

**NORTON ROSE FULBRIGHT**

24 December 2014

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Our reference:
2815655


Company Announcements
ASX Limited
Level 2
120 King Street
MELBOURNE VIC 3000

Dear Sir/Madam

Notice of Cessation of Substantial ShareholdingWe act for the Independent State of Papua New Guinea (**State**).On behalf of the State, in accordance with section 117(2)(a) of the *Securities Act 1997* (PNG), we attach a Notice of Cessation of Substantial Shareholding (Form 5) in respect of Oil Search Limited (**OSH**).

A copy of the attached notice is being provided to OSH and Port Moresby Stock Exchange Limited.

Yours faithfully

 FOR AND ON BEHALF OF VITTORIO CASAMENTO

Vittorio Casamento
Special Counsel
Norton Rose Fulbright Australia

APAC-#25418721-v1

Securities Act 1997

Section 117(2)(a).

Form 5

NOTICE OF CESSATION OF SUBSTANTIAL SHAREHOLDING

Note: Note: To be given to the company, the stock exchange on which it is listed and the Securities Commission by a person who ceases to be a substantial shareholder. This form must be given within two days after the person becomes aware that they have ceased to be a substantial shareholder. Use a separate form for each person that has ceased to be a substantial shareholder. Use a Form 4 where there is a change in relevant interests held by a substantial shareholder.

1. Name of listed company Oil Search Limited (Oil Search)

Note: Insert the name of the listed company in which the substantial shareholding was held.

2. Name of stock exchange Port Moresby Stock Exchange Limited and Australian Securities Exchange

Note: Insert the name of the stock exchange on which the company is listed.

3. Details of person that is a substantial shareholder

Given names (natural persons only)	Surname or corporate name and registration number, if applicable	Residential address or address of registered office	Postal address
	Independent State of Papua New Guinea (State)	C/- Department of Treasury PO Box 542 Waigani 131 N.C.D. Papua New Guinea	Attn: Dairi Vele Department of Treasury PO Box 542 Waigani 131 N.C.D. Papua New Guinea

4. Date substantial shareholding ceased 23 December 2014

Note: Insert the date on which the person named in Item 3 in the listed company at Item 1 was disposed of or ceased, not the date on which the person became aware of the change.

5. Date of last notice given by substantial shareholder 14 March 2014

Note: Insert the date on which the person named in Item 3 last gave a notice in accordance with Section 115, 116 or 117 of the Act in relation to the voting shares i.e. a Form 3, 4 or 5.

6. Voting shares in which a relevant interest was held

Number of Shares	% of shares in company
149,390, 244 (Relevant Shares)	9.81%

Note: Insert the number and % of voting shares in which the person had a relevant interest prior to the date at Item 4. The terms "voting shares" and "relevant interest" are defined in Sections 112-114 of the Act..

7. Total number of voting shares issued by the listed company

1,522,692,587

Note: Insert the total number of voting shares issued by the listed company used for the purpose of calculating the percentage in Item 6.

8. Particulars of relevant interests that were held

	Details for class of shares	
Class of voting shares in which relevant interests were held.	Ordinary shares	
Name(s) of registered holder(s).	State	UBS Nominees Pty Limited.
Brief description of the nature of the relevant interest in the voting shares.	Relevant interest under section 113(1)(a) of the <i>Securities Act 1997</i>	Relevant interest under section 113(1)(c) of the <i>Securities Act 1997</i>
Brief description of the transaction under which the relevant interests were disposed of or ceased e.g. sale on stock exchange.	With respect to 12,377,994 of the Relevant Shares – transfer from the State to NPCP Investments Limited (NPCP Investments).	With respect to 137,012,250 of the Relevant Shares – novation from the State to NPCP Investments.
Number of voting shares affected by the transaction.	12,377,994	137,012,250
The consideration for the transaction (Kina).	The assumption of liability by NPCP Investments of a loan previously owed by the State to UBS.	
Name of the other party to the transaction (if known). *	NPCP Investments, UBS, UBS Nominees Pty Ltd, UBS Securities Australia Limited, NPCP Holdings and NPCP Kroton.	
Consideration, if any, paid for each relevant interest acquired in the previous 4 months.	N/A	

**This information is not required where the transaction took place on a stock exchange.*

Note: Where there is insufficient space on the form to supply the information required, use additional forms or annexe a separate sheet in the same format containing the information.

9. Details of other person(s) giving a notice for the same transaction

Given names (natural persons only)	Surname or corporate name and registration number, if applicable	Residential address or address of registered office	Postal address
	NPCP Investments Limited	Level 7, Deloitte Tower, Douglas Street, Port Moresby, National Capital District, Papua New Guinea	Level 7, Deloitte Tower, Douglas Street, Port Moresby, National Capital District, Papua New Guinea
	UBS AG, Australia Branch	Level 16, Chifley Tower 2 Chifley Square Sydney NSW 2000 Australia	Level 16, Chifley Tower 2 Chifley Square, Sydney NSW 2000 Australia

Note: If known, insert the name and address of any other person(s) believed to have given, or to be intending to give, notice, whether a Form 3, 4 or 5, in relation to the transaction to which this notice relates. If not known, insert, "unknown".

10. Prescribed particulars of any agreement under which substantial shareholding ceased

Date of any agreement	Material terms of any agreement (whether written or oral)
17 December 2014	Clause 4 of the State Transfer Deed providing for the transfer of 12,377,994 shares from the State to NPCP Investments.
17 December 2014	Clause 3.1 of the Global Novation and Amendment Deed providing for the novation to NPCP Investments of the relevant documents with respect to both the 137,012,250 shares and the 12,377,994 shares.

Note: Provide the details of the material terms of any agreement, whether written or oral, and the details of the material terms of any relevant agreement through which a relevant interest, the subject of the notice, was disposed of or ceased. True copies of the documents must be submitted with this form.

11. The following documents must be submitted with this form

- Note** (A) *A true copy of any document setting out the material terms of any agreement that:*
- (a) *contributed to the person having to submit this form;*
 - (b) *is in writing or in a document in which the material terms of an oral agreement have been reduced to writing in accordance with Section 40(5)(c) of the Regulation; and*
 - (c) *is readily available to the person submitting the notice; or*
- (B) *Where a document in Paragraph A is not readily available to the person submitting this form, a memorandum in writing detailing the material terms of the document.*

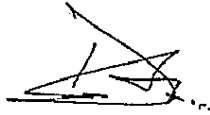
The following documents are submitted with this form:

- (1) State Transfer Deed; and
- (2) Global Novation and Amendment Deed.

The number of pages that accompany, or are annexed to, this notice is 42.

12. Declaration.

I declare that to the best of my knowledge and belief the information in this form is true and correct.



Signature: _____

Full Name of person signing: DARI VELE

Role: SECRETARY - DEPT. OF TREASURY Date: 23 DEC 2014

Note: Where this notice is given by a body corporate it must be signed by a director or secretary who is authorised by the board of the body corporate to give the notice. Initials are not sufficient for the full name of the person signing this form.

Annexure A

The following 11 pages is a true copy of the State Transfer Deed dated 17 December 2014



Dairi Vele
Treasury Secretary
Date: 23 December 2014

EXECUTION VERSION

State Transfer Deed

Independent State of Papua New Guinea

NPCP Investments Limited

NPCP Holdings Limited

gadens

77 Castlereagh Street
Sydney NSW 2000
Australia
T +61 2 9931 4999
F +61 2 9931 4888
Ref AFD 34612460

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State Transfer Deed

Dated

Parties

1. **Independent State of Papua New Guinea (State).**
2. **NPCP Investments Limited (1-104026)**, incorporated in Papua New Guinea, of Level 7, Deloitte Tower, Douglas Street, Port Moresby, National Capital District, Papua New Guinea (**NPCP Investments**).
3. **NPCP Holdings Limited (1-100145)**, incorporated in Papua New Guinea, of Level 7, Deloitte Tower, Douglas Street, Port Moresby, National Capital District, Papua New Guinea (**NPCP Holdings**).

Background

- A. Pursuant to National Executive Council decision 264/2014 (**NEC Decision**), the National Executive Council, *inter alia*:
 - (a) noted the importance of the consolidation of the State's ownership interests in petroleum and mining assets;
 - (b) approved the establishment of NPCP Holdings as a wholly-owned ultimate subsidiary of IPBC; and
 - (c) directed that all petroleum assets of the State be consolidated into NPCP Holdings and that National Petroleum Company of PNG (Kroton) Limited and NPCP Holdings be authorised and directed to undertake all legal, financial and corporate activities necessary to implement this direction.
- B. NPCP Investments is a wholly owned subsidiary of NPCP Holdings.
- C. The parties enter into this deed to:
 - (a) give effect to the NEC Decision; and
 - (b) record the terms and conditions upon which the State will support the Transaction.
- D. The State is the registered holder and beneficial owner of the Bridge Loan Shares.
- E. The State has agreed to sell, and NPCP Investments has agreed to purchase, the Bridge Loan Shares on the terms and conditions set out in this deed.

1. Definitions and interpretation

1.1 Definitions

In addition to the terms defined within clauses, in this deed unless the context otherwise requires:

\$ means the lawful currency of the Commonwealth of Australia.

Business Day means a day other than a Saturday, Sunday or a public holiday in Port Moresby.

Bridge Loan means the \$335 million bridge loan made by UBS to the State, security for which included the Bridge Loan Shares.

Bridge Loan Shares means 12,377,994 ordinary shares in OSH held by the State.

Claim includes all existing or potential actions, causes of action, suits, liabilities, rights, claims, expenses, losses, payments, proceedings and demands of any nature.

Collar Loan means the \$1,011,150,405 collar loan made by UBS to the State, secured by the Collar Loan Interest.

Collar Loan Interest means the State's rights in 137,012,250 of the OSH shares transferred to UBS as collateral for the Collar Loan.

Collar Loan Shares means 137,012,250 ordinary shares in OSH transferred by the State to UBS under the Collar Loan Credit Support Annex.

Completion means the completion of the sale and purchase of the Bridge Loan Shares contemplated by this deed.

Completion Date means the Effective Date (as defined in the Global Novation and Amendment Deed).

Encumbrance means any mortgage, charge, pledge, lien, hypothecation or other encumbrance.

Execution Date means the date of execution of this deed.

Global Novation and Amendment Deed means the global novation and amendment deed dated on or about the date of this document between the State, NPCP Investments, National Petroleum Company of PNG (Kroton) Limited, UBS AG, Australia Branch, UBS Nominees Pty Limited and UBS Securities Australia Limited.

GST means:

- (a) any goods and services tax payable pursuant to the *Goods and Services Tax Act 2003* (Papua New Guinea); and
- (b) any goods and services tax applying in a similar way (including any additional tax, penalty tax, fine, interest or other charge under a law for such a tax).

IPBC means the Independent Public Business Corporation of Papua New Guinea established under the IPBC Act.

IPBC Act means the *Independent Public Business Corporation of Papua New Guinea Act 2002*.

K or Kina means the lawful currency of Papua New Guinea.

New Equity Derivative Financing Agreement has the meaning given in the Global Novation and Amendment Deed.

New Collar Security has the meaning given in the Global Novation and Amendment Deed.

Novation Documents has the meaning given in the Global Novation and Amendment Deed.

Oil and Gas Act means the *Oil and Gas Act 1998*.

OSH means Oil Search Limited (1-125).

OSH Shares means 149,390,244 ordinary shares in OSH.

Principal Documents has the meaning given in the Global Novation and Amendment Deed.

Transaction means the novation by the State to NPCP Investments of its rights and obligations in relation to the \$1.239 billion financing package made available by UBS to the State in connection with the State's acquisition of the OSH Shares and comprising:

- (a) the release by UBS Nominees of any Encumbrance granted by the State over the Bridge Loan Shares in favour of UBS Nominees in connection with the Bridge Loan;
- (b) the transfer of the Bridge Loan Shares from the State to NPCP Investments contemplated by this deed;
- (c) the novation of the State's rights and obligations under the Bridge Loan and the Collar Loan;
- (d) the subsequent repayment in full by NPCP Investments of the Bridge Loan; and
- (e) entry by NPCP Investments into a new collar loan with UBS in respect of the Bridge Loan Shares.

Transaction Documents means:

- (a) this document;
- (b) the Global Novation and Amendment Deed;
- (c) the Principal Documents;
- (d) the Novation Documents;
- (e) the New Equity Derivative Financing Agreement; and
- (f) the New Collar Security.

UBS means UBS AG, Australia Branch.

UBS Nominees means UBS Nominees Pty Ltd ACN 001 450 522.

1.2 Interpretation

In this document unless the context otherwise requires:

- (a) clause and subclause headings are for reference purposes only;
- (b) the singular includes the plural and vice versa;

- (c) words denoting any gender include all genders;
- (d) reference to a person includes any other entity recognised by law and vice versa;
- (e) where a word or phrase is defined its other grammatical forms have a corresponding meaning;
- (f) any reference to a party to this document includes its successors and permitted assigns;
- (g) any reference to any agreement, deed or document includes that agreement, deed or document as amended at any time;
- (h) the use of the word **includes** or **including** is not to be taken as limiting the meaning of the words preceding it;
- (i) the expression **at any time** includes reference to past, present and future time and the performance of any action from time to time;
- (j) an agreement, representation or warranty on the part of two or more persons binds them jointly and severally;
- (k) an agreement, representation or warranty on the part of two or more persons is for the benefit of them jointly and severally;
- (l) when a thing is required to be done or money required to be paid under this document on a day which is not a Business Day, the thing will be done and the money paid on the immediately preceding Business Day; and
- (m) reference to a statute includes all regulations and amendments to that statute and any statute passed in substitution for that statute or incorporating any of its provisions to the extent that they are incorporated.

2. Role of NPCP Holdings

2.1 Majority State-Owned Enterprise

NPCP Holdings and NPCP Investments are, at the time of entering into the Transaction, Majority State-Owned Enterprises within the meaning of, and for the purposes of, the IPBC Act.

2.2 Status

Notwithstanding the identity of any party owning shares in NPCP Holdings from time to time, and notwithstanding the provisions of any other Act or the application of any other law:

- (a) NPCP Holdings shall not be taken to be, or characterised as being, the State, an agent of the State or an instrumentality of the State;
- (b) NPCP Holdings shall not be entitled to claim the benefit of sovereign immunity in relation to its actions or assets;
- (c) the oil and gas assets of NPCP Holdings are not public assets for any purpose; and
- (d) unless otherwise agreed by the State, NPCP Holdings shall not be entitled to render the State liable for its debts, liabilities or obligations.

3. Taxation

3.1 Taxation and duties

The State indemnifies NPCP Holdings and NPCP Investments from and against, and must pay each of NPCP Holdings and NPCP Investments on demand the amount of, any stamp duty under any statute of Papua New Guinea charged to, payable by or imposed on NPCP Holdings or NPCP Investments (including as a result of an indemnity given by NPCP Holdings or NPCP Investments) under any Transaction Document or in connection with the Transaction Documents and the transactions contemplated by them.

4. Transfer of Bridge Loan Shares

4.1 Transfer

The State, as legal and beneficial owner, agrees to transfer to NPCP Investments (or a nominated subsidiary), and NPCP Investments agrees (or will procure that a nominated subsidiary agrees) to accept from the State, the Bridge Loan Shares on the terms set out in this deed:

- (a) free from Encumbrances;
- (b) with all rights, including dividend and voting rights, attached or accrued on or after Completion; and
- (c) with effect from Completion.

4.2 Completion

- (a) Completion shall take place on the Completion Date in accordance with, and subject to the conditions set out in, the Novation Documents.
- (b) At or before Completion, the State must deliver to NPCP Investments a duly executed transfer of the Bridge Loan Shares in favour of NPCP Investments (or its nominee) in registrable form, together with the relevant original share certificates (if any).
- (c) NPCP Investments must ensure that registration of the transfer of the Bridge Loan Shares takes place as soon as possible after Completion and must procure that all relevant forms or written notices (as applicable) are lodged pursuant to the *Securities Act 1997*.

5. Warranties and Indemnity

5.1 State Warranties

The State warrants that:

- (a) with respect to the Bridge Loan Shares:
 - (i) the State is the registered legal and beneficial owner and has the full right, power and authority to sell, transfer, assign and deliver to NPCP Investments the Bridge Loan Shares; and
 - (ii) there is, or will be on Completion, no option, right to acquire or Encumbrance over or affecting the Bridge Loan Shares or any of them; and

- (b) all necessary consents, authorisations and approvals (including statutory authorisations and parliamentary approval) for the execution, delivery and performance by the State of its obligations under this deed have been obtained or will be obtained before Completion of the Transaction.

5.2 NPCP Investments Warranties

NPCP Investments warrants that all necessary consents, authorisations and approvals for the execution, delivery and performance by NPCP Investments of its obligations under this deed have been obtained or will be obtained before Completion of the Transaction. The State acknowledges that it has provided all necessary consents, authorisations and approvals on the part of the State for the execution, delivery and performance by NPCP Investments of its obligations under this deed.

6. Sovereign immunity

The State unconditionally and irrevocably:

- (a) waives any claim to sovereign or other immunity in respect of:
 - (i) arbitration proceedings;
 - (ii) proceedings to recognise, enforce or execute any such award including, without limitation, immunity from service of process and from the jurisdiction of any court; and
 - (iii) it and its property or revenue relating to the enforcement and execution of any award rendered by the Tribunal or subsequent judgment registered in the National Court to enforce the award; and
- (b) agrees that the execution, delivery and performance by it of this deed constitute private and commercial acts.

7. General provisions

7.1 Costs

The parties must bear their own costs arising out of the negotiation, preparation and execution of this deed.

7.2 GST

- (a) Any consideration to be paid or provided for a supply under this deed or any related transaction documents, unless specifically expressed to include GST, does not include an amount on account of GST.
- (b) If the State or NPCP Investments makes a supply (the party so making the supply, the **Supplier**) under this deed or any related transaction agreement on which GST is imposed:
 - (i) the consideration payable or to be provided for that supply but for the application of this clause 7.2 (where that consideration has not been specifically expressed under this document or any related transaction agreement to include GST) (**GST Exclusive Consideration**) is increased by, and the State or NPCP Investments (as the case may be) which is the

recipient of the supply (**Recipient**) must also pay to the Supplier an amount equal to, the GST payable by the Supplier on that supply; and

- (ii) the amount by which the GST Exclusive Consideration is increased must be paid to the Supplier by the Recipient without set-off, deduction or requirement for demand, at the same time as the GST Exclusive Consideration is payable or is to be provided.
- (c) The Supplier must, within 28 days of a request from the Recipient, issue a tax invoice (or an adjustment note) to the Recipient for any supply for which the Supplier may recover from the Recipient, an amount equal to the GST payable by the Supplier on that supply under this document.
- (d) The Recipient must indemnify the Supplier against, and pay the Supplier on demand, the amount of any damage or cost directly or indirectly arising from or caused by any failure by the Recipient to pay any amount as and when required by this clause 7.2 (including any additional tax, penalty tax, fine, interest or other charge payable in connection with such failure).
- (e) If a party is required under this deed or related transaction document to reimburse or pay to another party an amount calculated by reference to a cost, expense, outgoing, or an amount paid or incurred by that party, the amount of the reimbursement or payment will be reduced by the amount of any input tax credits or reduced input tax credits to which that party is entitled in respect of any acquisition regarding that cost, expense, outgoing or other amount.

7.3 Remedies

The parties agree that monetary damages alone may not be a sufficient remedy for a breach of this deed. In addition to any other legal remedy, a party is entitled to an interim, interlocutory or permanent injunction to prevent default under or compel specific performance of this deed.

7.4 Mutual collaboration

The parties recognise that circumstances may arise which could not have been foreseen at the time this deed was entered into. Both parties agree that they will use their best endeavours to solve any hardships or difficulties due to any unforeseeable circumstances in the spirit of mutual understanding and collaboration.

7.5 Announcements and confidentiality

Each party agrees to maintain the confidentiality of information which is not publicly available and is disclosed by the other party for the purposes of the Transaction and this deed. Without the prior written approval of the other party, which will not be unreasonably withheld or delayed, no public announcement may be made by either party or their associates in respect of either the entry into of this deed or the terms of this deed, unless such disclosure is required by a relevant authority.

7.6 Governing law and jurisdiction

The laws of Papua New Guinea apply to this deed and the parties submit to the non-exclusive jurisdiction of the courts of Papua New Guinea.

7.7 Notices

- (a) All notices under this deed, except those specifically provided for under other provisions of this deed (**Notice**), will (without prejudice to any other means of service) be deemed duly given if in writing and sent by pre-paid post registered or certified mail, messenger, fax or email addressed to the respective parties at the

addresses stated below or such other addresses as they will subsequently advise in writing from time to time.

State

Attention: Mr Dairi Vele, Secretary for Department of Treasury
 Address: PO Box 542
 Waigani 131
 N.C.D
 Papua New Guinea

Fax: +675 5312 8804

Email: dairi.vele@treasury.gov.pg

NPCP Investments

Attention: Robert Acevski
 Address: Level 7, Deloitte Tower
 Douglas Street
 Port Moresby
 N.C.D.
 Papua New Guinea

Fax: +675 3200238

Email: robert.acevski@npcp.com

NPCP Holdings

Attention: Robert Acevski
 Address: Level 7, Deloitte Tower
 Douglas Street
 Port Moresby
 N.C.D.
 Papua New Guinea

Fax: +675 3200238

Email: robert.acevski@npcp.com

- (b) Any Notice given on behalf of the State under this deed must be given by the relevant Minister or departmental secretary.
- (c) Any Notice that is not issued in accordance with this clause 7.7 is deemed of no force or effect.

7.8 Severability

Any provision of this deed which is invalid in any jurisdiction is invalid in that jurisdiction to that extent, without invalidating or affecting the remaining provisions of this deed or the validity of that provision in any other jurisdiction.

Executed as a deed

Signed, sealed and delivered on behalf of the **Independent State of Papua New Guinea** by Sir Michael Ogio, GCMG, CBE, Governor General, acting with and in accordance with the advice of the National Executive Council in the presence of:

Witness

Governor General
Sir Michael Ogio, GCMG, CBE

Print name

THE COMMON SEAL of NPCP **INVESTMENTS LIMITED**, the fixing of which was witnessed by:

Signature of director

Signature of director/secretary

Name

Name

THE COMMON SEAL of NPCP **HOLDINGS LIMITED**, the fixing of which was witnessed by:

Signature of director

Signature of director/secretary

Name

Name

Annexure B

The following 31 pages is a true copy of the Global Transfer and Amendment Agreement dated 17 December 2014



Dairi Vele
Treasury Secretary
Date: 23 December 2014

ashurst

Global Novation and Amendment Deed

Independent State of Papua New Guinea

and

UBS AG, Australia Branch

ABN 47 088 129 613

and

NPCP Investments Limited

and

National Petroleum Company of PNG (Kroton) Limited

and

UBS Nominees Pty Ltd

ABN 32 001 450 522

and

UBS Securities Australia Limited

ABN 62 008 586 481

Project Kutubu

17 DECEMBER

2014

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THIS DEED is made on 17 DECEMBER 2014

BETWEEN:

- (1) **Independent State of Papua New Guinea (State);** and
- (2) **UBS AG, Australia Branch** ABN 47 088 129 613 (as **Financier**, in its capacity as **Facility Agent**, in its capacity as **Arranger**, in its capacity as **Lender** and in its capacity as counterparty to the **Equity Derivative Financing Agreement**); and
- (3) **National Petroleum Company of PNG (Kroton) Limited**, a company established under the laws of the Independent State of Papua New Guinea (**Kroton**); and
- (4) **NPCP Investments Limited**, a company established under the laws of the Independent State of Papua New Guinea (**New Party**); and
- (5) **UBS Nominees Pty Ltd** ABN 32 001 450 522, in its separate capacities as **Security Trustee** under the **Security Trust Deed** (in that capacity, **Security Trustee**) and as **Nominee** under the **Nominee Deed** (in that capacity, **Nominees**); and
- (6) **UBS Securities Australia Limited** ABN 62 008 586 481 (**Participant**).

RECITALS

- (A) The State and the applicable Continuing Parties are parties to their respective Principal Documents.
- (B) The New Party is to replace the State under each Principal Document to which the State is a party, on the terms of this document.

THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document.

Authorisation means:

- (a) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and
- (b) in relation to anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken,

including any renewal or amendment.

Backstop Date means the date specified in clause 5.4.

Bridge Facility Agreement means the document of that title dated 12 March 2014 between the State, the Financier, the Facility Agent, the Arranger and the Security Trustee.

Bridge Financing Documents means individually or collectively, as the context requires or permits:

- (a) the Bridge Facility Agreement;

- (b) each Bridge Security;
- (c) the Security Trust Deed; and
- (d) each Fee Letter.

Bridge Security means, individually or collectively as the context requires or permits:

- (a) the Bridge Specific Security Deed;
- (b) the Participant Sponsorship Agreement; and
- (c) the Payment Direction Deed.

Bridge Specific Security Deed means the document entitled "Specific Security Deed (CHESS Securities)" dated 12 March 2014 granted by the State in favour of the Security Trustee.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney and in Port Moresby.

Constitutional Reference means the reference filed on 19 May 2014, by the former Minister for Treasury, Don Polye, in the Supreme Court of Papua New Guinea pursuant to section 18 of the Constitution of the Independent State of Papua New Guinea, designated SCCOS No.4 of 2014.

Continuing Party means, in respect of a Principal Document, each Party (other than the State) that is a party to that Principal Document.

Coordination Deed means the document entitled "Coordination Deed" dated on or about the date of this document between, among others, the State, the New Party, the Financier, Nominees and the Participant.

Corporations Act means the *Corporations Act 2001* (Cth).

Deed of Undertaking means the document entitled "Deed of Undertaking" dated on or about the date of this document between the New Party, Kroton, UBS AG, Australia Branch and others.

Deed Poll means the Deed Poll declaring a trust in favour of Ashurst Australia (as Escrow Agent), to be entered into by Kroton on or about the date of this document.

Effective Date has the meaning set out in clause 5.1.

Equity Derivative Financing Documents means, individually or collectively as the context requires or permits:

- (a) the confirmation letter dated 12 March 2014 between the State and the Financier, including any ISDA master agreement or credit support annex entered into or deemed to be entered into under or in relation to the letter or the transactions contemplated therein;
- (b) the confirmation side letter dated 12 March 2014 between the State and the Financier in relation to the document referred to in paragraph (a) (above);
- (c) the document entitled "Nominee Deed" dated 12 March 2014 between the State, the Financier, the Participant and Nominees; and

- (d) the document entitled "Specific Security Deed (CHESS Securities – Collar)" dated 12 March 2014 granted by the State in favour of the Financier.

Escrow Deed means the document entitled "Deed of Escrow" dated on or about the date of this document between the New Party, Kroton, Ashurst Australia and others.

Fee Letter means, individually or collectively as the context requires or permits:

- (a) the fee letter relating to facility agent services under the Bridge Facility Agreement, dated 6 March 2014 between the Financier and the State; and
- (b) the fee letter relating to security trustee services under the Security Trust Deed, dated 6 March 2014 between the Security Trustee and the State.

Finance Party means, individually or collectively as the context requires or permits:

- (a) in respect of the Bridge Financing Documents, each "Finance Party" as defined in the Bridge Facility Agreement; and
- (b) in respect of the Equity Derivative Financing Documents, the Financier as counterparty to the Equity Derivative Financing Agreement.

Government Agency means:

- (a) a government or government department or other body;
- (b) a governmental, semi-governmental or judicial person including a statutory corporation; or
- (c) a person (whether autonomous or not) who is charged with the administration of a law.

GST means:

- (a) the same as in the GST Law;
- (b) any other goods and services tax, or any Tax applying to this transaction in a similar way; and
- (c) any additional tax, penalty tax, fine, interest or other charge under a law for such a Tax.

GST Law means the same as "GST law" means in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Indemnity Deed means the document entitled "Indemnity Deed" dated on or about the date of this document between UBS AG, Australia Branch and Ashurst Australia.

Mandate/Advisory Letters means each of:

- (a) the commitment letter dated 27 February 2014 between the State and the Financier;
- (b) the advisory engagement letter dated 25 February 2014 between the State and the Financier; and
- (c) the bridge takeout letter dated 6 March 2014 between the State and the Financier.

New Collar Security means each of the following documents, as novated and amended and restated pursuant to this document:

- (a) the document entitled "Nominee Deed" dated 12 March 2014 between the State, the Financier, the Participant and Nominees; and
- (b) the document entitled "Specific Security Deed (CHESS Securities - Collar)" dated 12 March 2014 granted by the State in favour of the Financier.

New Equity Derivative Financing Agreement means the confirmation letter dated on or about the date of this document between the New Party and the Financier, including any ISDA master agreement or credit support annex entered into or deemed to be entered into under or in relation to the letter or the transactions contemplated therein. It includes a reference to all supplementary letters and side letters with respect to that agreement.

New Transaction Documents means, individually or collectively as the context requires or permits:

- (a) each Novation Document;
- (b) the New Equity Derivative Financing Agreement;
- (c) the New Collar Security; and
- (d) the Share Sale and Purchase Agreement.

Novation Documents means, individually or collectively as the context requires or permits:

- (a) this document;
- (b) the Coordination Deed;
- (c) the Escrow Deed;
- (e) the Deed of Undertaking;
- (f) the Deed Poll;
- (g) the Power of Attorney; and
- (h) the Second Payment Direction.

Participant Sponsorship Agreement means the participant sponsorship agreement dated 12 March 2014 between the Security Trustee, the State and the Participant.

Payment Direction Deed means the payment direction deed dated 12 March 2014 between Kroton, the State and the Financier.

Power of Attorney (Kroton) means the Power of Attorney to be granted by Kroton on or about the date of this document.

Principal Documents means individually or collectively, as the context may require or permit:

- (a) the Bridge Financing Documents; and
- (b) the Equity Derivative Financing Documents.

Second Payment Direction means the document entitled "Payment Direction Deed – Instruction Amendment Deed" dated on or about the date of this document between UBS AG, Australia Branch, the State and Kroton.

Share Sale and Purchase Agreement means the document entitled "State Transfer Deed" dated on or about the date of this document between the State and the New Party.

Stated Time means the times specified as such in the Effective Date notice given by the Financier under clause 5.1.

Tax means a tax, levy, duty, charge, deduction or withholding, however it is described, that is imposed by law or by a Government Agency, together with any related interest, penalty, fine or other charge, other than one that is imposed on net income in any jurisdiction.

1.2 Terms defined in the Principal Documents

A term (other than a term defined in clause 1.1) that is defined in the Principal Documents (as amended by this document) has the same meaning in this document.

1.3 Rules for interpreting this document

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a **Party** is to a party to this document or to any other document or agreement, and includes a successor in title, permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (v) anything (including a right, obligation or concept) includes each part of it and any part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.

- (f) A reference to **information** is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programs, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets.
- (g) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
- (h) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
- (i) **Australian Dollars** means the lawful currency of the Commonwealth of Australia.
- (j) **United States Dollars** means the lawful currency of the United States of America.

1.4 Non Business Days

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.

1.5 Security Trustee limitation of liability

Clause 4 (*Limitation on Recourse to Security Trustee*) of the Security Trust Deed is incorporated into this document as if set out in full in this document, with any necessary changes, and applies to all obligations, liabilities, rights and duties of the Security Trustee (in that capacity) under this document.

1.6 Nominees limitation of liability

Clause 7 (*Limitation of Liability*) of the Nominee Deed is incorporated into this document as if set out in full in this document, with any necessary changes, and applies to all obligations, liabilities, rights and duties of Nominees (in that capacity) under this document.

1.7 Role of Facility Agent

- (a) Where applicable, the Parties acknowledge that the Facility Agent is a Finance Party under this document in its capacity as agent of the Lenders under the Bridge Facility Agreement.
- (b) If the Facility Agent is replaced in that capacity under the Bridge Facility Agreement:
 - (i) this document is to be construed and is to take effect from the date on which it was so replaced as if the replacement Facility Agent had been a Finance Party under this document, and any reference to the Facility Agent in this document will be from that date a reference to the replacement entity to the exclusion of the party which has been replaced; and
 - (ii) the Continuing Parties must enter into such documentation, and take such other steps, as any party reasonably requires to give full effect to this.
- (c) Each Finance Party and any person claiming under a Finance Party is bound by the terms and conditions of this document.

1.8 **Designation**

This document is a "Transaction Document" for all purposes of and connected with the Bridge Facility Agreement and the other Principal Documents.

2. **CONSIDERATION**

Each Party acknowledges that it has received valuable consideration for entering into this document.

3. **NOVATION**

3.1 **Novation**

With effect from and including the Stated Time, the New Party, in its own capacity, and the other Parties, in their capacities as parties to the Principal Documents to which they are respectively a party, novate the Principal Documents so that:

- (a) the New Party replaces the State under the Principal Documents;
- (b) the New Party has all the rights, liabilities and obligations of the State under the Principal Documents, including rights and obligations that arise before the Stated Time; and
- (c) the New Party and the Continuing Parties are bound by and must comply with each respective Principal Document to which they are a party,

as if the New Party were a party to the Principal Documents instead of the State.

3.2 **No further rights and release from obligations**

With effect from and including the Stated Time, the Continuing Parties and the State:

- (a) have no further rights against each other under the Principal Documents or the other Transaction Documents (as defined in a Principal Document) including rights that arise before the Stated Time, other than those in respect of the Novation Documents; and
- (b) release each other from all liabilities and obligations under the Principal Documents and the other Transaction Documents (as defined in a Principal Document) including liabilities and obligations that arise before the Stated Time, other than those in respect of the Novation Documents.

3.3 **Reciprocal indemnities**

- (a) The State indemnifies the New Party from and against any loss, damage, claim, action, penalty, liability, cost, charge, expense, outgoing or payment (including legal costs and expenses on a full indemnity basis) which the New Party pays, suffers, incurs or is liable for at any time under or in connection with the Principal Documents which relates (in whole or part) to events which occurred prior to the Stated Time irrespective of when the New Party receives notice of them and irrespective of when the loss, damage, liability, claim, action, cost, or expense is incurred.
- (b) The New Party indemnifies the State from and against any loss, damage, claim, action, penalty, liability, cost, charge, expense, outgoing or payment (including legal costs and expenses on a full indemnity basis) which the State pays, suffers, incurs or is liable for at any time under or in connection with the Principal Documents which relates (in whole or part) to events which occur on and after the

Stated Time irrespective of when the State receives notice of them and irrespective of when the loss, damage, liability, claim, action, cost, or expense is incurred.

3.4 Specific acknowledgements

Without limiting any other provision of this document, with effect from and including the Stated Time:

- (a) the New Party and the Financier (as counterparty to the Equity Derivative Financing Agreement) each assume the same respective positions under each Equity Derivative Transaction (including each Put Option or Call Option under the Equity Derivative Financing Documents), and each such Party undertakes all liabilities and obligations towards the other applicable Party and acquires all rights against each other Party under each Equity Derivative Transaction, on terms which are identical to the respective terms applicable prior to the Stated Time (including in respect of the Collateral Balance and other credit support arrangements); and
- (b) the New Party and the Financier (as counterparty to the Equity Derivative Financing Agreement) acknowledge and agree that the Equity Derivative Transactions are governed by a "Deemed Agreement" in the form of a 2002 ISDA Master Agreement with the variations, elections and modifications as specified in the Equity Derivative Financing Agreement;
- (c) the New Party acknowledges and confirms the creation of one or more Security Interests in respect of which it is the "grantor" pursuant to the transactions contemplated by this document and the Bridge Facility Documents and the Equity Derivative Financing Documents; and
- (d) Kroton and the New Party each notifies the Finance Parties that for the purposes of the Payment Direction Deed, the appointment of Norose Notices Australia Pty Ltd as its process agent is hereby terminated and Kroton and NPCP each irrevocably appoints Gadens Lawyers Sydney Pty Ltd ACN 100 963 308 of Level 16, 77 Castlereagh Street, Sydney NSW 2000, Australia as its process agent for all purposes under the Payment Direction Deed. The Financier consents to that termination and appointment.

3.5 Acknowledgement of indebtedness and assumption of obligations

- (a) Independently of the novation of contractual obligations pursuant to clause 3.1 (but not so as to duplicate any of those obligations for which the New Party may have become liable as a result of the novation), the New Party:
 - (i) acknowledges and confirms that, as at the Effective Date, it is indebted to the Financier for the Secured Money including the Principal Outstanding (plus any accrued interest as at the Stated Time) under the Bridge Facility Agreement, and for the aggregate Final Exchange Amount on all Tranches in all Collars in accordance with the terms of the Equity Derivative Financing Agreement; and
 - (ii) assumes and undertakes to carry out all obligations of the New Party under the terms of the Bridge Facility Documents and the Equity Derivative Financing Documents as novated and amended by this document as if those obligations were its original obligations.
- (b) The acknowledgement and confirmation of indebtedness under clause 3.5(a)(i) and the assumption of obligations under clause 3.5(a)(ii) will not be affected by any act, omission, matter or thing (whether or not known to any of the Finance Parties) which, but for this paragraph, would reduce, release or prejudice any indebtedness or obligation referred to in clause 3.5(a). This includes:

- (i) any time, consent or waiver granted to, or composition with, the State or any other person;
 - (ii) any release of the State or any other person or any composition or arrangement with any creditor of the State or other person;
 - (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the State or any other person;
 - (iv) the non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
 - (v) any incapacity or lack of power, authority or legal personality of the State or any other person;
 - (vi) any unenforceability, illegality, irregularity or invalidity of the Bridge Financing Documents, the Equity Derivative Financing Documents or any obligation of the State or any other person under the Bridge Financing Documents or the Equity Derivative Financing Documents, or any difficulty in proving any such obligation;
 - (vii) any matter which may have prevented the State from making any payment under the Bridge Financing Documents or the Equity Derivative Financing Documents, including that funds might not have been appropriated by the National Parliament for this purpose;
 - (viii) any set off, combination of accounts or counterclaim by the State or any of its instrumentalities or agencies; or
 - (ix) any insolvency or similar proceedings involving the State or any other person.
- (c) The New Party, the Financier and the Security Trustee specifically acknowledge that the indebtedness acknowledged and confirmed, and the obligations assumed, by the New Party under 3.5(a):
- (i) to the extent that they arise under the Bridge Financing Documents, are part of the "Secured Money" under the Bridge Specific Security Deed; and
 - (ii) to the extent that they arise under the Equity Derivative Financing Documents, are part of the "Secured Money" under the Specific Security Deed (CHESS Securities - Collar) dated 12 March 2014 granted by the State to the Financier.

3.6 Nominee Deed

Without limiting any other provision of this document, the Parties acknowledge and agree that with effect from and including the Stated Time:

- (a) Nominee holds each item of Trust Property as trustee for the New Party on and subject to the terms of the Nominee Deed;
- (b) the New Party accepts the beneficial interest in the Trust Property on and subject to the terms of the Nominee Deed; and
- (c) automatically, and without any further act or thing to be done or to be brought into existence, the Trust Property is vested in the New Party.

3.7 Outstanding sums

- (a) Without limiting the Secured Money in any way, the State and the New Party each acknowledges and agrees that amounts in respect of fees, costs, expenses, liabilities, losses and other amounts (including Taxes) are due and payable to the Financier (by way of indemnity, reimbursement or otherwise) under the terms of the Principal Documents and the Mandate/Advisory Letters in connection with the Principal Documents, the Novation Documents and the transactions which they contemplate. These amounts include amounts which are on account of legal fees and disbursements, on account of travel and related expenses and on account of the Financier's advisory fee.
- (b) The New Party assumes all obligations and liabilities in respect of, indemnifies the Financier against, and undertakes to pay to the Financier on the Effective Date the amount of, all amounts referred to in paragraph (a) (above). The Financier agrees to notify the New Party of the total of these amounts on the date of this document.
- (c) The New Party acknowledges that the amounts payable by it to the Financier pursuant to this clause comprise part of the Secured Money and must be paid in full, with all other Secured Money, on the Effective Date.

4. VARIATIONS TO PRINCIPAL DOCUMENTS

4.1 Variations

Each relevant Continuing Party and the New Party agree that the relevant Principal Documents are varied with effect from the Stated Time to read as set out in schedule 2.

Without limiting the above paragraph, each relevant Continuing Party and the State agree that immediately prior to the Stated Time, clause 11(a) and clause 13.2(a) and (b) of the Nominee Deed are each amended by replacing each reference to "New South Wales" with a reference to "Victoria".

4.2 Effect of variations

- (a) The Principal Documents are confirmed and remain in full force and effect as varied by this document.
- (b) With effect from and including the Stated Time:
 - (i) each Principal Document and this document will be read and construed as one document; and
 - (ii) references in the Principal Documents to **this document** or **this agreement** or **this deed** will be read and construed as references to the Principal Document as amended by this document.

5. EFFECTIVE DATE

5.1 Effective Date

The Effective Date is the date on which the Financier notifies the State, the Continuing Parties and the New Party that all of the conditions set out in Schedule 1 have been satisfied or, to the extent not satisfied, such conditions have been waived by the Financier. The Financier agrees to give the notification referred to in the previous sentence by no later than 2 Business Days after it becomes aware that all of the conditions set out in Schedule 1 have been satisfied or waived.

5.2 Waiver of conditions

- (a) The Financier may, in its sole and absolute discretion, rely on or waive the breach or non-fulfilment of a condition referred to in Schedule 1 (except that the party must not waive a condition if it would result in a breach of law).
- (b) The breach or non-fulfilment of a condition may only be waived in writing.

5.3 Obligation to satisfy conditions

Each Party must:

- (a) promptly give each other party all information reasonably requested by that party in connection with any application required to satisfy a condition;
- (b) keep each other party informed of any circumstances which may result in any of those conditions not being satisfied in accordance with its terms; and
- (c) promptly advise each other party of the satisfaction of a condition.

5.4 Result of non-satisfaction of conditions

- (a) If the conditions referred to in clause 5.1 are not satisfied or waived under clause 5.2 on or before 5.00pm (Sydney time) on 19 December 2014 (or such other date as the State, the Financier and the New Party may mutually agree), then any Party may, before satisfaction or waiver of those conditions, terminate this document by giving written notice to the other Parties.
- (b) If this document is terminated in accordance with paragraph (a), then all rights and obligations under this document other than:
 - (i) this clause 5 and clauses 1 (*Interpretation*), 6 (*Representations and Warranties*), 9 (*Notices*) and 10 (*General*);
 - (ii) any clause which is expressed to survive termination of this document; and
 - (iii) rights that accrue before the date on which the notice is given,
 terminate on the day of the notice.

6. REPRESENTATIONS AND WARRANTIES

6.1 Representations and warranties of the New Party

The New Party represents and warrants to each Finance Party that:

- (a) (**status**) it is a legal entity with separate legal personality capable of being sued in its own name;

- (b) **(power and authority):**
- (i) it has full legal capacity and power to:
 - (A) own its assets; and
 - (B) enter into, and perform the transactions contemplated by, the Novation Documents and the Principal Documents to which it is or is to be a party; and
 - (ii) it has taken all action that is necessary to authorise its entry into, and for performance of the transactions contemplated by, the Novation Documents and the Principal Documents to which it is or is to be a party (including, without limitation, the Independent Public Business Corporation of Papua New Guinea Act);
- (c) **(binding obligations)** the obligations expressed to be assumed by it in this document and each Novation Document and Principal Document to which it is a party constitute its legal, valid, binding and enforceable obligations and each Security given or granted by it is an effective Security Interest over the property that is stated to be subject to it with the ranking and priority that it contemplates, in each case subject to any necessary stamping and registration, equitable principles and laws generally affecting creditors' rights;
- (d) **(non-conflict with other obligations)** the entry into and performance by it of, and the transactions contemplated by, the Novation Documents and the Principal Documents to which it is or is to be a party do not and will not conflict with or contravene:
- (i) any law, regulation or Authorisation binding on it or any of its property or the Secured Property or to which it or any of its property or the Secured Property may be subject; or
 - (ii) any agreement or instrument binding upon it or any of its property or the Secured Property in a manner that could have a Material Adverse Effect;
- (e) **(Authorisations)** all Authorisations required:
- (i) to enable it lawfully to enter into, exercise its rights under and comply with its obligations under the Novation Documents and the Principal Documents to which it is or is to be a party and to carry out the transactions that they contemplate; and
 - (ii) to ensure that the Novation Documents and the Principal Documents are legal, valid, binding, enforceable and admissible in evidence,
- In each case, where failure to obtain or renew that Authorisation would have a Material Adverse Effect, have been obtained or effected and are in full force and effect and it is complying with any conditions to which any of these Authorisations is subject;
- (f) **(filings and stamp taxes)** all filings and registrations which are required to be effected, and all stamp, registration or similar Taxes which are required to be paid, to ensure that the Novation Documents and the Principal Documents are legal, valid, binding, enforceable and admissible in evidence and have the priority that they contemplate have been effected and paid or will, within the time prescribed by law, be effected and paid;

- (g) **(pari passu ranking)** its payment obligations under the Novation Documents and the Principal Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors;
- (h) **(no proceedings pending or threatened)** other than the Constitutional Reference and the directive issued by the Ombudsman Commission of the Independent State of Papua New Guinea in relation to the Bridge Facility Agreement on or about 25 March 2014, no litigation, arbitration, mediation, conciliation or administrative proceedings of or before any court, arbitral body or agency are taking place, pending or (to the best knowledge and belief of its officers after due enquiry) threatened which if adversely determined, might reasonably be expected to have a Material Adverse Effect;
- (i) **(other information)**
- (i) the information and reports (if any) that it has given to the Finance Parties or in connection with the Novation Documents or any Principal Document to which it is a party are true and accurate in all material respects and not misleading in any material respect (including by omission); and
- (ii) any forecasts, projections and opinions in them are fair and reasonable (and were made or formed on the basis of recent historical information and reasonable assumptions after due inquiry and consideration by appropriate officers of the New Party),
- as at the date of this document or, if given later, when given;
- (j) **(disclosure of relevant information)** it has disclosed to the Finance Parties all the information that is reasonably likely to be material to an assessment by it of the risks that it assumes by entering into the Novation Documents and the Principal Documents;
- (k) **(no default):**
- (i) it is not in breach of any other agreement in a manner that could have a Material Adverse Effect;
- (ii) to the best of its knowledge, having made due enquiry, as of the Effective Date:
- (A) no event of default or termination event (however defined or described) under the Equity Derivative Financing Documents has occurred and is continuing; and
- (B) no Event of Default or Potential Event of Default has occurred and is continuing; and
- (iii) to the extent it is aware of the occurrence of an Event of Default or a Potential Event of Default or an event of default or termination event (however defined or described) under the Equity Derivative Financing Documents, it has notified the Finance Parties of that occurrence;
- (l) **(commercial activity)** the New Party is subject to civil and commercial law with respect to its obligations under the Novation Documents and the Principal Documents. The execution and delivery of the Novation Documents and the Principal Documents constitute, and the New Party's performance of and compliance with its obligations under those documents will constitute, private and commercial acts rather than public or governmental acts;

- (m) **(immunity)** neither the New Party nor any of its assets has any right of immunity from suit, execution, attachment or other legal process in any legal proceedings in relation to the Novation Documents and the Principal Documents taken in any jurisdiction, including, without limitation, in the New Party's jurisdiction of incorporation;
- (n) **(security interest)** none of its Secured Property is subject to a Security Interest other than a Permitted Security Interest; and
- (o) **(processing of transactions)** the processing of any transaction by any Finance Party in accordance with the New Party's instructions will not contravene any laws or regulations in Australia, Papua New Guinea or any other applicable jurisdiction.

For the purposes of this clause 6.1, references to "Principal Documents" are deemed to include a reference to the Principal Documents in their respective forms and having regard to the operation of this document from and including the Stated Time.

6.2 Representations and warranties by the State

- (a) Each representation and warranty made by the State under clause 12.1 (*Representations and warranties*) of the Bridge Facility Agreement prior to the amendments contemplated by this document is incorporated into this document as if set out in full in this document, with any necessary changes, and on the basis that:
 - (i) each representation and warranty is made by the State in favour of each other Party; and
 - (ii) each reference to "this document" or a "Transaction Document" is deemed to include a reference to this document, the other Novation Documents to which the State is a party and the Share Sale and Purchase Agreement.
- (b) The State represents and warrants to the New Party that no Event of Default or Potential Event of Default has occurred under the Bridge Financing Documents.
- (c) The State represents and warrants to the New Party that no Event of Default, Potential Event of Default or Termination Event has occurred under the Equity Derivative Financing Documents.

6.3 Representations and warranties by Kroton

Each representation and warranty made by Kroton under clause 4.1 (*Representations and warranties of NPCP*) of the Payment Direction Deed is incorporated into this document as if set out in full in this document, with any necessary changes, and on the basis that:

- (a) each representation and warranty is made by Kroton in favour of each other Party; and
- (b) each reference to "this document" or a "Transaction Document" is deemed to include a reference to this document and the other Novation Documents.

6.4 Repetition of representations and warranties

The representations and warranties in this clause are taken to be repeated on the date of this document, on the Effective Date and at the Stated Time, on the basis of the facts and circumstances as at those dates and that time.

6.5 No representations to the New Party or the State

Except as set out in this clause 6, the New Party, Kroton and the State each acknowledges that it has not relied and will not rely on any financial or other advice, representation, statement or promise provided or made by or on behalf of any other Party in deciding to enter into this document or to exercise any right or perform any obligation under it.

6.6 Reliance on representations and warranties

Each Party acknowledges that the other Parties to this document have executed this document and agreed to take part in the transactions that it contemplates in reliance on the representations and warranties that are made or repeated in this clause 6.

7. PPSA

7.1 PPS Security Interests

- (a) The New Party acknowledges that the Novation Documents and the Principal Documents give rise, or may give rise, to one or more PPS Security Interests.
- (b) To the extent that any such PPS Security Interest can be perfected by control, the New Party must do anything required by a Finance Party, to enable it to perfect that PPS Security Interest by control (provided that nothing in this clause 7.1(b) shall require the New Party to transfer legal title to the Secured Property prior to an Event of Default).
- (c) To the extent that any such PPS Security Interest is over personal property of a type referred to in section 340(5) of the PPSA, the New Party must do anything required by a Finance Party, to enable it to control that property for the purposes of section 340(2)(b) of the PPSA.
- (d) To the extent that the State has granted a PPS Security Interest in favour of a Finance Party pursuant to any Principal Document that is novated pursuant to this document and such PPS Security Interest is registered on the Personal Property Securities Register established under the PPSA, the Finance Party must:
 - (i) register a financing change statement in respect of the novation of the PPS Security Interest within 10 Business Days of the Stated Time; and
 - (ii) send a notice of the verification statement of the financing change statement to the State as soon as reasonably practicable after the time of the registration.

7.2 Acknowledgment of no subordination

The New Party acknowledges that the Security Interests provided for by the Novation Documents or the Principal Documents are not subordinated in favour of any other person, except to the extent (if any) expressly provided by a Novation Document or a Principal Document.

7.3 Exercise of rights by Finance Party

If a Finance Party exercises a power, right, discretion or remedy in connection with this document, that exercise is taken not to be an exercise of a power, right, discretion or remedy under the PPSA unless the Finance Party states otherwise at the time of exercise. However, this clause does not apply to a power, right, discretion or remedy which can only be exercised under the PPSA.

7.4 **No notice required unless mandatory**

To the extent the law permits, the New Party waives:

- (a) its rights to receive any notice that is required by:
 - (i) any provision of the PPSA (including a notice of a verification statement); or
 - (ii) any other law before a secured party exercises a power, right, discretion or remedy; and
- (b) any time period that must otherwise lapse under any law before a secured party exercises a power, right, discretion or remedy.

If the law which requires a period of notice or a lapse of time cannot be excluded, but the law provides that the period of notice or lapse of time may be agreed, that period or lapse is one day or the minimum period the law allows to be agreed (whichever is the longer).

However, nothing in this clause prohibits any Finance Party from giving a notice under the PPSA or any other law.

7.5 **Exclusion of PPSA provisions**

To the extent the law permits:

- (a) for the purposes of sections 115(1) and 115(7) of the PPSA:
 - (i) a Finance Party need not comply with sections 95, 118, 121(4), 125, 130, 132(3)(d) or 132(4); and
 - (ii) sections 142 and 143 are excluded; and
- (b) for the purposes of section 115(7) of the PPSA, a Finance Party need not comply with sections 132 and 137(3), and

If the PPSA is amended after the date of this document to permit the New Party and a Finance Party to agree not to comply with or to exclude other provisions of the PPSA, the Finance Party may notify the New Party that any of these provisions is excluded, or that the Finance Party need not comply with any of these provisions, as notified to the New Party by the Finance Party.

8. **CONFIDENTIALITY**

8.1 **General confidentiality**

The parties to this document agree that a Finance Party must not disclose any information provided to it by the New Party, Kroton or the State under the Novation Documents or the Principal Documents to any person who is not a party, and none of the New Party, Kroton or the State may disclose any information concerning the contents of or the transactions contemplated by any Novation Document or Principal Document to any person who is not a Party, or an officer, employee, agent, lawyer, auditor or other professional advisor to a Party, including in each case information of the kind mentioned in section 275(1) of the PPSA, except to the extent that:

- (a) **(permitted by documents)** the disclosure is expressly permitted by a Novation Document or a Principal Document or required by law to ensure the enforceability or priority of any Novation Document or Principal Document;
- (b) **(consent of other party)** the other Parties consent to the disclosure;

- (c) **(public domain)** the information is already in the public domain, unless it entered the public domain because of a breach of confidentiality by the disclosing party;
- (d) **(employees and advisers)** the disclosure is made on a confidential basis to its affiliates or to the officers, employees, agents, lawyers, auditors or other professional advisers of the party or its affiliates;
- (e) **(comply with laws)** the disclosure is necessary to comply with any applicable law, or an order of a court or tribunal;
- (f) **(comply with directives)** the disclosure is necessary to comply with a directive or request of any Government Agency (whether or not having the force of law);
- (g) **(obtain Authorisations)** the disclosure is necessary or desirable to obtain an Authorisation from any Government Agency;
- (h) **(discovery and litigation)** the disclosure is necessary or desirable in relation to any discovery of documents, or any proceedings before a court, tribunal or other Government Agency; or
- (i) **(disclosing party's purposes)** it is in the interest of the disclosing party to disclose the information, including:
 - (i) to persons considering purchasing the disclosing party or who are involved in valuing the disclosing party for ratings purposes; or
 - (ii) to persons considering taking an assignment of, interest in or exposure to the Novation Documents or the Principal Documents, including under securitisation or sub-participation arrangements.

Any disclosure made under clause 8.1(d) or (i) must be made on the basis that the receiving party must keep the information confidential as required by this clause.

8.2 No request

The New Party agrees not to exercise its rights to make any request of a Finance Party under section 275 of the PPSA, to authorise the disclosure of any information under that section or to waive any duty of confidence that would otherwise permit non-disclosure under that section.

9. NOTICES

9.1 How to give a notice

A notice, consent or other communication under this document is only effective if it is:

- (a) in writing, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) given in one of the following ways:
 - (i) sent by prepaid mail (by airmail, if the addressee is overseas) or delivered to that person's address;
 - (ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full without error;

- (iii) sent in electronic form (such as email), with the subject matter line of an email specifying the New Party's name, this document and a brief description of the subject matter of the communication;
- (iv) given personally; or
- (v) given in any other manner permitted by law.

9.2 When a notice is given

Subject to clause 9.3, a notice, consent or other communication that complies with this clause is conclusively regarded as given and received:

- (a) If it is sent by fax or delivered, if received:
 - (i) by 5.00 pm (local time in the place of receipt) on a Business Day – on that day; or
 - (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day;
- (b) If it is sent by mail, when it would be delivered in the ordinary course of post, but in any event:
 - (i) not later than three Business Days after posting within Australia; or
 - (ii) not later than seven Business Days after posting to or from a place outside Australia;
- (c) if it is sent in electronic form, when received and opened by the addressee in readable form:
 - (i) by 5.00 pm (local time in the place of receipt) on a Business Day – on that Business Day; or
 - (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day;
- (d) if given personally, when actually received by that person; and
- (e) if it is given in any other manner permitted by law, when actually received by that person, unless a later time of receipt is specified in it.

9.3 Notices to the Finance Parties

Any notice, consent or other communication to be made or delivered to a Finance Party will be effective:

- (a) only when actually received by it; and
- (b) only if it is expressly marked for the attention of the department or officer specified in the following clause (or any substitute department or officer as it specifies for this purpose).

9.4 Address for notices

A person's address, email address and fax number are those set out below, or as the person notifies the sender:

New Party

Address: Level 7 Deloitte Tower
Douglas Street
Port Moresby
N.C.D.
Papua New Guinea

Email address: robert.acevski@nppc.com
Fax number: +675 3200238
Attention: Robert Acevski

State

Address: The Independent State of Papua New Guinea
Department of Treasury
PO Box 542
Waigani 131
N.C.D.
Papua New Guinea

Email address: dairi_vele@treasury.gov.pg
Fax number: +67 5312 8804
Attention: Mr Dairi Vele, Secretary for Department of Treasury

Kroton

Address: Level 7 Deloitte Tower
Douglas Street
Port Moresby
N.C.D.
Papua New Guinea

Email address: robert.acevski@nppc.com
Fax number: +675 3200238
Attention: Robert Acevski

Facility Agent

Address: Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Email address: [justin.churchill@ubs.com/luke.goldsworthy@ubs.com/
jalpa.schillig@ubs.com](mailto:justin.churchill@ubs.com/luke.goldsworthy@ubs.com/jalpa.schillig@ubs.com)
Fax number: +61 2 9324 3170
Attention: Justin Churchill/Luke Goldsworthy/Jalpa Schillig

Arranger

Address: Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Email address: [justin.churchill@ubs.com/luke.goldsworthy@ubs.com/
jalpa.schillig@ubs.com](mailto:justin.churchill@ubs.com/luke.goldsworthy@ubs.com/jalpa.schillig@ubs.com)
Fax number: +61 2 9324 3170
Attention: Justin Churchill/Luke Goldsworthy/Jalpa Schillig

Security Trustee

Address: Level 16
Chifley Tower
2 Chifley Square

Sydney NSW 2000
Australia
Email address: justin.churchill@ubs.com/luke.goldsworthy@ubs.com/
jalpa.schillig@ubs.com
Fax number: +61 2 9324 3170
Attention: Justin Churchill/Luke Goldsworthy/Jalpa Schillig

Equity Derivative Financier

Address: Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia
Email address: elaine.chow@ubs.com/kevin.bayett@ubs.com/sh-aus-eg-support@ubs.com/greg.jansz@ubs.com / grant.schwulst@ubs.com
/sh-syd-rmp-op@ubs.com
Fax number: +61 2 9324 2880
Attention: Elaine Chow/Kevin Bayett/Greg Jansz/Grant Schwulst

Nominees

Address: Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia
Email address: elaine.chow@ubs.com/kevin.bayett@ubs.com/sh-aus-eg-support@ubs.com/greg.jansz@ubs.com / grant.schwulst@ubs.com
/sh-syd-rmp-op@ubs.com
Fax number: +61 2 9324 2880
Attention: Elaine Chow/Kevin Bayett/Greg Jansz/Grant Schwulst

Participant

Address: Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia
Email address: elaine.chow@ubs.com/kevin.bayett@ubs.com/sh-aus-eg-support@ubs.com/greg.jansz@ubs.com / grant.schwulst@ubs.com
/sh-syd-rmp-op@ubs.com
Fax number: +61 2 9324 2880
Attention: Elaine Chow/Kevin Bayett/Greg Jansz/Grant Schwulst

10. GENERAL

10.1 Governing law

- (a) This document is governed by the laws of the State of New South Wales.
- (b) Each Party submits to the jurisdiction of the courts of the State of New South Wales, and of any court that may hear appeals from any of those courts, for any proceedings in connection with this document.
- (c) Each Party irrevocably waives:
 - (i) any objection to the venue of any proceedings on the ground that they have been brought in an Inconvenient forum; and

- (ii) any immunity from set off, suits, proceedings and execution to which it or any of its property may now or in the future be entitled under any applicable law.
- (d) The State appoints Norose Notices Australia Pty Ltd ACN 158 029 586 of Level 16, Grosvenor Place, 225 George Street, Sydney, NSW 2000, Australia as its agent to receive service of process for any proceedings in connection with this document. The State undertakes to maintain this appointment until the Finance Parties otherwise agree, and agrees that any such process served on that person is taken to be served on it.
- (e) The New Party and Kroton each appoints Gadens Lawyers Sydney Pty Ltd ACN 100 963 308 of Level 16, 77 Castlereagh Street, Sydney NSW 2000, Australia as its agent to receive service of process for any proceedings in connection with this document. The New Party and Kroton each undertakes to maintain this appointment until all money owed by the New Party to the Finance Parties is paid to the Finance Parties, and agrees that any such process served on that person is taken to be served on it.
- (f) For the purposes of any court proceedings in connection with this document or the enforcement of any resulting court judgment, to the extent that the State may in any jurisdiction claim or be entitled to claim for itself or its assets any sovereign or other immunity from process, suit, execution, attachment (whether in aid of execution, before judgment or otherwise), enforcement of other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the State hereby irrevocably consents generally to the giving of relief by way of process of enforcement (including the arrest detention or sale of any state property) and for the avoidance of doubt the State further irrevocably agrees not to claim and hereby irrevocably and unconditionally waives such immunity to the full extent permitted by the laws of such jurisdiction.

10.2 Liability for expenses

The New Party must indemnify each Finance Party against, and must pay each Finance Party on demand the amount of, all Taxes and reasonable expenses incurred in connection with:

- (a) the negotiation, preparation, execution, stamping and registration of the Novation Documents and the satisfaction of any conditions precedent;
- (b) the transactions that the Novation Documents contemplate; and
- (c) any amendment to, or any consent, approval, waiver, release or discharge of or under, a Novation Document,

including legal expenses on a full indemnity basis and reasonable expenses incurred in engaging consultants.

10.3 Giving effect to this document

Each Party must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that any other Party may reasonably require to give full effect to this document.

10.4 Waiver of rights

A right may only be waived in writing, signed by the Party giving the waiver, and:

- (a) no other conduct of a Party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right or as an estoppel precluding enforcement of that right if it arises again; and
- (c) the exercise of a right does not prevent any further exercise of that right or of any other right.

10.5 Consents

Where this document contemplates that a Party may agree or consent to something (however it is described), the Party may:

- (a) agree or consent, or not agree or consent, in its absolute discretion; and
- (b) agree or consent subject to conditions,

unless this document expressly contemplates otherwise.

10.6 No merger

Nothing in this document merges with any other security interest, or any guarantee, judgment or other right or remedy, that a Party may hold at any time.

10.7 Operation of this document

- (a) Subject to paragraph (b), the Novation Documents contain the entire agreement between the parties about their subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document and has no further effect.
- (b) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (c) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

10.8 Exclusion of contrary legislation

Any legislation that adversely affects an obligation of a Party, or the exercise by a Party of a right or remedy, under or relating to this document is excluded to the full extent permitted by law.

10.9 Amendment

This document can only be amended or replaced by another document signed by the Parties.

10.10 Assignment

A Party may only assign, declare a trust over or otherwise deal with its rights under this document with the written consent of the other Parties.

10.11 Time is of the essence

Time is of the essence in this document.

10.12 Counterparts

This document may be executed in counterparts.


EXECUTED as a deed.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

SIGNED, SEALED and DELIVERED for and on behalf of the **INDEPENDENT STATE OF PAPUA NEW GUINEA** by Hon Theodore Zurenuoc M.P., Acting Governor General, acting with and in accordance with the advice of the National Executive Council:



in the presence of



Signature of witness

ILAGI YEALI

Name

P.O BOX 634, WAIGANI, NCD

Address of witness

SIGNED, SEALED and DELIVERED for **UBS AG, AUSTRALIA BRANCH** by its authorised signatories in the presence of:

Signature of witness

Signature of authorised signatory

Name of witness

Name of authorised signatory

Signature of authorised signatory

Name of authorised signatory

THE COMMON SEAL of NATIONAL PETROLEUM COMPANY OF PNG (KROTON) LIMITED, the fixing of which was witnessed by:



[Signature]
Signature of director

[Signature]
Signature of director/secretary

FRANK KRAMER
Name

WAPU SONK
Name

THE COMMON SEAL of NPCP INVESTMENTS LIMITED, the fixing of which was witnessed by:



[Signature]
Signature of director

[Signature]
Signature of director/secretary

FRANK KRAMER
Name

WAPU SONK
Name

SIGNED, SEALED and DELIVERED for UBS NOMINEES PTY LTD under power of attorney in the presence of:

Signature of attorney

Signature of witness

Name of attorney

Name of witness

Date of attorney

