

Execution Version

FIRST AMENDMENT AGREEMENT

relating to

the amendments to the Third Party Participation Agreement

relating to the Kurdamir block (previously known as the "Kalar-Bawanoor" block)

between

THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ

AND

TALISMAN (BLOCK K44) B.V.

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FIRST AMENDMENT AGREEMENT

This agreement (the "**Agreement**") is entered into as of 25 July 2011 (the "**Agreement Date**") between:

- (1) **THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ** (the "**Government**"); and
- (2) **TALISMAN (BLOCK K44) B.V.**, a limited liability company (*Besloten Vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of The Netherlands, with its address at Atrium Building, Strawinskylaan 3159, 1077 ZX Amsterdam, The Netherlands, an Affiliate of Talisman Energy Inc. ("**Talisman**")

(each a "**Party**" and collectively, the "**Parties**").

RECITALS

- (A) The Government and Talisman are parties to an amended and restated Production Sharing Contract dated 28 February 2008 in respect of the Kurdamir block (previously known as the "Kalar-Bawanoor" block) in the Kurdistan Region of Iraq (the "**Contract**").
- (B) In connection with the assignment and novation of a 40% participation interest under and in respect of the Contract, Talisman and the Government entered into the Third Party Participation Agreement dated 19 June 2008 (the "**Participation Agreement**") concerning the payment by Talisman of certain sums to the Government for the purpose of providing financial support to infrastructure and capacity building projects for the benefit of the people of Kurdistan.
- (C) The Parties have entered into an Amendment Agreement dated concurrently herewith in respect of the Contract (the "**Amendment Agreement**").
- (D) In connection with their entry into the Amendment Agreement, the Parties wish to amend the Participation Agreement.
- (E) This Agreement sets forth amendments to the Participation Agreement:
 - (1) to make changes corresponding to the Amendment Agreement governing the timing of Talisman's election under the Participation Agreement to either assign its interest in the Contract to the Government or make specified capacity building payments;
 - (2) to make changes corresponding to the Amendment Agreement confirming that the Public Company is not a Contractor Entity; and
 - (3) to provide a form of ultimate parent guarantee in favour of the Government in respect of Talisman's financial obligations under the Participation Agreement in respect of the "Second Tranche Capacity Building Payment".

- (F) The Parties affirm their ongoing commitment and adherence to the Principles and Criteria of the Extractive Industries Transparency Initiative (EITI).

1. DEFINITIONS AND INTERPRETATION

- 1.1 Unless otherwise defined herein (including the recitals) capitalised terms have the meanings ascribed to them in the Contract, as amended. As used in this Agreement:

“**Agreement**” is defined in the preamble.

“**Agreement Date**” is defined in the preamble.

“**Amendment Agreement**” is defined in Recital (C).

“**Contract**” is defined in Recital (A).

“**Government**” is defined in the preamble.

“**Participation Agreement**” is defined in Recital (B).

“**Party**” and “**Parties**” are defined in the preamble.

“**Talisman**” is defined in the preamble.

“**Third Party**” is defined in Clause 4.2.

- 1.2 Descriptive headings in this Agreement are for convenience only, do not constitute a part of this Agreement, and do not affect the construction or interpretation of this Agreement. A reference to a “Clause” is a reference to a clause of this Agreement.

2. AMENDMENTS TO PARTICIPATION AGREEMENT

- 2.1 The Participation Agreement is amended as provided in this Clause 2.

- 2.2 The recitals are amended by adding a new paragraph (k):

“(k) This Agreement was amended pursuant to the First Amendment Agreement between the Parties dated 25 July 2011.”.

- 2.3 In Articles 9 (a) and (b), the words “Government Contractor Entity” are replaced with “holder of the Government Interest”.

- 2.4 Article 10(b) is deleted in its entirety and restated as follows:

“(b) the date sixty (60) days after the day on which the **CONTRACTOR** has drilled, tested, and completed or abandoned the Kurdamir-2 Well in the Contract Area; or”.

2.5 Article 11 is deleted in its entirety and restated as follows:

"If Talisman makes an election in accordance with Article 10(y) above, Talisman shall:

- (i) on the day it makes the election, provide the Government with an ultimate parent company guarantee in the form set forth in Annex D; and
- (ii) pay to the Capacity Building Account an initial instalment of fifty million Dollars (\$50,000,000) within thirty (30) days of the election and twenty-three (23) further instalments of ten million Dollars (\$10,000,000) each, every thirty (30) days thereafter. All such payments shall be made in accordance with Article 32.7 of the Contract.

2.6 In Article 14(b), the word "KGR" is replaced by "KRG".

2.7 In Article 14(c), the word "two" is deleted.

2.8 In Article 14(e), the words "Government Contractor Entity's share of Profit Petroleum as a Contractor Entity" are replaced with "holder of the Government Interest's share of Contractor's entitlement to Profit Petroleum."

2.9 In Articles 14(f)(w), (x) and (y), and in Articles 16(b) and (c), the words "Government Contractor Entity's" are deleted in each instance.

2.10 In Article 14(f)(z), the words "recovered by the Government Contractor Entity" are replaced with "received by the holder of the Government Interest."

2.11 In Article 15(b), the words "Government Contractor Entity's" are deleted.

2.12 In Article 16, the words "Government Contractor Entity's share of" and "Government Contractor Entity's" are deleted in each instance.

2.13 In Article 18, the following sentence is added to the end of the Article:

"The Government shall make any transfer, assignment, pledge or encumbrance of all or any portion of the Government Interest or Recoverable Profit Petroleum expressly subject to the terms of this Agreement."

2.14 The brackets around the text in Article 28 are deleted.

2.15 A new Annex D is added in the form set forth in Annex A to this Agreement.

2.16 In recital (e), the words "and as a Contractor Entity," are deleted. In recital (f), the words "as a "Contractor Entity"" are deleted.

3. REPRESENTATIONS

3.1 Talisman makes the following representations:

- 3.1.1 its entry into and performance of this Agreement have been authorised by all necessary company action;
- 3.1.2 this Agreement constitutes a valid, legal, and binding agreement of it;
- 3.1.3 it has received all authorisations and consents required under the law under which it is organised that are or will be necessary for the entry into and performance by it, and the validity and enforceability against it, of this Agreement;
- 3.1.4 except as provided in the next sentence, there is no law or agreement to which it is a party that conflicts with or prevents entry into, delivery, and performance by it of this Agreement, or calls into question the validity, legality and enforceability against it of this Agreement. No representation is made in respect of the laws of the Kurdistan Region or Iraq;
- 3.1.5 it is not a party to any administrative or judicial proceeding, litigation, or arbitration that could affect the validity or enforceability of this Agreement as to it; and
- 3.1.6 neither it nor any of its Affiliates has made, offered, or authorised (and has not agreed to make and does not expect will be made), with respect to the matters which are the subject of this Agreement or the Contract, any payment, gift, promise or other advantage, whether directly or through any other Person, to or for the use or benefit of any public official (*i.e.*, any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of the Government) or any political party or political party official or candidate for office, where such payment, gift, promise or advantage violates (i) the laws of the Kurdistan Region or of Iraq, (ii) the laws of the place of incorporation or its principal place of business, or (iii) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on 17 December 1997, which entered into force on 15 February 1999, and the Convention's Commentaries. No part of its participating interest under (including any profits it may derive in respect of) the Contract is held (or to be held pursuant to this Agreement) or payable to, directly or indirectly, to or for the benefit (directly or indirectly) of any public official or any political party or political party official or candidate for office of the Kurdistan Region or Iraq.

4. GENERAL PROVISIONS

- 4.1 Articles 36 (*Information and Confidentiality*), 39 (*Assignment and Change of Control*), 41 (*Waiver of Sovereign Immunity*), 42.1 (*Negotiation, Mediation and Arbitration*), 44 (*Notices*), and 45 (*Termination*) of the Contract shall apply to this Agreement, *mutatis mutandis*.

- 4.2 This Agreement does not create any right under the Contracts (Rights of Third Parties) Act 1999 that is enforceable by any Person who is not a party (a “**Third Party**”). The Parties may rescind or vary the terms of this Agreement without notice to or the consent of any Third Party.
- 4.3 This Agreement constitutes the final, complete and exclusive expression of the Parties’ agreement on the matters contained in this Agreement. All prior and contemporaneous negotiations and agreements between the Parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement. The provisions of this Agreement may not be explained, supplemented or qualified through evidence of trade usage or a prior course of dealings. In entering into this Agreement, neither Party has relied upon any statement, representation, warranty or agreement of the other party except for those expressly contained in this Agreement. There are no conditions precedent to the effectiveness of this Agreement, other than those expressly stated in this Agreement.
- 4.4 Each Party shall timely exercise all commercially reasonable endeavours to take, or cause to be taken, all actions necessary or desirable to consummate and make effective the transactions this Agreement contemplates.
- 4.5 The Parties may amend this Agreement only by an agreement of the Parties that identifies itself as an amendment to this Agreement. The Parties may waive any provision in this Agreement only by a writing executed by the Party against whom the waiver is sought to be enforced. Any amendment, waiver, or consent signed by the Minister of Natural Resources is binding on the Government. No failure or delay in exercising any right or remedy, or in requiring the satisfaction of any condition, under this Agreement by a Party, and no act, omission or course of dealing between the Parties, will operate as a waiver or estoppel of any right, remedy, or condition. A waiver made in writing on one occasion will be effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver on any future occasion. No waiver or amendment in respect of this Agreement will constitute a waiver or amendment of any other agreement between the Parties.
- 4.6 The Parties may execute this Agreement in counterparts, each of which constitutes an original, and which, collectively, constitute only one agreement. The signatures of both of the Parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile or electronic scan is as effective as executing and delivering this Agreement in the presence of the other Party. This Agreement is effective upon delivery of an executed counterpart or counterparts from each Party to the other Party. In proving this Agreement, a Party must produce or account only for an executed counterpart of the Party to be charged.
- 4.7 This Agreement (and any non-contractual obligations arising out of or in connection with it) is governed by English law.

[Signature page follows.]

For and on behalf of Talisman (Block K44) B.V.:

Signature: *[Handwritten Signature]*
Title: DULY AUTHORIZED ATTORNEY
Name: RAN ACHTYMIEUAK

For and on behalf of the Kurdistan Regional Government of Iraq:

Prime Minister
Kurdistan Regional Government
On behalf of the Regional Council for the Oil and Gas Affairs
of the Kurdistan Region – Iraq

Signature:.....
Barham Salih

Minister of Natural Resources
Kurdistan Regional Government
On behalf of the Ministry of Natural Resources in the Kurdistan Region

Signature:.....
Ashti Hawrami

[Signature page to the First Amendment Agreement to the Third Party Participation Agreement]

For and on behalf of **Talisman (Block K44) B.V.:**

Signature.....

Title:

Name:.....

For and on behalf of the **Kurdistan Regional Government of Iraq:**

Prime Minister

Kurdistan Regional Government

On behalf of the Regional Council for the Oil and Gas Affairs
of the Kurdistan Region – Iraq

Signature:.....



Barham Salih

Minister of Natural Resources

Kurdistan Regional Government

On behalf of the Ministry of Natural Resources in the Kurdistan Region

Signature:.....



Ashti Hawrami

[Signature page to the First Amendment Agreement to the Third Party Participation Agreement]

Annex A to the First Amendment Agreement to the Third Party Participation Agreement

"Annex D: Ultimate Parent Company Guarantee for Third Party Participation Agreement"

...

**ANNEX D – ULTIMATE PARENT COMPANY
GUARANTEE FOR THIRD PARTY
PARTICIPATION AGREEMENT**

GUARANTEE

BY

TALISMAN ENERGY INC.

FOR THE BENEFIT OF

THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ

(KURDAMIR – THIRD PARTY PARTICIPATION AGREEMENT)

GUARANTEE

THIS GUARANTEE, dated _____, is by:

- (1) **TALISMAN ENERGY INC.**, a corporation incorporated under the Federal laws of Canada (the "Guarantor");

in favour of:

- (3) **THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ** (the "Beneficiary").

WesternZagros Limited, Talisman (Block K44) B.V. ("Talisman"), and the Beneficiary are parties to a Production Sharing Contract (the "Contract") dated 28 February 2008, a Completion Agreement dated 19 June 2008, an Amendment Agreement to the Contract dated 25 July 2011 (the "Amendment Agreement"), a Third Party Participation Agreement (the "Participation Agreement") dated 19 June 2008, and a First Amendment Agreement to the Participation Agreement (the "Participation Agreement Amendment") dated 25 July 2011, each in respect of the Kurdamir block (formerly named the Kalar-Bawanoor block) in the Kurdistan Region of Iraq. This Guarantee is delivered pursuant to the agreements set forth above.

1. Definitions; Interpretation

1.1 Definitions

1.1.1 Unless defined in this Guarantee, terms defined in the Contract have the same meaning in this Guarantee.

1.1.2 As used in this Guarantee:

"Beneficiary" is defined in the preamble.

"Business Day" means a day on which banks are open for general business in London, England and Alberta, Canada;

"Demand" is defined in clause 2.2.

"Guaranteed Obligations" is defined in clause 2.1.

"Guarantor" is defined in the preamble.

"Minimum Financial Commitment Deficiency" means an amount, determined as of the termination date of the Contract, equal to the difference between:

(x) the amounts set out in Article 11(ii) of the Participation Agreement; and

(y) the sum of the following amounts:

- (1) the amount Talisman has expended with respect to its obligations under Article 11(ii) of the Participation Agreement, and

- (2) the amount with respect to such obligations that Talisman is not required to expend in accordance with the Participation Agreement or any waivers provided by the Beneficiary.

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

“Talisman” is defined in the preamble.

1.2 Construction and Interpretation

- 1.2.1 Any reference to a clause or annex is, unless otherwise stated, to a clause or annex of this Guarantee.
- 1.2.2 Any reference to an “Article” is to an “Article” of the Contract.
- 1.2.3 Headings and sub-headings are for ease of reference only.

2. Guarantee

- 2.1 Upon any termination of the Contract after Talisman has made an election in accordance with Article 10(y) of the Participation Agreement, the Guarantor guarantees to the Beneficiary the due and punctual payment by Talisman of the Minimum Financial Commitment Deficiency (if any) in the manner and currency prescribed by the Contract for payments by the Contractor together with any interest due with respect thereto as provided in the Contract (the “Guaranteed Obligations”).
- 2.2 The Guarantor will have no obligation in respect of a Guaranteed Obligation unless the Guarantor has received a written demand for payment (the “Demand”). A Demand must:
 - (a) make specific reference to this Guarantee;
 - (b) state the amount that is demanded and the Beneficiary’s calculation of the Guaranteed Obligations;
 - (c) state that the Beneficiary has not received payment of the Guaranteed Obligation from Talisman on the date on which it became due and payable;
 - (d) state the date on which the Guaranteed Obligation became due and payable by Talisman; and
 - (e) provide the Beneficiary’s wire instructions for the payment to the Beneficiary of the Demand.
- 2.3 The Guarantor shall make payment to the Beneficiary in accordance with a Demand by wire transfer of cleared funds, in Dollars, in accordance with the Beneficiary’s wire instructions, and within 5 Business Days after receipt of a Demand.

3. Nature of Guarantee

- 3.1 This Guarantee is an absolute, unconditional, and irrevocable guarantee of payment when due and not of collection, and whether by acceleration or otherwise.
- 3.2 The Beneficiary is not required to exercise any right, assert any claim or demand, other than as identified in clause 2.2, or enforce any remedy whatsoever against Talisman or any other person before, or as a condition to, exercising any of the rights, powers, or remedies conferred upon the Beneficiary by this Guarantee or by applicable law. Without limiting the generality of the foregoing, the Beneficiary will not be required to (i) take any action or obtain judgment in any court against Talisman or any other Person,

or (iii) to make or file any claim or proof in a winding up or dissolution of Talisman or any other Person.

- 3.3 Except as provided in clause 2.2, the Guarantor expressly waives presentment, demand, protest, and notice of dishonour in respect of each Guaranteed Obligation.
- 3.4 Subject to clause 6, the obligations of the Guarantor:
- (a) constitute continuing obligations, notwithstanding any settlement of account or other matter or thing whatsoever;
 - (b) will not be considered satisfied by any intermediate payment of Talisman's obligations in respect of the Guaranteed Obligations; and
 - (c) will continue in full force and effect until the Guaranteed Obligations have been paid in full to, and received by, the Beneficiary in accordance with the Participation Agreement and the Contract.
- 3.5 Subject to clause 6, neither the obligations of the Guarantor pursuant to, nor the rights, powers, and remedies conferred upon the Beneficiary by, this Guarantee or by law will be discharged, impaired, or otherwise affected by:
- (a) the winding up, dissolution, administration, reorganization, or moratorium of Talisman or any change in its status, function, control, or ownership;
 - (b) time or other indulgence, including any composition, being granted or agreed to be granted to Talisman in respect of any of the Guaranteed Obligations;
 - (c) any change in the time, manner, or place of payment of, or any other term of, all or any of the Guaranteed Obligations, or any other extension or, compromise of Talisman, provided that none of the foregoing increases the amount of the Guaranteed Obligations;
 - (d) any reduction, limitation, impairment, or termination of any part of the Guaranteed Obligations for any reason, including any claim of waiver, release, surrender, alteration, or compromise;
 - (e) any increase in the amount payable in respect of any Guaranteed Obligation, provided that the Guarantor has provided its prior written consent to any such increase which expressly states the Guarantor's intention that this Guarantee will apply to such increased amount;
 - (f) the termination of the Participation Agreement, the Contract or termination of Talisman's rights under the Participation Agreement or the Contract, or any withdrawal or abandonment by Talisman of its interests under the Participation Agreement or the Contract;
 - (g) any direct or indirect change in the ownership of Talisman, including by merger, amalgamation, by law, or otherwise;
 - (h) any transfer of all of any part of Talisman's interests under or in respect of the Contract;
 - (i) any dispute or claim Talisman may have against the Beneficiary;
 - (j) the insolvency or bankruptcy of, or similar event affecting, Talisman; or
 - (k) any other circumstance or combination of circumstances which might otherwise constitute a defense available to, or a legal or equitable discharge of, Talisman.

- 3.6 The Guarantor waives any right to or claim of any defense or setoff, counterclaim, recoupment, or termination by reason of (i) the invalidity, illegality, non-genuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Guaranteed Obligation; (ii) any claims, set-offs, or liabilities of Talisman to the Guarantor or the Beneficiary; (iii) any claims, set-offs, or liabilities of the Guarantor in respect of the Beneficiary; or (iv) any other reason whatsoever.
- 3.7 This Guarantee will continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any Guaranteed Obligation is rescinded or must otherwise be restored by the Beneficiary upon the insolvency, bankruptcy, or reorganization of Talisman or otherwise, all as though such payment had not been made. Any settlement or discharge between the Guarantor and the Beneficiary will be conditional upon no payment by Talisman or any other Person, to the Beneficiary on Talisman's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation, or similar laws.

4. Taxes

- 4.1 The Guarantor shall make all payments to the Beneficiary free and clear of, and without deduction for, any present or future taxes, withholdings, or other charges of any nature whatsoever imposed by any taxing authority.
- 4.2 If any withholding or deduction from any payment to be made by the Guarantor is required in respect of any taxes, then the Guarantor shall:
- (a) pay directly to the relevant authority the full amount required to be so withheld or deducted;
 - (b) promptly forward to the Beneficiary an official receipt or other documentation satisfactory to the Beneficiary evidencing such payment to such authority; and
 - (c) pay to the Beneficiary such additional amount or amounts as is necessary to ensure that the net amount actually received by the Beneficiary will equal the full amount the Beneficiary would have received had no such withholding or deduction been required.
- 4.3 If any taxes are directly asserted against the Beneficiary with respect to any payment received by the Beneficiary from the Guarantor pursuant to this Guarantee:
- (a) the Beneficiary may pay such taxes; and
 - (b) the Guarantor shall indemnify the Beneficiary against any claim, demand, action, liability, damages, cost, loss, or expense (including legal fees and any applicable value added tax) which the Beneficiary incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of any such tax, and promptly pay such additional amounts (including, if incurred as a result of the Guarantor's or Talisman's action, omission or delay, any penalties, interest or expenses) as necessary so that the net amount received by the Beneficiary, after the payment of such taxes (including any taxes on such additional amount), will equal the amount the Beneficiary would have received had such taxes not been asserted.

5. Notices

5.1 Address for notices to Guarantor

The Beneficiary must:

- (a) make any Demand or provide any notice and other communication to the Guarantor in respect of this Guarantee in writing;
- (b) address such Demand, notice, or other communication as provided in clause 5.1(c); and
- (c) use one of the following methods to deliver such Demand or other notice or communication, each of which, for purposes of this Guarantee, is a writing: (1) personal delivery; (2) email (followed by delivery of the Demand, notice or communication by air courier); or (3) a reputable, internationally recognised air courier, with all fees prepaid, and sent to the Guarantor:

Talisman Energy Inc.

Attention: Executive Vice President, Legal and General Counsel

Suite 2000 888 3rd Street SW

Calgary, Alberta Canada T2P 5C5

Email: brooney@talisman-energy.com

5.2 Effectiveness as to Guarantor

- 5.2.1 A Demand, notice, or other communication will be effective as to the Guarantor only if: (a) the Beneficiary has complied with this clause 5; and (b) the Guarantor has received the Demand, notice, or other communication.
- 5.2.2 If a Demand, notice, or other communication is delivered in person to the Guarantor, it will be considered received by the Guarantor by the date set forth in the signed receipt.
- 5.2.3 If the Beneficiary sends a Demand, notice, or other communication to the Guarantor by a reputable, internationally recognised air courier in accordance with clause 5.1, the Demand, notice, or other communication will be considered received by the Guarantor by the date set forth in the signed receipt.
- 5.2.4 If the Beneficiary sends a Demand, notice, other communication by email to the Guarantor and the email transmission is followed by delivery of the Demand, notice, or other communication to the Guarantor by air courier in accordance with clause 5.1, the Demand, notice, or other communication shall be deemed to have been delivered to the Guarantor when the email is received by the Guarantor.

5.3 Notices to Beneficiary

The Guarantor shall give all notices or other communications to the Beneficiary in connection with this Guarantee in the same manner as set forth in Article 44 of the Contract for notices to the Beneficiary.

5.4 Change of Address

The Guarantor or the Beneficiary may change its address as set forth in this clause 5 or Article 44 of the Contract, as applicable, by a notice to the other in accordance with this clause 5.

6. Term

- 6.1 This Guarantee is effective as of the date first set forth above.
- 6.2 Subject to clause 3.7, this Guarantee will no longer be effective upon the payment of the Second Tranche Capacity Building Payment (as such term is defined in the Participation Agreement) by Talisman.

7. Representations and Warranties

The Guarantor makes the representations as set forth in its Letter of Representations and Warranties.

8. Arbitration; Indemnification

- 8.1 The Guarantor and the Beneficiary shall, exclusively, refer any dispute, claim or controversy arising out of or in connection with this Guarantee (including a dispute, claim or controversy relating to any non-contractual obligations arising out of or in connection with this agreement) to and to be finally resolved by arbitration under the rules of the London Court of International Arbitration, which rules are incorporated by reference into this clause 8.
- 8.2 The language of the arbitration will be English, and any award will be written in the English language.
- 8.3 The seat, or legal place, of the arbitration will be London, England.
- 8.4 The arbitral tribunal will comprise one arbitrator directly appointed by the London Court of International Arbitration.
- 8.5 The Beneficiary may seek enforcement of an arbitral award by any court of competent jurisdiction.
- 8.6 Any award must be expressed in US Dollars.
- 8.7 The arbitral award will be final and not subject to any appeal.
- 8.8 If any question of law arises during the arbitral proceedings or arises out of an award, neither the Beneficiary nor the Guarantor may make an application or bring an appeal to any court on a question of law, and the Beneficiary and the Guarantor expressly waive their respective rights to make an application or bring an appeal under the English Arbitration Act 1997.
- 8.9 The Guarantor shall indemnify the Beneficiary from and against all costs and expenses (including legal fees) incurred by the Beneficiary in the enforcement and protection of the Beneficiary's rights under this Guarantee.

9. Variation

- 9.1 This Guarantee may be amended only by a written agreement of the Beneficiary and the Guarantor that identifies itself as an amendment to this Guarantee.
- 9.2 The Beneficiary may waive any provision in this Guarantee only by a writing executed by such the Beneficiary. The Guarantor may waive any provision in this Guarantee as to the Guarantor only by a writing executed by the Guarantor. A waiver or consent made on one occasion will be effective only in that instance and only for the purpose stated.

- 9.3 No failure or delay in exercising any right or remedy, or in requiring the satisfaction of any condition, under this Guarantee by the Guarantor or the Beneficiary, and no act, omission or course of dealing between the Beneficiary and the Guarantor, will operate as a waiver or estoppel of any right, remedy, or condition.

10. Benefit; Assignment

- 10.1 This Guarantee inures to the benefit of the Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled to enforce this Guarantee against the Guarantor.
- 10.2 The Guarantor is not entitled to assign or transfer all or any of its rights, benefits, or obligations hereunder unless the Beneficiary provides its prior written consent to the Guarantor.
- 10.3 The Beneficiary is entitled to assign all or any of its rights and benefits hereunder without the prior written approval of the Guarantor.
- 10.4 Any assignments in breach of this clause 10 will be void.

11. Severability

If at any time any provision of this Guarantee is determined to be illegal, invalid, or unenforceable in any respect under the laws of any jurisdiction, neither (i) the legality, validity or enforceability of the remaining provisions of this Guarantee, nor (ii) the legality, validity or enforceability of such provision under the laws of any other jurisdiction, will, in any such case, in any way be affected or impaired thereby.

12. Governing Law

This Guarantee and all matters arising from or connected with it are governed by English law.

[Signature page follows.]

TALISMAN ENERGY INC.

By:.....
Name:.....
Its:.....

By:.....
Name:.....
Its:.....

Accepted and received for and on behalf of the
THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ:

By:.....
Barham Salih
Prime Minister
Kurdistan Regional Government
On behalf of the Regional Council
for the Oil and Gas Affairs of the Kurdistan Region - Iraq

By:.....
Ashti Hawrami
Minister of Natural Resources
Kurdistan Regional Government
On behalf of the Ministry of Natural Resources in the
Kurdistan Region

[Signature page to Guarantee - Kurdamir – Third Party Participation Agreement]