

Contract for Work No. 66 15 Z 0568 - 00

concluded in accordance with Article 536 and subsequent of Act No. 513/1991 Coll.,
Commercial Code,
as amended by subsequent legislation (hereinafter referred to as the “Contract”)

between the Contracting Parties:

Commercial Name: **NAFTA a.s.**
Residing at: Votrubova 1, 821 09 Bratislava, Slovak Republic
Company Registration Number: 36 286 192
Tax Identification Number: 2022146599
VAT Identification Number: SK2022146599
Bank accounts (IBAN, SWIFT): SK84 8100 0001 0701 1890 0207
KOMBSKBA
SK22 0200 0000 0022 9037 3057
SUBASKBX
SK77 7300 0000 0090 0000 7553
INGBSKBX

Registered in Companies Register of the District Court Bratislava I, Section: Sa, Insert No.: 4837/B

Represented by:

Ing. Martin Bartošovič – procurist

Ing. Ladislav Goryl – procurist

(hereinafter referred to as the “**Client**”)

and

Commercial Name: xxxx
Residing at: xxxx
Company Registration Number: xxxx
Tax Identification Number: xxxx
VAT Identification Number: xxxx
Bank accounts (IBAN, SWIFT): xxxx
xxxx

Registered in Companies Register of the District Court xxxx, Section: xxxx, Insert No.: xxxx

Represented by:

Name and Surname - title

Name and Surname - title

(hereinafter referred to as the “**Contractor**”)

(the Client and the Contractor hereinafter jointly referred to also as the “**Contracting Parties**” or individually as “**Contracting Party**”)

Article I Subject of the Contract

1.1 The subject of this Contract is the obligation of the Contractor to perform the Work – “**Reconstruction of drilling rig IDECO BIR 8005** (hereinafter referred to as “**Drilling Rig**”)” – for the Client (hereinafter referred to as the “**Work**”) within the scope defined herein and under the terms and conditions referred to herein. The Client undertakes to pay the Contractor the price of the Work performed in a proper and timely manner agreed upon this Contract.

- 1.2 More detailed description of the Work and required functionality of the Work are specified in Annex 1 forming an integral part of this Contract (which also includes Contractor's bid and Tender Conditions).
- 1.3 The Work is intended to provide for maintenance and possible repair (if needed) of the defects of the Drilling Rig in order to ensure safe and efficient operation of the Drilling Rig in the Client's oil and gas exploration and production operations.
- 1.4 The Contractor declares that he is acquainted in detail with the purpose and objectives with which the Client has ordered the performance of the Work under this Contract. The Contractor declares that it has adequate professional, technical and personnel capacity to be able to fulfil the above purpose of this Contract within the deadlines and under the terms and conditions agreed upon herein.
- 1.5 The Work shall be considered performed duly if it is fit for the purpose specified herein and has the characteristics listed in this Contract and its Annexes.
- 1.6 By this Contract the Contractor grants the Client the authorisation to use the results of the Work under the conditions set out below, whereas the Client shall obtain the mentioned right immediately after the takeover of the Work in accordance with this Contract.

Article II

Place and Term of the Work Performance

- 2.1 The Contractor undertakes to perform the Work properly and timely at its own premises at Prior to the commencement of the Work the Contractor shall take over the Drilling Rig from the Client at the Client's premises in CA PZZP Plavecký Štvrtok (upon signing of the takeover protocol) and shall transport the Drilling Rig to its premises at to perform the Work. From the moment of takeover of the Drilling Rig from the Client (meaning the moment of signing of the handover protocol by both Parties) to the moment of handover of the completed Work and the Drilling Rig to the Client (meaning the moment of signing of the takeover protocol by both Parties) the Contractor shall bear the risk of damage to the Drilling Rig and the Work and shall also bear any costs related to transportation and insurance of the Drilling Rig.
- 2.2 The duly completed Work shall be handed over to the Client at latest by the date **15th August 2016**. Once the Work is completed, the Contractor shall notify the Client (at least fifteen (15) days in advance) to arrive at the Contractor's premises at to perform the acceptance tests of the Work in the presence of the Client in accordance with Article V below and Annex 4 hereto. Once the acceptance tests are successfully completed (the results of the test approved in writing by both Parties) the Contractor shall transport the Drilling Rig to the Client's premises at CA PZZP Plavecký Štvrtok and the takeover of the Work by the Client shall be performed. The handover of the Work shall be proved by signing of a handover protocol by both Contracting Parties.
- 2.3 Individual stages of the Work shall be performed by the Contractor in accordance with the performance schedule according to Annex 1 to this Contract. The Contractor is obliged to deliver to the Client the updated detailed performance schedule which will be in accordance with this Contract (without affecting the deadline for the Work completion under Article 2.2 above). Immediately after completion of each of the stages of performance of the Work the Contractor shall notify the Client on completion of relevant stage and invite the Client to the inspection of such stage (the Contractor shall not be entitled to continue in further stages of the Work completion unless the Client inspected the relevant stage of the Work or waived such inspection and agreed in writing with continuation of the Work). The Client reserves the right to prematurely terminate this Contract without any penalties or compensations due to the

Contractor and waive performance of the rest of the Work after completion by the Contractor of the defect report (NDT inspection). In that case the price of the Work shall be reduced reflecting the actual work done by the Contactor versus total Work originally planned.

Article III Price and Payment Conditions

- 3.1 The Contracting Parties agree on the total and final price of the Work under this Contract as follows:
- a) fixed aggregate price of the Work according to Table No. 1 of Annex 1 in the amount of **EUR xx,xxx.xx** (in words: xxxxxxxxxxxx xxxxxxxxxxxxxxxxx eur) net of VAT;
 - b) unit prices for the Work according to Table No. 1 of Annex 1. After NDT inspection (and completion of the defect report by the Contractor) the Contractor shall submit in writing to the Client the NDT report and the total price estimate for the rest of the stages of the Work completion (including, but not limited to the cost of possible manufacturing of parts, cost of material and spare parts necessary for completion of the entire Work) not subject to the fixed price under par. 3.1 a) of this Contract above (repairs) which would be approved or disapproved by the Client in writing within 14 (fourteen) days from the receipt thereof. Once approved by the Client the Parties shall execute written amendment signed by both Parties to this Contract following which the Contactor shall continue in the Work completion.
- 3.2 The Contracting Parties agree that the price of the Work shall be payable to the Client within sixty (60) days following the submission by the Contractor of the invoice to the Client (provided that the form and the content of the invoice meet all agreed terms) and execution by both Parties of the takeover protocol for the duly and timely completed Work (which follows after successful performance of the performance tests of the Work).
- 3.3 The invoice issued by the Contractor must meet the requirements under Act No. 222/2004 Coll. on Value Added Tax as amended by subsequent legislation; furthermore, it must contain the number of this Contract VAT will be applied according the generally binding provisions. A take-over protocol signed by the both parties shall form an annex to the invoice. The Client shall deny any vague, incomplete or incorrect list of works carried out in relation to the Work. The Client shall not accept and shall not pay the invoices not presented with a list of works carried out in relation to the Work. In the event that to the end and/or after the end of the performance of the Work by the Contractor it is shown that the Contractor has not carried out all works and/or all performances required under this Contract, the Client shall be entitled to unilaterally reduce the payments required by the Contractor by the amount of the works not carried out.
- 3.4 Payment of the Price shall be effected in EURO currency based on the billing by the Contractor. The invoicing of the performed Works will be effected within 10 days after the handover protocol conclusion of the performed Works by both Contractual Parties. The invoice shall contain legal requirements as to invoices and requirements of the Contract herein, mainly but not exclusively:
- a) the indication that it is an invoice;
 - b) the business name, registered office of the Contractor and the information of the entry in the Companies register;
 - c) the business name, registered office of the Client and the information of the entry in the Companies register;
 - d) the Company Registration Number, Tax Identification Number, VAT Identification Number and bank account of the Contractual Parties;
 - e) the number of the Contract;
 - f) the serial number of the invoice;

- g) the identification of the subject of the performance;
- h) the scope and description of the invoiced Works;
- i) the price of the invoiced Works without VAT;
- j) the volume of the VAT;
- k) the price of the invoiced Works including VAT;
- l) the amount to be paid;
- m) the delivery date;
- n) the date of the invoice's issuing;
- o) the maturity of the invoice;
- p) the signature of the person authorized to the sign of the invoice on behalf of the Contractor;
- r) the name and phone contact of the Contractor's person authorized to the invoice's processing.

- 3.5 If the invoice does not meet the requirements for its content and form required under the VAT Act and this Contract, or if the conditions for issuing and payment of the invoice hereunder are not met, the Client shall be entitled to return the invoice and request the Contractor in writing to remedy any deficiencies. In this case, a new sixty (60) day period for payment of the invoice shall commence on the day following the date on which the found deficiencies were rectified and a new invoice without formal and content deficiencies was delivered to the Client.
- 3.6 The payment obligation of the Client shall be considered fulfilled on the date when the respective payment realised by the transfer from the Client's bank account has been debited therefrom. Bank account of the Contractor on the invoice must be identical to bank account stated in this Contract. Otherwise the Client has the right to return the invoice to the Contractor to remove discrepancies unless the Contractor at latest with the delivery of the invoice to Client requested a change of bank account using the procedure described in the next sentence. The change of bank account in order to redirect payments may be notified by the Contractual Party (with no need for the amendment to this Contract) by written request for redirection of payments to the account specified in such request, delivered to the other Contractual Party. Such a request must be signed by a person authorized to act on behalf of the Contractual Party. Should the maturity date of the invoice fall on a holiday, the invoice shall be payable on the very next working day.
- 3.7 The Contracting Parties agree that the Client shall withhold an amount of 10% of the total price of the Work excluding VAT from the payment of the invoice to the Contractor under this Contract as retention. The Client may satisfy its claims from retention in the event of claims against the Contractor concerning the Contractor's liability for the Work defects or claims for damages. The Client shall pay the first part of the retention (5% of total price of the Work excluding VAT) to the Contractor within thirty (30) days after remedying the defects and insufficiencies of the Work identified in the signed takeover protocol. The Client shall pay the second part of the retention (5% of total price of the Work excluding VAT) to the Contractor after the warranty period expiration and after the complete removal of all defects and insufficiencies of the Work claimed during the warranty period.
- 3.8 The Contractor undertakes to be fully responsible for the calculations, reporting, tax returns and payment of all taxes, including income tax, VAT and other taxes, fees and levies (or appropriate fines, penalties or interest), which as a result of this Contract have arisen or will arise to him under any legal jurisdiction, whether in the Slovak Republic or outside its territory. The Contractor shall not claim any rights against the Client in respect of the above matters.
- 3.9 **VAT retention (Option for Slovak Contractor)** The Contractor represents that at the day of conclusion of this Contract there were no reasons for cancellation of registration of Contractor for value added tax pursuant to § 81 par. 4 point. b) the second paragraph of Act no. 222/2004 Coll, on Value Added Tax, as amended (hereinafter "**VAT Act**") and the Contractor is not published in the list of VAT payer, on which reasons for cancellation of the registration for VAT occurred maintained by the Financial Directorate of the Slovak Republic (hereinafter "**the list maintained by FD SR**").

- 3.10 Contractor declares that on the day of conclusion of this Contract his statutory body, a member of his statutory body or a shareholder of the Contractor is not a statutory body, a member of the statutory body or a shareholder of Client.
- 3.11 In case that, at any time after conclusion of this Contract and before the discharge of the Contract or Purchase Contract:
- a) reasons occur at the Contractor for cancellation of registration for value added tax under Section 81(4)(b)(2) of VAT Act and/or the Contractor is published in the list maintained by FD SR, or
 - b) the statutory body, a member of the statutory body or a shareholder of the Contractor becomes the statutory body, a member of the statutory body or a Shareholder of Client, or
 - c) the Contractor enters into the liquidation, or bankruptcy or restructuralization proceedings are commenced against the Contractor,
- 3.12 the Contractor shall notify Client of this fact in writing within 3 days from occurrence of this fact. Should the Contractor fail to notify Client in writing of any of the facts specified in (a), (b) and (c) above, Client shall be entitled to compensation of any damage due to Contractor's failure to fulfill the notification duty, in particular, to compensation of value added tax which Client, as a guarantor, paid instead of the Contractor pursuant to Section 69(14) and Section 69b of the VAT Act.
- 3.13 The Parties have also agreed that, in the event that any of the facts specified in (a), (b) and (c) arises (occurs) at any time after conclusion of this Contract and before the discharge of this Contract or Purchase Contract, Client shall have the right to retain the sum equal to the amount of value added tax shown on the respective invoice from the due parts of the Price invoiced by the Contractor.
- 3.14 Client shall pay the retention money to the Contractor within 60 days from the moment when the Contractor proves that it has been deleted from the list maintained by the FD SR.
- 3.15 In case that Client, as a guarantor pursuant to Section 69(14) and Section 69b of the VAT Act, pays the value added tax instead of the Contractor, Client shall be entitled to satisfy its claim for compensation of performance - value added tax paid instead of the Contractor – which thus arose to Client against the Contractor, by setting off against the claim of the Contractor against Client for payment of the retention money, which the Contractor unconditionally and irrevocably agrees with.
- 3.16 **Withholding tax – option for foreign Contractor** If the Client is obliged pursuant to the Treaty on Avoidance of Double Taxation between the Slovak Republic (SR) and a country in which the Contractor is a resident on avoidance of double taxation in the area of tax income and asset income or the Act No. 595/2003 Coll. valid in the Slovak Republic on Income Tax to levy a withholding tax, it shall do so without undue delay. In case of the execution of withholding tax within the Slovak Republic the confirmation of the tax payment of the given tax in the Slovak Republic shall be sent to Contractor from the tax office.
- 3.17 The Contractor shall be liable and shall not draw any claims against Client regarding the calculation, reporting and income-tax returns and payment of all tax liabilities of Contractor including the income tax, VAT, excise tax and other taxes, levies and duties / or the respective fines, penalties or interests), incurred on the basis of this under this Contract and/or Purchase Contract and/or an Order to Client under any jurisdiction within the Slovak Republic or outside and Contractor shall bear the sole liability for such claims.
- 3.18 The Contractor herewith declares that he has no permanent establishment in the territory of the Slovak Republic (SR) pursuant to the Treaty on Avoidance of Double Taxation between the

Slovak Republic (SR) and a country where the Contractor is resident. The Contractor also declares that he did not conclude any agreement on the basis of which pursuant to valid legal regulations a permanent establishment in the territory of Slovak Republic could arise. If the Contractor during the validity of this Contract establishes a permanent establishment in the Slovak Republic (SR) territory pursuant to the relevant Treaty on Avoidance of Double Taxation or if it concludes a contract on the basis of which a permanent establishment could be arise, it will notify the Client of this fact within 30 days at the latest. In case of any breach of these obligations the Contractor undertakes to pay to the Client for any costs or expenses arising to the Client in this relation.

Article IV Rights and Obligations of the Contracting Parties

- 4.1 The Contractor undertakes to act in the performance of this Contract properly and on time, with professional care and diligence, according to his best abilities, based on the highest professional standards and in accordance with customary practice in the field of the work which is subject of the Work performance and in accordance with the interests of the Client. Details of the method in which the Work will be performed are given in Annex 1.
- 4.2 The Contractor shall be obliged to notify the Client without undue delay of the fact that the submitted documents or instructions necessary for carrying out the Work are inadequate or contain errors as well as of the inappropriate nature of the instructions given to him by the Client provided that the Contractor is able to identify the inadequacy when exerting professional care. If the inappropriate or insufficient things or inappropriate instructions hinder the proper performance of the Work, the Contractor shall interrupt the performance to the necessary extent until the replacement or completion of documents or the change of the Client's instructions or the delivery of a written notice of the Client that he insists on the performance of the Work with such things or according to the given instructions.
- 4.3 The Client shall be entitled to inspect the performance of the Work at any time. If the Client discovers that the Contractor carries out the Work in conflict with his obligations, the Client shall be entitled, at any time during the performance of the Work, to require the Contractor to remove deficiencies resulting from fault of the Contractor and to perform the Work correctly and/or to require that the Contractor interrupts performance of the Work.
- 4.4 The Client shall be obliged to provide the Contractor with reasonable assistance regarding the performance of the Work and accept (take over) the Work done if it is supplied properly and in accordance with this Contract and to assess it without undue delay.
- 4.5 The Contracting Parties undertake to cooperate and provide each other with all information necessary for the proper fulfilment of their obligations resulting from this Contract. The Contracting Parties shall be obliged to notify the other Contracting Party of any facts which are or may be important for the proper performance of this Contract.
- 4.6 If the Contractor discovers that the subject of the Contract cannot be performed for any reasons, or its performance is in danger, he shall be obliged to notify the Client of such fact without undue delay.
- 4.7 The Contractor shall be authorized to perform the Work via subcontractors, whereas each subcontractor must be previously approved in writing by the Client. The Client may require replacement of the subcontractor in case it has reasonable doubts on the quality of the work to be performed by the subcontractor. The Contractor shall be liable for its subcontractors as if performed by the Contractor.

- 4.8 While performing the Work the Contractor shall observe generally binding legal regulations applicable to the Work performance, especially health and safety regulations as well as environmental regulations.

Article V Handover of the Work and Submission of Documents

- 5.1 The handover and takeover of the Work shall take place after the acceptance procedure, which consists of acceptance testing in accordance with acceptance criteria. The acceptance criteria for the Work or particular parts of the Work are set out in Annex 4 to this Contract. The purpose of the acceptance tests is to compare actual characteristics of the Work or parts thereof with the Contract and its Annexes. Specification of the acceptance tests containing description of the tests, test data, respective environment and order of the tests performance and the acceptance criteria forms Annex 4 to this Contract.
- 5.2 The acceptance tests shall be conducted with the participation of both Contracting Parties. The costs of acceptance tests are included in the price for the Work under par. 3.1 a) of this Contract. If the Work or part thereof has defects found on the basis of the acceptance tests, the Client shall deliver a written report stating and describing all discovered deficiencies to the Contractor within seven (7) working days after the completion of any acceptance test and the acceptance test must be repeated at the costs of the Contractor after remedy of the defects by the Contractor.
- 5.3 The precondition for payment of the price of the Work or part thereof under this Contract is the takeover of the Work or part thereof by the Client without reservation.
- 5.4 In the takeover of the Work or any part thereof in accordance with this Article the Contracting Parties shall sign a protocol on handover and takeover of the Work or the respective part thereof (hereinafter referred to also as the “**acceptance protocol**”).
- 5.5 The documentation related to the Work means the documentation of the Work necessary for the safe and efficient use of the Work as well as any other documents necessary for the proper use of the Work even after the termination of this Contract. The list of documentation required hereunder forms Annex 1 hereto.
- 5.6 By this Contract the Contractor authorizes the Client to copy and use all the documentation related to the Work to the extent necessary to achieve the purposes of this Contract, including the use of the documentation related to the Work by a third party engaged by the Client in the case of the non-fulfilment of the Contractor’s obligations under this Contract or the use of the Work after the termination of this Contract.

Article VI Ownership Title to the Work Performed and Intellectual Property

- 6.1 The Client shall always (in every stage of the Work performance) remain the owner of the Drilling Rig and the Work.
- 6.2 In case any intellectual property is embodied in the Work, the Contractor shall provide the Client with a license to use the Work, in which intellectual property is included, for the purposes of the use of the Work referred to in this Contract or for the purposes for which such Work is usually used with the effect from the date of proper handover and takeover of the Work or its respective part by the Client. In the meantime, the Client may use the Work being performed to the extent necessary for realisation of this Contract, to which the Contractor hereby gives his consent.

- 6.3 Furthermore, the Contractor declares that if an author's work protected as a subject of intellectual property is part of the Work, whereas in terms of the Copyright Act the Contractor is not its direct author, by virtue of a license agreement concluded with the author the Contractor shall be entitled to give consent to the use of such author's work by a third party, and by the conclusion of this Contract the Contractor gives the Client such consent within the scope as provided above in this Article, or shall ensure such approval under a special contract with the author or a third party and submit it to the Client without undue delay after the conclusion of this Contract, whereas the provision of service related to such part of the Work shall be part of the Contractor's obligations hereunder.
- 6.4 The licenses within the scope given by this Contract shall be granted as non-exclusive, transferable, irrevocable, worldwide and without limit for the entire duration of property rights to the use of the Work or any part thereof through any medium, whether or not known at present. In the case of non-fulfilment of the obligations resulting from this Contract on the part of the Contractor (e.g. breach of the obligation to perform the Work properly) or in the event of termination of this Contract, the Client may carry out any modifications of the Work or grant a third person a sublicense or sublicenses related to the Work within the authorisations provided under the license.
- 6.5 The price for granting licenses shall be included in the price of the Work.
- 6.6 The Contracting Parties expressly declare that if, during performance of the Work, a co-author Work under the Copyright Act is created as a result of the activity of the Contractor and the Client, the Contracting Parties shall agree on the settlement of correlative rights to such Work without undue delay after the date on which one Contracting Party has called on the other Contracting Party in writing to do so.

Article VII

Communication of the Contracting Parties

- 7.1 Any notifications by one Contracting Party addressed to the other Contracting Party made under this Contract must be in writing and delivered to the other Contracting Party in writing, i.e. by letter, e-mail or fax.
- 7.2 The Contracting Parties agree that the following contact persons shall be responsible for the general communication between them, unless otherwise agreed by the Contracting Parties:
- For the Client:
Contractual and commercial matters: Mr. Martin Jarábek
Project matters: Mr. Branislav Bulgan
- For the Contractor:
Contractual and commercial matters: xxxx
Project matters: xxxx
- 7.3 The Contracting Parties may change the contact person, whereas they shall be obliged to notify the other Contracting Party of such change in writing within five (5) days.
- 7.4 The rights and obligations relating to delivery under this Contract shall be governed by relevant regulations of Slovak commercial law.

Article VIII
Protection of Information

- 8.1 The Contractor undertakes to treat information obtained from the Client as confidential information, to maintain them confidential and to protect them from third parties at least in so far as he protects his own confidential information of a similar nature and importance (but not to a lesser extent and quality as reasonable and customary). The Contractor may not disclose information referred to in this Contract to third parties without prior written consent of the Client. In the case of disclosure of the above information to third parties, the Contractor must ensure treatment and confidentiality by any third party to the same extent as the Contractor is bound.
- 8.2 The obligation of confidentiality under this Article shall not apply to information and facts which:
- a) are publicly available, or will become publicly available without fault of the Contracting Party which has obtained them;
 - b) the other Contracting Party obtained demonstrably before the entry of the Contract into force;
 - c) the Contracting Party has obtained from a third party not bound by the obligation of confidentiality towards the Contracting Party to which such information relate;
 - d) are to be disclosed and provided in terms of generally binding legal regulations or at the request of competent authorities within the scope specified by the generally binding legal regulations. If the Contractor is requested to disclose confidential information relating to the Client by any public authority or other third party the Contractor shall notify the Client of such fact without undue delay and if such disclosure of such information is required under the generally binding legal regulations the Contractor shall discuss the manner of the confidential information disclosure to such persons with the Client so as to best protect the interests of the Client.
- 8.3 The Contractor undertakes to ensure that when working with the Client's data his employees will strictly comply with the usual rules for protection of data and information.
- 8.4 The Contractor undertakes that he and his staff and subcontractors will comply with all obligations and restrictions arising from confidentiality under this Contract, whereas the Contractor shall be responsible to the Client without restriction for any damage resulting from a breach of the above obligations.
- 8.5 The Contractor's obligations of confidentiality as provided in this Article shall remain in full force and effect throughout the entire duration of the Contract and also for a period of two (2) years after the date of final handover of the Work. For the purposes of the foregoing, the Contractor undertakes to ensure that all his employees, who need to know the mentioned information, will also comply with the terms of the confidentiality obligations as provided in this Article. In the event of breach of confidentiality obligations by the Contractor or his staff, the Contractor shall compensate the Client for any consequences arising from such infringement.
- 8.6 The Client hereby authorises the Contractor to process, within the Work performance and in connection with the activities to ensure the Work operation and to the extent necessary for the performance of this Contract, personal data necessary for the realisation of the Work under the Contract being processed in the Client's information systems. Processing of such data may be carried out solely for the purpose of performance under this Contract, whereas, in addition to legal obligations, the obligations of confidentiality under this Article shall fully apply to the processing of personal data. The Contractor may process personal data only during performance under this Contract and immediately after its completion he must liquidate any and all personal data processed in this respect.

- 8.7 In the event of termination of validity or effectiveness of this Contract, the Contractor (i) shall return to the Client or destroy all documents and copies held by the Contractor, (ii) delete any confidential information from computer systems or other electronic devices.

Article IX
Liability for Defects of the Work and Liability for Damages

- 9.1 If the delivered Work has defects, the Client shall be entitled to request the Contractor to remove the defects within the period specified by the Client in writing, to withdraw from the Contract, or to request a reasonable discount on the price of the Work. The Client shall be entitled to choose amongst the above claims.
- 9.2 The Contractor shall be responsible for any defects of the Work performed by him within the provisions of Article 564 of the Commercial Code so that as regards all defects and deficiencies which will occur within the agreed warranty period (18 months from the date of the Work handover) the Contractor shall ensure their removal upon the Client's written request without undue delay and without any claim for reimbursement. The Contractor shall be obliged to remove the defects of the Work within five (5) days after the Client's complaint, unless the Contracting Parties agree otherwise. The defects shall be considered to be removed on the date specified in a written confirmation by the Client. In the event of default of these terms on the part of the Contractor, the Client may have another person to remove the defects and deficiencies of the Work at his own choice and at the expense of the Contractor, whereas the Client shall notify the Contractor of such fact in writing.
- 9.3 The Client shall be entitled to claim the costs incurred to him in connection with the breach of the obligation of the Contractor to commence with removal of the defects in the Work in a timely manner or remove the defects of the Work claimed by the Client in a timely manner, whereas the Client shall be entitled to offset such costs against any financial consideration of any nature, for which the Contractor is or will be entitled under this Contract. The above shall also apply to the Client's claim for damages against the Contractor. The Client shall be entitled to satisfy any such claims also from the retention under Article 3.6.
- 9.4 The Contractor shall complete the whole Work at its sole costs and risks in full compliance with the Contract and warrants full suitability and conformity of the Work with all applicable laws, in particular with those related to security, safety, labour and environment. For the purpose of the above, the Contractor undertakes to use the services of competent, skilled, duly informed and reliable staff.
- 9.5 The Contractor is fully liable for any and all damages both property and intangible damages, direct and indirect, caused to the Client, its employees, representatives or any third parties by the Contractor, its staff and the staff's employees or agents, without prejudicing of all others claims and rights of the Client. This includes in particular damages to (i) the Work and/or the Drilling Rig, (ii) equipment or facilities of existing buildings, property and/or land, as well as (iii) any persons, third parties and/or employees of any other contractors or sub-contractors involved into the Work.
- 9.6 The Contractor shall indemnify and hold the Client harmless from any actions, suits, claims and demands including death, property loss, penalties, punitive damages, attorney's fees and court costs, arising in connection with injuries or damages relating to the performance by the Contractor of the Contract (other than such attributable to the Client, its agents or employees) caused to the Client and/or its employees, agents, representatives or licensees.
- 9.7 Total aggregate liability of the Client for damages to the Contractor under this Contract shall be limited to 20% of total price for the Work due under this Contract and under no circumstances

shall the Client be liable for any indirect or consequential damages resulting from or arising out of this Contract, including without limitation, loss of profit, loss of business opportunities, business interruptions etc., however the same may be caused.

Article X Contractual Penalties and Compensation of Damages

- 10.1 In the event of default of the Contractor to deliver the Work or any part thereof (a delay in any partial deadline) or to remove defects and deficiencies of the Work found within the additional period specified by the Client (Article 4.3 hereof), the Client shall be entitled to charge the Contractor a contractual penalty in the amount 0.05% for each commenced day of delay from total price of the Work (for a delay in the final delivery of the Work).
- 10.2 In the case of the Client's delay in the payment of invoices for the Work or part thereof supplied in a proper and timely manner, the Contractor shall be entitled to charge the Client a contractual penalty in the amount 0.05% of the outstanding amount for each commenced day of the late payment. The Client shall not be in delay in the payment of invoices and the contractual penalty shall not be applied if, at the time of the invoice due date, the Contractor is in delay with fulfilment of his obligations under this Contract.
- 10.3 If the Contractor breaches any obligation regarding the protection and confidentiality of information under Article VIII hereof, the Client shall be entitled to charge the Contractor a contractual penalty in the amount EUR 5,000.00 for each breach of the Contract, whereas this shall be without prejudice to the claim for damages.
- 10.4 If the Contractor fails to keep his duty to furnish the Client continuously with the documentation related to the Work (under Articles 5.5 and 11.5 hereof) necessary for full utilization of the Work or for the completion of the Work by the Client or a third party in the case of breach of the Contract by the Contractor or termination of this Contract, the Client shall be entitled to charge the Contractor a contractual penalty in the amount EUR 3,000.00 for each breach of the Contract, whereas this shall be without prejudice to the claim for damages. These rights shall be maintained even after the termination of the Contract.
- 10.5 If the Contractor violates his obligations under Article 11 hereof, the Client shall be entitled to charge the Contractor a contractual penalty in the amount EUR 3,000.00 for each breach of the Contract, whereas this shall be without prejudice to the claim for damages. These rights shall be maintained even after the termination of the Contract.
- 10.6 The Contractor shall be obliged to pay a demonstrably documented contractual penalty charged by the Client under this Article within fourteen (14) days after delivery of the invoice to the Contractor's registered office. The Client shall be entitled to offset unilaterally demonstrably documented contractual penalty charged (invoiced) pursuant to this Article against the payment of the invoices issued by the Contractor under this Contract.
- 10.7 Each of the Contracting Parties shall be responsible for caused damages within legal regulations and this Contract subject to limitations in Article 9. Both Contracting Parties undertake to make every effort to prevent and minimise occurred damages. The Client shall be entitled to offset unilaterally damages against the outstanding price of the Work or deduct it from any amount to which the Contractor is entitled under this Contract.

Article XI
Special Obligations of the Contractor

11.1 The Client shall be entitled to require the Contractor to prove at any time during the term of this Contract that his professional, technical, personnel and financial capacity to fulfil the obligations under this Contract remain. For the purposes of the foregoing, the Client may request the Contractor for the provision of following information and documents:

- a) financial statements and other information about the Contractor's assets and its financial situation which the Client will deem necessary;
- b) information on the structure of equity holdings of the Contractor as well as on persons controlling the Contractor and controlled by the Contractor according to Article 66a of the Commercial Code and on any change in the Contractor's control;
- c) details of any existing or impending dispute or proceeding (including judicial, arbitration and administrative proceedings), which could have adverse impact on the fulfilment of the Contractor's duties under this Contract should they result in negative outcome for the Contractor;
- d) information on the Contractor's permits, authorisations, and licenses necessary for the fulfilment of the duties under this Contract.

The Contractor shall be obliged to furnish the Client with the above information or documents in the form required by the Client without undue delay after delivery of the Client's request.

11.2 When signing this Contract the Contractor shall demonstrate conclusion of insurance contract by providing the Client with policy/policies, whereas the insurance must be in force for at least three (3) months longer than the time of the Work performance hereunder. The subject of the insurance policy must be insurance against damage to the Client's property and third party liability insurance covering not less than EUR 1,000,000.00 per single insurance incident and covering at least the following incidents:

- a) Insurance for the Work and the Drilling Rig. The Client shall be named as additional insured on such insurance policy.
- b) Third Party Liability Insurance to cover legal liability for injury and or death to third party persons or damage to third party property caused in relation to execution of the Work and any disposal with the Drilling Rig at the time of Contractor liability under Article 2.1 of this Contract.
- c) Employer's Liability Insurance against liability for claims, damages, losses and expenses arising from injury, sickness, disease or death of any person employed by the Contractor.

The Contractor's insurance policies form Annex 2 to this Contract and are an integral part hereof.

11.3 The Contractor undertakes, at the Client's request, to block any claim payment in favour of the Client in case of insurance events, whereas by means of such claims the Client may recover damages arising from the insurance event.

11.4 The Contracting Parties agree that the Contractor shall provide the Client with a guarantee of the parent company of the Contractor, the company, registered office, company identification No.: registration....., as a guarantor for the fulfilment of the Contractor's obligations under this Contract. Under a declaration of guarantee forming Annex 3 hereto, the parent company irrevocably and unconditionally commits, in the case of failure to fulfil any obligations under this Contract by the Contractor, to fully perform such obligations instead of the Contractor or to satisfy all claims incurred to the Client thereupon.

- 11.5 After conclusion of a contract for performance related to the performance of the subject of this Contract with any subcontractor, the Contractor shall be obliged to send a copy of such contract with the subcontractor to the Client for inspection without undue delay.

Article XII Termination of the Contract

- 12.1 This Contract may be terminated prematurely by written agreement of the Contracting Parties.
- 12.2 The Client shall be entitled to withdraw from this Contract in the case of material breach hereof by the Contractor, whereas the Contract shall become null and void, without any requirement to compensate damages, on the date of delivery of the withdrawal notice to the Contractor if:
- a) the Contractor repeatedly or materially breaches his contractual obligations referred to herein;
 - b) the Contractor does not remove defects and deficiencies of the Work being claimed by the Client even within the additional period specified by the Client;
 - c) in the Client's reasonable opinion, the course of the Contractor's works indicate that there will be delay in delivery of the Work or the works are performed in the manner which constitutes a threat of damage to the Client's or third party property or the works are performed in the manner which is in contradiction to this Contract;
 - d) the Contractor is insolvent, a petition for bankruptcy has been filed in connection with the Contractor, his property has been declared bankrupt, or the petition for bankruptcy has been dismissed for lack of assets or the Contractor has entered into liquidation or proceedings for restructuring has been opened.
- 12.3 Withdrawal from this Contract by the Client shall be without prejudice to his right to make claims resulting from the breach of the Contract, including the claims for contractual penalties and compensation for any damage.
- 12.4 Withdrawal from this Contract shall be delivered to the Contractor by registered letter with acknowledgment of receipt to the address of the Contractor's seat referred to in the header hereof, unless the Contractor notifies the Client provably of another address for delivery. The withdrawal from the Contract or any other communication sent in the above manner for any reason shall be deemed delivered on the fifth (5th) day after its sending even if the Contractor has not had knowledge of its delivery (the imposition of the post office). If the Contractor refuses to receive the withdrawal from the Contract, it shall be deemed delivered on the date when its receiving was rejected.
- If the Contractor is in delay in the handover of the Work (or any of its parts) for more than fifteen (15) days, except for circumstances excluding liability of the Contractor for delay, and does not comply with this obligation even within the additional period granted by the Client of at least fifteen (15) days after delivery of a written request, the Client may withdraw from this Contract.
- 12.5 The right of the Contracting Parties to make a claim for contractual penalties or damages hereunder to the other Contracting Party for which the entitlement has arisen before the withdrawal from the Contract shall not expire upon withdrawal.
- 12.6 The termination of the Contract under this Article shall be without prejudice to the claim for compensation of damages resulting from breach of this Contract, contractual provisions relating to the choice of law, settlement of disputes between the Contracting Parties, any contractual penalty, Article VIII hereof and other provisions which, under this Contract or with respect to their nature, are to be maintained even after the termination of this Contract.

- 12.7 In the event of termination of this Contract, the Contracting Parties shall mutually settle all the debts and liabilities incurred before the effective date of the withdrawal from this Contract within thirty (30) calendar days after the effective date of the withdrawal.

Article XIII Final Provisions

- 13.1 This Contract shall enter into force and operation on the date of its signing by both Contracting Parties, provided the signed Contract by both Parties is delivered to both of them at latest within seven (7) days following the date of signing by the last Party.
- 13.2 The Contract may be amended or supplemented only by agreement of both Contracting Parties in a form of written numbered amendments signed by authorised representatives of both Contracting Parties with reference to the amendment of the respective provision.
- 13.3 Changes in particulars of the companies being recorded in a commercial register (e.g. change of a registered office, statutory body, etc.) as well as the change in an account number, changes in a department responsible for the conclusion and performance of the Contract or the change of contact persons shall not be considered changes requiring the conclusion of a supplement hereto. The Contracting Party shall be obliged to notify the other Contracting Party of the change of such data – depending on the circumstances of the case – in writing without undue delay, however at the latest ten (10) days before the acceptance of the change or within ten (10) days after the change takes effect (registration).
- 13.4 The headings used in the Contract serve only for its clarity and shall not be taken into account in interpreting the Contract and shall not be considered to be definitions or explanations of particular contractual provisions.
- 13.5 The premature termination of this Contract, regardless of the Contracting Party which will terminate it or withdraw from it, shall be without prejudice to the responsibility of the Contractor for the defects and deficiencies of the Work performed to the moment of the premature termination. The Contractor shall be bound by the obligation to keep information confidential even after the termination of this Contract.
- 13.6 The Contracting Parties expressly agree that the Contractor may not assign any claims against the Client arising under or in connection with this Contract to any third party without the prior written consent of the Client. The breach of this provision shall result in annulment of such assignment of the claim.
- 13.7 The Contractor may not offset unilaterally his claims against the Client in order to settle any payments required by the Client from the Contractor under this Contract.
- 13.8 Legal relations not expressly governed by this Contract shall follow relevant provisions of the Commercial Code as well as other generally binding regulations valid in the Slovak Republic.
- 13.9 This Contract and contractual relations arising hereunder shall be governed by Slovak law.
- 13.10 This Agreement is made in two counterparts in English, whereas each Contracting Party shall obtain one (1) of them.
- 13.11 The Contracting Parties expressly declare that they read this Contract, that it was drawn up according to their actual and free will and they understand its content, and in witness thereof the authorised representatives of the Contracting Parties have attached their autographs.

Annexes:

Annex 1: Specification of the Work, Tender Conditions and the Contractor's Bid

Annex 2: Contractor's Insurance Policies

Annex 3: Declaration of Guarantee by the Contractor's Parent Company

Annex 4: Hand-over /Take-over protocol and Acceptance Procedure Specimen

Signed in Bratislava on:

Signed in xxxx on:

on behalf of **NAFTA a.s.**
Ing. Martin Bartošovič – procurist

on behalf of **trade name**
Name - title

on behalf of **NAFTA a.s.**
Ing. Ladislav Goryl – procurist

on behalf of **trade name**
Name - title