

EXECUTION VERSION

SECOND AMENDMENT AGREEMENT

(Hawler)

among

THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ

NORBEST LIMITED

KOREA NATIONAL OIL CORPORATION

and

THE KURDISTAN EXPLORATION AND PRODUCTION COMPANY

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SECOND AMENDMENT AGREEMENT

This Second Amendment Agreement (this “**Agreement**”) is entered into as of 9 August 2011 (the “**Agreement Date**”) by and among:

- (1) **THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ** (the “**Government**”);
- (2) **NORBEST LIMITED**, a company incorporated and registered in Cyprus whose registered office is at Themistokli Dervi, 5 Elenion Building, 2nd floor, P.C. 1066 Nicosia, Cyprus (“**Norbest**”);
- (3) **KOREA NATIONAL OIL CORPORATION**, incorporated and registered in the Republic of Korea and whose registered office is 1588-14, Gwanyang-dong, Dongan-gu, Anyang, Gyeonggi-do, 431-711, Republic of Korea (“**KNOC**”); and
- (4) **THE KURDISTAN EXPLORATION AND PRODUCTION COMPANY**, a Public Company established by the Oil and Gas Law of the Kurdistan Region – Iraq (Law No. 22 of 2007) (“**KEPCO**”)

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

RECITALS

- (A) The Government and Norbest entered into a Production Sharing Contract dated 10 November 2007 in respect of the Hawler Area in the Kurdistan Region of Iraq (the “**Contract**”).
- (B) On 16 June 2008, the Government exercised its right pursuant to Articles 4.1 and 4.2 of the Contract and KEPCO acquired a thirty five per cent (35%) participating interest in the Contract.
- (C) Pursuant to a Deed of Assignment and Novation among the Government, KNOC, KEPCO and Norbest dated 12 December 2008, KEPCO assigned fifteen percent (15%) of its participating interest in the Contract to KNOC, and Article 4 of the Contract was amended to provide for Norbest to pay for KEPCO’s share of the costs of the Contractor (as defined in the Contract).
- (D) Norbest has requested the consent of the Government to a Change of Control (as defined in the Contract) of Norbest.
- (E) This Agreement sets forth the terms on which:
 - (1) the Government consents to a Change of Control of Norbest;
 - (2) the First Sub-Period of the Exploration Period is extended to 31 October, 2013, and the Second Sub-Period of the Exploration Period is extended to 31 October, 2015;
 - (3) certain terms of the Contract are amended, including amendments to obligate Norbest to make certain payments to the Government, and to obligate Norbest and future holders of all or part of the participating interest held by Norbest at the Completion

Date (as defined in this Agreement) to pay capacity building payments to the Government; and

- (4) the Letter Agreements between the Government and Norbest are terminated.
- (F) It is the intention of the Parties that the capacity building payments, to be defined in the Contract as amended by this Agreement as “Capacity Building Payments”, will: (i) be the exclusive responsibility and liability of Norbest and its successors and assigns and (ii) not be cost recoverable as a Petroleum Cost by the Contractor or Norbest.
- (G) Norbest, KNOC and KEPCO agree to negotiate a joint operating agreement acceptable to the Government.
- (H) Concurrently with the Agreement Date, Norbest and AOG (as defined in this Agreement) have each delivered letters of representations and warranties (respectively the “**Norbest Letter of Representations and Warranties**” and the “**AOG Letter of Representations and Warranties**”) and AOG has delivered a guarantee in favour of the Government in respect of certain of Norbest’s payment obligations.
- (I) Concurrently with the Agreement Date, KNOC (as defined in this Agreement) has delivered a letter of representations and warranties to the Government.
- (J) The Parties affirm their ongoing commitment and adherence to the Principles and Criteria of the Extractive Industries Transparency Initiative (EITI).

1. STATUS OF AGREEMENT; COMPLETION

- 1.1 This Clause 1 (*Status of Agreement; Completion*), Clause 2 (*Definitions and Interpretation*), Clause 5 (*Change of Control of Norbest*), Clause 8 (*Representations*), and Clause 14 (*General Provisions*) come into effect on the Agreement Date.
- 1.2 The Clauses of this Agreement other than those listed in Clause 1.1 come into effect on the Completion Date, as defined in Clause 1.3.
- 1.3 The requirements for completion are set forth in Annex 2. The **Completion Date** means and will be the date set forth in a certificate of completion signed and delivered by the Minister of Natural Resources, Norbest and KNOC in the form and content as set forth in Annex 3.
- 1.4 If the Completion Date has not occurred by 30 August 2011, or such later date as the Government may set, then this Agreement shall terminate automatically and, except as provided in Clause 1.5 and Clause 5, the Parties shall treat this Agreement as void *ab initio*.
- 1.5 If this Agreement is terminated pursuant to Clause 1.4, each Party will be discharged from any further obligations or liabilities under this Agreement without prejudice to any liabilities that have accrued up to the date of termination of this Agreement. If Norbest

has made any payments to the Government, including payment of part or all of the Capacity Building Payment – First Tranche, prior to the termination of this Agreement, such payment is considered forfeited by Norbest to the Government and is not repayable by the Government to Norbest.

2. DEFINITIONS AND INTERPRETATION

2.1 Unless otherwise defined herein (including the recitals) capitalised terms have the meanings ascribed to them in the Contract (before amendment by this Agreement). As used in this Agreement:

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

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

“**AOG**” means The Addax and Oryx Group Limited, a company organised and existing under the laws of the British Virgin Islands, having its registered office at Sea Meadow House, Blackburne Highway, Tortola, British Virgin Islands.

“**AOG Letter of Representations and Warranties**” is defined in Recital (H).

“**Capacity Building Payment – First Tranche**” has the meaning ascribed to it in the amendment to the Contract set forth in Clause 3 (*Amendments to Contract*).

“**Completion Date**” is defined in Clause 1 (*Status of Agreement; Completion*).

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

“**First Letter Agreement**” is defined in Clause 7.1 (*Termination of Letter Agreements*).

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

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

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

“**Letter Agreement**” is defined in Clause 7.4 (*Termination of Letter Agreements*).

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

“**Norbest Letter of Representations and Warranties**” is defined in Recital (H).

“**Notice**” is defined in Clause 12 (*Notices*).

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

“**Second Letter Agreement**” is defined in Clause 7.2 (*Termination of Letter Agreements*).

“**Third Letter Agreement**” is defined in Clause 7.3 (*Termination of Letter Agreements*).”

2.2 The 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.

- 2.3 A reference to a “Clause” is a reference to a clause of this Agreement.
- 2.4 A reference to an “Article” is a reference to an Article of the Contract.
- 2.5 A reference to a “Paragraph” is a reference to a Paragraph in Annex D to the Contract.
- 2.6 A reference to a “participating interest” means an undivided interest in the Petroleum Operations in respect of the entire Contract Area.

3. AMENDMENTS TO CONTRACT

- 3.1 The Contract is amended as provided in this Clause 3.
- 3.2 The paragraph naming Norbest as a party to the Contract is amended, by deleting the words and characters: “, an Affiliate of TNK-BP Holding and duly represented by its Attorney Alexey Kuzmichev”.
- 3.3 The recitals are amended:
 - (a) by adding a new paragraph (D):

“(D) This Contract was amended pursuant to the Deed of Assignment and Novation among the Parties dated 12 December 2008 and the Second Amendment Agreement among the Parties dated 9 August 2011;”;
 - (b) by renumbering the existing paragraph (D): “(E)”; and
 - (c) by renumbering the existing paragraph (E): “(F)”.
- 3.4 In Article 1.1, the definition of “**Affiliated Company or Affiliate**” is deleted in its entirety and restated as follows:

“**Affiliated Company or Affiliate** means, as regards any of the companies or entities constituting the **CONTRACTOR**, a company or other legal entity which:

 - (a) controls a **CONTRACTOR** Entity; or
 - (b) is controlled by a **CONTRACTOR** Entity; or
 - (c) controls or is controlled by a company or entity which controls a **CONTRACTOR** Entity,

but does not include the **GOVERNMENT** in respect of a Public Company. For the purpose of this definition, “**control**” means direct or indirect ownership or control of the majority of the voting rights of the applicable entity at its shareholders’ meetings or their equivalent.”
- 3.5 In Article 1.1, the following definitions are added in the appropriate alphabetical order:

Agreed Rate means interest compounded on a monthly basis, at the rate per annum equal to the one - month term, London Interbank Offered Rate (LIBOR) for U.S. dollar deposits, as published in London by the Financial Times (London Edition) or if not

published, then by The Wall Street Journal (New York Edition), plus 4.00%, applicable on the first day prior to the due date of payment and thereafter on the first day of each succeeding calendar month to, but not including, the date paid. If the aforesaid rate is contrary to any applicable usury Law, the rate of interest to be charged shall be the maximum rate permitted by such applicable Law.

Annual Reconciliation Statement is defined in Article 32.7.

Applicable Law means, as of any time of determination, Kurdistan Region Law and federal Laws of Iraq recognised by the Government as applicable in the Kurdistan Region.

Capacity Building Account means a segregated bank account with a reputable bank in the name of, and maintained by, the **GOVERNMENT**, the sole purpose of which is to support and finance certain infrastructure and capacity building projects to be identified by the **GOVERNMENT** in its sole discretion in the Kurdistan Region.

Capacity Building Payment means the amount of the Capacity Building Value.

Capacity Building Payment – First Tranche means fifty million Dollars (US\$50,000,000).

Capacity Building Payment – Second Tranche means fifty million Dollars (US\$50,000,000).

Capacity Building Payment – Third Tranche Instalments means each obligation of a Charged Interest Holder to pay an amount equal to the Capacity Building Value attributed to such Charged Interest Holder as provided by Articles 32.3 through 32.19.1.

Capacity Building Value means:

during any period prior to the first time that the “R” Factor calculated in accordance with Article 26 equals or exceeds one ($R \geq 1$): for each Charged Interest Holder, an amount in Dollars equal to the value, established in accordance with Article 27, of fifteen percent (15%) of the Profit Petroleum attributed to such Charged Interest Holder pursuant to this Contract; and

during any period after the first time that the “R” Factor calculated in accordance with Article 26 equals or exceeds one ($R \geq 1$), and notwithstanding the fact that the “R” Factor determined with respect to a such period may be less than 1: for each Charged Interest Holder, an amount in Dollars equal to the value, established in accordance with Article 27, of thirty per cent (30%) of the Profit Petroleum attributed to such Charged Interest Holder pursuant to this Contract.

Charged Interest means all or any part of the sixty five per cent (65%) participation interest deemed held by Norbest in the Contract as of the Second Amendment Date.

Charged Interest Holder means a **CONTRACTOR** Entity if and to the extent it is the holder of a Charged Interest, and at any time when there is more than one **CONTRACTOR** Entity which is a holder of a Charged Interest, those

CONTRACTOR Entities. As of the Second Amendment Date, Norbest is the only Charged Interest Holder.

Charged Interest Holders Monthly Statement is defined in Article 32.5.

Charged Interest Holders Payments means the Capacity Building Payment – First Tranche, the Capacity Building Payment – Second Tranche, and the Capacity Building Payment – Third Tranche Instalments.

Deed of Assignment and Novation means the Deed of Assignment and Novation among the Parties dated 12 December 2008.

KNOC is defined in the preamble.

Kurdistan Exploration and Production Company is defined in the preamble.

Loss or Expense means any liability, loss, claim, settlement payment, cost and expense, interest, award, judgment, damages (including consequential, indirect, and punitive damages), fees or other charge and, to the extent permitted by applicable Law, any court filing fee, court cost, arbitration fee or cost, witness fee, and each other fee and cost of investigating and defending or asserting a claim for indemnification, including attorneys' fees, other professionals' fees, and disbursements.

Non-Government Contractor Entities means all Contractor Entities other than the Public Company, each a "Non-Government Contractor Entity".

Non-Government Contractor Entities' Participating Interest means the aggregate of participating interests in the Contract of the Non-Government Contractor Entities.

Norbest is defined in the preamble, and has the same meaning as **Norbest Limited**.

Rights Sale means a sale, assignment, or other disposal of the **GOVERNMENT's** rights to receive Capacity Building Payment – Third Tranche Instalments from a Charged Interest Holder, whether for a lump sum payment or in instalment payments, and whether the purchaser assumes all payment risk and all risk as to the amount of Capacity Building Payment – Third Tranche Instalments, or otherwise.

Second Amendment Agreement means the Second Amendment Agreement among the Parties dated 9 August 2011.

Second Amendment Date means the "Agreement Date" as defined in the Second Amendment Agreement.

3.6 In Article I.1, the definitions of "CONTRACTOR" and "CONTRACTOR Entity" are deleted in their entirety and restated as follows:

"**CONTRACTOR** means, individually and jointly, each Contractor Entity.

CONTRACTOR Entity means **Norbest, Kurdistan Exploration and Production Company** and **KNOC**, and their respective permitted successors and assignees pursuant to Article 39. At any time when there is only one entity constituting the **CONTRACTOR**, any reference to "the entities constituting the **CONTRACTOR**"

or the “**CONTRACTOR Entities**” or similar reference, shall be deemed to mean “the entity constituting the **CONTRACTOR**”.

3.7 In Article 1.1, the definition of “**CONTRACT**” is amended to delete “C” after the words “Annexes A, B,”.

3.8 In Article 1.1, the definition of “Production Area” is deleted and replaced by the following:

“**Production Area** means such areas within the Contract Area, or if applicable the Contract Area itself, which are designated as a production area in an approved Development Plan prepared pursuant to Article 12. For the avoidance of doubt, all superjacent or subjacent strata of the Reservoir in which a Commercial Discovery is located are automatically included in the relevant Production Area.”

3.9 Article 2.1 is amended by adding the following after the last sentence of the third paragraph:

“The obligations of the **CONTRACTOR** constitute joint and several obligations of the **CONTRACTOR Entities**, except (i) as provided in Articles 28, 31, 32, 36.7, 36.8, 36.10 and 39, and (ii) that the Kurdistan Exploration and Production Company is not liable for the obligations of any other **CONTRACTOR Entity** and all other **CONTRACTOR Entities** are not liable for the obligations of the Kurdistan Exploration and Production Company under this Contract. Any operations conducted as exclusive operations of less than all **CONTRACTOR Entities**, whether or not such operations have been approved by the Management Committee or the **GOVERNMENT**, will not relieve the **CONTRACTOR Entities** (or any of them) of their joint and several liability.

As of the Second Amendment Date, **Norbest**, the **Kurdistan Exploration and Production Company** and **KNOC**, as **CONTRACTOR Entities**, each own an undivided interest in the Petroleum Operations in respect of the entire Contract Area:

Norbest	65%
Kurdistan Exploration and Production Company	20%
KNOC	15%.”

3.10 A new Article 2.9 is added:

“Each **CONTRACTOR Entity** shall at all times comply, and procure that each Subcontractor complies, with the Kurdistan Region Oil and Gas Law and all other Applicable Law. No provision of this Contract will: (a) excuse the **CONTRACTOR** or a **CONTRACTOR Entity** or any Subcontractor from compliance with Applicable Law, or (b) impair any right or privilege of the **GOVERNMENT** under Applicable Law.”

3.11 In Article 4.6, the second sentence is deleted, and replaced by the following:

“Any such assignee shall be jointly and severally liable with the other **CONTRACTOR** Entities, except where otherwise provided in this Contract.”

3.12 Article 6.2 is deleted in its entirety and replaced by the following:

“The Exploration Period shall be for an initial term ending on 31 October, 2015, extendable on a yearly basis (as provided in Articles 6.5 and 6.6) up to a maximum period of ten (10) Contract Years starting from the Effective Date. The initial term shall be subdivided into two (2) sub-periods as follows:

- (a) an initial sub-period ending on 31 October, 2013 (“**First Sub-Period**”); and
- (b) a second sub-period ending on 31 October, 2015 (“**Second Sub-Period**”),

each a “**Sub-Period**” and collectively “**Sub-Periods**”.

It is understood that the right of the **CONTRACTOR** to accede to the next Sub-Period or any extension thereof shall be subject to fulfilment of the Minimum Exploration Obligations or minimum work obligations applicable to the previous Sub-Period or any extension thereof (as the case may be).”

3.13 Article 6.5 is amended by deleting the words “maximum Exploration Period of seven (7) Contract Years,” and replacing them with the words “maximum Exploration Period of ten (10) Contract Years.”

3.14 Article 6.9 is amended by deleting the words “maximum Exploration Period of seven (7) Contract Years”, and replacing them with the words “maximum Exploration Period of ten (10) Contract Years”.

3.15 In Article 16.14, after the words in the first sentence “The **GOVERNMENT** and” the following is inserted:

“, subject to Articles 32.13(a) and (b).”

3.16 In Article 26.9, the following sentence is added to the end of the Article:

“Notwithstanding the other provisions of this Article 26.9, where a Charged Interest Holder is in breach of any of its obligations in respect of the payment of Capacity Building Payment – Third Tranche Instalments under Article 32.3, the **GOVERNMENT** will have the rights set forth in Articles 32.13 through 32.16.”

3.17 Articles 27.1 and 27.2 and Paragraphs 7 and 8 are amended by adding, after the word “Quarter” in each instance in each Article and Paragraph, the words “and Month”; and in Paragraph 7.2, the words “twenty-one (21)” are deleted and replaced by “ten (10)”.

3.18 Article 27.4 is deleted and restated in its entirety:

“By the tenth (10th) day of each Month, the **CONTRACTOR** shall provide a statement to the **GOVERNMENT** showing the **CONTRACTOR**’s calculations of the value of

Petroleum produced and sold from the Contract Area for the previous Month. Such statement shall include the following information:

- (a) quantities of Crude Oil sold by the **CONTRACTOR** Entities during the preceding Month constituting Arm's Length Sales together with corresponding sale prices;
- (b) quantities of Crude Oil sold by the **CONTRACTOR** Entities during the preceding Month that do not fall in the category referred to in paragraph (a) above, together with sale prices applied during such Month;
- (c) inventory in storage belonging to the **CONTRACTOR** Entities at the beginning and at the end of the Month; and
- (d) quantities of Natural Gas sold by the **CONTRACTOR** and the **GOVERNMENT** together with sale prices realised.

Concurrently with the delivery of the monthly statement, the **CONTRACTOR** shall deliver the Charged Interest Holders Monthly Statement to the **GOVERNMENT** as provided in Article 32.5. If one or more **CONTRACTOR** Entities lifts its share of Petroleum separately and the Contractor Entities do not agree to disclose to each other the price obtained by them for the sale of their shares of Petroleum, each **CONTRACTOR** Entity shall separately file all reports required to be filed under this Contract containing information on the price at which such Petroleum is sold."

3.19 Article 29.1 is deleted in its entirety and replaced as follows:

"29.1 Each Party making a payment to the **GOVERNMENT**, including to the Capacity Building Account, or to any revenue sharing account as agreed between the Government and the government of the Republic of Iraq, shall: (i) make such payment: in Dollars on or before the date when due in cleared funds by wire transfer from a reputable bank in accordance with wire instructions provided by the **GOVERNMENT**; and (ii) pay all payments without (and free and clear of any deduction for) set-off or counterclaim.

29.1.1 If any payment is due to be paid to the **GOVERNMENT** on a day that is either not a banking day in either the place where the **GOVERNMENT** maintains the relevant account to which such payment is to be made, or the location of the financial institution through which a Party will make such payment, then the payment will be due on the next following banking day. A "banking day" is a day (other than a Saturday, Sunday, or public holiday) on which banks are open for general business in the specified locations.

29.1.2 If a Party fails to make any payment to the **GOVERNMENT** when due, such Party shall pay interest on such unpaid amount, compounded monthly, at the Agreed Rate from the date when due to, but not including, the date when paid.

- 29.1.3 Each **CONTRACTOR** Entity acknowledges and accepts that a fundamental principle of this Contract is that the **CONTRACTOR** and each **CONTRACTOR** Entity (including Charged Interest Holders) must pay amounts owed by it as and when required (including, in respect of Charged Interest Holders, the Capacity Building Payments).
- 29.1.4 Each **CONTRACTOR** Entity, and, in respect of its obligations under Articles 32.3 through 32.19.1, each Charged Interest Holder, waives any right to raise by way of set off or invoke as a defence to its obligations to make any payments to the **GOVERNMENT** as required by this Contract, whether in law or equity, any failure by the **GOVERNMENT** or any **CONTRACTOR** Entity to pay amounts due and owing under the Contract or to any claim that such Charged Interest Holder may have against the **GOVERNMENT**, Operator, other **CONTRACTOR** Entity, or any other Person, whether such claim arises under or relates to this Contract or otherwise.
- 29.1.5 The making of any payment to the **GOVERNMENT**, or the acceptance or use of any payments by the **GOVERNMENT**, does not impair the rights of the **CONTRACTOR**, any **CONTRACTOR** Entity, or the **GOVERNMENT** under Article 15 or English law.”
- 3.20** In Article 29.3 and Paragraph 1.7.2 , the words “compounded monthly at the rate of LIBOR plus two (2) percentage points” are deleted and replaced with “at the Agreed Rate”.
- 3.21** New Articles 32.3 through 32.20 are added:
- “Capacity Building Payments**
- 32.3 Each Charged Interest Holder is bound by the provisions of Article 32.3 through 32.19.1.
- 32.3.1 The obligations of a **CONTRACTOR** Entity, to the extent it is a Charged Interest Holder, as set forth in Articles 32.3 through 32.19.1, attach to, and may not be severed from, the Charged Interest.
- 32.3.2 As of the Second Amendment Date: (i) Norbest is the only Charged Interest Holder; (ii) the Kurdistan Exploration and Production Company is not a Charged Interest Holder, unless it acquires a Charged Interest or becomes a Charged Interest Holder as provided in Article 32.19; and (iii) KNOC is not a Charged Interest Holder, unless it acquires a Charged Interest or becomes a Charged Interest Holder as provided in Article 32.19.

- 32.3.3 If a Charged Interest Holder assigns and novates all or any part of its Charged Interest, the assignee will be a Charged Interest Holder to the extent of such assignment and novation.
- 32.4 The Charged Interest Holders shall pay to the **GOVERNMENT**:
- (a) the Capacity Building Payment – First Tranche not later than 7 days after the later to occur of: (a) the Completion Date; and (b) the receipt by the Charged Interest Holders of payment instructions for the payment of the Capacity Building Payment – First Tranche;
 - (b) the Capacity Building Payment – Second Tranche on or before the First Commercial Declaration Date; and
 - (c) from First Production and for the duration of the remainder of the Development Period, the Capacity Building Payments – Third Tranche Instalments attributed to the Charged Interest Holders in accordance with this Article 32.4 through 32.19.1.
- 32.5 In respect of the Capacity Building Payment – Third Tranche Instalments: on or before the tenth (10th) day of each Month in the Development Period, the **CONTRACTOR** shall provide to the **GOVERNMENT**, together with the monthly production statement prepared by the **CONTRACTOR** in accordance with Article 27.4 and Paragraph 6.1 , and the monthly valuation statement in accordance with Article 25 and Paragraph 7.1 , a statement (the “**Charged Interest Holders Monthly Statement**”) setting out the **CONTRACTOR**’s calculation of the Capacity Building Value attributable to each Charged Interest Holder for the preceding Month.
- 32.5.1 In each Charged Interest Holders Monthly Statement, the **CONTRACTOR** shall detail each item taken into account in making its calculation of the amounts due from each Charged Interest Holder, the quantities of Profit Petroleum produced during the Month covered by such Charged Interest Holders Monthly Statement, the volumes of such production sold, the Capacity Building Value attributed to such sales, and the Capacity Building Payment – Third Tranche Instalments required to be paid with respect thereto by each Charged Interest Holder.
- 32.6 Except as provided in Articles 32.6.1 and 32.6.2, and subject to Article 29.1, on the same date on which the **CONTRACTOR** provides the Charged Interest Holders Monthly Statement to the **GOVERNMENT** in accordance with Article 32.5, each Charged Interest Holder shall pay to the **GOVERNMENT** the Capacity Building Payment – Third Tranche

Instalment as shown as owed by such Charged Interest Holder in the Charged Interest Holders Monthly Statement.

32.6.1 If:

- (a) a Charged Interest Holder has sold its Profit Petroleum to (i) the **GOVERNMENT** or a Public Company (or a company or an entity owned and controlled, directly or indirectly, by a Public Company or the **GOVERNMENT**), or (ii) the State Oil Marketing Organisation (SOMO) or any entity owned and controlled by the Government of Iraq;

and if

- (b) any such Person as identified in (a) has not paid the Charged Interest Holder for the Petroleum lifted by such Charged Interest Holder;

then:

- (c) the Charged Interest Holder will only be obligated to pay the Capacity Building Payment – Third Tranche Instalment when and to the extent the Charged Interest Holder has received payment from such Person identified in (a).

32.6.2 Article 32.6.1 does not apply when a Charged Interest Holder sells its share of Profit Petroleum to any Person not identified in Article 32.6.1(a).

32.7 Within thirty (30) calendar days following the date on which the **CONTRACTOR** delivered the Final End-of-Year Statement to the **GOVERNMENT** for each Calendar Year in accordance with Article 26.13 and Paragraph 10 , and based on the information in such Final End-of-Year Statement, the **CONTRACTOR** shall provide to the **GOVERNMENT**, in respect of each Charged Interest Holder, a written reconciliation of the aggregate amount of the Capacity Building Value and the aggregate payments of the Capacity Building Payment – Third Tranche Instalments during such Calendar Year period (the “**Annual Reconciliation Statement**”);

32.8 If (i) the results of an Annual Reconciliation Statement show that a Charged Interest Holder has, in the aggregate over the Calendar Year period covered by the Annual Reconciliation Statement, made Capacity Building Payment – Third Tranche Instalments in an amount less than the aggregate Capacity Building Value attributed to such Charged Interest Holder during such Calendar Year period; and (ii) if such Charged Interest Holder has actually paid less than the aggregate Capacity Building Value attributable to such Charged Interest Holder; then (iii) such Charged Interest Holder shall pay (subject to the same exceptions as provided in Articles 32.6.1 and 32.6.2) the amount of the underpayment as shown in the Annual Reconciliation

Statement within thirty (30) calendar days following the same date the **CONTRACTOR** delivered the Annual Reconciliation Statement to the **GOVERNMENT**;

- 32.9 Subject to Article 32.9.1 if: (i) the results of an Annual Reconciliation Statement show that a Charged Interest Holder has, in the aggregate over the Calendar Year period covered by the Annual Reconciliation Statement, made Capacity Building Payment – Third Tranche Instalments in excess of the Capacity Building Value attributed to it during such Calendar Year period; and (ii) such Charged Interest Holder has actually paid more than the aggregate Capacity Building Value attributable to such Charged Interest Holder; then such Charged Interest Holder may submit an invoice to the **GOVERNMENT** for reimbursement of excess Capacity Building Payments.
- 32.9.1 The Charged Interest Holder must send an invoice to the **GOVERNMENT** within sixty (60) days following date of the Annual Reconciliation Statement. If the Charged Interest Holder fails to send an invoice within such sixty (60) day period, the Charged Interest Holder will be considered to have waived any claim for reimbursement.
- 32.9.2 Within thirty (30) days of receipt of such invoice, the **GOVERNMENT** shall either: (i) pay such invoice in full, or (ii) notify the Charged Interest Holder that the Charged Interest Holder will be entitled to deduct fifteen per cent (15%) of the amount otherwise payable from the next following payments of Capacity Building Payments until the amount of the invoice has been paid in full. In no event will a Charged Interest Holder be entitled to deduct more than fifteen per cent (15%) of the amount otherwise payable from the next following payments of Capacity Building Payment – Third Tranche Instalments, but the Charged Interest Holder may continue to deduct up to fifteen per cent (15%) of the amount otherwise payable from subsequent Capacity Building Payment – Third Tranche Instalments until such overpayment has been reduced to zero.
- 32.9.3 The right to receive payment under this Article 32.9, either in full or by way of set-off against future Capacity Building Payments – Third Tranche Installments as provided in Article 32.9.2, will be a Charged Interest Holder's only remedy in respect of any overpayment of Capacity Building Payments - Third Tranche Installments, and the **GOVERNMENT** will have no obligation to make any reimbursement or other compensating payments to the Charged Interest Holder.
- 32.10 The **GOVERNMENT** may enter into one or more Rights Sales without the consent of the **CONTRACTOR** or any **CONTRACTOR** Entity.

- 32.10.1 The **GOVERNMENT** shall provide timely notice to a Charged Interest Holder of a Rights Sale to the extent that such Rights Sale may require that Charged Interest Holder to make Capacity Building Payments – Third Tranche Installments to an account other than the **GOVERNMENT** or the Capacity Building Account.
- 32.10.2 If the **GOVERNMENT** enters into a Rights Sale, such Rights Sale shall not include a right for the purchaser or any other Person in respect of such Rights Sale to exercise the lifting rights of the **GOVERNMENT** under Article 32.13.
- 32.10.3 A Rights Sale will not impair the lifting rights of the **GOVERNMENT** under Article 32.13.
- 32.11 Each Charged Interest Holder is separately liable (and not jointly and severally liable with any other Charged Interest Holder) to the **GOVERNMENT** for its obligations, duties and liabilities under Articles 32.3 through 32.19.1.
- 32.11.1 A Party that is not a Charged Interest Holder will have no liability to the **GOVERNMENT** for any claim by the **GOVERNMENT** arising out of or related to the breach of any Charged Interest Holder's obligations under Articles 32.3 through 32.19.1.
- 32.12 To the extent permitted by Laws of the Kurdistan Region or as otherwise agreed with the Government of Iraq, the **GOVERNMENT** shall:
- (a) establish and maintain the Capacity Building Account; and
 - (b) deposit all Capacity Building Payments received by the **GOVERNMENT** into the Capacity Building Account.
- 32.13 Subject to Article 32.14, and notwithstanding any other provision of this Contract, any lifting agreement, any sales or marketing agreement, or any other agreement: if a Charged Interest Holder fails to pay a Capacity Building Payment – Third Tranche Instalment in full when due, the **GOVERNMENT** will automatically be entitled, on not less than sixty (60) days prior notice to the defaulting Charged Interest Holder and the **CONTRACTOR** in the case of the first default, and not less than thirty (30) days in the case of any subsequent default, to:
- (a) lift, at the Delivery Point, such amount of the defaulting Charged Interest Holder's Profit Petroleum as is equal to the value thereof in default; and
 - (b) continue to lift a percentage of such defaulting Charged Interest Holder's Profit Petroleum corresponding to the Capacity Building Value payable by such Charged Interest Holder on each date of lifting for the remainder of the Development Period.

- 32.14 A defaulting Charged Interest Holder will have a single cure period of thirty (30) days only in respect of its first default.
- 32.14.1 If the defaulting Charged Interest Holder pays the defaulted Capacity Building Payments in full plus interest at the Agreed Rate within such thirty (30) day cure period, the **GOVERNMENT** shall not exercise its lifting rights under Article 32.13 in respect of such defaulting Charged Interest Holder.
- 32.14.2 In the case of any subsequent default by the same defaulting Charged Interest Holder, the **GOVERNMENT** may exercise its right to lift, whether the defaulting Charged Interest Holder cures its default in the thirty (30) day notice period or otherwise.
- 32.15 The lifting rights of the **GOVERNMENT** pursuant to Article 32.13 are exercisable without first resort to legal process, and without any liability or claims of the defaulting Charged Interest Holder, the **CONTRACTOR**, the Operator, or any other Person, and notwithstanding any other provision of this Contract, any provision in any lifting agreement, any provision of any Joint Operating Agreement, or any other agreement to which the **CONTRACTOR** or a defaulting Charged Interest Holder is a party.
- 32.15.1 The **CONTRACTOR** shall ensure that all agreements in respect of the lifting or sale (including swaps or other sales arrangements) of Petroleum of a Charged Interest Holder set forth the **GOVERNMENT's** priority rights as set forth in Article 32.13 through 32.15.
- 32.16 A defaulting Charged Interest Holder shall indemnify the **GOVERNMENT** from any Loss or Expense that may in any way arise from the exercise by the **GOVERNMENT** of its rights in respect of such defaulting Charged Interest Holder under Articles 32.13 through 32.15.
- 32.16.1 The **GOVERNMENT** will retain control over the defence of, and any resolution or settlement relating to, such Loss or Expense.
- 32.16.2 A defaulting Charged Interest Holder shall cooperate with the **GOVERNMENT** and provide reasonable assistance in defending any claims against the **GOVERNMENT**.
- 32.16.3 A claim set forth in a notice from the **GOVERNMENT** to a defaulting Charged Interest Holder will be conclusively deemed a Loss or Expense if the Charged Interest Holder fails to dispute the **GOVERNMENT's** liability by the end of a thirty (30) day period following the effective date of the notice from the **GOVERNMENT**. The Charged Interest Holder shall promptly pay the deemed Loss or Expense on demand.
- 32.16.4 The **GOVERNMENT's** rights under Articles 32.13 through 32.16 are not exclusive and are without prejudice to any other rights or

remedies the **GOVERNMENT** may have under law or this Contract.

- 32.17 If the **GOVERNMENT** exercises its rights under Articles 32.13 through 32.16 and lifts petroleum, a Charged Interest Holder may set off the value of the petroleum so lifted from the liability of the Charged Interest Holder to pay Capacity Building Payment – Third Tranche Instalments in respect of the period in question.
- 32.18 Any Dispute between the **GOVERNMENT** and a Charged Interest Holder in respect of the calculation of each of the Capacity Building Value and the Capacity Building Payment due with respect thereto is subject to Article 15.9.
- 32.19 Subject to Article 32.19.1, if
- (a) either (i) a Charged Interest Holder withdraws as a **CONTRACTOR** Entity, or (ii) the **GOVERNMENT** terminates a Charged Interest Holder as a **CONTRACTOR** Entity; and
 - (b) all or part of the Charged Interest of the Charged Interest Holder is either (i) assigned and novated, or (ii) reverts to the remaining **CONTRACTOR** Entities as provided in Article 45;

then in either case as set forth in clause (b), such assignee or each remaining **CONTRACTOR** Entity, as the case may be, will be a Charged Interest Holder to the extent of such assignment and novation or reversion, as applicable.

32.19.1 A withdrawing or terminating Charged Interest Holder under clause 32.19(b) will be solely liable for any unpaid Capacity Building Payments attributable to its Charged Interest prior to the date of withdrawal or termination.

Charged Interest Holders Payments

- 32.20 The obligation of a Charged Interest Holder to pay the Capacity Building Payment – First Tranche and the Capacity Building Payment – Second Tranche, is absolute and unconditional. No such payment will be refundable to a Charged Interest Holder, whether in whole or in part, under any circumstance, including if the Contract is rendered void pursuant to Article 46 or terminated pursuant to Article 45.”

3.22 In Article 32:

- (a) the existing Article 32.3 is renumbered “32.21”;
- (b) the existing Article 32.4 is renumbered “32.22”;
- (c) the existing Article 32.5 is renumbered “32.23”;
- (d) the existing Article 32.6 is renumbered “32.24”, and the provisions of that Article are deleted and restated:

“No Capacity Building Payment, Production Bonus, or other payment payable by the **CONTRACTOR**, a **CONTRACTOR** Entity or Charged Interest Holder pursuant to this Article 32 will be recoverable as a Petroleum Cost.”; and

- (e) the existing Article 32.7 is renumbered “32.25”, and in that Article:
- (1) after the word “bonus”, the words “or payment” are added; and
 - (2) the words “or by banker’s draft and on receipt thereof the **GOVERNMENT** shall forthwith issue a written receipt to the **CONTRACTOR** duly executed by the Minister of Natural Resources of the **GOVERNMENT** or such other officer of the **GOVERNMENT** who shall be duly authorised to issue such receipt under Kurdistan Region Law” are deleted.

3.23 Article 39.2 is deleted and restated:

“Assignments by CONTRACTOR Entities

39.2 Articles 39.2 through 39.6 do not apply to holders of the Government Interest in respect of the Government Interest. The consent of any holder of the Government Interest, in its capacity as holder of all or part of the Government Interest, is not required for any sale, assignment, transfer, or other disposal (an “assignment”) of all or part of its rights and interests under this Contract.

Each **CONTRACTOR** Entity shall have the right to assign all or part of its rights and interests under this Contract (directly or indirectly) to any Person (an “assignee”) only with the prior consent of **GOVERNMENT** and each other **CONTRACTOR** Entity. The **GOVERNMENT** shall not unreasonably delay or refuse to provide such consent.

Any **CONTRACTOR** Entity proposing to assign of all or part of its rights and interests under this Contract shall request consent from the **GOVERNMENT** and, together with such request for a consent, provide the **GOVERNMENT** with evidence of the technical and financial capability of the proposed assignee and its controlling (directly or indirectly) shareholders.

An assignee of any **CONTRACTOR** Entity will have the rights, obligations, and liabilities of the **CONTRACTOR** under, and be subject to, this Contract.”

3.24 Article 41 is deleted and restated:

“Each Party hereby fully and irrevocably waives any claim to immunity for itself or any of its assets.

This waiver includes any claim to immunity from:

- (a) any expert determination, mediation, or arbitration proceedings commenced pursuant to Article 42;
- (b) any judicial, administrative or other proceedings to aid the expert determination, mediation, or arbitration proceedings commenced pursuant to Article 42; and
- (c) any effort to confirm, enforce or execute any decision, settlement, award, judgment, service of process, execution order or attachment (excluding pre-judgment attachment) that results from an expert determination, mediation, arbitration or any judicial, administrative or other proceedings commenced pursuant to this Contract.

Notwithstanding the foregoing, this Article 41 will not apply to the **GOVERNMENT** in respect of any claim or proceeding arising out of or related to the exercise of rights by the **GOVERNMENT** as set forth in Articles 32.13 through 32.16, in respect of which the **GOVERNMENT** expressly reserves all sovereign immunities.”

3.25 In Article 42.1, the following sentence is added at the end of the first sentence:

“This Article 42.1 does not apply to any Dispute arising out of, or relating to, the exercise of rights by the **GOVERNMENT** as set forth in Articles 32.13 through 32.16, which Disputes shall, except only as provided in Article 32.18, be subject to the exclusive jurisdiction of the courts of the Kurdistan Region located in Erbil.”

3.26 Articles 43.6 through 43.9 are deleted and restated:

“43.6 The Parties agree to cooperate in all possible ways with a view to fully achieving the objectives of this Contract. The **GOVERNMENT** shall facilitate the performance of the Petroleum Operations by promptly granting to the **CONTRACTOR**, on application therefor in accordance with Applicable Law and within the scope of Applicable Law, any necessary authorisation, permit, licence or access right and making available any existing facilities and services with a view to the Parties obtaining maximum mutual benefit from the Contract.”

Amendments

43.7 The **GOVERNMENT** and the **CONTRACTOR** may amend this Contract only by an agreement of the **GOVERNMENT** and the **CONTRACTOR** that identifies itself as an amendment to this Contract.

43.8 A Party may waive any condition or obligation of such Party in this Contract only by a written instrument executed by such Party. 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 Contract will constitute a waiver or amendment of any other agreement or contract, except as expressly set forth in such waiver or amendment.

43.9 No failure or delay by a Party in exercising any right hereunder, or in requiring the satisfaction of any condition under, this Contract, and no act, omission, or course of dealing between the Parties (or any other them), will operate as a waiver or estoppel of any right or condition or any provision, right, or condition of this Contract.

Any single or partial exercise of any right, power or remedy by a Party will not preclude any other or future exercise thereof by such Party or the exercise by such Party of any other right, power or remedy.”

3.27 In Article 44.1 under the words “To the **CONTRACTOR**”, the contact details for Norbest are deleted, and the following inserted:

“Attention: Michael Ebsary, Chief Executive Officer

Care of Oryx Petroleum Services SA
rue de la Synagogue 33
CH-1211 Geneva 11
Switzerland

Email: michael.ebsary@oryxpetroleum.com”

3.28 In Article 45.6, after “31,” is added “32.3 through 32.19.1.”.

3.29 The following further amendments are made:

- (a) in the definition of “Production Bonus” in Article 1.1, the words “32.3 or 32.4” are replaced with “32.21 or 32.22”;
- (b) in Paragraph 3.1.9 of , the words “with the exception of Taxes described in Article 31.2) and bonus payments” are deleted and replaced with “with the exception of Taxes, Capacity Building Payments, Production Bonuses, bonus payments, and any other payments”;
- (c) in Paragraphs 4.4 and 13.3.2(h) of , after the word “bonuses” in each instance, “, Capacity Building Payments, Production Bonuses, bonus payments, or other payments” is added;
- (d) the heading for Article 32 is deleted and restated:
“ARTICLE 32 - BONUSSES; CAPACITY BUILDING PAYMENTS”; and
- (e) in Article 39.6, the following is added at the end of the sentence following the words “Article 4”:
“and Article 32.3.”; and
- (f) Annex C is deleted.

4. PAYMENT DUE FROM NORBEST

Not later than 7 days after the later to occur of: (a) the Completion Date; and (b) the receipt by Norbest of payment instructions for the payment of the Capacity Building Payment – First Tranche, Norbest shall pay to the Government US\$50,000,000 by way of cleared funds on account of the Capacity Building Payment – First Tranche in accordance with such wire instructions. The Government shall consider its receipt of such payment as payment in full discharge of the Capacity Building Payment – First Tranche. Upon receipt of a request therefor from Norbest, the Government shall provide Norbest with a confirmation of receipt of such payment.

5. CHANGE OF CONTROL OF NORBEST

5.1 By notice dated 8 October 2010, Norbest has, in accordance with Article 39.7, notified the Government of an anticipated Change of Control of Norbest, and that the anticipated Change of Control consists of the acquisition of 100% of the shares of Norbest by an Affiliate of AOG. In that notice, Norbest requested the consent of the Government to such Change of Control.

5.2 The Government consents in accordance with Article 39.7 of the Contract to the Change of Control arising from the acquisition by an Affiliate of AOG of all of the issued shares in Norbest.

5.3 If for any reason (including the non-delivery to Norbest of the Certificate of Completion provided for in Clause 1.3) the Completion Date does not occur, Norbest shall procure that the shares in Norbest continue to be owned by the Person who owned them immediately prior to the Agreement Date, or, if such shares have already been conveyed to an Affiliate of AOG, that they are re-conveyed to the Person who owned them immediately prior to the Agreement Date.

5.4 If a re-conveyance of the shares in Norbest is required in accordance with Clause 5.3, the Government consents in accordance with Article 39.7 of the Contract to the Change of Control arising from such re-conveyance. Upon such re-conveyance coming into effect, the consent of the Government set out in Clause 5.2 shall not thereafter be effective for any other Change of Control.

6. CONTRACTOR PAYMENTS

6.1 The Parties acknowledge that, as of the Second Amendment Date, the Contractor has not paid to the Government certain of the amounts payable and due under Articles 6.3 and 23.

6.2 Within 30 days of the Completion Date:

(a) Norbest shall pay to the Government 85% of the amounts payable and due by the Contractor under Articles 6.3 and 23 in respect of the second and third Contract Years during the period while KNOC was a party to the Contract,

and 100% of those amounts prior to that period, which the Parties agree is \$2,767,373.00.

- (b) KNOC shall pay to the Government 15% of the amounts payable and due by the Contractor under Articles 6.3 and 23 in respect of the second and third Contract Years during the period while KNOC was a party to the Contract, which the Parties agree is \$463,267.

- 6.3 Norbest and KNOC shall make the payments due under Clause 6.2 in accordance with Article 29 as amended by this Agreement.
- 6.4 Payments due under Clause 6.2 will discharge the obligation of the Contractor to make payments under Articles 6.3 and 23 of the Contract in respect of the first three Contract Years.
- 6.5 The Parties agree that KEPCO has no obligation to make payments to the Government under Articles 6.3 and 23.
- 6.6 Each of Norbest and KNOC acknowledges to the Government that a failure to make timely payments in accordance with Clause 6.2 will constitute a breach of the Contract.

7. TERMINATION OF LETTER AGREEMENTS

- 7.1 The Government and Norbest are parties to a letter agreement dated 10 November 2007 providing for the Contractor to have a right of first refusal in respect of the assignment of part of the participating interest held by the Government, and acknowledging the obligation of Norbest to pay for KEPCO's share of the costs of the Contractor in accordance with Article 4 (the "**First Letter Agreement**").
- 7.2 The Government and Norbest are parties to a letter agreement dated 10 November 2007 in which the Government and Norbest acknowledge and agree that an area designated as a production area in an approved Development Plan prepared pursuant to Article 12 of the Contract may include the Contract Area as a whole, or one or more of each of the sub-areas of the Contract (the "**Second Letter Agreement**").
- 7.3 The Government and Norbest are parties to a letter agreement dated 12 December 2008 providing for Norbest to have a right of first refusal in respect of the Government Interest (the "**Third Letter Agreement**").
- 7.4 Each of the First Letter Agreement, the Second Letter Agreement and the Third Letter Agreement (each a "**Letter Agreement**") is hereby terminated in its entirety and is of no further force or effect, including in respect of any arbitration agreement therein. Each Party releases each other Party from any further obligation or claims with respect to each Letter Agreement. Each of the Government, KEPCO, Norbest, and KNOC will have no further rights, duties, liabilities, or other interests arising under each Letter Agreement. Norbest is obliged to pay for KEPCO's share of the costs of the Contractor in accordance with Article 4.

8. REPRESENTATIONS

- 8.1** Each of Norbest and KNOC represents, on the Agreement Date and on the Completion Date:
- 8.1.1** Its entry into and performance of this Agreement have been authorised by all necessary company action.
- 8.1.2** This Agreement constitutes a valid, legal, and binding agreement of it.
- 8.1.3** 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.
- 8.1.4** 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, 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.
- 8.1.5** 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.
- 8.1.6** 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 its 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.
- 8.1.7** Except for this Agreement and the agreements identified in Annex 1, there are no agreements to which it and the Government is a party that pertain to Petroleum Operations in the Contract Area.

8.1.8 Neither it, nor any Affiliate of it, is a party to any agreement, howsoever characterised, or committed to enter into any such agreement, with any broker, finder, facilitator, or other intermediary in respect of the Contract or this Agreement.

8.1.9 In respect of its international upstream investments (i.e., under production sharing contracts, concessions, and exploration and production licenses), it and its Affiliates is committed to the Ten Principles of the Global Compact, launched by the United Nations on 26 July 2000, as they stand as of the date of the execution of this agreement.

8.2 The Government represents to each of Norbest and KNOC that, except for the agreements identified in Annex 1, there are no agreements in effect to which the Government is a party granting a right to conduct Petroleum Operations in the Contract Area.

9. JOINT OPERATING AGREEMENT

Norbest, KNOC and KEPCO acknowledge to each other the need to agree a joint operating agreement as soon as reasonably practical. Accordingly, Norbest, KNOC and KEPCO shall, within a reasonable period time after the Agreement Date, enter into a joint operating agreement acceptable to the Government.

10. RELEASE OF CLAIMS

10.1 With effect from the Completion Date:

10.1.1 Each of the Government, KNOC and KEPCO irrevocably waives, relinquishes, settles and discharges any right, claim and entitlement (whether past or present, actual, prospective or contingent) that it may have against Norbest, if:

- (a) such Party is or should have been aware of such right, claim or entitlement on or before the Completion Date; and
- (b) such right, claim or entitlement arose on or before the Completion Date; and
- (c) such right, claim or entitlement arises under the Contract, other than the right of the Government to the payments referred to in Clause 6 (*Contractor Payments*).

10.1.2 Norbest irrevocably waives, relinquishes, settles and discharges all rights, claims and entitlements (whether past or present, actual, prospective or contingent) that Norbest may have against the Government of which Norbest is or should have been aware at the Completion Date, whether arising in contract (including but not limited to the Contract), tort, equity,

under statute or otherwise and which relate to, or are connected with, any previous claims by Norbest against the Government.

11. PROVISION OF INFORMATION

11.1 For the purposes of Article 36, the Parties acknowledge and accept that the Government and Norbest may disclose information and documentation in connection with the Petroleum Operations to any company that is an Affiliate of Norbest as at the Agreement Date, provided that such disclosure shall not be made unless such company has entered into a confidentiality undertaking to treat such information and documentation as confidential.

11.2 The Parties acknowledge and accept that the provision of information and documentation in accordance with Clause 11.1 will not be a breach of Article 36.

12. NOTICES

A Party giving any notice or making any request, demand, or other communication (each a "Notice") to the Government, Norbest, KNOC and KEPCO shall do so as provided in the Contract (as amended by the Deed of Assignment and Novation among the Government, KNOC, KEPCO and Norbest dated 12 December 2008 and this Agreement), and such Notice will be deemed sent or received as provided in the Contract.

13. ARBITRATION

Any dispute, claim, or controversy arising out of or in connection with this Agreement (including a dispute, claim or controversy relating to any non-contractual obligations arising out of or in connection with this Agreement) will be considered a "Dispute" under the Contract and shall be finally resolved by arbitration in accordance with the Contract.

14. GENERAL PROVISIONS

14.1 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.

14.2 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.

- 14.3** 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.
- 14.4** 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 any of 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.
- 14.5** The Parties may execute this Agreement in one or more counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. The signatures of all 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 Parties. This Agreement is effective upon delivery of one executed counterpart from each Party to the other Parties. In proving this Agreement, a Party must produce or account only for the executed counterpart of the Party to be charged.
- 14.6** If this Agreement is reasonably proven to have been obtained in violation of Kurdistan Region Law or the laws of Iraq concerning corruption, this Agreement shall be deemed void *ab initio*.
- 14.7** 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 Norbest Limited:

Signature.....
Title: **Attorney**
Name:..... **Ayub Khadziev**

For and on behalf of Korea National Oil Corporation:

Signature.....
Title:
Name:.....

For and on behalf of the Kurdistan Regional Government of Iraq and for and on behalf of The Kurdistan Exploration and Production Company:

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

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

Signature:.....
Barham Salih

Signature:.....
Ashti Hawrami

[Signature page to the Hawler Area Second Amendment Agreement.]

For and on behalf of **Norbest Limited:**

Signature.....

Title:.....

Name:.....

For and on behalf of **Korea National Oil Corporation:**

Signature.....


Title: *Hong-Geun Im*

Name: *Director & Executive Vice President for Asia Group*

For and on behalf of the **Kurdistan Regional Government of Iraq** and for and on behalf of **The Kurdistan Exploration and Production Company:**

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

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

Signature:.....
Barham Salih

Signature:.....
Ashti Hawrami

[Signature page to the Hawler Area Second Amendment Agreement.]

For and on behalf of Norbest Limited:

Signature:.....
Title:.....
Name:.....

For and on behalf of Korea National Oil Corporation:


Signature:.....
Title:.....
Name:.....

For and on behalf of the Kurdistan Regional Government of Iraq and for and on behalf of The Kurdistan Exploration and Production Company:

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

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

Signature: .....
Barham Salih

Signature: .....
Ashti Hawrami

[Signature page to the Hawler Area Second Amendment Agreement.]

Annex 1
Agreements Pertaining to the Contract Area

1. Production Sharing Contract dated 10 November 2007
2. Deed of Assignment and Novation between the Government, KEPCO, Norbest and KNOC dated 12 December 2008

Annex 2
Completion

1. The completion requirements of the Government and KEPCO are:
 - (a) Receipt by the Government, in form and content reasonably satisfactory to the Government, of: (1) board resolutions and signing authorities for the execution of this Agreement from Norbest; and (2) signing authorities for the execution of this Agreement from KNOC;
 - (b) The Government is satisfied that each of the representations of a Party made to the Government is true and correct as of the Agreement Date and as of the Completion Date;
 - (c) The Government is satisfied that each of the representations and warranties set forth in the Norbest Letter of Representations and Warranties and the AOG Letter of Representations and Warranties is true and correct as of the Completion Date;
 - (d) Norbest has delivered to the Government written confirmation of the transfer of all of the issued shares in Norbest to an Affiliate of AOG; and
 - (e) Norbest has delivered to the Government a guarantee, in a form acceptable to the Government, from AOG in respect of the Minimum Exploration Obligations for the First Sub-Period.
2. The completion requirements of Norbest are:
 - (a) Receipt of signing authorities from KNOC; and
 - (b) Norbest is satisfied that each of the representations of KNOC made to Norbest is true and correct as of the Agreement Date and the Completion Date.
3. The completion requirements of KNOC are:
 - (a) Receipt of board resolutions and signing authorities from Norbest; and
 - (b) KNOC is satisfied that each of the representations of Norbest made to KNOC is true and correct as of the Agreement Date and the Completion Date.

Annex 3
Form of Certificate of Completion

COMPLETION DATE: _____ 2011

This Certificate of Completion is signed and delivered pursuant to Clause 1.3 of the Second Amendment Agreement by and between the undersigned (the "**Agreement**"). Terms used in this certificate of completion have the meanings set forth in the Agreement.

Each of the undersigned parties to the Agreement:

1. represents that the representations of such Party were true as of the Agreement Date and are true as of the Completion Date;
2. certifies to the other Parties that all of the requirements for completion in respect of itself in the Agreement has been satisfied or waived; and
3. agrees the Completion Date shall be the date set forth in this certificate of completion as the Completion Date and that, in accordance with Clause 1.2, all of the terms of the Agreement are in full force and effect.

The Parties may execute this certificate in three counterparts, each of which constitutes an original, and all of which, collectively, constitute only one certificate of completion. The signatures of all of the Parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile or email is as effective as executing and delivering this certificate in the presence of the other Parties. This certificate is effective upon delivery of one executed counterpart from each Party to each of the other Parties, and is only effective when each Party has signed and delivered it.

[Signature page follows.]

For and on behalf of **Norbest Limited:**

Signature.....
Title:
Name:.....

For and on behalf of **Korea National Oil Corporation:**

Signature.....
Title:
Name:

For and on behalf of the **Kurdistan Regional Government of Iraq and The Kurdistan Exploration and Production Company:**

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 Certificate of Completion - Hawler]