

TABLE OF CONTENTS

1.	DEFINITIONS	3
2.	APPOINTMENT OF MANAGER.....	4
3.	RESPONSIBILITIES AND AUTHORITY OF THE MANAGER	5
4.	RESPONSIBILITIES AND REPRESENTATIONS OF THE OWNER.....	8
5.	REMUNERATION, COMPENSATION AND DISBURSEMENTS.....	8
6.	CONSULTATION AND INDEMNITY	9
7.	NOTICES AND INVOICES	9
8.	LAW AND ARBITRATION	10
9.	DURATION.....	10
10.	GENERAL.....	11

ILLUSTRATIVE MATERIAL

ADMINISTRATIVE MANAGEMENT AGREEMENT

This administrative management agreement (the "**Agreement**") is made on [] 20[] between

- (1) [] **AS**, company registration no. [] (the "**Manager**"); and
- (2) [] **AS**, company registration no. [] (the "**Owner**").

RECITALS:

The Owner is the owner of MV "[]" (the "**Vessel**").

[], a company organised and existing under the laws of [] (the "**Lessee**") operates the Vessel pursuant to a charter agreement entered into between the Owner and the Lessee.

The Lessee has agreed to appoint the Manager to undertake certain responsibilities for management, marketing and sales activity in respect of the Vessel. The Lessee and the Manager will enter into a separate agreement in this respect (the "**Management, Sales and Agency Agreement**").

The Owner has agreed to appoint the Manager to undertake certain responsibilities for the administrative and corporate management of the Owner.

The parties have agreed to enter into this Agreement to regulate the terms of the Manager's appointment as administrative manager.

1. DEFINITIONS

"**Assignments**" means various assignments granted by the Owner, the Lessee and the Manager in favour of the Mortgagee pursuant to the Loan Agreement in respect of earnings, Insurances, requisition compensation and all sales proceeds from the operation and management of the Vessel.

"**Disbursement Notice**" means a notice to be issued no more often than weekly, but at least monthly, by the Manager to the Owner setting forth and specifying all expenses that are due and payable within seven days of issue thereof.

"**Retention Account**" means account no. [] in the name of the Owner with the Mortgagee.

"**Indebtedness**" means all moneys owed from the Owner to the Mortgagee pursuant to the Loan Agreement

"**Insurances**" means all insurance cover which it is prudent market practice to take for a vessel of the same type as the Vessel and operations of the nature to be performed by the Vessel and otherwise as required by the Loan Agreement, the Security Documents and/or the Lease and (if required in the reasonable opinion of the Manager) including all risk cargo and shore cover insurance and product liability insurance.

"**Lease**" means an agreement on international chartering and leasing dated [] 20[], and made between the Owner and the Lessee, pursuant to which the Lessee operates the Vessel.

"**Loan Agreement**" means an agreement dated [], 20[] pursuant to which the Mortgagee has agreed to make a NOK [] loan facility available to the Owner for the purposes of financing part of the purchase price of the Vessel.

"Management Fee" means the fee due to the Manager for its services hereunder, as provided for in accordance with Clause 5.

"Management Advances" means any advance of funds made by the Manager from its own funds to pay third parties in respect of amounts which are for the account of the Owner, or to be reimbursed by the Owner to the Manager in connection with this Agreement.

"Mortgage" means the first priority Cyprus ship mortgage over the Vessel and Deed of Covenants collateral thereto, each granted in favour of the Mortgagee and dated [] 20[].

"Mortgagee" means [], Norway.

"Sales Proceeds Account" means account no. [] in the name of the Manager with the Mortgagee.

"Security Documents" means any deeds, assignments or other security instruments including, without limitation, the Assignments issued by the Lessee and/or the Owner in favour of the Mortgagee as security for the Indebtedness.

"Term" means the duration of this Agreement from the date hereof until such time as it is terminated pursuant to Clause 9.

"Vessel" means the vessel MV "[]" registered in the name of the Owner in the [] Ship Register.

2. APPOINTMENT OF MANAGER

2.1 For the duration of the Term, the Owner hereby appoints the Manager as the exclusive manager of the Owner with regard to the management and the administrative and corporate affairs of the Owner.

2.2 The Owner hereby grants the Manager the power, authority and other rights to act as the manager of the Owner, to take whatever steps it deems necessary to fulfil the Owner's obligations arising under law, pursuant to any contractual arrangements, and generally in accordance with good business practice and to perform the Manager's services and other responsibilities, pursuant to this Agreement.

2.3 The Manager hereby accepts its appointment pursuant to Clause 2.2, and undertakes to perform the Manager's services and responsibilities as set forth in this Agreement.

2.4 It is hereby agreed that the Manager is an agent of the Owner and is not and will in no circumstances be deemed to be the Lessee's employee.

2.5 In performing its responsibilities and exercising its rights under this Agreement the Manager may from time to time do any of the following:

- a. as the duly authorised agent of the Owner, have direct contact with appropriate public bodies and authorities with regard to matters relating to the administrative and corporate management of the Owner;
- b. as the duly authorised agent of the Owner, have direct contact with the Lessee and the Mortgagee with regard to matters relating to the administrative and corporate management of the Owner;
- c. as the duly authorised agent of the Owner, have direct contact with the Owner's auditors, lawyers and accountants, from time to time appointed,

with regard to matters relating to the administrative and corporate management of the Owner;

- d. as the duly authorised agent of the Owner, have direct contact with the Owner's bankers, from time to time, other than the Mortgagee, with regard to matters relating to the administrative and corporate management of the Owner;
- e. as the duly authorised agent of the Owner, have direct contact with such public bodies and authorities as the Manager considers appropriate and necessary with regard to matters relating to the administrative and corporate management of the Owner; and
- f. subcontract, delegate or assign any of the Manager's responsibilities and rights to any persons and entities whether or not affiliated with the Manager.

2.6 During the Term and provided no breach by the Manager has occurred hereunder, the Owner will not, and shall not be entitled to, appoint any other manager or agent in respect of the administrative and corporate management of the Owner, without the express prior written consent of the Manager.

2.7 The Manager's remuneration and compensation shall be as set out in Clause 5.

3. RESPONSIBILITIES AND AUTHORITY OF THE MANAGER

3.1 It is hereby agreed as follows:

- (i) the Manager shall carry out all functions relating to the administrative and corporate management of the Owner, in accordance with sound management practice;
- (ii) the Manager shall have power in the name of the Owner to do all things which may be expedient or necessary for the provision of the said services or otherwise in relation to the proper and efficient management of the administrative and corporate affairs of the Owner and in particular shall ensure the proper handling of the following responsibilities:

3.1.1 Accounting

- (i) The Manager will make all arrangements for the conduct of the Owner's annual audit, and the preparation and finalising of its statutory accounts and reports (the "**Audited Accounts**");
- (ii) the Manager shall arrange for the circulation of the Audited Accounts to the Owner's shareholders (in accordance with statutory or other lawful requirements) and to any other party which has a right to receive the Audited Accounts, including, but not limited to the Mortgagee pursuant to the Loan Agreement;
- (iii) the Manager shall arrange for the filing of the Audited Accounts at the appropriate companies registry, or other public registry as required by the laws of Cyprus, or such other jurisdiction in which the Owner has a place or business;
- (iv) the Manager will make all arrangements for the preparation and finalising of any interim or other non-audited financial statements and accounts of the Owner, as may be required or agreed during the course of any accounting reference period of the Owner (the "**Unaudited Accounts**");

- (v) the Manager shall arrange for the circulation of any Unaudited Accounts to the Owner's shareholders and to any other party which has a right to receive the Unaudited Accounts, including, but not limited to the Mortgagee pursuant to the Loan Agreement;
- (vi) the Manager shall provide or cause to be provided all necessary information and documents to the Owner's auditors, accountants and bankers (including the Mortgagee); and
- (vii) if required by the Owner, the Manager will prepare and deliver to the Owner management accounts prepared by the Manager showing, the administrative costs which have been expended or incurred by the Manager in respect of the previous financial quarter together with evidence that such costs have been met.

3.1.2 Systems

The Manager shall propose and recommend to the Owner such changes, in its administrative, accounting and other business systems as it deems necessary or advisable to improve efficiency, and to arrange for same.

3.1.3 Insurance

The Manager will on behalf of and for the account of the Owner be responsible for obtaining the Insurances. The Manager will assist the Owner with respect to insurance claims, settlements and reports.

3.2 Bookkeeping, Reporting and Budget

3.2.1 Systems and Controls

The Manager will at all times provide regular bookkeeping and accounting services necessary for efficient management of the Owner.

3.2.2 Records

- (i) The Manager will maintain records of all costs and expenditures incurred under this Agreement and all other data and information necessary to settle accounts among the Manager and the Owner that arise from activities under this Agreement. The Manager will, on request, give evidence of and access to these records to the Owner; and
- (ii) the Manager will maintain up to date all statutory books and records of the Owner, or procure that this is done.

3.3 Lease Payments

It is hereby agreed that the Manager shall, upon the instruction of the Lessee, pay lease payments pursuant to the Lease on the [] day of each month from the funds in the Sales Proceeds Account to the Retention Account or such other account designated by the Owner.

Any balance shall standing to the credit of the Sales Proceeds Account shall be applied towards payment of lease payments due to the Owner by the Lessee under the Lease. The Manager shall be entitled to make such lease payments direct from the Sales Proceeds Account and further shall be entitled to transfer excess funds in the Sales Proceeds Account to the Retention Account (or a retention account of the Owner with the Mortgagee) up to a maximum amount equal to the next 6 months' lease payments due under the Lease.

The Manager shall monitor that all payments due from the Lessee pursuant to the Lease are received by the Owner in its designated bank account.

3.3.1 Insurances

The Manager will on behalf of and for the account of the Owner be responsible for obtaining Insurances, including policies for all normal vessel and product risks including at least Hull and Machinery, Port Risk, P & I for the captain and for the crew members, Pollution and Longshore and Harbour Workers coverage, Product Liability, Cargo and Shore Cover and all other insurance policies designated by the Manager. The Manager will assist the Owner with respect to insurance claims, settlements and reports.

3.3.2 Non-Russian Crew

The Manager shall recruit and employ all crew and will determine, in its discretion, employment terms, conditions and compensation, consistent with all applicable rules and regulations. Payment of crew members' salaries shall be made by the Owner directly.

3.4 Filings and Returns

- (i) The Manager shall procure that all returns, including but not limited to notification of changes in corporate particulars, resolutions passed, changes of directors and other notifications required to be made to the companies registry or other public registry in [], or other jurisdiction in which the Owner has a place of business; and
- (ii) the Manager shall procure that all tax returns for the company are submitted to the appropriate taxation authorities.

3.5 Meetings and Minutes of Meetings

- (i) The Manager shall prepare all notices for the convening meetings of the directors and of the shareholders of the Owner, together with an agenda for each meeting, and shall circulate the same to directors, shareholders or other persons entitled to attend, as appropriate, or shall procure that this is done; and
- (ii) a representative of the Manager shall attend all meetings of the directors or shareholders, and the Manager shall be responsible to prepare, or procure the preparation of, minutes of all such meetings, and arrange for the same to be circulated and/or filed as appropriate.

3.6 General Authority

The Manager shall carry out all functions relating to the administrative and corporate management of the Owner in accordance with sound management practice and, to the extent consistent with the express provisions of this Agreement and subject to co-operating with the Owner in good faith, the Manager's authority includes but is not limited to:

- (i) the right from time to time to select delegates and assignees of (and to delegate and assign) any part or all of the rights and obligations of the Manager under this Agreement and terms of each delegation and assignment;
- (ii) the possession, and the sole authority and responsibility to decide and manage all day to day administrative affairs of the Owner;

- (iii) to conduct all correspondence with third parties on the Owner's behalf, and to have direct contact with third parties including appropriate public bodies, the Lessee, the Mortgagee, and the Owner's lawyers and accountants; and
- (iv) to operate the, the Sales Proceeds Account and the Retention Account.

4. RESPONSIBILITIES AND REPRESENTATIONS OF THE OWNER

4.1 The Owner hereby agrees as follows:

- (i) the Owner will provide the Manager with such letters or powers of attorney as necessary to give the Manager authority to act on the Owner's behalf and in accordance with this Agreement;
- (ii) the Owner will provide the Manager and its bankers with a bank mandate in the form required by the bank, giving the Manager a sufficiently wide mandate to operate the Retention Account and the Sales Proceeds Account to enable the Manager to perform its obligations hereunder;
- (iii) the Manager is hereby authorised to pay administrative costs and other approved expenses from the Retention Account or the Sales Proceeds Account, as appropriate;
- (iv) the Owner will provide the Manager with all information and documents necessary to enable the Manager to provide the services envisaged by this Agreement and to comply with requirements of applicable laws, rules and regulations, financial reporting standards, or otherwise necessary to carry out the administrative and corporate management of the Owner; and
- (v) the Owner will use its best endeavours to ensure that the Lessee provides all necessary information in time for the Manager to discharge its obligations under this Agreement in a timely manner.

4.2 The Owner hereby represents to the Manager that the Owner is in compliance with applicable company law in [] and no breach of any statutory provision has occurred or is continuing.

5. REMUNERATION, COMPENSATION AND DISBURSEMENTS

5.1 **Manager Advances**

The Manager may, but is not committed to, make Manager Advances. The Lessee agrees to reimburse the Manager the principal of any and all Manager Advances plus interest thereon at the rate of []% per annum; provided that if interest rate changes or are expected to change fundamentally from the time such Manager Advances are made until they are repaid pursuant to this Agreement, the Owner and the Manager will re-negotiate interest rates in good faith. Should no agreement be reached, such sums shall be immediately due and payable with accrued interest to the date of repayment.

5.2 **Remuneration to the Manager**

The Owner undertakes to make payment or reimbursement to the Manager for the Manager's services under this Agreement as follows:

- (i) payment of a fee which shall be separately agreed between the parties from time to time;
- (ii) reimbursement to the Manager of the Manager Advances;

- (iii) reimbursement to the Manager of any approved expenses incurred by the Manager pursuant to this Agreement; and
- (iv) reimbursement to the Manager of any amounts paid by the Manager on behalf of the Owner in respect of Insurances.

5.3 Payment Terms

- (i) It is hereby agreed that the Manager shall be entitled to deduct from amounts standing to the credit of the Sales Proceeds Account all amounts due to it hereunder each month pursuant to a valid invoice.
- (ii) Any Manager Advances (together with accrued interest thereon), and other expenses shall be reimbursed, monthly in arrears commencing on [date] for the duration of the Term. Payment shall be made against receipt of an invoice from the Manager. The Management Fee will be payable on the terms set out in the Management, Sales and Agency Agreement.

5.4 Disbursements

For disbursements payable within 7 days, the Manager will deliver to the Owner a Disbursement Notice accompanied by a verification signed by an officer of the Manager or accounting manager that certifies payment of the applicable payee's invoice is due to the applicable payee (whether governmental taxing authority, the Manager, or other payee) then or within the next 7 days.

6. CONSULTATION AND INDEMNITY

6.1 Communication and Consultation

Subject to the Manager's power, authority and other rights referred to above; the Manager agrees to keep the Owner informed of all major decisions being considered by the Manager that could materially affect the Owner. The Manager agrees to consider in good faith all recommendations the Owner may provide to the Manager in respect of such decisions.

6.2 Indemnity

In carrying out its obligations hereunder, the Manager is acting as agent for the Owner. The Owner ratifies and confirms and undertakes at all times to ratify and confirm whatever may be done or caused to be done by the Manager, its servants and agents according to the provisions of this Agreement and the Owner hereby undertakes to keep the Manager, its servants and agents indemnified and to hold it harmless against all actions, proceedings, claims, demands or liabilities whatsoever which may be brought against or incurred by the Manager in relation to any and everything done or caused to be done as aforesaid and in particular against any and all claims brought against the Manager in relation to the preparation and finalising of the Audited Accounts or any Unaudited Accounts, and the information subject to the authorities with regard to taxation of the Owner and all costs, damages and expenses which the Manager may suffer or incur in defending or settling the same, unless due to the Manager's gross negligence, or wilful default under this Agreement.

7. NOTICES AND INVOICES

Each notice under this Agreement will be effective only if in writing signed by the party giving the notice (signed by an authorised officer in the case of a corporate party) and given by personal delivery to an officer of the receiving party at the party's address below, or by facsimile telephone transmission to the party at the party's facsimile number (if any) below and evidenced by electrically printed confirmation of transmission

from the transmitting telephone number and receipt at the independent courier service. Each notice or invoice will be deemed given when so delivered in person, or if so transmitted by facsimile will be deemed delivered on the date and at the time evidenced on the electronically printed confirmation, or if couriered will be deemed delivered on the date of delivery evidenced on the counter return receipt. Any address and telephone number for future notices and invoices may be changed by the addressee by notice given to the other parties referring to this paragraph.

Notice shall be made as follows:

if to the Manager: [] AS
 []
 Att: []
 Tel: []
 Fax: []
 E-mail: []

if to the Owner: [] AS
 []
 Att: []
 Tel: []
 Fax: []
 Email: []

8. LAW AND ARBITRATION

- 8.1 This Agreement is governed by and shall be construed in accordance with the laws of Norway.
- 8.2 The parties agree to use their best efforts, through good faith negotiations, to resolve any dispute that may arise under this Agreement. If the dispute is not resolved by this method within 45 days, it will be settled by arbitration in [] in accordance with the Norwegian Arbitration Act of 2004 or any re-enactment thereof. The arbitration proceedings and the decision of the arbitration panel shall be kept confidential.

9. DURATION

- 9.1 The initial period of this Agreement is [] years, beginning on the date hereof. Thereafter, the Agreement will be extended for successive [] month periods except that any such initial or any extended period may be terminated by either party effective at the end of the then applicable period by notice given to the other parties not less than 365 days prior to the end of such period.
- 9.2 The Manager has the right to terminate this Agreement with immediate effect by written notice given to the Owner if any of the following events occurs:
 - (i) the Owner assigns its rights wholly or partially to a third party without the Manager’s consent;
 - (ii) the Owner is declared bankrupt or insolvent according to an official declaration.
- 9.3 The Owner has the right to terminate the Agreement with immediate effect by written notice given to the Manager if any of the following events occur:
 - (i) the Manager is declared bankrupt or insolvent according to an official declaration.

- (ii) the Manager commits any material breach of its obligations under this Agreement and fails to remedy such breach of contract in a reasonable time.

9.4 In the event that the validity of the termination of this Agreement is contested by the other party in written form with explicit reference to this Clause 9, the termination will only become retroactively effective once an arbitration panel has issued a final and binding decision pursuant to Clause 8 hereof and all outstanding amounts which are due to the Manager are fully paid.

10. GENERAL

10.1 The parties agree to co-operate and perform every act and execute every document necessary to enforce the rights and obligations provided in this Agreement.

10.2 If a court of competent jurisdiction holds any provision of this Agreement to be invalid or unenforceable, all other provisions will remain in effect and will be construed as if the invalid or unenforceable provisions were omitted. The parties agree to renegotiate in good faith any such invalid or unenforceable provisions.

10.3 This Agreement may be executed in two counterparts, each of which will be deemed an original, and all of which together will constitute the same agreement, whether or not all parties execute each counterpart. Any manual signature of a party to a counterpart may be delivered by means of facsimile transmission as provided for in Clause 7 herein, and the counterpart will be deemed executed by that party upon the receipt of the facsimile counterpart as so evidenced.

10.4 Neither this Agreement nor any amendment of this Agreement, and no waiver of any provision or breach of this Agreement, will be effective unless in writing, signed by any officer of the Owner and signed by the legal representative of the Manager. Any such signature constitutes a representation that the person signing is fully authorised to bind that corporation and that the corporation assents to this Agreement (or amendment, as the case may be).

The Owner

The Manager

Signature: _____

Signature: _____

Name in block letters:

Name in block letters: