

CONFIDENTIAL

Dated 30 January 2009

REPUBLIC OF CROATIA
represented by
the Government of the Republic of Croatia

and

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY

GAS MASTER AGREEMENT

This Gas Master Agreement (the "**Agreement**" or the "**Master Agreement**") was entered into on this day of 30 January 2009, by and between

REPUBLIC OF CROATIA, represented by the Government of the Republic of Croatia (hereinafter the "**Government**")

and

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY, a public company limited by shares, registered and existing under the laws of the Republic of Hungary, with registered seat at Október huszonharmadika u. 18, Budapest 1117 Hungary (hereinafter "**MOL**")

(the Government and MOL hereinafter referred to as the "**Parties**" and either one of them as a "**Party**") on the terms and conditions below.

Whereas

- (A) The Government targets to maintain and strengthen the national security interests by controlling and managing gas sector related activities, such activities being primarily but not limited to gas transmission, Gas Storage and Gas Trading Activities;
- (B) When acquiring control and management rights in certain gas sector related activities, as well as influencing in different forms and capacities the structure of the gas market, the Government aims to fulfil all EU requirements already applicable or otherwise to be observed pursuant to the obligations and undertakings of the Government undertaken vis-à-vis the European Union in connection with the Republic of Croatia's joining the EU in the future;
- (C) Pursuant to recital (B) above and in order to facilitate the achievement targeted therein, the Parties aim and undertake to procure that Gas Storage Activity and Gas Trading Activity, currently integrated in INA, shall each be
 - unbundled from INA (i.e., each organised into a legal entity separate from and held in 100% by INA) and
 - as soon as reasonably possible after such unbundling, the Storage Co. and the Trading Co. transferred to the Government (or an entity held and designated by the Government for this purpose) at Fair Business Value.
- (D) Under the Croatian Law on Gas Market, the Company is expressly under the obligation of gas procurement to suppliers of tariff customers. It is the intention of the Parties that after the unbundling described above, such procurement and indirect supply obligation in Croatia, including contracting gas suppliers such as the Company and gas exporters, be fully vested in the Trading Co.
- (E) Furthermore INA is ready to smooth the effect of the high volatility of international gas prices and exchange rates on the Croatian consumers, and support the "supplier of last resort" function, therefore, INA undertakes to further develop its domestic hydrocarbon production. To make financing of such investments reasonable and possible, and to provide security for such investments the rate of royalty on hydrocarbon production will be set on long term.

- (F) Terms and conditions of any further agreements and other documents referred to hereunder shall be, if not differently agreed between the Parties, made on the basis and in accordance with the terms of this Master Agreement.

1. Definitions

- 1.1 The following capitalized terms and expressions shall have the following meaning throughout this Agreement:

Amendment of Law on Gas Market

shall mean an act of the Croatian Parliament amending or replacing the Law on Gas Market and providing at least to the effect that (i) INA shall be replaced by Trading Co. regarding its procurement undertaking for the suppliers of tariff customers, and (ii) the Trading Co. and the Storage Co. shall, by operation of law, be in all their legal relations relating to the Gas Trading Activity and the Gas Storage Activity legal successors of the Company;

Amendment of Mining Law

shall mean an act of the Croatian Parliament amending or replacing the Mining Law to form legal framework for the Government or any governmental body to conclude the Royalty Agreement;

Auditor

Deloitte d.o.o., Radnička cesta 80, Zagreb, Croatia;

Comfort Letter

shall mean an unconditional and irrevocable unilateral declaration by the Government stating that, in case of the failure by the Trading Co. to perform its payment obligations under the (i) credit line agreement referred to Clause 2.2.1.3 and (ii) the Long Term Gas Supply Agreement, the Government shall use its best efforts to enable the Trading Co. to meet such payment obligations in due course, in accordance with said agreements;

Company or "INA"

shall mean INA-INDUSTRIJA NAFTE, d.d.;

Consultation period


has the meaning given to it in Clause 3.1.2.d) of this Agreement;

EBITDA

the amount of EBITDA means Earnings Before Interest, Taxes, Depreciation and Amortization for each fiscal year has to be calculated from the audited Profit and Loss statement in line with the accounting standards;

Fair Business Value

means the price which a company might be expected to fetch between a willing buyer and a willing seller, each whom is deemed to be acting in self interest and gain and both of whom are equally well informed about the target of the transaction and the economic environment in which such target operates.



Gas Agreements	means this Master Agreement and all the agreements contemplated herein;
Gas Storage Activity	has the meaning given to it by the Law on Gas Market;
Gas Storage Assets	shall mean the assets necessary for the pursuing of the Gas Storage Activity with respect to the Okoli storage and related facilities (to be listed in the Storage Co. SPA) to the same extent as such activity was conducted by the Company prior to the organisation of the Gas Storage Assets into the Storage Company;
Gas Trading Activity	shall include (i) gas procurement, (ii) gas supply of tariff customers and (iii) gas supply of eligible customers as such terms are defined by the Law on Gas Market;
Independent Expert	shall mean a valuation expert to act under each of the Storage Co. SPA and the Trading Co SPA if applicable, selected jointly by the parties to such SPAs respectively from among the so called "big4" and having no conflict with respect to the matter;
Initial Trading Consideration	has the meaning given to it in Clause 3.2.2 a) of this Agreement;
Law on Gas Market	shall mean the Law published in the Official Gazette Nr 40/2007. of the Republic of Croatia on the gas market effective as of the date hereof;
Long Term Gas Supply Agreement	has the meaning given to it in Clause 2.2.1 of this Agreement and the major terms and conditions are set out in Schedule 2;
Losses	has the meaning given to it in Clause 3.1.4 and Clause 3.2.5 of this Agreement;
Mining Law	shall mean the Law published in the Official Gazette Nr 190/2003 of the Republic of Croatia on the mining activities effective as of the date hereof;
Notice	has the meaning given to it in Clause 4.5.1 of this Agreement;
Pricing period	has the meaning given to it in Clause 3.1.2.b) of this Agreement;
Royalty Agreement	has the meaning given to it in Clause 2.2.2 of this Agreement and the major terms and conditions of which are set out in Schedule 3;
SHA	has the meaning given to it in Clause 3.1.5 of this Agreement;




Storage Co.	has the meaning given to it in Clause 2.1.1 of this Agreement;
Storage Co. SPA	has the meaning given to it in Clause 3.1.1 of this Agreement;
Storage Purchaser	has the meaning given to it in Clause 3.1.1 of this Agreement;
Total Storage Consideration	has the meaning given to it in Clause 3.1.2 a) of this Agreement;
Total Trading Consideration	has the meaning given to it in Clause 3.2.2 a) of this Agreement;
Trading Co.	has the meaning given to it in Clause 2.1.1 of this Agreement;
Trading Co. SPA	has the meaning given to it in Clause 3.2.1 of this Agreement;
Trading Net Working Capital	has the meaning given to it in Clause 3.2.2 a) of this Agreement and calculation method of its amount is set out in Schedule 4;
Trading Purchaser	has the meaning given to it in Clause 3.2.1 of this Agreement;

1.2 Recitals, schedules, etc.

References to this Agreement include the recitals and schedules which form part of this Agreement for all purposes. References in this Agreement to the recitals, Schedules and Clauses are references respectively the recitals and Schedules to and Clauses of this Agreement.

1.3 Meaning of references

Save where specifically required or indicated otherwise:

- 1.3.1 words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa and words importing the singular shall be treated as importing the plural and vice versa;
- 1.3.2 references to an obligation of a Party to use its "**best efforts**" or "**best endeavours**" for a certain purpose shall mean such Party fully using and exercising its powers within the scope of its competence to act irrespective the field of such competence;
- 1.3.3 references to the word "**include**" or "**including**" (or any similar term) are not to be construed as implying any limitation and general words introduced by the word "**other**" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;





1.3.4 any reference to "**writing**" or "**written**" includes any method of reproducing words or text in a legible and non-transitory form but, for the avoidance of doubt, shall not include e-mail (other than authenticated e-mail);

1.3.5 references to "**USD**" or "**\$**" are to the lawful currency of the United States of America as at the date of this Agreement. References to "**Euro**" or "**€**" are to the single currency of the participating member states of the European Monetary Union.

1.4 Headings

Clause and paragraph headings are inserted for ease of reference only and shall not affect interpretation.

1.5 Joint participation

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party by virtue of the authorship of any provisions of this Agreement.

1.6 Documents as amended

References to any document (including this agreement) are references to that document as amended, consolidated, supplemented, novated or replaced from time to time.

1.7 Successors

Except as otherwise provided in this Agreement, references in this Agreement to a person (including a Party) include references to that person's successors and permitted assigns.

2. Separation and Unbundling of the Gas Business of INA

2.1 The unbundling process and conditions

2.1.1 Parties shall procure that the Company will

- by not later than 31st January 2009 transfer its Gas Storage Assets into a separate legal entity fully owned by the Company (the "**Storage Co.**"),
- by not later than 31st March, 2009 organise its Gas Trading Activity into a separate legal entity fully owned by the Company (the "**Trading Co.**") subject to condition precedents under clause 2.1.3.

2.1.2 The Parties agree that upon the separation of the Gas Trading Activity to the Trading Co., the gas procurement obligation in Croatia as per Article 38 of the Law on Gas Market shall be placed on the Trading Co. Immediately upon the signing of this Agreement, the Government shall use its best endeavours in order to the adoption and announcement, all in accordance with Croatian law, of the Amendment of the Law on Gas Market and to bring it into force as soon as possible after the signing of this Agreement but not later than 31st March, 2009.

2.1.3 Separation of the Trading Co. shall be conditional upon all four of

- (i) the coming into force of the Amendment of or the New Law on Gas Market;
- (ii) the execution and delivery of the Royalty Agreement based on the Amendment of the Mining Law
- (iii) the execution and delivery of the Long Term Gas Supply Agreement and
- (iv) taking over all rights and obligations of INA with respect to the Gas Trading Activity (including necessary third party consents).

Any such conditions are capable of being waived by the Company and the Parties shall procure the Company issuing such waiver only if both Parties request so.

2.1.4 The Parties shall further procure that all assets, contracts, licenses, rights, obligations and liabilities necessary to or inherent in the pursuance of the Gas Trading Activity and the Gas Storage Activity shall be taken over and legal relationships be continued by the Trading Co. and the Storage Co., respectively. Such assets, contracts and licenses shall include (without limitation) those listed in Schedule 1 of this Agreement regarding the Trading Co. and the Storage Co. Effective date of such takeover and continuation shall be the same date for all assets, contracts and licenses in case of and with respect to the Trading Co. and, likewise, the Storage Co. and, in case of the Trading Co. shall not be earlier than the coming into force of or such other date as provided for by the Amendment to the Law on Gas Market. In connection with the taking over by the Trading Co. of the rights and obligations under the "Contract for the sale and purchase of natural gas between Gazexport Ltd. and INA dated 24 May 2005" referred to under item 1 of Part A of Schedule 1 to this Agreement (the "Gazexport Contract"), the Parties shall, within their competence, procure that, if and to the extent required in order to obtain any third party consent referred to in Clause 2.1.3(iv) above, INA shall undertake a payment guarantee for the obligations under the Gazexport Contract taken over by the Trading Co. The guarantee shall be in accordance with the guarantee requirements and shall be valid on the date of the transfer of the share interest in the Trading Co. to the Trading Purchaser under the term of the Trading Co. SPA until not later than the expiry of the Gazexport Contract as provided by such Gazexport Contract on the date of signing of this Agreement (that is 31 December 2010). Any and all payments made by INA under such guarantee, as well as costs or expenses incurred in connection with such payment ("Guarantee Payments") shall be reimbursed by the Trading Co. to INA. Until such reimbursement the aggregate amount available to the Trading Co. under the credit line referred to in Clause 2.2.1.3 of this Agreement shall be reduced by the amount of any such Guarantee Payments.

2.1.5 The Government shall procure, or if not within its competence, shall use its best efforts to achieve the issuance of all licenses, consents, waivers, documents, instruments necessary for the continuation of the Gas Trading Activity by the Trading Co. and the Gas Storage Activity by the Gas Storage Co. and further shall use its best efforts to accomplish the legal succession between INA on one hand and the Trading Co. and the Storage Co. on the other with respect to all legal relations in connection with the Gas Trading Activity and the Gas Storage Activity, respectively.

- 2.1.6 The Parties shall further procure that the information technology system necessary to the pursuance of Gas Trading Activity and the Gas Storage Activity shall be taken over by or implemented in the Trading Co. and the Storage Co., respectively. Furthermore Parties shall procure that certain employees of the Company will be transferred to the Storage Co. and Trading Co. As a result of such transfers the Storage Co. and the Trading Co. shall be able to conduct their core business operation being the Gas Storage Activity and the Gas Trading Activity, respectively, taking also into consideration the agreements concluded between the Company and the Storage Co. and the Trading Co. in connection with the operation of the Storage Co. and the Trading Co. as per Clauses 2.2.3 and 2.2.6 of this Agreement.

2.2 Long term agreements connected with the unbundling

2.2.1 Long Term Gas Supply Agreement

- 2.2.1.1 The Parties shall procure that the Company and Trading Co. will, prior to and effective as of the effective date of the separation of Trading Co., enter into a long term agreement regarding the sale by the Company and the purchase by the Trading Co. of natural gas produced by the Company in Croatia, including epicontinental shelf (the "**Long Term Gas Supply Agreement**").
- 2.2.1.2 Term of the Long Term Gas Supply Agreement shall be 15 years from its effective date. Price and volume of the natural gas to be sold under the Long Term Gas Supply Agreement, take-or-pay obligations as well as other terms and conditions shall be set in the Long Term Gas Supply Agreement as provided in Schedule 2 to this Agreement.
- 2.2.1.3 The Parties shall procure that INA shall provide to the Trading Co. a credit line of up to USD 100 million conditional upon approval of financing banks of the Company from the completion date of Trading Co SPA for a period of five (5) years, with interest rate equal to the average financing cost of INA in order to enable the Trading Co. to fulfil its payment obligations under the Gazexport Contract. The detailed terms and conditions will be concluded between the Trading Co and INA by a separate long term credit agreement. Cumulative amount of withdrawn credit shall not be higher than the cumulative negative EBITDA, if any, of Trading Co at the end of each fiscal year. Other conditions of the credit line shall be in line with Schedule 5 to this Agreement.
- 2.2.1.4 Other conditions of the Long Term Gas Supply Agreement shall be in line with conditions customary in similar agreements on an arms' length basis.
- 2.2.1.5 Should financing banks of INA not give their consent to the provision of the credit line as per Clause 2.2.1.3 of this Agreement, INA shall provide the financing for the purposes mentioned in Clause 2.2.1.3 of this Agreement to the Trading Co. by other means. The representatives of the Government shall cooperate on same and shall not withhold their vote on the Supervisory Board of INA on the proposal concerning this issue without a reasonably justifiable reason.

2.2.2 Royalty Agreement

- 2.2.2.1 The Government shall and the Parties shall procure that the Company will enter into a long term agreement regarding the level of royalty on domestically produced hydrocarbons (natural gas, oil and condensate) in accordance with the terms set out in Schedule 3 to this Agreement (the "**Royalty Agreement**") by not later than 31 March, 2009. Term of the Royalty Agreement shall be fifteen (15) years.

2.2.2.2 According to the Royalty Agreement the Company shall pay royalty on hydrocarbon production in Croatia to the Republic of Croatia maximum as per the level set out in Schedule 3 to this Agreement. The Government shall undertake in the Royalty Agreement that it will not increase the level of royalty during the term of the Royalty Agreement and neither shall it introduce, impose or levy any additional payment obligation similar to or serving the purpose of a royalty (as such term is defined in the Mining Law) on the hydrocarbon production in Croatia that would result in higher overall level of royalty, excluding for this purpose any fees payable to land owners (including, with respect to state-owned lands, the Government), for the use of land surface for mining purposes.

2.2.2.3 The Government shall use its best efforts to achieve the amendment of the relevant laws of Croatia (including Amendment of the Mining Law) accordingly if and to the extent necessary to form a legal framework for the Royalty Agreement.

2.2.2.4 The Royalty Agreement shall come into force on the earlier of the coming into effect of the amendment of relevant laws of Croatia as per Clause 2.2.2.3 of this Agreement and the effective date of the unbundling of the Gas Trading Activity into the Trading Co.

2.2.3 *Storage Operation and Maintenance Agreement*

The Parties shall procure that the Company and/or its subsidiaries and the Storage Co. enter into agreements regarding the operation and maintenance of the underground storage and the related storage facilities and assets as soon as practicable after the execution and delivery of this Agreement with the scope and on the terms and conditions as required to the continuous operation of the Storage Co. in accordance with all applicable laws and regulations, including minimum the activities and services as listed in Part A of Schedule 6 hereto, on terms and conditions being in accordance with market conditions.

2.2.4 *Trading Co. supplying gas to INA refineries*

INA refineries will buy gas from Trading Co. from the date of separation of Trading Co. Price of such gas purchase shall be equal to (i) the selling price of domestic gas (the "P") as defined in Schedule 2 to this Agreement plus (ii) justified transmission cost plus (iii) justified natural gas storage cost plus (iv) 0,75% of P to cover the cost of the trading activity. Expiry of such gas purchase contract shall be 31 December 2014. Other conditions shall be on arms' length basis. The Parties shall procure that the Trading Co. and INA enter into a new gas purchase contract to such effect.

2.2.5 *Gas storage contract between INA and Storage Co.*

The Parties shall procure that INA and the Storage Co. will conclude a natural gas storage agreement on terms and conditions being in accordance with market conditions. Storage fees according to the gas storage contract shall be payable from the date of the completion under Storage Co. SPA. Such gas storage agreement will be assigned from INA to the Trading Co. subject to the consent of Storage Co. at the time of the separation of the Gas Trading Activity. The Government shall procure consent of the Storage Co. to such assignment and, in order to achieve it, shall designate a Trading Purchaser acceptable to the Storage Purchaser.



2.2.6 Service Level Agreements

The Parties shall procure that the Company will provide such functional services to the Trading Co. and the Storage Co. as required to the continuous operation of the Trading Co. and the Storage Co. in accordance with all applicable laws and regulations for a period of one (1) year. The Parties shall procure the conclusion of appropriate service level agreements for the provision of the services listed in Part B of Schedule 6 hereto, in accordance with market conditions.

3. Transfer of INA's gas business

Transfer of Storage Co.

- 3.1.1 The Government or an entity wholly owned and designated by the Government for this purpose (hereinafter the **"Storage Purchaser"**), on one hand, shall and the Parties shall procure that the Company, on the other hand, shall enter into an agreement regarding the sale of the outstanding share interest of Storage Co. by the Company to the Storage Purchaser (the **"Storage Co. SPA"**) by 31st January 2009. According to the Storage Co. SPA the Company will sell and the Storage Purchaser will purchase 100% of the shares of Storage Co.
- 3.1.2 The Parties shall procure the Storage Co. SPA to be concluded by the parties to the Storage Co. SPA (and the parties afterwards in this Clause 3.1.2 shall mean the parties of the Storage Co. SPA) under the following terms and conditions:
- a) The Total Storage Consideration for such share interest shall be calculated as per Clause 3.1.2 b) of this Agreement (the **"Total Storage Consideration"**).
 - b) Total Storage Consideration shall be calculated as follows. Fair Business Value range shall be calculated by the Independent Expert before signing of the Storage Co. SPA in line with international best practices. Within the Fair Business Value range set by the Independent Expert, the parties shall agree on a jointly acceptable Total Storage Consideration within 5 calendar days of the receipt of the calculation of the Independent Expert (the **"Pricing Period"**).
 - c) Total Storage Consideration payable under the Storage Co. SPA shall be cash payment, unless otherwise agreed pursuant to Clause 3.1.2. f). The Government shall enable in a timely manner the Storage Purchaser to meet its payment obligation under the Storage Co SPA. The parties agree that cash payment of the Total Storage Consideration will be performed via wire transfer.
 - d) Full payment of the Total Storage Consideration may be deferred from the completion of the Storage Co. SPA, i.e., from the date of transfer of the share interest in the Storage Co. to the Storage Purchaser. The parties shall agree on the term of payment within 60 calendar days from signing of the Storage Co. SPA (the **"Consultation Period"**). Unless otherwise agreed by the parties, interest at a rate agreed under the Storage Co SPA shall be applicable on the Total Storage Consideration under the Storage Co SPA from signing until the date of settlement. The parties shall procure that the Storage Co. SPA provides for the following payment term structure applicable in case there is no agreement between the parties about the payment terms within the Consultation Period:

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- (i) 10% of the Total Storage Consideration (the "**First Instalment**") shall be payable on 30th of April 2009, and
 - (ii) the remaining 90% of the Total Storage Consideration (as principal) shall be payable within 18 months following the date specified in paragraph (i) above, in 18 further equal monthly instalments, each instalment being due on the last day of the calendar month, the first instalment payment day being 31 May 2009. Interest shall be added and payable together with each such further principal instalment on any amount of the then outstanding principal at an agreed rate.
 - e) In case of failure of agreement of the parties within the Pricing Period, the Total Storage Consideration shall equal to the middle value of the Fair Business Value range calculated by the Independent Expert.
 - f) Notwithstanding the foregoing, the parties may consider the transfer of the share interest in the Storage Co. against consideration to be performed, in whole or in part, in shares, issuer of such shares and their rate in the calculation of the consideration to be agreed by the parties.
 - g) Other terms and conditions of the Storage Co. SPA shall be in line with those customary in transactions of a similar nature and magnitude. Accordingly, the Storage Co SPA shall include provisions regulating the conduct of business of Storage Co between completion and payment of Total Storage Consideration, remedies in case of late payment and remedies if the Total Storage Consideration is not paid as agreed by the Parties or otherwise provided for by this Agreement; in addition, generally applied warranties of the parties (including a warranty by the Company on the compliance with laws of the unbundling of the Gas Storage Assets into the Storage Co. supported by an indemnity obligation of INA to hold harmless the Storage Purchaser for Losses resulting from non-compliance) and legal consequences of their breach.
 - h) Fees and costs of the Independent Expert shall be borne by the parties equally.
- 3.1.3 The Parties shall cooperate and use their best endeavours in the obtaining without any delay by the parties to the Storage Co. SPA of all such clearances, or any other consents or approvals, as well as any documents, certificates or any other instruments required for the successful completion of the Storage Co. SPA. Any conditions precedent to completion of the Storage Co. SPA shall be capable of being waived by the Company and the Parties shall procure that they shall be immediately waived by the Company if, and only if, both Parties request so.
- 3.1.4 The Government shall procure that, from the date of the completion of the Storage Co. SPA, the Storage Purchaser shall indemnify and hold the Company harmless for any claims, losses, costs, expenses and other payment obligations or liabilities (collectively "**Losses**"), which the Company may have incurred in connection with the Gas Storage Activity after the completion date of the Storage Co. SPA.
- 3.1.5 The Parties signed a Shareholders Agreement relating to INA on 17 July 2003 and Parties also signed the First Amendment to the Shareholders Agreement on the same date as this Master Agreement (the Shareholders Agreement and amendment thereto hereby referred to as the "**SHA**"). Parties agree that notwithstanding the provisions of the SHA the Reserved Matters as defined in the SHA shall include the investments by the Company in underground natural gas storage activity as defined by the Law on Gas Market. The Government undertakes not to withhold its affirmative vote on such matter in case the completion of the Storage Co. SPA or the Trading Co. SPA does not take place by the deadlines provided by this Master Agreement and in any case by 31 December 2009.
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- 3.1.6. In case the Government so initiates, the Government and the Company shall, acting in good faith and a reasonable manner, negotiate on the terms of the Company's withdrawal from the Concession rights related to Okoli II (Layer B) in order to enable the Government, or an entity wholly owned, directly or indirectly, by the Government, to develop an underground natural gas storage.

3.2 Transfer of Trading Co.

- 3.2.1 The Government or an entity wholly owned and designated by the Government for this purpose (hereinafter the "**Trading Purchaser**"), on one hand, shall and the Parties shall procure that the Company, on the other hand, will enter into an agreement regarding the sale of the outstanding share interest of Trading Co. by the Company to the Trading Purchaser (the "**Trading Co. SPA**") immediately upon, but in any event within 30 calendar days from the successful completion of the unbundling of INA's Gas Trading Activity into the Trading Co, but by not later than 1 July 2009. According to the Trading Co. SPA the Company will sell and the Trading Purchaser will purchase 100% of the shares of Trading Co.
- 3.2.2 The Parties shall procure the Trading Co. SPA to be concluded by the parties to the Trading Co. SPA (and the parties afterwards in this Clause 3.2.2 shall mean the parties of the Trading Co. SPA) under the following terms and conditions:
- a) The Total Trading Consideration shall mean the consideration payable for 100% share interest of Trading Co. (the "**Total Trading Consideration**"). Total Trading Consideration shall consist of two parts:
 - (i) Initial Trading Consideration to be the Fair Business Value of the sold 100% share interest (the "**Initial Trading Consideration**"); Fair Business Value shall be determined in line with best practice;
 - plus
 - (ii) Trading Net Working Capital, which shall be calculated in line with Schedule 4 of this Agreement (the "**Trading Net Working Capital**") and audited by the Auditor;
 - b) In case of any dispute between the parties of the Trading Co. SPA regarding the Trading Net Working Capital before referring the dispute to the forum designated by such parties for dispute resolution purposes, the dispute shall be referred to a group of experts delegated by the parties to the Trading Co. SPA. Such group of experts shall negotiate for maximum 30 calendar days unless otherwise agreed by the Parties.
 - c) Total Trading Consideration payable under the Trading Co. SPA shall be determined as cash payment and expressed in HRK.
 - d) The parties agree that Total Trading Consideration shall be payable by the Trading Purchaser upon completion of the Trading Co. SPA in accordance with the terms and conditions of the Trading Co. SPA. The Parties may, acting in good faith and a reasonable manner, agree on alternative payment terms, including deferred payment or payment of the Total Trading Consideration, in whole or in part, in shares, in the latter case issuer of such shares and their rate in the calculation of the consideration to be agreed by the parties.

- e) Other terms and conditions of the Trading Co. SPA shall be in line with those customary in transactions of a similar nature and magnitude.; including, among other things, generally applied warranties of the parties (including a warranty by the Company on the compliance with laws of the unbundling of the Gas Trade Activity into the Trading Co. supported by an indemnity obligation of INA to hold harmless the Trading Purchaser for Losses resulting from non-compliance) based on customary due diligence procedure and legal consequences of their breach.
- 3.2.3 The Parties shall cooperate and use their best endeavours in the obtaining without any delay by the parties to the Trading Co. SPA of all such clearances, or any other consents or approvals, as well as any documents, certificates or any other instruments required for the successful completion of the Trading Co. SPA, including without limitation the clearance, if necessary, by the Croatian Competition Agency of the transaction contemplated by the Trading Co. SPA. Any conditions precedent to the SPA shall be capable of being waived by the Company and the Parties shall procure that they shall be immediately waived by the Company if, and only if, both Parties request so.
- 3.2.4 The Parties agree and the Government undertakes
- (i) in case the Trading Purchaser is an entity wholly owned and designated by the Government, and, in the reasonable judgment of INA based on best international practice, having the financial and legal capability of providing such guarantee, to procure that the Trading Purchaser provides an unconditional, irrevocable guarantee of payment for the payment obligations of the Trading Co. under (a) the credit line agreement referred to under Clause 2.2.1.3 above and, (b) the payment obligations of the Trading Co. under the Long Term Gas Supply Agreement referred to in Clause 2.2.1 above;
 - (ii) in any other case, to provide a "Comfort Letter"; and
 - (iii) in each case, and to the extent permitted by law, to create a security interest over the royalties payable by INA to the Government in case the Trading Co. is in default regarding the payment obligations described under (i) above.
- 3.2.5 The Government shall procure that, from the date of the completion of the Trading Co. SPA, the Trading Purchaser shall indemnify and hold the Company harmless for any claims, losses, costs, expenses and other payment obligations or liabilities (collectively "**Losses**"), which the Company may have incurred or suffered in connection with the Gas Trade Activities after the completion date of the Trading Co. SPA.

4. Miscellaneous

4.1 Announcements, confidentiality and return of information

4.1.1 Prior approval of announcements

No disclosure or announcement relating to the existence or subject matter of this Agreement shall be made or issued by or on behalf of either Party without the prior written approval of the other Party provided that these restrictions shall not apply to any or announcement if required by any law, applicable securities exchange, supervisory, regulatory or governmental body.

4.1.2 Consultation

The Party making the communication shall consult with the other Party in advance as to the form, content and timing of the communication.

4.1.3 Confidentiality

Each Party shall treat as strictly confidential and shall not disclose or use for any purposes other than the actions and transaction contemplated in this Agreement any Confidential Information received or obtained by it or its officers, employees, agents or advisers as a result of entering into or performing this Agreement and any other information which relates to (a) the provisions of this Agreement, or any document or agreement entered into pursuant to this Agreement; or (b) the negotiations leading up to or relating to this Agreement provided that these restrictions shall not apply to any disclosure of information if and to the extent the disclosure is:

4.1.3.1 required by the law of any jurisdiction;

4.1.3.2 required by any applicable securities exchange, supervisory or regulatory or governmental body to which the relevant party is subject or submits, wherever situated, whether or not the requirement for disclosure has the force of law;

4.1.3.3 made to the relevant Party's professional advisers or auditors or to the Independent Expert or the expert team, but only on a need to know basis; or

4.1.3.4 of information that has already come into the public domain through no fault of the relevant Party.

If for any reason whatsoever the actions and transactions contemplated by this Agreement are not consummated, each Party shall return to the other Party or destroy upon its request all Confidential Information received from the requesting Party in connection with this Agreement. If the requested Party elects to destroy the aforesaid information, it shall issue a certificate to the requesting Party immediately upon its first demand confirming that such information was fully destroyed without any copy retained by the requested Party or any of its advisers.

4.2 Further assurance

Each of the Parties agrees to use all reasonable endeavours to perform (or use all reasonable endeavours to procure the performance of) all further acts and things, and execute and deliver (or use all reasonable endeavours to procure the execution and delivery of) such further documents, as the other may reasonably require, to implement and/or give effect to the Agreement and the actions and transactions contemplated by this Agreement.



4.3 Variation, waiver and consent

- 4.3.1 No variation (or waiver of any provision of this Agreement) shall be effective unless it is in writing and signed by or on behalf of each of the Parties concerned (or, in the case of a waiver, by or on behalf of the Party waiving compliance).
- 4.3.2 Unless expressly agreed, no variation or waiver of any provision of this Agreement shall constitute a general variation or waiver of any provision of this Agreement, nor shall it affect any rights, obligations or liabilities under or pursuant to this Agreement which have already accrued up to the date of variation or waiver, and the rights and obligations of the Parties under or pursuant to this Agreement shall remain in full force and effect, except and only to the extent that they are so varied or waived.
- 4.3.3 Any consent or approval granted under this Agreement shall be effective only if given in writing and signed by the consenting Party and then only in the instance and for the purpose for which it was given.

4.4 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under Croatian law, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect and the invalid, illegal or unenforceable term or provision of this Agreement (so far as it is invalid, illegal or unenforceable) shall be severed from this Agreement and deemed not to have been written. Any provision of this Agreement held invalid, illegal or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid, illegal or unenforceable. The Parties shall then use all reasonable efforts to replace the severed provision by a valid, legal and enforceable provision the effect of which is as close as possible to the intended effect of the severed provision.

4.5 Notices

- 4.5.1 Any notice, demand or other communication ("**Notice**") to be given by any Party under, or in connection with, this Agreement shall be in writing and signed by or on behalf of the Party giving it. Any Notice shall be served by sending it by fax to the number set out in Clause 4.5, or delivering it by hand or by courier to the address set out in Clause 4.5 and in each case marked for the attention of the relevant Party set out in Clause 4.5 (or as otherwise notified from time to time in accordance with the provisions of this Clause 4.5). Any Notice so served by fax or hand or by courier shall be deemed to have been duly given or made as follows:

- (i) if sent by fax, at the time of transmission; or
- (ii) in the case of delivery by hand or by courier, when delivered;

provided that in each case where delivery by fax or by hand or by courier occurs on a day which is not a Business Day, service shall be deemed to occur at 9am on the next following Business Day.

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- a. References to time in this Clause are to local time in the Republic of Croatia.
 - b. The addresses and fax numbers of the parties for the purpose of Clause 4.5 are as follows:

- i. **THE REPUBLIC OF CROATIA**

Ministry of the economy, labour and entrepreneurship

Address: Ulica grada Vukovara 78, 10000 Zagreb, Republic of Croatia

Fax: (+385) 1 61 09 113

For the attention of: Director of Energy Directory

- ii. **MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY**

Address: Október huszonharmadika u. 18., 1117 Budapest, Hungary

Fax: (+36) 1 209 00 51

For the attention of: Chairman - CEO

- c. A party may notify the other Parties to this Agreement of a change to its name, relevant addressee, address or fax number for the purposes of this Clause 4.5, provided that, such notice shall only be effective on:
 - i. the date specified in the notification as the date on which the change is to take place; or
 - ii. if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date following five Business Days after notice of any change has been given.
- d. In proving service it shall be sufficient to prove that the envelope containing such notice was properly addressed and delivered to the address shown thereon with proof of receipt or that the facsimile transmission was made and a facsimile confirmation report was received indicating that the facsimile was sent in its entirety to the recipient's facsimile number, as the case may be.

4.6 Costs

Each of the Parties shall be responsible for its own legal, accountancy and other costs, charges and expenses incurred in connection with the negotiation, preparation and implementation of this Agreement.

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4.7 Assignment

Save as otherwise provided herein or with the written consent of the other Party, the benefits and obligations conferred by this Agreement upon each of the parties are personal to that Party and shall not be, and shall not be capable of being, assigned, delegated, transferred or otherwise disposed of and no Party may create any interest, including a trust, in favour of any third party.

4.8 Governing law and submission to jurisdiction

4.8.1 Governing law

The construction, validity and performance of this Agreement shall be governed by the laws of the Republic of Croatia without regard to its conflict of law provisions.

4.8.2 Submission to jurisdiction

4.8.2.1 The dispute resolution procedures set forth in this Clause 4.8 shall, as between the Parties, be the binding and exclusive means to resolve all disputes. Either Party may invoke the procedures by providing written notice of any dispute to the other Party. Within 20 Business Days after such notice is given, the Parties shall attempt to resolve the dispute through negotiations at a meeting in Zagreb, which shall be attended by representatives of each Party having decision-making authority as well as by management-level personnel of each of the Parties who have not previously been directly engaged in directing or responding to the dispute.

4.8.2.2 All disputes which may arise between the Parties out of or in relation to or in connection with this Agreement which are not settled as provided in Clause 4.8.2.1 shall be finally settled by arbitration in accordance with UNCITRAL. The number of arbitrators appointed in accordance with the said rules shall be three. One arbitrator shall be appointed by each Party and the two arbitrators so appointed will agree on the third arbitrator, who shall act as the chairman of the arbitral tribunal. The language of the arbitral proceedings shall be English or such alternate language as the Parties may agree. The place of arbitration shall be Geneva, Switzerland. Awards rendered in any arbitration hereunder shall be final and conclusive and judgement thereon may be entered into in any court having jurisdiction for enforcement thereof. There shall be no appeal to any court from awards rendered hereunder.

4.9 Governing language

The official text of the Agreement and any notices given thereunder, as well as the documents the conclusion of which is contemplated by this Agreement shall be in English. In the event of any dispute concerning the construction or interpretation of this Agreement, reference shall be made only to the relevant document as written in English and not to any translation into any other language.



4.10 Waiver of sovereign immunity

Each of the Parties represents and warrants that the this Agreement and the actions and transactions contemplated thereunder are, commercial rather than public or governmental acts and that each Party is not entitled to claim immunity from legal proceedings with respect to itself or any of its assets on the grounds of sovereignty or otherwise under any applicable law or in any jurisdiction where an action may be brought for the enforcement of any of the obligations arising under or relating to this Agreement. To the extent that any of the Parties or their assets have or hereafter may acquire any right to immunity from set-off, proceedings, attachment prior to judgement, other attachment or execution of judgement on the grounds of sovereignty or otherwise, each of the Parties hereby irrevocably waives such rights to immunity in respect of its obligations arising under or relating to this Agreement.

The Parties have shown their acceptance of the terms of this Agreement by executing it below on the date first above written.

SIGNED by Mr. Damir Polančec, Vice-) **DAMIR POLANČEC**
Prime Minister and Minister of Economy,)
Labour and Entrepreneurship for and on)
behalf of the **REPUBLIC OF CROATIA**

SIGNED by Mr. Zsolt Hernádi, Chairman) **ZSOLT HERNÁDI**
and Chief Executive Officer for and on)
behalf of **MOL HUNGARIAN OIL AND**)
GAS PUBLIC LIMITED COMPANY

SIGNED by Mr. Zoltán Áldott, Executive) **ZOLTÁN ÁLDOTT**
Vice President for Upstream and Member)
of the Executive Board for and on behalf of)
MOL HUNGARIAN OIL AND GAS
PUBLIC LIMITED COMPANY

SCHEDULE 1


PART A

ASSETS, CONTRACTS AND LICENSES TO BE TAKEN OVER BY THE TRADING CO.

Contracts:

1. Contract for the sale and purchase of natural gas between Gazexport Ltd. and INA dated 24 May, 2005
2. Transmission contracts with Geoplin, OMV, Eni SpA, SnamRete, Eustream and Plinacro d.o.o.
3. Gas sales contracts to gas distribution companies
4. Gas sales contracts to eligible customers, including, without limitation, the following:
 - Gas sales and purchase agreement between INA as seller and HRVATSKA ELEKTROPRIVREDA as purchaser dated 28. March 1996 (the long term agreement 1996-2015) No. UG-1172-00002/96 as amended from time to time (AMENDMENT 10 No. UG-50000224-00002/08 OF LONG-TERM CONTRACT ON SALE OF NATURAL GAS No. UG-1172-00002/96 dated 30.July 2008)
 - Long term contract on sale of natural gas between INA as seller and Petrokemija d.d. as purchaser dated 10.July 2008. No. UG-50000224-00001/08
5. Gas storage contract between Geoplin d.o.o. and INA No. 85/95 dated 02. 11. 1999
6. Gas storage contract between Geoplin d.o.o. and INA UG-2579-00505/05 dated 08. 12. 2005

The Trading Co. has to apply for the following new licenses because these are not transferable:

1. Energy license for Gas Supply
2. Energy license for Gas procurement
3. Energy license for Trading, intercession and representation on Energy market 

PART B

ASSETS, CONTRACTS AND LICENSES TO BE TAKEN OVER BY THE STORAGE CO.

Assets:

Real estate (land and buildings), equipment and other assets of UGS Okoli as per report of Consalting d.o.o. attached to this Agreement as Schedule 7.

The Storage Co. has to apply for the following new licenses because these are not transferable:


1. Exploitation field UNGS Okoli
2. Energy license for storage



SCHEDULE 2

TERM SHEET OF THE LONG TERM GAS SUPPLY AGREEMENT

0. Parties	INA as the Seller Trading Co. as the Buyer
1. Subject of the agreement	The Seller and the Buyer agree to deliver and accept, respectively, the natural gas volumes originating from the domestic gas fields under the own production of the Seller.
2. Term of the Long Term Gas Supply Agreement	15 years (until the 2024/2025 gas year, inclusive)
3. Contracted volume	<p>Domestic production of the Seller based on the best estimation of the Seller with the following provisions:</p> <ul style="list-style-type: none"> ▪ Annual Contracted Quantities of the first two gas years of delivery will be the following: <ul style="list-style-type: none"> ○ 2009/2010 gas year: [to be defined by Seller prior to signing the Long Term Gas Supply Agreement.] million cubic meter ○ 2010/2011 gas year: [to be defined by Seller prior to signing the Long Term Gas Supply Agreement] million cubic meter. Seller shall be entitled to modify this quantity prior to the 2010/2011 gas year, however the modified quantity shall not be lower than 95% of the quantity set for this gas year at signing of the Long Term Gas Supply Agreement. ▪ Seller shall provide the next year's production forecast to Buyer in monthly breakdown ("Annual Contracted Quantity"), the quarterly figures of the one year production forecast shall mean contractual obligation for the Seller and the Buyer ("Quarterly Contracted Quantity") ▪ Seller shall provide each year a long term production forecast on the basis of proven developed reserves and planned field developments (from the following gas year until the last gas year of delivery) (the "Forecast") to Buyer, however production forecasts shall not mean any contractual obligations for the Seller ▪ Seller will use its best efforts to meet the Forecast <p>Parties will cooperate and Parties will procure that the Company will cooperate in good faith to adjust this provision regarding the quantities of the first gas year on a pro rata basis depending on the actual starting date of delivery under the Long Term Gas Supply Agreement.</p>
4. Take-or-Pay obligation and Make-up possibility	In the event that the actually accepted (taken) quarterly quantity taken by the Buyer is less than 95% of the Quarterly Contracted Quantity during the given quarter, the Buyer shall be obliged to pay to the Seller 50% of the value of gas not taken (i.e. difference

	<p>of 95% of Quarterly Contracted Quantity and gas quantity taken) as a flat rate compensation, except for quantities not taken due to force majeure. However the Buyer is entitled to include in the price of natural gas 90% of the amount paid out as penalty for non-compliance with its Take-or-Pay obligation within ten quarters, provided in these quarters Buyer shall take over volumes in excess of 95% of the contracted quarterly quantity.</p> <p>In the event that the actually transferred quarterly quantity provided by the Seller is less than 95% of the Quarterly Contracted Quantity during the given quarter, the Seller shall be obliged to pay to the Buyer 6% of the value of quantities not delivered (i.e. difference of 95% of Quarterly Contracted Quantity and gas quantity not delivered) as a flat rate compensation, except for quantities not delivered due to force majeure. For this purpose, force majeure shall include, without limitation, the disruption or decrease of natural gas production due to change in reservoir conditions out of the reasonable control of the Seller.</p> <p>Should the quarterly quantity delivered by Seller be less than 95% of the Quarterly Contracted Quantity, parties will use best efforts to agree to deliver and take over the shortfall in the following four quarters. In case the Seller is able to deliver such volumes, Buyer shall take over the shortfall within the next four quarters. The lump sum compensation shall be only payable by Seller in case the shortfall has not been delivered within the next four quarters and only after such four quarters have elapsed without such delivery. The Seller shall provide an opportunity for consultation to the Buyer concerning this issue at least once after such shortfall has occurred.</p>
5. Quality compliance	<p>Deliveries by the Seller shall comply with the Network Code regarding the net calorific value of the gas delivered to the intake points of the high pressure natural gas pipeline system, except for specific maintenance and workover periods as announced by the Seller. In such periods the net calorific value can differ from the standards to secure continuous production and delivery. Parties shall use their best efforts to include such provision on the exemption from quality standards during maintenance periods into the Network Code.</p>
6. Daily nomination and flexibility	<p>Four working days before the first day of the month of delivery, Seller shall provide the Buyer with the gas amounts to be delivered in a daily breakdown in accordance with the monthly program.</p> <p>Buyer is entitled to nominate gas volumes within the $\pm 5\%$ range of the pre-scheduled daily volumes fixed in the monthly program by Seller.</p> 

	In terms of nomination, performance of the agreement shall be deemed as accomplished when the Seller executed the daily amounts defined by the Buyer in a +5% and -5% tolerance range.
7. Price	Left intentionally blank



Left intentionally blank

	Left intentionally blank
8. Correction for quality	<p>If according to the monthly delivery and acceptance protocol the actual net calorific value of the natural gas delivered in one month deviates more than $\pm 1.25\%$ from the 33.33835 MJ/cubic meter net calorific value within the provisions of the Network Code or during maintenance and workover periods as described in Article 5 of this Schedule or due to force majeure, the contract price shall be adjusted as follows:</p> $Px = P * Qx / 33.33835$ <p>where</p> <p>Px = applicable contract price, USD/tcm</p> <p>P = contract price according to the above clause "Price", USD/tcm</p>

	<p>Qx = actual net calorific value (average weighted monthly net calorific value), MJ/cubic meter</p> <p>In case the actual net calorific value is within the $\pm 1.25\%$ range of the 33.33835 MJ/cubic meter net calorific value, the contract price shall not be adjusted</p>
9. Price revision	<p>Taken into consideration that the above price formula is based on the cost of imported natural gas delivered at the Croatian border according to the Gazexport Contract, each party is entitled to request in writing the adjustment of the price in case the current transport route of gas imported to Croatia changes. The parties undertake to carry negotiations in good faith in the case of a price adjustment request to reach an agreement on the gas price at least until the end of the third month calculated from the date of receipt of the written request for the adjustment. For the avoidance of doubt, the change of other parameters than route or change of contracts regarding the gas import to Croatia are not considered as a basis for price revision unless otherwise agreed by the Parties.</p> <p>Right of parties and other potential cases for price revision to be agreed.</p>
10. Invoicing	Until the 8 th calendar day of the month following the month of delivery
11. Payment	<p>Due date for payment is the later of the (i) 15th calendar day of the month following the month of delivery and (ii) the 8th calendar day following the issuance of the invoice, in any case if such date is not a business day, on the next business day.</p> <p>Gas fee and value added tax is payable in HRK.</p> <p>The USD amount of the gas value shall be converted to HRK using the official HRK/USD middle exchange rate published by the Croatian National Bank as monthly average for the month of delivery.</p>
12. Interest rate on delayed payment	Interest rate on delayed payment shall be in line with Croatian legislation in effect.
13. Security of payment	<p>As per Clause 3.2.4 of this Agreement.</p> <p>The Trading Purchaser shall hand over to the Seller the original copy of the duly signed unconditional, irrevocable guarantee as per this article not later than the date on which Trading Purchaser takes over control over the Buyer in the amount of two-twelfth of the estimated value of the next gas year's delivery. In the event the Buyer fails to make the guarantee available to the Seller until the date set forth in the first sentence above, the Seller shall be entitled to require other type of appropriate securities as a precondition of further gas delivery.</p>

SCHEDULE 3

ROYALTY RATE ON HYDROCARBON PRODUCTION OF INA IN THE REPUBLIC OF CROATIA

Scope of increased royalty: hydrocarbon production in the Republic of Croatia including

- Existing fields at the time of signing of this Master Agreement
- New fields
- EOR/IOR/low calorific value production

On royalty level regarding EOR/IOR/low calorific value hydrocarbon production Parties shall initiate negotiation on the potential modification of royalty level, but such royalty shall not be higher than agreed by the Parties in this Agreement.



Base of royalty calculation shall be the actual revenue of INA realized from hydrocarbon production calculated by multiplying the quantities sold by the actual unit sales prices.

1. Maximum royalty rate (2009-2024) for all Croatian fields excluding those listed in point 2 of this Schedule

Year(s)	2009	2010	2011	2012	2013	2014-2024
Maximum royalty rate	2,60%	4,08%	5,56%	7,04%	8,52%	10,00%

2. Maximum rate of royalty for fields Deletovci, Ilaca and Privlaka, where current royalty rate is 5%

Year(s)	2009	2010	2011	2012	2013	2014-2024
Maximum royalty rate	5,00%	5,00%	5,56%	7,04%	8,52%	10,00%



SCHEDULE 4

CALCULATION METHOD OF THE TRADING NET WORKING CAPITAL

The amount of Trading Net Working Capital shall be calculated based on the audited balance sheet of the Trading Co referring to the date of completion under the Trading Co SPA, except for the gas inventories which shall be valued as follows.

Value of inventories to be determined based on purchase prices instead of book value, where the amount of domestic gas and imported gas shall be multiplied by the following prices.

The purchase price of domestically produced natural gas deemed to be the gas price calculated as per Schedule 2, Article 7 "Price" of this Agreement marked with "P" referring to the period when such gas was injected in the storage.

The purchase price of imported natural gas deemed to be the "IP" item of gas price calculated as per Schedule 2, Article 7 "Price" of this Agreement referring to the period when such gas was injected in the storage.

The amount of Trading Net Working Capital in line with standard accounting principles shall be equal to (i) current assets plus prepayments less inventories in balance sheet (ii) plus the value of inventories calculated as described above (iii) decreased by the amount of short-term liabilities plus accruals.



SCHEDULE 5

KEY CONDITIONS OF THE CREDIT LINE PROVIDED BY INA TO THE TRADING CO.

For the purpose of this Agreement, the average financing cost of INA shall mean:

- a) if the loan is granted in USD, the sum of (i) LIBOR (based on the interest period) and (ii) the weighted average margin of short term and long term USD denominated loans of INA from time to time,
- b) if the loan is granted in HRK, the average interest rate which INA agreed under the HRK loans with INA's financing banks.

The above defined average financing cost serves as interest rate of the credit line provided by INA to the Trading Co.

The financing terms shall be adjusted each 6 months period of time from the date of the agreement concluded between INA and the Trading Co for the provision of the credit line.



SCHEDULE 6

MINIMUM ACTIVITIES AND SERVICES TO BE PROVIDED BY INA OR ITS SUBSIDIARIES TO THE STORAGE CO.

PART A

SERVICES RELATED TO THE OPERATION AND MAINTENANCE OF THE STORAGE FACILITY

Crosco d.o.o

- Workovers
- Reservoir measurement

STSI d.o.o

- Surface equipment maintenance

SINACO d.o.o

- Security
- Fire protection

INA d.d. (SLA)

- Reservoir engineering
 - geological & numerical models,
 - basic documentation for workovers,
 - programs for reservoir measurement and measurement evaluation
 - studies
- Production engineering
 - well equipment design
 - preparation for workovers order
 - workovers supervisory
- Laboratory
 - Gas analysis
- Procurement and warehouse



PART B
FUNCTIONAL SERVICES

- IT
 - o Renting, maintenance of IT equipment and licenses
- Accounting, booking, finance
- HR
 - o Administration of salaries
 - o Administration of education
- transfer of the electricity cost (equipment sharing)

