
- 11.10 **[description of financial terms omitted]*
- 11.11 **[description of financial terms omitted]*
- 11.12 **[description of financial terms omitted]*
- 11.13 For the avoidance of any doubt, title to their relevant shares of Petroleum shall pass from the State to the Ministry and each Contractor Party as appropriate at the Measurement Point. The Operator has no title to any Petroleum.
- 11.14 The Ministry and Contractor shall agree on procedures for taking volumes of Crude Oil corresponding to their respective entitlements on a regular basis and in a manner that is appropriate having regard to the respective destinations and uses of the Crude Oil, all in accordance with the provisions of this Contract. If necessary the Ministry and Contractor will enter into a lifting agreement consistent with this Contract setting out the agreed procedures for taking volumes of Crude Oil, and such agreement shall comply with the principles of accepted international Petroleum Industry practice.

- 11.15 The Contractor Parties shall have the free right to export, without hindrance, its share of Crude Oil and Natural Gas from Republic of Tajikistan without the imposition of any export duties, taxes, rents, customs fees or similar, and shall be able to freely sell its share of Petroleum to any organisation, corporation or individual whether resident in Republic of Tajikistan or not, and to receive payment for this Petroleum wheresoever and in what form and currency it wishes. No VAT or sales taxes shall be chargeable on sales of the Contractor Parties share of Petroleum whether such sales are to the domestic market or for export.

ARTICLE 12

- 12.1 **[description of financial terms omitted]*
- 12.2 **[description of financial terms omitted]*
- 12.3 **[description of financial terms omitted]*

ARTICLE 13

ANCILLARY RIGHTS OF THE CONTRACTOR AND OPERATOR

- 13.1 In addition to the rights to carry out Petroleum Operations within the Contract Area the State and the Ministry shall provide or otherwise procure in accordance with existing legislation of Republic of Tajikistan access to Contractor and Operator to all existing facilities and infrastructure in the Contract Area and within Republic of Tajikistan owned by the State or the Ministry for the purpose of carrying out its Petroleum Operations during the term of the Contract. Such facilities and infrastructure would include, but not be limited to, oil, gas and product pipelines, oil and gas processing facilities, oil and gas storage facilities, rail loading facilities, and similar. Such access shall be on terms as regards access and tariffs no less favourable than those offered to other persons or entities, either State or otherwise, both within Republic of Tajikistan and with regard to interstate contracts.
- 13.2 The Contractor and Operator shall have the right to use, produce, reprocess and export all existing geoscience, engineering, environmental and geodetic data (including magnetic tapes and films) maps, surveys, reports, and studies it deems necessary to carry out Petroleum Operations in accordance with existing legislation of Republic of Tajikistan hereunder including, but not limited to: magnetic surveys, seismic surveys, well logs and analysis, core analysis, well files, geologic and geophysical maps and reports, reservoir studies, reserve calculations, accurate geodetic coordinates for the location of all wells and seismic lines and all other pertinent data relative to the Contract Area. The State will give all assistance to the Contractor to retrieve and gain access to such data.
- 13.3 In accordance with existing legislation of Republic of Tajikistan The Contractor shall have the right to conduct all geoscience, engineering,

environmental and geodetic studies it deems necessary to carry out Petroleum Operations under the Work Programme. Said studies may include, but are not limited to: seismic surveys, magnetic surveys, global positioning surveys, aerial photography (obtaining relevant permits), collection of soil/water/oil/rock samples for scientific and environmental studies and geological field studies. Contractor shall be granted access to and/or permission to fly subject to obtaining appropriate consents (which will not be unreasonably withheld or delayed) over the Contract Area to conduct said studies. Contractor shall have the right to import equipment and supplies necessary to conduct said studies as well as the right to export data, film and all samples to laboratories outside Republic of Tajikistan to conduct such studies.

- 13.4 describes commercial obligations
the Contractor and/or Operator shall have the right to clear the land, to dig, pierce, drill, construct, erect, locate, supply, operate, manage and maintain pits, tanks, wells, trenches, excavations, dams, canals, water pipes, factories, reservoirs, basins, maritime storage facilities and such, primary distillation units, separating units for first oil extraction, sulphur factories and other Petroleum producing installations, as well as pipelines, pumping stations, generator units, power plants, high voltage lines, telephone, telegraph, radio and other means of communication (including satellite communication systems), plants, warehouses, offices, shelters, personnel housing, hospitals, schools, premises, underwater piers and other installations, means of transportation, roads, bridges, and other means of transportation, garages, hangers, workshops, maintenance and repair shops and all the auxiliary services which are necessary or useful to Petroleum Operations or related to them and, more generally, everything that is or could become necessary or accessory to carry out the Petroleum Operations but for the avoidance of any doubt in accordance with the relevant law of Republic of Tajikistan.
- 13.5 The agents, employees and personnel of both Contractor and Operator, or Subcontractors, may enter or leave the Contract Area and have free access, within the scope of their functions, to all installations put in place by the Contractor or Operator or otherwise utilised in Petroleum Operations.
- 13.6 Subject to prior consent of any appropriate local State bodies and the relevant landowners the Contractor shall have the right to utilise the upper soil, mature timber, clay, sand, lime, salt, gypsum and stones with exclusion of precious and semiprecious stones, gems, ore materials and other mineral deposits for the production and exploration of which a separate licence (permission) is required, and any other similar substances, necessary for the performance of Petroleum Operations in accordance with the current legislation of the Republic of Tajikistan. The Contractor may utilise the water necessary for Petroleum Operations, on condition that reasonable efforts are taken to minimise potentially adverse effects on irrigation and navigation, and that land, houses and the watering places are not adversely affected.
- 13.7 The Contractor shall have the right to use existing pipeline and terminal facilities belonging to or under the control of the State or the Ministry. The

State and the Ministry shall assist in making these facilities available to the Contractor on terms with regard to access and tariffs that are no less favourable than those available to others including the Ministry and any other State enterprise. Priority shall be given in the use of such pipelines and facilities to Petroleum produced within Republic of Tajikistan.

ARTICLE 14

**[description of the State's obligations omitted]*

ARTICLE 15

15.1 **[description of commercial terms omitted]*

ARTICLE 16

**[description of commercial terms omitted]*

ARTICLE 17

TAX/FISCAL REGIME

- 17.1 This Article shall apply to each Contractor Party individually.
- 17.2 Each Contractor Party, Foreign Subcontractor, Foreign Employee and Operator shall be entitled to full and complete exemption from Taxes according to the Tax Code of the Republic of Tajikistan prior to or after the Effective Date of this Agreement except as otherwise provided for in this Contract.
- 17.3 It is acknowledged that Double Tax Treaties will have effect to give relief from Taxes to, but not limited to, Contractor, Contractor Parties, Foreign Subcontractors and Foreign Employees if such Treaties exist.
- 17.4 It is acknowledged that, if this Contract was not in force, each Contractor Party may be normally subject to taxes related to the mineral extraction industry in accordance with the taxation code of Republic of Tajikistan.
- 17.5 Given that this Contract is in force, then taxes, levies, duties, rents and other similar payments and liabilities to the State and local authorities to which the Contractor Parties may be liable will be paid, assumed and discharged by the Ministry, its assignees, divisions or other entities receiving the State share of Petroleum in accordance with Article 17.6 herein. For the avoidance of doubt, the Contractor Parties shall be entitled to full and complete exemption from taxes, levies, duties, rents, fees and other similar payments to the State and local authorities according to the Tax Code of Republic of Tajikistan valid on the effective date of this Agreement, and that the State's share of Petroleum is full compensation for this exemption.
- 17.6 The Ministry, its successors or assignees, will assume, pay and discharge, in the name and on behalf of each Contractor Party (and if necessary the

Operator), any road tax liability, mineral usage tax liability, production tax liability or any other Tajik tax liability, according to the Tax Code of Republic of Tajikistan, out of the Ministry's share of Profit Oil and Profit Natural Gas. The Ministry Profit Oil and Profit Natural Gas share as determined by Article 11 of this Contract is therefore implied to include an amount equal in value to all of the Contractor Parties' (and Operator's) potential tax liabilities.

- 17.7 The Ministry, on behalf of the State, will cause to be issued to the Contractor Parties (and Operator) by the appropriate State tax bodies, before 1st April of each year, an annual statement of all taxes imputed to have been paid by the Ministry on behalf of the Contractor Parties, in such a form that the statement would reasonably be accepted by foreign authorities operating a Double Tax Treaty with the Republic of Tajikistan.
- 17.8 The Ministry shall not credit, directly or indirectly, Contractor Parties' tax payments against the Ministry's tax or any other payments to the Government or the treasury of the Republic of Tajikistan required from the Ministry.
- 17.9 The Ministry shall assume, pay and discharge any penalties, interest, fines or similar levies for late payment of a Contractor Party's (and Operator's) Road Tax and/or Mineral Usage or other tax liabilities in respect of any Calendar Year.
- 17.10 The State will notify each Contractor Party within one (1) month of the Effective Date of this Contract on the tax inspectorate office (" for the Major Tax payers") which is to be located in Dushanbe, where the Contractor Party and Operator should be registered as a tax payer in accordance with the Tax Code of Republic of Tajikistan and be responsible for and administer the implementation of the provisions of this Contract as they relate to taxation and issuance of statements and of appropriate documentation to allow the tax and related exemptions contained in this Contract to be implemented by the Contractor Parties and/or the Operator.
- 17.11 Employees of the Contractor, Contractor Parties, their Affiliates and Subcontractors, and those employees assigned by Contractor to Operator who are not citizens of the Republic of Tajikistan ("Foreign Employees") shall not be liable to personal income tax in accordance with Article 141 paragraph 2) of Tax Code of Republic of Tajikistan.
- 17.12 Foreign Employees who perform work in the Republic of Tajikistan and their employers that would otherwise be covered by and subject to social insurance, pension fund contributions and similar payments under the social security system of the Republic of Tajikistan will be exempt from those payments.
- 17.13 VAT or sales tax shall be treated as follows:
 - a) Goods, works and services supplied directly or indirectly to or by a Contractor Party or its Affiliates, Operator or a Foreign Subcontractor for the purpose of Petroleum Operations shall be exempt from VAT in accordance with the Tax Code of Republic of Tajikistan.

- b) All imports including but not limited to goods, equipment, works, loans and other forms of financing acquired by a Contractor Party or its Affiliates, Operator, their Subcontractors or their agents for the purpose of Petroleum Operations shall be exempt from VAT in accordance with the Tax Code of Republic of Tajikistan.
- c) Exports of Petroleum by each Contractor Party or its agents shall be imposed with VAT with credit zero per cent rate in accordance with the Tax Code of Republic of Tajikistan.
- d) All re-exports by a Contractor Party or its Affiliates, Subcontractors or their agents of goods and works supplied for the purposes of Petroleum Operations including but not limited to re-export of goods temporarily imported into Tajikistan for the purposes of Petroleum Operations shall be exempt from VAT or the amounts paid in respect with VAT earlier shall be reimbursed in accordance with the legislation of Republic of Tajikistan.

ARTICLE 18

ACCOUNTING, FINANCIAL REPORTING AND AUDIT

- 18.1 Contractor shall maintain books and accounts of Petroleum Operations in accordance with the Accounting Procedure attached hereto as Annex C. These shall be maintained in local currency of the Republic of Tajikistan and in US\$ in accordance with the legislation of Republic of Tajikistan and generally accepted international Petroleum industry accounting principles. All books and accounts which are made available to the Ministry in accordance with the provisions of the Accounting Procedure shall be prepared both in the Tajik and English languages.
- 18.2 The Accounting Procedure specifies the procedure to be used to verify and establish promptly and finally Contractor's Costs and Expenses under Article 11 of this Contract.
- 18.3 Sales revenues, expenditures, financial results, tax liabilities, and loss carry-forwards of each Contractor Party shall be determined in accordance with the rules, rights, and obligations set forth in this Contract in so far as such sales revenues, expenditures, financial results, tax liabilities, and loss carry-forwards are related to Petroleum Operations under this Contract.
- 18.4 To the extent that the Ministry incurs Costs and Expenses which are recoverable from Cost Recovery Petroleum in accordance with Article 11, the Ministry shall maintain separate books and accounts. These books and accounts shall be maintained in local currency of the Republic of Tajikistan and in US\$, in the Tajik language and the English language and shall be in accordance with generally accepted international Petroleum industry accounting principles. Prior to the Ministry commencing to incur Costs and Expenses an accounting procedure which establishes the method for

accounting for the Ministry's participation in the funding of Petroleum Operations shall be agreed and approved by Co-ordination Committee. The Contractor shall have the right to audit the books and accounts maintained by the Ministry.

ARTICLE 19

CURRENCY, PAYMENTS AND EXCHANGE CONTROL

- 19.1 Contractor and each Contractor Party, and their Affiliates, Subcontractors and Operator shall have the right to open, maintain, and operate Foreign Exchange bank accounts both in and outside of Tajikistan and local currency bank accounts inside the Republic of Tajikistan. Such operations performed in the Republic of Tajikistan will comply with the Republic of Tajikistan Law.
- 19.2 Contractor and each Contractor Party, and their Affiliates and Foreign Subcontractors shall have the right to transfer all funds received in and converted to Foreign Exchange in the Republic of Tajikistan to bank accounts outside the Republic of Tajikistan in accordance with the Republic of Tajikistan Law.
- 19.3 Contractor and each Contractor Party, and their Affiliates and Foreign Subcontractors shall have the right to hold, receive and retain outside the Republic of Tajikistan and freely use all funds received and derived from Petroleum Operations by them outside the Republic of Tajikistan without any obligation to repatriate or return the funds to the Republic of Tajikistan, including but not limited to all payments received from export sales of Contractor Parties' share of Petroleum and any sales proceeds from an assignment of their interest in this Contract.
- 19.4 Contractor and each Contractor Party, and their Affiliates, Foreign Subcontractors and Operator have the right to import into the Republic of Tajikistan funds required for Petroleum Operations under this Contract in Foreign Exchange in accordance with the legislation of Republic of Tajikistan.
- 19.5 Contractor and each Contractor Party, and their Affiliates and Foreign Subcontractors shall have the right to pay outside of the Republic of Tajikistan for goods, works and services of whatever nature in connection with the conduct of Petroleum Operations under this Contract without having first to transfer to the Republic of Tajikistan the funds for such payments.
- 19.6 Whenever such a need arises Contractor and each Contractor Party and their Affiliates, Foreign Subcontractors and Operator shall be entitled to purchase local currency with Foreign Exchange and covert local currency into Foreign Exchange in accordance with provisions stipulated in legislation.
- 19.7 Contractor and each Contractor Party, and their Affiliates and Foreign Subcontractors shall have the right to pay outside the Republic of Tajikistan principal and interest on loans used for funding Petroleum Operations without

having to first transfer to the Republic of Tajikistan the funds for such payment.

- 19.8 Contractor and each Contractor Party and their Affiliates, Foreign Subcontractors and Operator shall have the right to pay, wages, salaries, allowances and benefits of their foreign personnel working in the Republic of Tajikistan in Foreign Exchange partly or wholly outside the Republic of Tajikistan.
- 19.9 Conversions of currency shall be recorded at the rate actually experienced in that conversion. Expenditures and sales revenues in currency other than the US\$ shall be translated to US\$ at the rates officially published by National Bank of the Republic of Tajikistan at the close of business on the first business day of the current month.

ARTICLE 20

IMPORT AND EXPORT

- 20.1 Contractor, each Contractor Party and Affiliates and their agents and Subcontractors and Operator shall have the right to import into, export and re-export from the Republic of Tajikistan in Accordance with the Republic of Tajikistan Law all equipment with no customs fees, levys, duties, import taxes or similar being payable.
- 20.2 Contractor, each Contractor Party and Affiliates, their agents and Subcontractors shall have the right to sell any materials or equipment or goods which were used in Petroleum Operations provided that such items are no longer needed for Petroleum Operations and the costs of such items have not been and are not intended to be included as Costs and Expenses recoverable from Cost Recovery Petroleum including payments of the relevant taxes from those such operations (sales) in accordance with the Tax Code of Republic of Tajikistan.
- 20.3 Contractor, each Contractor Party, their customers and their carriers shall have the right to export the share of Petroleum on behalf of Contractor or each Contractor Party in accordance with the Republic of Tajikistan Law.
- 20.4 Foreign Employees and family members of Contractor and its Affiliates, its agents and Foreign Subcontractors, shall have the right to import into and re-export of personal and household purpose items from the Republic of Tajikistan at any time in accordance with the Republic of Tajikistan Customs Code.

ARTICLE 21

EXPORT OF HYDROCARBONS, TRANSFER OF OWNERSHIP, AND REGULATIONS FOR DISPOSAL

- 21.1 The Contractor, Contractor Parties, any purchaser from such parties and their respective carriers shall, for the duration of this Contract, have the right to export without any export duties, levys, rents, taxes or similar, from any export point selected by the Contractor for such purpose, the share of Petroleum to which the Contractor is entitled under this Contract. Access to export points shall be given to the above parties on a non discriminatory basis and at rates no less favourable than those available to the Ministry, or granted to others by the State or the Ministry.
- 21.2 **[description of commercial terms omitted]*
- 21.3 The Contractor and the Ministry shall each be entitled to designate (at their own cost) an employee, independent company or consultant who shall check the liftings of Petroleum from the Measurement Point or at such other point as may be designated in accordance with Article 21.
- 21.4 If one of the Parties is unable to lift its share of Petroleum in due time, with the result that Petroleum Operations may be interfered with or in any way disrupted, then after giving such notice as is practical in the circumstances any other Party may dispose of it, and subsequently give back to such Party an equivalent amount of Petroleum (taking into account any costs incurred).

ARTICLE 22

OWNERSHIP OF ASSETS

- 22.1 Ownership of any asset, whether fixed or moveable, acquired by or on behalf of Contractor in connection with Petroleum Operations hereunder shall vest in the State without consideration if (1) both the costs of such asset have been recovered by Contractor under this Contract, and (2) either the Contract has come to an end or, if earlier, when the asset is no longer required for Petroleum Operations by the Contractor. The Contractor shall enjoy continued free, exclusive and unrestricted use of all assets at no cost or loss of benefit to the Contractor until the termination of this Contract or if earlier until they are no longer required for Petroleum Operations. The Contractor shall bear the custody and maintenance of such assets and all risks of accidental loss or damage thereto while they are required for Petroleum Operations, provided however that all costs necessary to operate, maintain and repair such assets and to replace or repair any damage or loss shall be recoverable as Operation Expenses from Cost Recovery Petroleum in accordance with the provisions of Article 11.
- 22.2 Whenever Contractor relinquishes any part of the Contract Area, all moveable property located within the portion of the Contract Area so relinquished may be removed to any part of the Contract Area that has been retained for use in Petroleum Operations.

- 22.3 The provisions of Article 22.1 and 22.2 shall not apply to materials or other property that are rented or leased to Contractor, its Affiliates or Operator or which belongs to employees of Contractor, its Affiliates or Operator.

ARTICLE 23

INSURANCE

- 23.1 Contractor shall obtain and maintain such types and amounts of insurance for the Petroleum Operations as are reasonable and such that they comply with Republic of Tajikistan Law and accepted international Petroleum industry practice and standards.
- 23.2 **[description of commercial terms omitted]*

ARTICLE 24

PERSONNEL

- 24.1 Contractor shall be entitled to bring foreign personnel into the Republic of Tajikistan in connection with the performance of Petroleum Operations. The entry into the Republic of Tajikistan of such personnel is hereby authorised, and the State authorised body shall issue at the Contractor's request the required documents, such as entry and exit visas, work permits and residence cards. At Contractor's request, the State shall facilitate all immigration formalities at the points of exit and entry into the Republic of Tajikistan for the employees and family members of the Contractor, its Affiliates, Subcontractors, Operator, agents and brokers. The Contractor (or Operator on its behalf) shall contact the appropriate offices of the State to secure the necessary documents, and to satisfy the required formalities.
- 24.2 The employees working within the scope of Petroleum Operations shall be placed under the authority of the Contractor, its Affiliates, its Subcontractors, agents or brokers or the Operator each of which shall act individually in their capacity as employers. The works, hours, wages, and all other conditions relating to their employment shall be determined by the relevant employer of such employees. In relation to employees who are citizens of the Republic of Tajikistan their employment shall be in accordance with the Republic of Tajikistan law. To the extent that any expatriate personnel are engaged under a contract subject to the Republic of Tajikistan law, that contract shall comply with the provisions of the Republic of Tajikistan law. The Contractor, its Affiliates, its Subcontractors, agents or brokers however, shall enjoy full freedom in the selection and assignment of their employees.
- 24.3 Contractor takes into account the Law of Republic of Tajikistan "On Product Sharing Contracts" and agrees to:
- a) Where employees have the appropriate experience and skills, to engage employees who are citizens of the Republic of Tajikistan with the aim of these

employees ultimately making up at least seventy per cent (70%) of the total employees engaged in the implementation of the works under this Contract;

b) Employ foreign employees and specialists where necessary for the effective operation of works under this Contract or due to the unavailability of suitably trained and qualified local staff.

c) To implement appropriate training programmes for Tajik staff with the intention of replacing foreign staff with suitably trained and experienced local specialists.

ARTICLE 25

FORCE MAJEURE

25.1 If as a result of Force Majeure, Contractor is rendered unable, wholly or in part, to carry out its obligations under this Contract, other than the obligation to pay any amounts due, then the obligations of Contractor, 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, but for no longer period. Contractor shall notify the Parties of the Force Majeure situation within seven (7) days of becoming aware of the circumstances relied upon and shall keep the Ministry informed of all significant developments. Such notice shall give reasonably full particulars of the said Force Majeure, and also estimate the period of time which Contractor will probably require to remedy the Force Majeure. Contractor shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in an economic manner. The period of any such non performance or delay, together with such period as may be necessary for the restoration of any damage done during such delay, shall be added to the time given in this Contract for the performance of any obligation dependent thereon (and the continuation of any right granted) and to the term of this Contract.

25.2 For the purposes of this Contract, "Force Majeure" shall mean a circumstance which is irresistible or beyond the reasonable control of Contractor, any act of the State, or the Ministry or any other hindrance of Contractor's performance not due to its fault or negligence.

ARTICLE 26

**[description of commercial terms omitted]*

ARTICLE 27

CONTRACT ENFORCEMENT AND STABILISATION, AND REPRESENTATIONS AND WARRANTIES

- 27.1 In the course of performing the Petroleum Operations, the Operator and the Parties shall be subject to all applicable laws, decrees, rules and regulations.
- 27.2 The State agrees and commits to Contractor, for the duration of this Contract, to maintain the stability conditions of this Contract.
- 27.3 The Parties agree to cooperate in every possible way in order to achieve the objectives of this Contract. The State and its subdivisions shall facilitate the exercise of Contractor's activities by granting it all decrees, permits, resolutions, licenses and access rights and making available to it all appropriate existing facilities and services under the control of the State or the Ministry so that the Parties may derive the greatest benefit from Petroleum Operations for their own benefit and for the benefit of the Republic of Tajikistan.
- 27.4 If at any time after this Contract has been signed there is a change in the applicable laws, regulations or other provisions effective within the Republic of Tajikistan which to a material degree adversely affect the economic position of the Contractor or any Contractor Party hereunder, the terms and conditions of this Contract shall be altered so as to restore the Contractor to no worse an overall economic position as that which the Contractor would have been in had this Contract been given full force and effect without amendment as it is stipulated in Article 27.5.
- 27.5 To the extent that the Contractor's overall economic position is not restored through mutually agreed changes to the terms and conditions of this Contract the State shall fully indemnify the Contractor against such economic effects. In case if the Contract is terminated under Articles 29.2 and 30 hereunder, then Contractor shall indemnify the State against losses such as lost profit and lost capital.
- 27.6 If the Contractor believes that its economic position has been adversely affected, due to the circumstances provided in Articles 27.4, 27.5 under which articles it may give notice to the State and to the Ministry describing how its position has been so affected and the Parties shall thereafter promptly meet with a view to reaching agreement on the remedial action to be taken. If matters have not been resolved within 90 days the matter may be referred to arbitration by any Party in accordance with the provisions of Article 30.
- 27.7 The State and the Ministry warrants to the Contractor as follows:
- a) The State has taken the appropriate steps necessary to authorise the Ministry to execute this Contract on behalf of the State;
 - b) The signatories to this Contract on behalf of the State (in each of their capacities hereunder) is duly authorised to bind the Ministry;
 - c) The Ministry has been legally vested by the State with the necessary power to authorise Petroleum Operations in the Contract Area and to

compensate the Contractor by allocating to it a share of the Petroleum produced in accordance with the terms of this Contract.

- d) The conduct of Petroleum Operations in accordance with the laws of the Republic of Tajikistan.
- e) Upon completion of the matters and procedures set out in Article 32 there is no other entity or authority whose approval or authorisation is required to permit the Contractor to enjoy and enforce its rights hereunder.

ARTICLE 28

NOTICES AND CONFIDENTIALITY

- 28.1 Notices shall be considered duly drafted if written in Tajik and English and delivered in person or by registered mail or by courier service or by any electronic means of transmitting written communications which provides confirmation of complete transmission, and addressed to such Parties as designated below. The originating notice given under any provision of this Contract shall be deemed delivered only when received by the Party to whom such notice is directed. Time for such Party to deliver any notice in response to such originating notice shall run from the date the originating notice is received. The second or any responsive notice shall be deemed delivered when received. "Received" for purposes of this Article with respect to written notice delivered pursuant to this Contract shall be actual delivery of the notice to the address of the Party to be notified specified in accordance with this Article. Each Party shall have the right to change its address at any time and/or designate that copies of all such notices be directed to another person at another address, by giving written notice thereof to all other Parties. The addresses for service of notices on each of the Parties is as follows:-

Kulob Petroleum Limited

P.O. Box 524
St. Peter Port
Guernsey, GY1 5EL
Channel Islands

Attention: CEO
Fax : +44 1481 725 922
e-mail: info@tethys.gg

The State and the Ministry

Ministry of Energy and Industry
Rudaki Avenue 22
Dushanbe
Tajikistan, 734012

Attention: Minister
Fax: + 992 48 221 8889

e-mail: _____

- 28.2 Subject to the provisions of the Contract, the Parties agree that all information and data acquired or obtained by any Party in respect of Petroleum Operations shall be considered confidential and shall be kept confidential and not be disclosed during the term of the Contract to any person or entity not a Party to this Contract, except:
- a) To an Affiliate, provided such Affiliate maintains confidentiality as provided herein;
 - b) To a governmental agency or other entity when required by the Contract;
 - c) To the extent such data and information is required to be furnished in compliance with any applicable laws or regulations, or pursuant to any legal proceedings or because of any order of any court binding upon a Party;
 - d) To prospective or actual contractors, consultants and attorneys employed by any Party where disclosure of such data or information is essential to such contractor's, consultant's or attorney's work;
 - e) To a bona fide prospective transferee of a Party's participating interest (including an entity with whom a Party 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);
 - f) To a bank or other financial institution to the extent appropriate to a Party arranging for funding;
 - g) To the extent that any data or information which, through no fault of a Party, becomes a part of the public domain;
 - h) To the extent required by any recognised stock exchange, regulatory body or auditor.
- 28.3 Disclosure as pursuant to Article 28.2 (d), (e), and (f) shall not be made unless prior to such disclosure the disclosing Party has obtained a written undertaking from the recipient party to keep the data and information strictly confidential for at least three (3) years and not to use or disclose the data and information except for the express purpose for which disclosure is to be made.

ARTICLE 29

TERMINATION AND BREACH

- 29.1 At any time, if in the opinion of Contractor, circumstances do not warrant continuation of the Petroleum Operations, Contractor may, by giving written notice to that effect to the Ministry, relinquish its rights and be relieved of its obligations pursuant to this Contract, except such rights and obligations as related to the period prior to such relinquishment. Neither this Contract nor any of the rights granted hereunder nor the Operator Licence may be terminated as a result of any act or omission of Operator save in the case where Operator has carried out an act or omitted to do something at the specific request of the Contractor and Operator has previously advised the Contractor prior to carrying out the act or omitting to do something that to carry out that act or to omit to do the relevant thing may result in this Contract being terminated.
- 29.2 Without prejudice to the provisions stipulated in Article 29.1 above, this Contract may only be terminated by the State in its entirety by giving one hundred and eighty (180) days advance written notice thereof to all Parties, when and only if a material breach of Contract is alleged to have been committed by Contractor and, provided that conclusive evidence thereof has been found by prior arbitration as stipulated in Article 30. For the purposes of this Article, a material breach means a fundamental breach which, if not cured, is tantamount to the frustration of the entire Contract either as a result of the unequivocal refusal to perform contractual obligations or as a result of conduct which has destroyed the commercial purpose of this Contract.

ARTICLE 30

DISPUTE RESOLUTION

- 30.1 All disputes arising out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules.
- 30.2 A Party need not exhaust administrative or judicial remedies prior to commencement of arbitration proceedings.
- 30.3 Any arbitration tribunal constituted pursuant to this Agreement shall be held in Stockholm, Sweden, in the English language and apply the provisions of this Agreement as supplemented and interpreted by general principles of the laws of Sweden as are in force on the Effective Date.

ARTICLE 31

TEXT

31.1 This Contract shall be executed in three (3) originals in the Tajik language, three (3) originals in the English language and in three (3) originals in the Russian language each of which shall have equal legal force and effect; provided however that in the case of dispute, conflict or arbitration the English version shall be used as the authentic version to determine the rights and obligations of the Parties which shall be determined by reference solely to the English version of this Contract.

ARTICLE 32

**[description of State's obligations omitted]*

This Contract is executed this 13 day of June 2008 _____ in three (3) versions in Tajik, Russian and English.

**STATE AUTHORIZED
REPRESENTATIVE**
For the Ministry
Minister of Energy and Industry

CONTRACTOR
For Kulob Petroleum Limited
Director and President

Signature: "*signed*"

Signature: "*signed*"

Name: Gul Sherali

Name: Dr David Robson

ANNEXES

**[description of commercial and fiscal terms omitted]*