

DATED

1st November 2016

ILLYRIA OIL COMPANY (1)

PETROFINA LTD (CYPRUS) (2)

DECOMMISSIONING AGREEMENT

for

THE AVALON BAY (BLOCK 21) PLATFORM

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THIS AGREEMENT is made on the 1ST day of November 2016

BETWEEN:

1. ILLYRIA OIL COMPANY (IOC), a company incorporated in ILLYRIA ("A")

and

2. PETROFINA LTD a company incorporated in CYPRUS ("B")

WHEREAS:-

(a) A and B are parties to the Operating Agreement.

(b) The Parties now wish to define their respective rights, duties and obligations in connection with the decommissioning of facilities which have been installed under the Operating Agreement.

(c) The Secretary has given his written consent dated the 1ST day of NOVEMBER 2016 to the terms of this Agreement.

NOW THEREFORE IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement (including the recitals):-

"**Acceptable Security**" has the meaning given in Clause 15;

"**Acts**" means the Petroleum (Production) Act 1934, the Coast Protection Act 1949, the Continental Shelf Act 1964, the Health and Safety at Work etc Act 1974, the Petroleum and Submarine Pipelines Act 1975, the Oil and Gas (Enterprise) Act 1982, the Food and Environment Protection Act 1985, the Petroleum Act 1987, the Environmental Protection Act 1990, the Radioactive Substances Act 1993, any regulations issued pursuant to any of the aforesaid enactments and any statutory modifications thereto or re-enactments thereof;

"**Affiliate**" means in relation to a Party, a company or corporation which (i) is, directly or indirectly, controlled by such Party; or (ii) directly or indirectly controls such Party; or (iii) is directly or indirectly controlled by a company or corporation which also directly or indirectly controls such Party. For the purpose of this definition, "control" means control of more than fifty per cent (50%) of the voting shares or other voting rights of such company or corporation or the right to appoint or dismiss a majority of the Directors thereof; and a particular company is indirectly controlled by a company or companies (hereinafter the "parent company or companies") if a series of companies can be specified,

beginning with the parent company or companies and ending with the particular company, so related that each company of the series, except the parent company or companies, is directly controlled by one or more of the companies earlier in the series.

"Agreement" means this agreement, together with any amendments or substitutions agreed in writing by the Parties;

"Decommissioning" shall mean the carrying out of the Decommissioning Plan;

"Decommissioning Costs" means:

(i) the estimated total cost calculated in pounds Sterling of implementing the Decommissioning Plan on the assumption that the Decommissioning Plan was being implemented at the time of estimation, or

(ii) the actual costs incurred in implementing the Decommissioning Plan

as the context may require;

"Decommissioning Plan" means the plan referred to in Clause 4 for the cessation of production and decommissioning of the Platform in Block 21 Avalon Bay and all operations, facilities and property related thereto and the disposal of Joint Property;

"Guarantee" has the meaning given in Clause 11;

"Joint Account" means the account(s) established and maintained by the Operator to record all advances, expenditures and receipts in the conduct of operations under the Operating Agreement;

"Joint Property" means all property acquired or held for use in connection with the Operations;

"Licence" means the PSA entered into by and between the State of Illyria and IOC;

"London Stock Exchange" means The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;

"Moody's" means Moody's Investment Services Inc;

"Net Cash Flow" has the meaning given in Clause 16;

"Operating Agreement" means the Joint Operating Agreement dated 1st November 2016 for Licence No. 21 together with any subsequent amendments or supplementary agreements thereto;

"Operating Committee" means the committee established pursuant to Clause • of the Operating Agreement;

"Operations" means all operations conducted in accordance with the Operating Agreement by or on behalf of the Parties and, subject to Clause 5, any operations under the Decommissioning Plan;

"**Operator**" means the party to the Operating Agreement from time to time appointed as such [being at the date hereof < >];

"**Parties**" means the signatories to this Agreement, their successors and assigns ("Party" shall mean any one of them);

"**Percentage Interest**" has the meaning given in the Operating Agreement;

"**Relevant Date**" has the meaning given in Clause 4.3 (iii);

"**Secretary**" means the Secretary of State for Trade and Industry or any successor empowered to exercise in relation to the subject matter of this Agreement, the powers exercisable at the date of this Agreement, by the Secretary of State for Trade and Industry;

"**Security**" means security as referred to in Clause 10.3;

"**Security Holder**" has the meaning given in Clause 13.1;

"**Standard and Poor's**" means Standard and Poor's Corporation;

"**Subsidiary**" has the meaning given to it by Section 736 Companies Act 1985 (as amended);

"**Trust Fund**" has the meaning given in Clause 14;

1.2 Interpretation

In this Agreement unless the context otherwise requires:-

reference to any statute, statutory provision or statutory instrument includes a reference to that statute, statutory provision or statutory instrument as from time to time amended, extended or re-enacted;

Words and expressions which are defined in the Operating Agreement shall have the same meaning when used herein, unless defined differently in this Agreement.

2. SCOPE

The scope and purpose of this Agreement shall be to provide for the method and costs of the decommissioning of Block 21 at Avalon Bay, Illyria.

3. DURATION

This Agreement shall commence on the date hereof and shall continue for so long as the Decommissioning Plan provides.

4. DECOMMISSIONING PLAN AND RELEVANT DATE

- 4.1 The Operator shall prepare a single unified plan for the decommissioning, removal and disposal of Joint Property ("Decommissioning Plan") in sufficient time to ensure that it complies with the provisions of Clause 4.4.
- 4.2 The Decommissioning Plan will be revised annually by the Operator to incorporate the most current information on costs and timing. The Operator shall be responsible for predicting the date of Decommissioning having regard to the Gas Sales Agreements and in accordance with the Licence, the Acts, any applicable laws and any relevant Government guidelines (including any necessary approval of the Secretary), using good oil and gas field practice and economic assumptions approved by the Operating Committee.
- 4.3 The Decommissioning Plan will cover:
- (i) a review of the Avalon Bay field and an estimate of the date of the commencement of Decommissioning;
 - (ii) Decommissioning Costs;
 - (iii) an estimate of the date on which the remaining cumulative Net Cash Flow computed in accordance with the provisions of Clause 16 will equal [one hundred and fifty/two hundred] per cent of Decommissioning Costs [and the first day of January or July next following] such estimated date shall be the "Relevant Date" for the purposes of this Agreement; and
 - (iv) all other matters relevant to the proper preparation for and management of Decommissioning including, but not limited to, alternative uses for Joint Property, plugging of wells, removal of structures and pipelines and salvage of Joint Property.
- 4.4 The Operator shall submit its proposed initial Decommissioning Plan (together with a detailed justification for its conclusions thereunder) to the Operating Committee for their consideration and review not later than [one hundred and eighty (180)] days before the Relevant Date. The Operating Committee shall meet to consider the initial Decommissioning Plan with the object of approving the same by no later than [ninety (90)] days after receipt of the Operator's proposal. A Decommissioning Plan shall not be considered approved unless the Operating Committee has approved it.
- 4.5 The Operator shall submit any proposed revisions of the Decommissioning Plan (together with detailed justification for its conclusions thereunder) to the Operating Committee for its consideration not later than [ninety (90)] days prior to each anniversary of the Relevant Date. The Operating Committee shall meet to consider a revised Decommissioning Plan by [thirty (30)] days prior to each anniversary of the Relevant Date

provided that, if the Operating Committee should fail to approve such revisions, the Decommissioning Plan last approved shall remain in force.

4.6 The Operator shall be responsible for the preparation of all submissions required to be made to any governmental agency or other body having jurisdiction in connection with the cessation of production or Decommissioning Plan. All such submissions shall be circulated to the Parties for prior review and approval allowing, where practicable, at least [thirty (30)] days for the review and approval process.

4.7 Any amendments required by any governmental agency or other body having jurisdiction in response to the submissions referred to in Clause 4.6 or otherwise shall be referred to the Operating Committee for approval and when so approved shall be adopted.

5. COMMENCEMENT OF DECOMMISSIONING

5.1 By agreement of the Operating Committee, Decommissioning may be commenced upon or at any time after the signature of the present Agreement.

5.2 Following agreement to commence Decommissioning pursuant to Clause 5.1, the provisions of Clauses 7 and 8 shall apply.

6. DECOMMISSIONING PROGRAMME AND BUDGET

6.1 A Decommissioning programme and budget will be prepared in accordance with the Decommissioning Plan approved pursuant to Clause 4.

6.2 At a date [six (6) months] prior to the anticipated date of commencement of Decommissioning, the then agreed estimate of Decommissioning Costs for implementing the Decommissioning Plan shall become the first Decommissioning budget.

6.3 Should Decommissioning not commence on the anticipated date but be postponed to a later date, the Operator shall, not later than [1st June] in each subsequent year, submit to the Parties a revised Decommissioning budget for the next year.

6.4 The Decommissioning budgets (first and revised) shall be subject to consideration, revision and approval by the Operating Committee. Such consideration, revision and approval shall be made and given having regard to all relevant factors. The Operating Committee shall consider such Decommissioning budget as soon as practicable (but in any event not later than [1 August] in each year) and make such revisions thereto as may be agreed. Not later than [1 September] in each year, the Operating Committee shall meet to approve a Decommissioning budget and, if approval is given, such approval shall, subject to this Clause 6, authorise and oblige the Operator to proceed with it at the appropriate time.

6.5 At any time, any Party may, by notice to all the other Parties, propose that an approved Decommissioning budget and/or an approved AFE be amended. To the extent that an amendment is approved by the Operating Committee, the

approved Decommissioning budget and/or AFE shall be deemed amended accordingly provided always that any such amendment shall not invalidate any authorised commitment or expenditure made by the Operator prior thereto.

6.6 The provisions of Clause • of the Operating Agreement relating to the issue and approval of AFE's shall mutatis mutandis be deemed to apply to Decommissioning budgets under this Agreement as if set out herein, except to the extent that such provisions conflict with the terms of this Agreement.

7. SEPARATE OPERATION OF JOINT PROPERTY

Following agreement to commence Decommissioning pursuant to Clause 5.1, any Party may, by written notice given to the other Parties as soon as practicable and, in any event, within [fourteen (14)] days of the approval of the Decommissioning programme and budget in accordance with Clause 6.3, state its desire to take over and continue to operate all or part of the Joint Property. In such event, provided it is able to agree terms with the other Parties, including terms providing for the settlement of the Parties' respective Decommissioning obligations at such date and the provision of adequate indemnities by such Party, it shall be entitled to take over and continue to operate such Joint Property upon such terms. If such terms cannot be agreed within [one hundred and eighty (180)] days of the Party giving notice of its wish to take over and operate Joint Property as aforesaid, the Operator shall decommission Operations and Joint Property in accordance with Clause 8.

8. DECOMMISSIONING AND RECOVERY

Subject to the election of one or more Parties under Clause 7, the Operator shall decommission the Operations and Joint Property in accordance with the Licences, the Acts, any applicable laws and good oil and gas field practice. The Operator shall recover and endeavour to dispose of as much of the Joint Property not taken over by a party or parties pursuant to Clause 7 as the Operating Committee directs can be economically and reasonably recovered, and the net proceeds [or net costs] thereof shall be credited [or debited as appropriate] to the Joint Account.

9. SHARING OF DECOMMISSIONING COSTS

Decommissioning Costs shall be totally born by PETROFINA LTD (Cyprus)

10. DECOMMISSIONING SECURITY

10.1 Petrofina shall provide Security for its share of Decommissioning Costs (as set out in Clause 9) in accordance with the provisions of this Agreement by not later than the Relevant Date and by not later than [fourteen] days prior to each anniversary thereof.

10.2 The Security shall be reviewed and amended if appropriate on each anniversary of the Relevant Date.

10.3 "Security" shall comprise:-

- (i) a Guarantee as defined in Clause 11, or
- (ii) a payment into a Trust Fund as defined in Clause 14 or
- (iii) a combination of a Guarantee and a payment into a Trust Fund.

10.4 Any failure by any Party to provide or maintain its Security shall be a default and the provisions of Clause 25 shall apply to such default.

11. GUARANTEE

11.1 "Guarantee" shall mean either

(a) an irrevocable standby letter of credit which:-

(i) has been provided by a Party for the purpose of securing all or part of such Party's obligations relating to Decommissioning; and

(ii) is in the possession of the Security Holder; and

(iii) is issued by a bank or banks or other financial institution [based in London or having a lending office in London] (which is not an Affiliate of the Party providing the Guarantee) rated "AA-" or better on its or their senior unsubordinated, unsecured long-term debt by Standard and Poor's or "Aa3" by Moody's (or in the event such rating agencies cease to publish, rated at an equivalent level by another rating agency unanimously approved by the Parties) or such other comparable bank as may have been approved unanimously by the Parties; and

(iv) is payable in [London] on the written demand of the Security Holder; and

(v) is issued for a minimum period of three hundred and sixty four (364) days, such period commencing on the Relevant Date or the anniversary thereof as the case may be; or

(b) a guarantee or bond which:-

(i) has been provided by a Party for the purpose of securing all or part of such Party's obligations relating to Decommissioning;

(ii) is in the possession of the Security Holder;

(iii) is issued by an Affiliate publicly quoted on a recognised stock exchange, other than a Subsidiary of a Party, rated at a rating of AA-/Aa3 or better on its senior unsubordinated, unsecured long-term debt by Standard and Poor's or Moody's respectively (or in the event such rating agencies cease to publish, rated at

an equivalent level by another rating agency approved by the Operating Committee);

(iv) is payable in [London] on the written demand of the Security Holder;

(v) is issued for a minimum period of one (1) year, such period commencing on the Relevant Date or the anniversary thereof as the case may be.

11.2 The form of Guarantee shall be subject to the approval of the Operating Committee.

12. LOSS OF RATING

In the event that any bank or other financial institution or Affiliate issuing a Guarantee or participating in the issue of such a Guarantee should cease to have a rating as referred to in Clause 11.1(a)(iii) or 11.1(b)(iii) on its senior unsubordinated, unsecured long-term debt, the Party which provided such Security shall, within the period of [thirty (30)] days following such loss of credit rating, provide a substitute Guarantee in respect of such issuing bank's or other financial institution's or Affiliate's obligations for the remainder of that year or pay the amount covered by the Guarantee into a Trust Fund, unless the Operating Committee otherwise decides. In addition, if the Guarantee was provided by the Affiliate of a Party, that party shall be obligated to notify promptly the Security Holder of such change in rating and of the measures being taken to comply with the requirements of this Clause. A failure by any Party to comply with any obligation under this Clause shall be a default and the provisions of Clause 25 shall apply. The Security Holder shall, promptly following such provision of a substitute Guarantee, procure the release of the replaced Guarantee.

13. SECURITY HOLDER

13.1 The Security Holder shall in the case of Parties (other than the Operator and any Affiliate thereof) be the Operator, and, in the case of the Operator and any Affiliate thereof, be the Party from time to time with the largest combined Percentage Interests (other than the Operator and any Affiliate thereof). If any Party should default:-

(i) in providing the required Security by [fourteen (14)] days before each anniversary of the Relevant Date; or

(ii) in maintaining such Security; or

(iii) in paying a Cash Call relating to Decommissioning;

the Security Holder shall demand payment under any Security previously provided by such defaulter provided that the Security Holder shall give [three (3)] days' prior notice to the defaulter before calling in the Security and shall not call in the Security, if the default is rectified in such period.

13.2 If default occurs under Clause 13.1(i) above, the demand under the Security will be made within the [fourteen (14)] day period prior to the expiry of the Security.

13.3 If default occurs under Clause 13.1(ii) above, the demand under the Security will be made forthwith.

13.4 If default occurs under Clause 13.1(iii) above, the demand under the Security will be made no later than [fourteen (14)] days following the date on which the Security Holder becomes aware such Cash Call has not been paid.

13.5 Upon receipt of any such payment under Clause 13.1 by reason of the defaulter's failure to provide or maintain Security or to pay a Cash Call relating to Decommissioning, the receipt shall be held by the Security Holder as trustee for all the Parties and, save for any sums required to meet any Cash Call relating to Decommissioning then outstanding against such defaulter, be invested in Acceptable Securities by the Security Holder. The interest on such deposit will be held by the Security Holder as trustee for all the Parties until all the Decommissioning liabilities of the defaulter have been satisfied. The Security Holder shall apply such payment and any interest as necessary to providing and/or maintaining the defaulter's Security and/or to paying the defaulter's share of Decommissioning Costs, and shall thereafter, provided the defaulter has remedied its default to each non-defaulter, release any resulting balance to the defaulter. For the avoidance of doubt, any liability (including tax liability) or costs and/or expenses relating to the Security or its proceeds borne by the Security Holder in the exercise of its rights and obligations under this Clause 13 shall be the liability of the defaulter.

13.6 If a Security Holder assigns its Percentage Interest or becomes a defaulter, the other Parties shall appoint a new Security Holder. In such event, the old appointee shall transfer to the new appointee, effective on the date of the new appointment, any Security or proceeds thereof which it was holding, together with the originals of any records which relate to any such proceeds.

13.7 Following the completion of the Decommissioning Plan and provided that the Party concerned is not then in default, any remaining balance of money held by the Security Holder (including any unutilised interest) will be released to that Party.

14. TRUST FUND

"Trust Fund" shall mean a trust fund set up by or on behalf of a Party in respect of such Party's obligations hereunder relating to Decommissioning, which trust fund is one in respect of which:-

(i) the trust deed (and any amendments thereto) and the trustees (at least two of whom must be independent of the relevant Party and at least one of whom must be independent of all Parties) have been approved by

the Operating Committee (such approval not to be unreasonably withheld);

(ii) the investments permitted are restricted to securities which were Acceptable Securities at the time of acquisition and have not thereafter ceased to be such for a continuous period of [ninety (90)] days;

(iii) payments out of such trust fund shall only be made by the trustees on the written demand of the Security Holder stating that the payment is:

(a) to meet Decommissioning Costs, or

(b) required following a release of Security under Clause 20, or

(c) required as a result of the total or partial substitution of the trust fund with a Guarantee.

Written notice of the execution of the relevant trust deed together with an executed copy of the trust deed shall be given by such Party to the other Parties within [seven (7)] days of such execution.

15. ACCEPTABLE SECURITY

"Acceptable Security" means a security denominated in US Dollars or Pounds Sterling which is:

(i) issued or unconditionally guaranteed by the Government of the United States or the United Kingdom; or

(ii) a security, other than that described in paragraph (i) above, which is rated AA-/Aa3 or better by Standard and Poor's or Moody's respectively, and which is of over 270 days initial maturity if rated by Standard and Poor's or over 365 days initial maturity if rated by Moody's;

provided that in all the above cases:-

(a) the maturity of the security is not later than the estimated date of commencement of Decommissioning; and

(b) all securities held are readily marketable in the quantity and form in which they are held; and

(c) the security is not issued by the Party setting up the Trust Fund in which such Security is invested or any Affiliate thereof.

16. AMOUNT OF SECURITY

The amount of Security will be calculated by the Operator not less than [ninety (90)] days prior to the Relevant Date and each anniversary thereof in accordance with the formula:-

$$A = B - [50\%]C$$

Where A = the Security to be provided;

B = the estimate of Decommissioning Costs at the date the calculation is made;

C = the value of Net Cash Flow predicted for the remaining life of the X Field at the date the calculation is made, and where "Net Cash Flow" means the future revenues derived from the sale of gas together with any firm tariff income, from the X Field net of:-

(1) Royalty (if any);

(2) PRT or any other field based tax, (excluding Corporation Tax);

(3) field or tariffing expenditure, (capex and opex but excluding Decommissioning expenditure);

all calculated using flat escalation assumptions, that is ignoring the effects of any future general inflation, but making allowance for any specific foreseeable changes.

In accordance with Clause 9, each party shall be liable to meet its Percentage Interest shares of A (together with any additional Security required arising from the default of any Party or Parties).

17. NOTIFICATION OF SECURITY

Within [thirty (30)] days of making the calculation in Clause 16, the Operator shall notify the Parties of the amount of Security required from each Party together with the details of the calculation thereof. The calculation under Clause 16 and the amounts so notified shall be reviewed by the Operating Committee and unless it shall have approved alternative amounts calculated in accordance with Clause 16 by [thirty (30)] days after the date on which details of the amount of Security have been sent to the Parties, the amounts calculated by the Operator shall be deemed to have been approved.

18. VALUATION OF TRUST FUND

If a Trust Fund is set up by or on behalf of a Party, valuation of such Trust Fund by independent valuers approved by the unanimous agreement of all the Parties except the Party whose Trust Fund is being valued shall be provided to all the Parties each year no later than [thirty (30)] days before each anniversary of the Relevant Date.

19. REDUCTION OF SECURITY

A Party shall be entitled to reduce its Security during the period when

Decommissioning operations are taking place to the extent such Party has met Cash Calls in respect of Decommissioning Costs and the relevant Security Holder shall co-operate fully with such Party in releasing and/or replacing Security as necessary during such period.

20. RELEASE OF SECURITY

After a Party's obligations in respect of the Decommissioning Costs have been met in full, the Security Holder shall be obliged to direct the trustees of a Trust Fund to release any remaining balance thereof to the Party by or on behalf of whom the Trust Fund has been set up.

21. RESIDUAL LIABILITY

If, following the completion of the Decommissioning Plan, any installations or pipelines are left in position, or not wholly removed, the Parties shall make provision for any continuing maintenance, including insurance, that may be necessary, in accordance with the Licences, the Acts, any applicable laws and good oilfield practice.

22. CHANGE IN CIRCUMSTANCES

This Agreement assumes that there will be no legislative changes relevant to this Agreement. In the event that any legislative change relevant to this Agreement occurs, the Parties will meet and endeavour to agree suitable amendments to this Agreement.] [Merely Declaratory - could also cover New Entrants/Development].

23. OPERATING COMMITTEE DECISIONS

All decisions or approvals which are to be made or given under the provisions of this Agreement by the Operating Committee shall be made by the Operating Committee in accordance with the provisions of the Operating Agreement.

24. ANNOUNCEMENTS AND PUBLICITY

Each of the Parties undertakes that it shall not make any announcement or issue any circular or other publicity relating to the subject matter of this Agreement without it being approved in writing by each of the Parties as to its content, form and manner of publication (such approval not to be unreasonably withheld or delayed) save that any announcement or circular required to be made or issued by any Party by law or pursuant to the rules and regulations of the London Stock Exchange or the City Code on Takeovers and Mergers may be made or issued by such Party without such approval if it has first sought such approval and given the Parties a reasonable opportunity to comment on the subject matter and the form of the announcement or circular.

25. DEFAULT

If any Party fails to comply with any of the provisions of Clauses 10, 12 or 13, it shall be deemed to be in default under Clause • of the Operating Agreement and the provisions of the said Clause • shall (mutatis mutandis) apply to such failure to comply.

26. CONFLICT

In the event of any conflict between the terms of this Agreement and those of any other agreement in respect of the Avalon Bay Field (including the Operating Agreement), the terms of this Agreement shall prevail].

27. ASSIGNMENT

[Consider JOA provisions on assignability].

28. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with English law and each of the Parties hereto hereby submits to the [non-]exclusive jurisdiction of the High Court of England.

IN WITNESS WHEREOF the duly authorised representatives of the Parties have hereunto set their hands the day and year first above written.

SIGNED for and on behalf of ILLYRIA OIL COMPANY

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SIGNED for and on behalf of PETROFINA LTD (Cyprus)

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