SECOND AMENDING AGREEMENT

between

ALBPETROL SH.A

- and -

BANKERS PETROLEUM ALBANIA LTD.

In relation to the

PETROLEUM AGREEMENT

dated June 19, 2004

for the Development and Production of Petroleum in

Patos-Marinza Field

ALBANIA
SECOND AMENDING AGREEMENT
TO THE PETROLEUM AGREEMENT

This Second Amending Agreement (hereinafter referred to as the "Second Amending Agreement") is made and signed this 2 day of September, 2014 by and between Alpetrol Sh. A. (hereinafter referred to as "Alpetrol") and Bankers Petroleum Albania Ltd. (hereinafter referred to as "Contractor"). Alpetrol and Contractor hereinafter referred to as "Parties".

WHEREAS a Petroleum Agreement dated 19 June 2004 (hereinafter referred to as the "Original Petroleum Agreement") was entered into by and between Alpetrol and Saxon International Energy Ltd. (now Bankers Petroleum Albania Ltd.) and approved by the Council of Ministers of the Republic of Albania through Decision No. 477 on 16 July 2004;

WHEREAS the Original Petroleum Agreement relates to the License Agreement (the "Original License Agreement") for the Development and Production of Petroleum in the Patos-Marinza Oilfield dated June 7, 2004 between the Ministry of Industry and Energy (now the Ministry of Energy and Industry) as represented by the National Petroleum Agency (now the National Agency of Natural Resources, and hereinafter referred to as "AKBN") and Alpetrol;

WHEREAS Contractor became a party to the Original License Agreement by an Instrument of Transfer dated 19 June 2004 which was entered into by and among the Ministry of Industry and Energy, as represented by AKBN, Alpetrol and Contractor;

WHEREAS certain provisions of the Original Petroleum Agreement were amended by an Amending Agreement (hereinafter referred to as the "First Amending Agreement") dated 8 December 2008 which was entered into by and between Alpetrol and Contractor and approved by the Council of Ministers of the Republic of Albania through Decision No. 251 on 12 March 2009;

WHEREAS the Original Petroleum Agreement as amended by the First Amending Agreement is hereinafter referred to as the "Petroleum Agreement");

WHEREAS certain provisions of the Original License Agreement were amended by a License Complementary Agreement (hereinafter referred to as the "First LCA") dated December 08, 2008 which was entered into by and among the Ministry of Economy, Trade and Energy, as represented by AKBN, Alpetrol and Contractor;

WHEREAS the Original License Agreement as amended by the First LCA is hereinafter referred to as the "License Agreement");


WHEREAS Contractor has the exclusive right to carry out Petroleum Operations and produce Petroleum in the Project Area described in the Petroleum Agreement and the License Agreement;

WHEREAS the Parties acknowledge that the implementation of the ECC Tax Change Laws requires the amendment of the Petroleum Agreement in accordance with Article 18.3 of the Petroleum Agreement, in order to maintain the economic benefits accruing to Contractor from the Petroleum Agreement, in accordance with Article 5, Clause 3(d) of the Hydrocarbon Law No. 77/93, dated 28.07.1993;
NOW THEREFORE, the Parties hereto agree to amend certain provisions of Article 1, Article 9, Article 13, Article 14, and Articles 2 and 4 (of Annex B) of the Petroleum Agreement.

ARTICLE I
SCOPES

1.1 The scope of this Second Amending Agreement, is to eliminate the negative economic effect caused to Contractor due to the ECC Tax Change Laws.

ARTICLE II
DEFINITIONS AND INTERPRETATION

2.1 The terms and definitions used in this Second Amending Agreement shall have the same meaning as specified in the Petroleum Agreement, and Article 1 of the Petroleum Agreement shall be amended to include the following additions and changes:

"Carbon Tax" means the carbon tax imposed by the National Tax Law.

"Circulation Tax" means the circulation tax imposed by the National Tax Law.

"ECC Share" has the meaning given in Article 9.2.

"ECC Tax Change Adjustments" has the meaning given in Article 13.5.


"Excise Tax" means excise tax prescribed by the Excise Law.


2.2 This Second Amending Agreement, together with Petroleum Agreement, describes the terms and conditions regulating the Petroleum Operations in the Contract Area or in any portion thereof retained under the Petroleum Agreement, and the rights and obligations provided for hereunder and in the Petroleum Agreement.

2.3 It is hereby recognized and agreed that the rights and obligations of the Parties in respect to Petroleum shall be governed by the provisions of the Petroleum Agreement as amended by this Second Amending Agreement.

2.4 All the provisions of the Petroleum Agreement as amended by this Second Amending Agreement are hereby ratified and confirmed, and shall remain in full force and effect, it being understood that, in the event of any conflict with the Petroleum Agreement, the provisions of this Second Amending Agreement shall supersede those of the Petroleum Agreement.
2.5 The reference to the Articles and Sections of the Petroleum Agreement is made with respect to the text of Original Petroleum Agreement dated June 19, 2004, as modified by the First Amending Agreement.

ARTICLE III

ARTICLE 9 OF THE PETROLEUM AGREEMENT

3.1 The title of Article 9 of the Petroleum Agreement is deleted and replaced with the following:

**Available Petroleum, Albpertol Share, Royalty Tax, ECC Share, Cost Recovery and Profit Petroleum**

3.2 The first paragraph and table in Article 9.2 of Petroleum Agreement is changed as follows:

At the start of the first paragraph of Article 9.2 of the Petroleum Agreement, will be added the phrase "From April 1st, 2008, until December 31st, 2013."

The table after the first paragraph of Article 9.2 of the Petroleum Agreement, will be labeled "TAB1 - Table of the allocation of available petroleum from April 1st, 2008, until December 31st, 2013".

Within the content of the table "TAB1 - Table of the allocation of available petroleum from April 1st, 2008, until December 31st, 2013", in the column "Period", in the second row of this column, the phrase "20 August 2008 - Termination of PA" will be replaced with the phrase "20 August 2008 - 31 December 2013".

3.3 After the table "TAB1 - Table of the allocation of available petroleum from April 1st, 2008, until December 31st, 2013" of Article 9.2 of the Petroleum Agreement, will be added the paragraph and table as follows:

Available Petroleum shall be measured at the Measurement Point and allocated as set forth in this Agreement. Available Petroleum shall be allocated between the Government of Albania (the "Royalty Tax"), Albpertol (the "Albpertol Share"), Contractor ("ECC Share" and "Cost Recovery Petroleum") as set forth in the following table:

"TAB2 - Table of the allocation of available petroleum from January 1st, 2014, until the day of Termination of the Petroleum Agreement"
3.4 The following paragraph shall be added in Article 9.2 of Petroleum Agreement immediately before the paragraph starting with "The R Factor is calculated as follows ....":

The Excise Tax, Carbon Tax and Circulation Tax Share ("ECC Share")

Contractor shall be entitled to the ECC Share to recover the ECC Tax Change Adjustments borne by it in connection with conducting Petroleum Operations. The ECC Tax Change Adjustments shall be calculated in accordance with Article 13.5.

Contractor shall recover all ECC Tax Change Adjustments under this Petroleum Agreement out of one hundred percent (100%) of the Available Petroleum after deducting the Royalty Tax and the Almbpetrol Share.

An amount equal to the ECC Tax Change Adjustments shall be included in the Petroleum Costs.

3.5 The paragraph starting with "The R Factor is calculated as follows: ", in Article 9.2 of the Petroleum Agreement, is changed as follows:

The paragraph "\( A_k \) means the sum of Contractor's Revenues minus profit petroleum tax accrued in Calendar Quarter N and all preceding Calendar Quarters following the Effective Date.", it is replaced with the following paragraph:

"\( A_k \) means the sum of Contractor's Revenues minus profit petroleum tax accrued in Calendar Quarter N and all preceding Calendar Quarters following the Effective Date, adding the value of the ECC Share for all Calendar Quarters."

ARTICLE IV
ARTICLE 13 OF THE PETROLEUM AGREEMENT

4.1 Article 13.2 of the Petroleum Agreement is amended by replacing "Article 13.1" with "Article 13.1, 13.5".

4.2 A new Article 13.5 is added after Article 13.4 of the Petroleum Agreement, which states as follows:

13.5 ECC Tax Change Adjustments

Excise Tax

(a) Article 10, paragraph "3/dh" of the Excise Law provided Excise Tax exemptions for imported petroleum products (for its own use, from oil exploration entities and for exploiting oil field areas, in such cases when fulfilled required specific conditions, according to the law and agreements for this scope), used in Petroleum Operations. The ECC Tax Change Laws repealed such Excise Tax exemption, as of 1 April, 2014. As a result of such repeal:
(i) the Contractor shall be required to pay Excise Tax pursuant to the Excise Tax Law in cash to the customs authority for imports of goods subject to Excise Tax; in accordance with Albanian Law; and

(ii) an amount equal to the value of all Excise Tax paid by Contractor after 1 April 2014 as set forth in point (i) herein above for imported petroleum products used in Petroleum Operations shall be: (A) allocated to Contractor from Available Petroleum and (B) included as a Petroleum Cost as part of the ECC Tax Change Adjustments.

Carbon Tax and Circulation Tax

(b) The Carbon Tax and the Circulation Tax were introduced, and amended, pursuant to the National Tax Law. As a result of such tax changes:

(i) For any Carbon Tax that Contractor is found liable to pay either to: (1) the customs authority for imports of goods subject to Carbon Tax; or (2) local suppliers for local purchase of goods subject to Carbon Tax, pursuant to the National Tax Law, an amount equal to the difference between the value of such Carbon Tax paid by Contractor in connection with Petroleum Operations with the amount of Carbon Tax that the Contractor would have paid based on the rate of Carbon Tax as of the Effective Date of the Petroleum Agreement shall be: (A) allocated to Contractor from Available Petroleum and (B) included as a Petroleum Cost as part of the ECC Tax Change Adjustments.

(ii) For any Circulation Tax that Contractor is found liable to pay either to: (1) the customs authority for imports of goods subject to Circulation Tax; or (2) local suppliers for local purchase of goods subject to Circulation Tax pursuant to the National Tax Law, an amount equal to the value of the Circulation Tax paid by Contractor in connection with Petroleum Operations shall be: (A) allocated to Contractor from Available Petroleum and (B) included as a Petroleum Cost as part of the ECC Tax Change Adjustments.

(iii) This paragraph (b), of Article 13.5, of the Petroleum Agreement, will be applied only for those amounts of the Carbon Tax, and/or Circulation Tax that Contractor has paid and/or will pay from the date January 1st, 2014 until the Termination of this Petroleum Agreement

4.3 A new Article 13.6 is added after Article 13.5 of the Petroleum Agreement, which states as follows:

13.6 Acknowledgments
a) Contractor hereby acknowledge and agree that, by entering into the Second Amending Agreement it is eliminated every negative economic effect due to the changes in the laws (ECC Tax Change Laws). For this reason, Contractor hereby acknowledges and agrees that in no case, will not apply in the respective state authorities for the reimbursement of such taxes (ECC Tax Change Adjustments). The violation of this provision will be considered a material breach of Contractor's fundamental duties and obligations under the Petroleum Agreement.

b) Notwithstanding the provision of paragraph 13.6.(a) here above, if any amount of taxes which has been included as part of the ECC Tax Change Adjustments, is reimbursed and/or compensated in favor of the Contractor by respective authorities, then the respective reimbursed and/or compensated amount: (A) will be added in the amount of the Cost Recovery Petroleum; and (B) will be deducted from the amount of the Petroleum Costs. Pursuant to this paragraph, will be performed the recalculation of Factor R, and the recalculation of the Profit Petroleum.

ARTICLE V
ARTICLE 14 OF THE PETROLEUM AGREEMENT

5.1 Article 14.1 of the Petroleum Agreement is amended by replacing the first word "The" with "Except for the Taxes described in Article 13.5, the".

ARTICLE VI
ARTICLE 2 AND ARTICLE 4 OF ANNEX B OF THE PETROLEUM AGREEMENT

6.1 The first paragraph Article 2.10 of ANNEX B of the Petroleum Agreement is deleted and replaced with the following:

All taxes, duties or levies, including the following:

(a) an amount equal to the portion of the Royalty Tax paid in Cash to the Albanian Government by Contractor as provided in Article 9.2 of the Petroleum Agreement;

(b) an amount equal to the ECC Tax Change Adjustments, as described in Article 9.2 of the Petroleum Agreement,

but excluding:

(c) Tax on Profit covered by Article 13.1 of the Petroleum Agreement, if any, and

(d) the Albpetrol Share, as defined in Article 9.2 of the Petroleum Agreement.
6.2 A new paragraph is added to Article 2.10 of Annex B of the Petroleum Agreement, which new paragraph is inserted immediately following the paragraph that starts with "For further clarification", and which new paragraph states as follows:

For further clarification, an amount equal to 100% of the ECC Tax Change Adjustments, as defined in Article 9.2 of the Petroleum Agreement shall be included as a Petroleum Cost. The inclusion of the ECC Tax Change Adjustments as a Petroleum Cost (in combination with the subtraction of the ECC Share from the Available Petroleum as provided in Article 9.2 of the Petroleum Agreement) provides the mitigation of the negative impact to Contractor of the implementation of the ECC Tax Change Laws, in compliance with the scope of this Second Amending Agreement, as provided in Article 1.2 here above.

6.3 A new paragraph is added to Article 2.22 of Annex B of the Petroleum Agreement, which is inserted immediately following point (e), it is added point (f), with the following content:

"(f) any amount of the taxes that are included as part of the ECC Tax Change Adjustments as provided by this Second Amending Agreement, reimbursed to Contractor as provided in Article 8.2, of this Second Amending Agreement;"

6.4 A new paragraph is added to Article 4.2.2 of Annex B of the Petroleum Agreement, which is inserted immediately following point (f), it is added point (g), with the following content:

"(g) the amount paid by Contractor for each of the taxes (The Excise Tax, Carbon Tax and Circulation Tax Share) as part of the ECC Tax Change Adjustments, and that are included as Petroleum Costs, for the respective Calendar Quarter, and should be included the invoices and/or documentation proof for the respective paid amount;"

6.5 The sample calculation table in Article 2.10 of the Annex B of the Petroleum Agreement, starting with the words "For Further clarification, an example of the treatment ..." is deleted.

ARTICLE VII
COMMUNITY DEVELOPMENT ACTIVITIES

7.1 A new Article 27 is added to the Petroleum Agreement, which states as follows:

Article 27
Community Development Activities

27.1 In accordance with Article 8, Articles 2.1 and 2.20 of the Accounting Procedure and Article 7.2 of the License Agreement, Contractor shall include in an Annual Program and Budget a general description and the estimated costs therefor, for community development activities which the Contractor proposes to conduct in the relevant Fiscal Year as Petroleum Operations.

27.2 No later than forty-five (45) days before the beginning of every Calendar Quarter, Contractor will prepare and submit to Albpetrol and the Ministry a statement detailing the community development activities proposed to be carried out by Contractor during the succeeding Calendar Quarter, and the budget therefor (the "Community Development Program") and Albpetrol and the Ministry will inform Contractor of any amendments to be made to such proposal and the reasons therefor within thirty (30)
days of its receipt. Proposed amendments may only be made to the extent that the proposed Community Development Program: (a) exceeds the amount designated in the relevant approved Budget for community development activities; (b) is inconsistent with the published community development initiatives of the Albanian Government, or (c) is inconsistent with the international principles of sustainable development.

27.3 If neither Albpetrol or the Ministry inform Contractor of any amendments within the said thirty (30) days, such proposal shall be deemed to be approved. If any amendments are received within the said thirty (30) day period, Contractor shall take into consideration such amendments and will reflect those it deems necessary in a revised proposed Community Development Program. Thereafter, Contractor will forward its revised proposal to Albpetrol and the Ministry for approval. If neither Albpetrol or the Ministry inform Contractor of any additional amendments within fifteen (15) days following such resubmission, such revised proposal shall be deemed to be approved.

27.4 If there is a disagreement about the proposed amendments then the dispute shall be submitted for determination to an Expert which would be appointed according to the proceedings described in Article 25.4 of the License Agreement. The Expert shall endeavour to render a determination within sixty (60) days of his appointment. Prior to resolution of any such dispute, Contractor’s proposed Community Development Program shall be approved for the purposes of interim operations pending resolution.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the Parties have executed this Second Amending Agreement to be effective as of the date the Council of Ministers approves this Second Amending Agreement.

ALBPETROL SH.A

By: [Signature]
Title: Administrator

BANKERS PETROLEUM ALBANIA LTD.

By: [Signature]
Title: President

Bankers Petroleum Albania Ltd.