

CONTRACT ON ESTABLISHING THE RIGHT OF USING GAS LOAN

concluded by and **between**

seat:

mailing address:

account keeping bank:

bank account No.:

invoicing address:

tax No.:

court of Reg. and Reg. No.:

hereinafter referred to as **Borrower**

and

Hungarian Gas Storage Private Company Limited by Shares

seat: 1138 Budapest, Váci út 144-150.

mailing address: 1399 Budapest, Pf. 645.

account keeping bank: CITIBANK

bank account No.: 10800007-00000000-13714002

invoicing address: 1138 Budapest, Váci út 144-150.

tax No.: 12543317-2-44

Court of Reg. and Reg. No.: Budapest Court as Court of Registration, Cg. 01-10-045043

hereinafter referred to as **Lender**, or as **MFGT**

or jointly referred to as the **Parties** at the undersigned place and date under the following terms and conditions:

ANTECEDENTS

By Resolution No. 1567/2013 amended by Resolution 615/2015, the Hungarian Energy and Public Utility Regulatory Authority (HEPURA) authorised MFGT to *“lend its own working gas energy quantity reclassified from cushion gas by the Hungarian Office for Mining and Geology to other licensees or to proprietary users on condition that the natural gas energy quantity thus lent shall be replaced immediately, but not later than within 30 days in full energy quantity if so required by the Office. Natural gas lending performed by the*

Licensee pursuant to this section shall not qualify as natural gas trade activity. Licensee shall inform the Office regarding natural gas lending performed pursuant to this section within 5 business day from the conclusion of the contract.”

Subject to the provisions of the above HEPURA resolution, Lender developed a Gas Loan (hereinafter referred to as “Gas Loan”) product. Borrower became entitled to use the Gas Loan by making a bid for the highest (availability) fee regarding ... pieces of bundles out of the ... pieces of bundles offered by the Lender at the auction of ... 20__ for Establishing the Right of Using Gas Loan. Based on the above, Borrower becomes eligible for using the “Gas Loan” product under the conditions stipulated in this contract (hereinafter referred to as “Contract”).

I. Use of Terms

Any and all terms used in this Contract - unless explicitly otherwise provided herein - shall mean the same as the terms used in the “Contract on lending and borrowing natural gas” attached to this Contract as Annex No. 1.

II. Conclusion and Duration of Contract

1. By concluding this Contract, MFGT shall, for the availability fee as per Chapter VII, Section 1, grant the right of using (borrowing) the Natural Gas energy quantity specified in Chapter V, that is MFGT shall be obliged to keep the Natural Gas energy quantity available in the period as per Chapter II, Section 5, in the unified storage facility for the Borrower.
2. In the event that the Borrower exercises its utilization (borrowing) right and the parties agree on a schedule for borrowing and returning the energy quantity, parties shall conclude the “Contract on lending and borrowing natural gas” attached to this Contract as Annex No. 1 within 2 business days.
3. Borrower shall pay the availability fee as per Chapter VII, Section 1, even if it does not exercise its utilization (borrowing) right throughout the duration of this Contract.
4. The Contract shall be effectively concluded for a definite period when signed by both parties.
5. Duration of Contract: as of the effective date, until the 15th gas day of April 2017.

III. General Terms

1. In issues not regulated by the Contract, the provisions of MFGT’s Code of Business Conduct and the General Terms and Conditions (hereinafter referred to as ÁSZF) shall apply.
2. By signing this Contract, the Borrower shall acknowledge to have fully read and understood the content of ÁSZF herein mentioned – as available on the MFGT web page (www.magyarfoldgaztarolo.hu) – and considers it to be the part of this Contract, and so agrees to be bound by it. Parties shall deem the content of ÁSZF annexed to the Code of Business Conduct approved by the Hungarian Energy and Public Utility Regulatory Authority to be the same as the usual contracting practice.
3. Special conditions not stipulated in the ÁSZF shall be specified in this Contract.

IV. Rights and Obligations of the Parties

1. During the performance of this Contract, Parties shall cooperate with each other, inform each other in due time, and pay the related fees in advance, as per this Contract.
2. Borrower shall not commit itself to exercise its utilization (borrowing) right.
3. MFGT undertakes to conclude the Contract on Lending and Borrowing Natural Gas if an agreement can be reached with the Borrower on a schedule for borrowing and returning the Natural Gas energy quantity.
4. Lender shall not be obliged to grant utilization (borrowing) right regarding natural gas exceeding the energy quantity and calorific value of the Natural Gas specified in Chapter VI herein.
5. MFGT was authorised to provide the “gas loan” service under the condition that the energy quantity thus lent shall be replaced immediately, but not later than within 30 days in full if so required by HEPURA. Expressly regarding this condition - Borrower shall accept that MFGT has a special termination right - as specified in Chapter VIII, Section 2.b.
6. Under the term of this contract, the Borrower’s right of using gas loan shall invariably exist – with regard to the natural gas energy quantity borrowed from and returned to MFGT.

V. Energy Quantity of Natural Gas Affected by Utilization (Borrowing) Right

Throughout the duration of this Contract, the energy quantity of the Natural Gas affected by utilization (borrowing) right granted to the Borrower shall be:

..... kWh

VI. Quality of the Natural Gas Energy Quantity Affected by Utilization (Borrowing) Right Granted to the Borrower

MFGT shall grant utilization (borrowing) right to the Borrower for Natural Gas meeting the quality parameter specifications of standard MSZ 1648.

VII. Fee Payment

1. In compensation for the utilization (borrowing) right, Borrower shall pay a *one-time availability fee* of HUF..... + VAT /kWh.
2. Fee payment schedule

MFGT shall be entitled to issue the invoice on the availability fee following the conclusion of this contract. The payment deadline shall be due within 15 days from issuing the relevant invoice. In the event that the Borrower intends to use the gas loan within 15 days from the conclusion of this contract, the payment deadline shall be the banking day preceding the borrowing.

VIII. Terminating the Contract

1. This Contract shall terminate if any of the conditions as per Chapter II, Section 5 exists - except for the cases of termination due to breach of contract.
2. Terminating the Contract by extraordinary termination.
 - a) Either party shall be entitled to terminate the contract in writing, without justification and with immediate effect after becoming aware of the other party's material breach of contract.
 - b) MFGT may terminate this contract with immediate effect if
 - Borrower fails to fulfil its payment obligations as per Chapter VII, Section 2 within 3 business days after receiving a written notification to this effect, In this case, the Borrower shall cease to be eligible for using the Gas Loan service;
 - HEPURA requires MFGT to replace the Natural Gas energy quantity immediately (but not later than within 30 days), in which case MFGT shall be entitled to terminate the contract with immediate effect even if the Borrower has already submitted its request for using the natural gas energy quantity;
 - following the conclusion of the Contract - MFGT finds that - a material change has occurred in the Borrower's conditions due to which the performance of its material obligations assumed in the "Contract on lending and borrowing natural gas" is no longer reasonably possible,
 - Borrower has deceived MFGT, which affected the conclusion or the content of the contract, or
 - for any other reasons as per Section 6:38 of the Civil Code, or
 - if anyone initiates a winding-up, bankruptcy or liquidation procedure against the Borrower, or if a competent authority suspends or revokes its operational licence, or
 - due to a breach of contract deemed by MFGT as a material breach.
3. In the event that the Contract is terminated, MFGT shall not be obliged to grant any utilization (borrowing) right to the Borrower regarding the Natural Gas energy quantity.

IX. Governing Law, Settlement of Disputes

The provisions of Hungarian law shall apply to both the contract and any arising disputes.

The Parties shall agree to settle the disputes relating to this Contract primarily via amicable negotiation.

Failing such settlement in any disputes arising from or relating to the contract or its breach, termination, validity or interpretation, Parties hereby agree to subject themselves to the exclusive jurisdiction of the Permanent Court of Arbitration (Budapest) operating at the Hungarian Chamber of Commerce and Industry, provided that the Court of Arbitration proceeds according to its own Rules of Procedure. The number of arbitrators shall be three. The language of procedure shall be Hungarian.

X. Miscellaneous Provisions

1. Contact Persons
In issues related to the Contract:
 On behalf of the Lender:

Phone:
Fax:
email:

On behalf of the Borrower:

Phone:
Fax:
email:

2. Contract Amendment

This Contract may be amended in writing by way of contract amendment signed by the Parties' authorised signatories. Parties expressly exclude the possibility of oral amendment, or amendment by fax or email.

3. Invalid Provisions

If any of the provisions of this Contract is or becomes invalid, ineffective or unenforceable, this shall not affect the validity, effectiveness or enforceability of the remaining provisions. In this case, the invalid, ineffective or unenforceable provision shall be replaced as soon as possible by the Parties with a provision the Parties would have agreed on at the time of concluding the Contract considering such invalidity, ineffectiveness or unenforceability, for the sake of the intended result. The same shall apply if a legal vacuum to be filled is exposed during the performance of the Contract

4. Governing Law

In issues not stipulated by this Service Framework Contract, the provisions of the prevailing Gas Act, the Implementation Decree, the Grid Code and the Civil Code shall apply along with the Borrower's Code of Business Conduct.

This Contract shall be valid together with the attached annexes, which shall form an inseparable part thereof.

Budapest, __20__

Hungarian Gas Storage Ltd.
Lender

Borrower

Annexes:

Annex No. 1: Contract template of "Contract on lending and borrowing natural gas"