

Securities Act 1997

FORM 4

Act, Section 116 (2)

NOTICE OF CHANGE IN SUBSTANTIAL SHAREHOLDING

Note: To be given to the company, the stock exchange on which it is listed and the Securities Commission by a person who is a substantial shareholder where there is a change of 1% or more in the relevant interests of the person. This form must be given within two days after the person becomes aware of the change. Use a separate form for each substantial shareholder that has a change of 1% or more in their relevant interests. Use a Form 5 where the person ceases to be a substantial shareholder as a result of the change.

1. **Name of listed company**

Oil Search Limited

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

2. **Name of stock exchange**

Port Moresby Stock Exchange, 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 (<i>natural persons only</i>)	Surname or corporate name and registration number, if applicable	Residential address or address of registered office	Postal address
N/A	UBS Group AG	Bahnhofstrasse 45, 8001 Zurich, Switzerland	Singapore Branch, One Raffles Quay, #50-01 North Tower, Singapore 048583

4. **Date of change in relevant interests.**

23 February 2016

Note: Insert the date of the change of the relevant interest of the person named at Item 3 in the listed company at Item 1, not the date on which the person became aware of the change.

5. **Date of last notice given by substantial shareholder**

3 December 2015

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 is held.**

	Number of shares	% of shares in company
Voting shares before the change	186,343,336	12.24%
Voting shares after the change	200,372,118	13.16%

*This represents a change of less than 1% in the aggregate holding of UBS and its related bodies corporate as a result of trading activities.

Note: Insert the number and % of voting shares in which the person has a relevant interest, before and after the date specified at Item 5. 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**

	Before the change	After the change
Total number of voting shares issued	1,522,692,587	1,522,692,587

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

8. **Particulars of relevant interests after the change.**

Class of voting shares in which relevant interest now held	Name(s) of registered holder(s)	Brief description of the nature of the relevant interests in the voting shares	Brief description of the transaction under which the relevant interests changed e.g. purchase / sale on stock exchange	Number of voting shares affected by the transaction	The consideration for the transaction (Kina)	Name of the other party to the transaction (if known) *
Ordinary	UBS AG	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into	149,888 shares	N/A	N/A

			for portfolio management purposes			
Ordinary	UBS Asset Management (Americas) Inc.	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into for portfolio management purposes	24,864 shares	N/A	N/A
Ordinary	UBS Asset Management (Australia) Ltd	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into for portfolio management purposes	20,588,155 shares	N/A	N/A
Ordinary	UBS Asset Management (Deutschland) GmbH	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into for portfolio management purposes	97,173 shares	N/A	N/A
Ordinary	UBS Asset Management (Hong Kong) Ltd	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into for portfolio management purposes	799,764 shares	N/A	N/A
Ordinary	UBS Asset Management Life Limited	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into for portfolio management purposes	189,791 shares	N/A	N/A
Ordinary	UBS Asset Management (Singapore) Ltd	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into for portfolio management purposes	7,649 shares	N/A	N/A

Ordinary	UBS Asset Management (UK) Limited	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into for portfolio management purposes	3,304,904 shares	N/A	N/A
Ordinary	UBS Fund Management (Luxembourg) SA	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into for portfolio management purposes	2,630,538 shares	N/A	N/A
Ordinary	UBS Fund Management (Switzerland) AG	Fund Manager with power to exercise control over voting shares	Ordinary course transaction (e.g. stock exchange transactions) entered into for portfolio management purposes	1,431,525 shares	N/A	N/A
Ordinary	UBS AG Australia Branch	Prime Broker with power to control the exercise of the power to dispose of shares (see Annexure A)	These holdings are held by UBS AG Australia Branch on behalf of Prime Brokerage clients	13,402,620 shares	N/A	Refer to Annexure A-1
Ordinary	UBS AG London Branch	Beneficial Owner	Ordinary course transactions (e.g. on market purchases)	62,571 shares	N/A	N/A
Ordinary	UBS AG London Branch	Prime Broker with power to control the exercise of the power to dispose of shares (see Annexure A)	These holdings are held by UBS AG London Branch on behalf of Prime Brokerage clients	2,663,733 shares	N/A	Refer to Annexure A-1
Options	UBS Securities Australia Ltd	Beneficial Owner	Ordinary course transactions (e.g. on market purchases)	4,910,000 shares	N/A	N/A

Ordinary	UBS Switzerland AG	Broker with power to exercise discretion over account	Discretionary client accounts	100,505 shares	N/A	N/A
Ordinary	UBS Wealth Management Australia Ltd	Broker with power to exercise discretion over account	Discretionary client accounts	618,194 shares	N/A	N/A
Ordinary	UBS AG Australia Branch	See Section 11 Below	See Section 11 Below	12,377,994 shares	Obligations under the agreements with KPIL referred to in Section 11	Kumul Petroleum Investments Limited
Ordinary	UBS AG Australia Branch	See Section 11 Below	See Section 11 Below	137,012,250 shares	Obligations under the agreements with KPIL referred to in Section 11	Kumul Petroleum Investments Limited

* *This information is not required where the transaction took place on a stock exchange. Otherwise, if not known, insert "unknown".*

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 (<i>natural persons only</i>)	Surname or corporate name and registration number, if applicable	Residential address or address of registered office	Postal address
N/A	JPMorgan Chase & Co. and its affiliates	270 Park Avenue, New York, New York, NY, NY, 10017, United States	1 Changi Business Park Central 1, 6th floor One @ Changi, Singapore 486036

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. Details of any associate with a relevant interest in the voting shares after the change

Given names (<i>natural persons only</i>)	Surname or corporate name and registration number, if applicable	Residential address or address of registered office	Postal address
N/A	See item 8	Details of all UBS offices can be found through the following link: http://apps2.ubs.com/locationfinder/	

Nature of Association: Related bodies corporate

Details of Relevant Interest of Associate: _____

Note: Provide the name and address of each associate of the person submitting this notice who has a relevant interest in voting shares in the company, and the nature of the association with the associate and the details of the relevant interest of the associate.

11. Prescribed particulars of any agreement under which substantial shareholding changed

Date of any agreement	Material terms of any agreement (whether written or oral)
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22 February 2016	<p>The arrangement under which UBS AG, Australia Branch (UBS) continues to hold a relevant interest in 149,390,244 shares of Oil Search Limited is through an amended equity derivative transaction with Kumul Petroleum Investments Limited (formerly known as NPCP Investments Limited) (KPIL). The amended equity derivative is principally constituted by the:</p> <ul style="list-style-type: none"> (a) Front Collar Amendment and Restatement Deed dated 22 February 2016 between, among others, UBS, UBS Nominees Pty Ltd and KPIL (including the 20012 ISDA Master Agreement and the 195 Credit Support Annex together with the agreed Elections and Variables in Paragraph 11, entered into in connection with the transactions contemplated therein (CSA)) (Amendment Deed); (b) Specific Security Deed (CHESS Securities – Collar) dated 12 March 2014 between, among others, KPIL and UBS (as amended by the Amendment Deed) (Specific Security Deed); and (c) Nominee Deed dated 12 March 2014 between, among others, UBS, UBS Securities Australia Pty Ltd and UBS Nominee (as amended by the Amendment Deed) (Nominee Deed). <p>Pursuant to the Nominee Deed, UBS Nominees acquired shares in Oil Search Limited on trust for the Independent State of Papua New Guinea (since novated to KPIL), to be transferred, dealt with or otherwise disposed of as KPIL may direct. UBS Securities Australia Pty Ltd is party to the Nominee Deed as a market participant under the ASX Settlement Operating Rules.</p> <p>Under the Specific Security Deed, a security interest over any shares in Oil Search Limited held by UBS Nominees as trustee for KPIL is granted in favour of UBS, to secure amounts owing under the derivative financing.</p> <p>Under the CSA, the title to the shares in Oil Search Limited the subject of the initial equity derivative financing are transferred to UBS as eligible credit support for the financial obligations of KPIL under the equity derivative financing.</p>
22 February 2016	<p>In addition, UBS has made arrangements in respect of shares in Oil Search Limited related to the above equity derivative financing, by virtue of an equity derivative financing with J.P. Morgan Securities plc (JPM), principally constituted by the confirmation letter dated 22 February 2016 between JPM and UBS (Confirmation) (which supplements, forms part of and is subject to the 2002 ISDA Master Agreement and the 1995 ISDA Credit Support Annex, together with the agreed Elections and Variables in Paragraph 11).</p>

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 changed. True copies of the documents must be submitted with this form.

12. The following documents must be submitted with this form -

- 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 number of pages that accompany, or are annexed to, this notice is 111.

13. 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: Pepe Chan

Role: Authorized Signatory Date: 25 February 2016

Signature:  _____

Full Name of Person Signing: Weixiao Qin

Role: Authorized Signatory Date: 25 February 2016

Note: Where this notice is given by a body corporate it must be signed by a director or secretary who is authorized 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.

Holder of relevant interest	UBS AG, Australia Branch	UBS AG, London Branch
Type of agreement	Prime Brokerage Agreement	Prime Brokerage Agreement
Parties to agreement	(i) UBS AG, Australia Branch ("UBS AG") (ii) Client (Please refer to Annexure A-1.)	(i) UBS AG, London Branch ("UBS AG") (ii) Client (Please refer to Annexure A-1.)
Transfer date	Please refer to Annexure A-1.	Please refer to Annexure A-1.
Holder of voting rights	UBS AG	UBS AG
Are there any restrictions on voting rights?	Please refer to the details below.	No.
If yes, detail	Since all right and title in the securities passes to the transferee (i.e. UBS AG), the transferee has the right to vote. However, in certain circumstances, the transferee may seek to arrange for instructions to be exercised in accordance with the instructions of the transferor (i.e. Client).	N/A
Scheduled return date (if any)	None, subject to the terms of the relevant loan.	None.
Does the borrower have the right to return early?	Yes.	Yes.
If yes, detail	The borrower (i.e. UBS AG) has the right to return at its discretion.	The borrower (i.e. UBS AG) has the right to return at its discretion.
Does the lender have the right to recall early?	Yes.	Yes.
If yes, detail	The lender (i.e. Client) can recall at its request subject to compliance with margin requirements and the terms of the relevant loan.	The lender (i.e. Client) can recall at its request subject to compliance with margin requirements and the terms of the relevant loan.
Will the securities be returned on settlement?	Yes.	Yes.
If yes, detail any exceptions	None.	None.

Prime Brokerage Agreement - UBS AG, London Branch

Parties to agreement	Transfer date
Absolute Equity Performance fund limited	(i) 11 January 2016
	(ii) 12 January 2016
	(iii) 13 January 2016
	(iv) 15 January 2016
	(v) 18 January 2016
	(vi) 19 January 2016
	(vii) 10 February 2016
	(viii) 11 February 2016
Pelargos Asia Alpha Fund	(i) 16 February 2016

Prime Brokerage Agreement - UBS AG, Australia Branch

Parties to agreement	Transfer date
Perpetual Investment Management Limited as responsible entity of Perpetual's Wholesale Geared Australian Fund	(i) 9 September 2015
	(ii) 12 October 2015
	(iii) 21 October 2015
	(iv) 23 October 2015
	(v) 26 October 2015
	(vi) 27 October 2015
	(vii) 29 October 2015
	(viii) 30 October 2015
	(ix) 11 December 2015
	(x) 14 December 2015
	(xi) 6 January 2016
	(xii) 8 January 2016
	(xiii) 18 January 2016
	(xiv) 25 January 2016
	(xv) 28 January 2016
Regal Funds Management Pty Limited as trustee of the Regal Asian Quant Fund	(i) 14 December 2015
	(ii) 22 December 2015
	(iii) 8 January 2016

Bennelong Funds Management Pty Ltd as trustee of Bennelong Long Short Equity Fund	<ul style="list-style-type: none"> (i) 9 September 2015 (ii) 10 September 2015 (iii) 28 October 2015 (iv) 29 October 2015 (v) 10 November 2015 (vi) 9 December 2015 (vii) 21 December 2015 (viii) 22 December 2015 (ix) 14 January 2016 (x) 18 January 2016 (xi) 19 January 2016 (xii) 27 January 2016
Atrium Investment Management Pty Ltd in its capacity as trustee of the scheme Atrium Benn L-S Fund	<ul style="list-style-type: none"> (i) 9 September 2015 (ii) 10 September 2015 (iii) 10 November 2015 (iv) 30 November 2015 (v) 21 December 2015 (vi) 22 December 2015 (vii) 19 January 2016
Arcadia Comm Spec Fund 9	<ul style="list-style-type: none"> (i) 9 September 2015 (ii) 15 September 2015
Bennelong Funds Management Ltd as trustee for Bennelong Market Neutral Fund	<ul style="list-style-type: none"> (i) 9 September 2015 (ii) 10 September 2015 (iii) 30 October 2015 (iv) 6 November 2015 (v) 9 November 2015 (vi) 9 December 2015 (vii) 21 December 2015 (viii) 22 December 2015 (ix) 14 January 2016 (x) 19 January 2016 (xi) 27 January 2016

Crown Managed accounts SPC acting for and on behalf Crown BLS Segregated Portfolio	(i) 27 October 2015 (ii) 28 October 2015 (iii) 29 October 2015 (iv) 30 October 2015 (v) 18 December 2015 (vi) 21 December 2015 (vii) 22 December 2015 (viii) 23 December 2015 (ix) 19 January 2016
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Execution version



Front Collar Amendment and Restatement Deed

UBS AG, Australia Branch

ABN 47 088 129 613

and

Kumul Petroleum Investments Limited

and

UBS Nominees Pty Ltd

ABN 32 001 450 522

and

UBS Securities Australia Limited

ABN 62 008 586 481

Project Wilhelm

22 February 2016

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THIS DEED is made on 22 February 2016

BETWEEN:

- (1) **UBS AG, Australia Branch** ABN 47 088 129 613 (**UBS**); and
- (2) **Kumul Petroleum Investments Limited**, a company established under the laws of the Independent State of Papua New Guinea (**KPIL**); and
- (3) **UBS Nominees Pty Ltd** ABN 32 001 450 522 (**Nominees**); and
- (4) **UBS Securities Australia Limited** ABN 62 008 586 481 (**Participant**).

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.

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.

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

December 2014 Collar Confirmation means the confirmation letter dated 17 December 2014 between KPIL and UBS, including any ISDA master agreement or credit support annex incorporated in or entered into under or in relation to the letter or the transactions contemplated therein.

December 2014 Collar Documents means:

- (a) the December 2014 Collar Confirmation;
- (b) the December 2014 Side Letter; and
- (c) the December 2014 Initial Price Notification Letter.

December 2014 Initial Price Notification Letter means the Initial Price Notification Letter dated on or about 23 December 2014 between KPIL and UBS relating to the December 2014 Collar Confirmation and the December 2014 Side Letter.

December 2014 Side Letter means the confirmation side letter dated 17 December 2014 between KPIL and UBS relating to the December 2014 Collar Confirmation.

Effective Date has the meaning set out in clause 5.1.

Front Collar Confirmation means the confirmation letter dated 12 March 2014 between the Independent State of Papua New Guinea and UBS, including any ISDA master agreement or credit support annex incorporated in or entered into under or in relation to the letter or the transactions contemplated therein, as novated from the Independent State of Papua New Guinea to KPIL.

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

- (a) the Front Collar Confirmation (as amended and restated by this document);
- (b) the Specific Security Deed (as amended by this document);
- (c) the Nominee Deed (as amended by this document);
- (a) this document;
- (b) the Front Collar Side Letter;
- (c) any document or agreement that is entered into under any of the above; and
- (d) any document or agreement that amends, supplements, replaces or novates any of the above.

Front Collar Side Letter means the confirmation side letter dated on or about the date of this document between UBS and KPIL relating to the confirmation letter referred to in the definition of "Front Collar Confirmation" and replaces the confirmation side letter with subject "Financing transaction in respect of OSH – Confirmation Side Letter" dated 12 March 2014 between KPIL and UBS, as novated / amended and restated on 12 December 2014.

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.

Nominee Deed means the document of that title dated 12 March 2014 between, among others, KPIL and UBS, as novated / amended and restated on 12 December 2014.

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

- (a) the Front Collar Confirmation;
- (b) the Specific Security Deed; and
- (c) the Nominee Deed,

in each case, in their respective forms without having regard to the operation of this document from and including the Stated Time.

Specific Security Deed means the document entitled "Specific Security Deed (CHESS Securities – Collar)" dated 12 March 2014 between KPIL and UBS, as novated / amended and restated on or about 12 December 2014.

Stated Time means the times specified as such in the Effective Date notice given by UBS 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 and restated, or 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 if the act involves a payment that is due on demand, the person must do it on or by the next Business Day.

1.5 **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.

2. **CONSIDERATION**

Each Party acknowledges that it has received valuable consideration for entering into this document. Without limiting the foregoing, KPIL must pay, out of KPIL's available cash balances, to UBS an amount equal to the Front Collar Additional Consideration Amount (as defined in the Front Collar Confirmation) on the "Initial Exchange Date" under the Back Collar.

3. **VARIATIONS TO PRINCIPAL DOCUMENTS**

3.1 **Amendment and Restatement of the Front Collar Confirmation**

- (a) The Front Collar Confirmation is amended and restated with effect from and including the Stated Time to read as set out in Schedule 1.
- (b) Paragraph (a) does not affect any right or obligation of any of the parties that arises before the Stated Time.

3.2 **Amendment to Nominee Deed**

With effect from and including the Stated Time:

- (a) the definition of "Confirmation" in clause 1.1 (*Definitions*) of the Nominee Deed is deleted and replaced with the following:

"**Confirmation** means the long-form confirmation in respect of a step collar derivative transaction dated 12 March 2014 between UBS and the Independent State of Papua New Guinea, as novated from the Independent State of Papua New Guinea to NPCP pursuant to the Global Novation and Amendment Deed and as amended and restated on or about 22 February 2016 (as amended, restated, novated, supplemented, modified or varied from time to time)."

and

- (b) the definition of "Equity Derivative Financing Agreement" in clause 1.1 (*Definitions*) of the Nominee Deed is deleted and replaced with the following:

"Equity Derivative Financing Document means the confirmation letter dated 12 March 2014 between Party A and the Independent State of Papua New Guinea, 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, as novated from the Independent State of Papua New Guinea to Party B pursuant to the Global Novation and Amendment Deed and as amended and restated on or about 22 February 2016 (as amended, restated, novated, supplemented, modified or varied from time to time)."

3.3 **Amendment to Specific Security Deed**

With effect from and including the Stated Time, the definition of "Equity Derivative Financing Agreement" in clause 1.1 (*Definitions*) of the Specific Security Deed is deleted and replaced with the following:

"Equity Derivative Financing Agreement means the confirmation letter dated 12 March 2014 between the Independent State of Papua New Guinea and the Secured Party, including any ISDA master agreement or credit support annex incorporated in or entered into under or in relation to the letter or the transactions contemplated therein, as novated from the Independent State of Papua New Guinea to the Grantor pursuant to the Global Novation and Amendment Deed and as amended and restated on or about 22 February 2016 (as amended, restated, novated, supplemented, modified or varied from time to time)."

3.4 **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 a Principal Document to **this document** or **this agreement** or **this deed** will be read and construed as references to the Principal Document as amended and restated, or amended, by this document.

4. **RELEASE AND DISCHARGE OF DECEMBER 2014 COLLAR DOCUMENTS**

With effect from and including the Stated Time, KPIL and UBS are each released and discharged from further obligations to each other with respect to each December 2014 Collar Document and their respective rights against each other thereunder are cancelled, provided that such release and discharge shall not affect any rights, liabilities or obligations of KPIL or UBS with respect to payments or other obligations due and payable or due to be performed on or prior to the Stated Time, and all such payments and obligations shall be paid or performed by KPIL or UBS in accordance with the terms of the December 2014 Collar Documents.

5. **EFFECTIVE DATE**

5.1 **Effective Date**

The Effective Date is the date on which UBS notifies KPIL that all of the conditions set out in Schedule 2 have been satisfied or, to the extent not satisfied, such conditions have been waived by UBS. UBS agrees to give the notification referred to in the previous sentence by no later than the Business Day on which it becomes aware that all of the conditions set out in Schedule 2 have been satisfied or waived.

5.2 **Waiver of conditions**

- (a) UBS may, in its sole and absolute discretion, rely on or waive the breach or non-fulfilment of a condition referred to in Schedule 2 (except that UBS 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:
 - (i) all of the conditions referred to in paragraphs (1) to (14) (inclusive) of Schedule 2 are not satisfied or waived under clause 5.2 on or before 5.00pm (Sydney time) on 23 February 2016 (or such other date as UBS and KPIL 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; and
 - (ii) the condition referred to in paragraph (15) of Schedule 2 is not satisfied or waived under clause 5.2 on or before 5.00pm (Sydney time) on 26 February 2016 (or such other date as UBS and KPIL 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 (*Other Provisions*);
 - (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 KPIL

KPIL represents and warrants to UBS 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 Front Collar 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 Front Collar Documents to which it is or is to be a party;
- (c) **(binding obligations)** the obligations expressed to be assumed by it in each Front Collar Document to which it is or is to be 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 Front Collar 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 Front Collar 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 Front Collar 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 Front Collar 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 Front Collar 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 dated 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 UBS or in connection with any Front Collar Document to which it is or is to be 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 KPIL),as at the date of this document or, if given later, when given;
- (j) **(disclosure of relevant information)** it has disclosed to UBS 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 Front Collar 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 Front Collar 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 Front Collar Documents, it has notified UBS of that occurrence;
- (l) **(commercial activity)** KPIL is subject to civil and commercial law with respect to its obligations under the Front Collar Documents. The execution and delivery of the Front Collar Documents constitute, and KPIL'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 KPIL 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 Front Collar Documents taken in any jurisdiction, including, without limitation, in KPIL'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 UBS in accordance with KPIL's instructions will not contravene any laws or regulations in Australia, Papua New Guinea or any other applicable jurisdiction.

6.2 **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.

6.3 **No representations to KPIL**

Except as set out in this clause 6, KPIL 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.

6.4 **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) KPIL acknowledges that the Front Collar Documents 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, KPIL must do anything required by UBS, to enable it to perfect that PPS Security Interest by control (provided that nothing in this clause 7.1(b) shall require KPIL 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, KPIL must do anything required by UBS, to enable it to control that property for the purposes of section 340(2)(b) of the PPSA.

7.2 **Acknowledgment of no subordination**

KPIL acknowledges that the Security Interests provided for by the Front Collar Documents are not subordinated in favour of any other person, except to the extent (if any) expressly provided by a Front Collar Document.

7.3 **Exercise of rights by UBS**

If UBS 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 UBS 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, KPIL 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 UBS from giving a notice under the PPSA or any other law.

8. **CONFIDENTIALITY**

8.1 **General confidentiality**

The parties to this document agree that UBS must not disclose any information provided to it by KPIL under the Front Collar Documents to any person who is not a Party, and KPIL may not disclose any information concerning the contents of or the transactions contemplated by any Front Collar 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 Front Collar Document or required by law to ensure the enforceability or priority of any Front Collar 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 on the basis that the receiving party must keep the information confidential as required by this clause, provided that, in the case of an agent or professional advisor of KPIL or affiliate, the person to whom the information has been disclosed has entered into a confidentiality agreement in favour of UBS and provided further that if the disclosure is of any information related to the pricing, expiry, values or other economic terms of a Transaction, UBS has consented in writing to that disclosure;
- (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;
- (i) **(disclosing party's purposes)** in the case of UBS only, 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 Front Collar Documents, including under securitisation, derivative or sub-participation arrangements,

on the basis that the receiving party must keep the information confidential as required by this clause; or
- (j) **(disclosure to J.P. Morgan)** the disclosure is made:
 - (i) to J.P. Morgan Securities plc; or
 - (ii) on a confidential basis to the affiliates of J.P. Morgan Securities plc or to the officers, employees, agents, lawyers, auditors or other professional advisers of J.P. Morgan Securities plc or its affiliates.

8.2 **No request**

KPIL agrees not to exercise its rights to make any request of UBS 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 KPIL'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 UBS**

Any notice, consent or other communication to be made or delivered to UBS 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:

KPIL

Address: Level 7 Deloitte Tower
Douglas Street
Port Moresby

N.C.D.
Papua New Guinea
Email address: RWato@kumulpetroleum.com
Fax number: +675 3200238
Attention: Rogen Wato

With a copy to: Gadens Lawyers
Level 16
77 Castlereagh Street
Sydney NSW 2000
Australia

UBS

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

Email address: elaine.chow@ubs.com/kevin.bayett@ubs.com/sh-aus-eq-support@ubs.com/greg.jansz@ubs.com / grant.schwulst@ubs.com
[/sh-syd-rmp-op@ubs.com](mailto:sh-syd-rmp-op@ubs.com)

Fax number: +61 2 9324 2880
Attention: Elaine Chow/Kevin Bayett/Greg Jansz/Grant Schwulst

And by mail to: General Counsel
UBS AG, Australia Branch
Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

And to : Tom Herbert
Address: UBS AG, London Branch,
1 Finsbury Avenue,
London EC2M 2PP
Email address: tom.herbert@ubs.com

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-eq-support@ubs.com/greg.jansz@ubs.com / grant.schwulst@ubs.com
[/sh-syd-rmp-op@ubs.com](mailto: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](mailto:sh-syd-rmp-op@ubs.com)
Fax number: +61 2 9324 2880
Attention: Elaine Chow/Kevin Bayett/Greg Jansz/Grant Schwulst

10. **OTHER PROVISIONS**

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) KPIL 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. KPIL undertakes to maintain this appointment until all money owed by KPIL to UBS is paid to UBS, and agrees that any such process served on that person is taken to be served on it.
- (e) For the purposes of any court proceedings in connection with this document or the enforcement of any resulting court judgment, to the extent that any Party 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), such Party 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, such Party 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**

KPIL must indemnify UBS against, and must pay UBS on demand the amount of, all Taxes and reasonable expenses incurred in connection with:

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

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 Front Collar 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.

10.13 **Papua New Guinea Personal Property Securities Act**

(a) In this clause 10.13:

- (i) "**PNG PPSA**" means the Personal Property Securities Act 2009 (PNG);
- (ii) "**PPS property**" means all property over which KPIL is capable under the PNG PPSA of granting a security interest; and
- (iii) unless a contrary intention appears, a term used in this clause 10.13 which has a meaning in the PNG PPSA (for example, "security interest") has the same meaning it has in the PNG PPSA Act when used in this clause 10.13.

(b) If UBS determines that this document (or a transaction in connection with it) is or contains a security interest, KPIL must do anything (such as obtaining consents, signing and producing documents, getting documents completed and signed and supplying information), and must ensure that its employees and agents do anything, that UBS may at any time require for the purposes of (with none of the following paragraphs limiting the generality of any other):

- (i) ensuring that the security interest is enforceable, perfected and otherwise effective;
- (ii) ensuring that the security interest is:
 - (A) continuously perfected; and/or
 - (B) perfected by control; and/or
 - (C) perfected in a way that will reduce as far as reasonably possible the risk of a third party acquiring an interest in any PPS property free of the security interest (such as providing UBS with all serial numbers for personal property that may or must be described by a serial number),

to the extent possible under the PNG PPSA;

- (iii) enabling UBS to apply for any registration, or give any demand or notification, in connection with the security interest so that the security interest has the priority required by UBS;

- (iv) assisting or enabling UBS to exercise any right or power in connection with the security interest;
 - (v) better securing all property in which UBS has the security interest in a manner consistent with this document;
 - (vi) protecting UBS's position as secured party in respect of the security interest in the context of the PNG PPSA; and/or
 - (vii) giving full effect to this document.
- (c) UBS may, at KPIL's cost and expense, do anything which KPIL should have done under this document if KPIL does not do so promptly or, if in UBS's opinion, KPIL does not do so properly.
 - (d) UBS is not required to give any notice under the PNG PPSA (including a notice of a verification statement) unless the notice is required by the PNG PPSA and the obligation to give the notice cannot be excluded.
 - (e) Everything KPIL is required to do under this clause 10.13 is at KPIL's expense. KPIL agrees to pay or reimburse to UBS the costs and expenses of or incurred by UBS in connection with anything which may be done or which is required to be done under this clause 10.13.

SCHEDULE 1

Front Collar Confirmation

Front Collar Confirmation
Execution version



UBS AG, Australia Branch
ABN 47 088 129 613
AFSL No. 231087
Level 16 Chifley Tower
2 Chifley Square
Sydney NSW 2000 Australia

OTC Operations
Tel. +612-9324 3455
Fax. +612-9324 2880

Date: 12 March 2014, as novated / amended and restated on or about 17 December 2014 and as amended and restated on ____ February 2016

To: **Kumul Petroleum Investments Limited** (formerly NPCP Investments Limited)
(*Counterparty or Party B*)

E-mail: RWato@kumulpetroleum.com

Attention: Rogen Wato

Tel: +675 320 2253

Fax: +675 320 0238

From: **UBS AG, Australia Branch (ABN 47 088 129 613) of Level 16, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 (UBS or Party A)**

Subject: **Financing transaction in respect of OSH**

Dear Sirs/Madams,

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the above referenced transaction entered into between Counterparty and UBS on the Trade Date specified below (the "**Transaction**").

This Confirmation evidences a complete binding agreement between the parties as to the terms of the Transaction to which this Confirmation relates. Until such time as the parties execute an ISDA Master Agreement and 1995 ISDA Credit Support Annex, the parties agree that this Confirmation, and any future Confirmation(s) entered into between the parties thereafter shall supplement, form part of, and be subject to, an agreement in the form of the 2002 ISDA Master Agreement as if on the Trade Date the parties had executed such agreement but without any Schedule, except for the election of Australian Dollars as the Termination Currency and New South Wales as the governing law and such other elections and modifications detailed herein referring to the **ISDA Form** (the "**Deemed Agreement**") and that each Confirmation entered into between the parties shall each be supplemented by and be subject to the terms of each 1995 ISDA Credit Support Annex with the elections and modifications provided in that Confirmation. The parties agree that the terms of each Annex to the 2002 Master Agreement Protocol published by the International Swaps and Derivatives Association, Inc ("**Protocol**") apply to the agreement as if the parties had adhered to the Protocol without amendment.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**") and the 2006 ISDA Definitions (the "**2006 Definitions**", and together with the Equity Definitions, the "**Definitions**"), in each case, as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the 2006 Definitions and the Equity Definitions, the Equity Definitions will govern. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. References herein to a "Transaction" shall be deemed references to a "Share Option Transaction" for the purposes of the Equity Definitions.

Front Collar Confirmation

Execution version

In the event of any inconsistency between the provisions of the Deemed Agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction.

The terms of the particular Transaction to which this Confirmation relates are as follows:

GENERAL TERMS

Trade Date :	6 March 2014
Effective Date:	The parties agree that the Effective Date was 23 December 2014.
Tax:	Has the meaning given in the ISDA Form and includes any stamp, registration, documentation or similar tax, duty, levy, fee or other imposition.
Shares:	Fully paid ordinary shares of Oil Search Limited (ARBN 055 079 868). ASX code "OSH".
Business Days:	Sydney
Currency Business Days:	Sydney
Convention:	If a payment or delivery is due, or a notice must be given or received, under this Confirmation on a day that is not a Business Day, a Local Business Day or a Currency Business Day, as the case may be, then the payment or delivery must be made, or the notice must be given or received, on the next Business Day, Local Business Day or Currency Business Day, as the case may be, immediately after that day.
Calculation Agent:	Party A

TERMS

Initial Exchange Payer:	Party A
Initial Exchange:	Party A has previously paid to Party B the Aggregate Initial Exchange Amount and no further amounts are payable by Party A to Party B on account of such amount.
Aggregate Initial Exchange Amount:	The amount specified as such in the Front Collar Side Letter.
Initial Exchange Amount per Tranche:	The Aggregate Initial Exchange Amount is notionally split into tranches which correspond to separate Final Exchange Amounts (each, a " Tranche ").
Initial Exchange Date:	The Completion Date (as defined in the Subscription Agreement).
Front Collar Additional Consideration Amount:	As set out in the Front Collar Side Letter. Party B shall pay, out of Party B's available cash balances, to Party A an amount equal to the Front Collar Additional Consideration Amount on the "Initial Exchange Date" under the Back Collar Transaction. The parties acknowledge that the Front Collar Additional Consideration Amount represents the amount payable by Party B to Party A as a result of the matters contemplated by the Front Collar Amendment and Restatement Deed.
Final Exchange Payer:	Party B

Front Collar Confirmation

Execution version

Final Exchange Amount per Tranche:	The Final Exchange Amount for each Tranche is the amount described as such in the Front Collar Side Letter.
Collar Group Final Exchange Amount:	Means, in respect of each Collar Group, the amount described as such in the Front Collar Side Letter, which is the sum of the Final Exchange Amounts of the Tranches that make up the Collar Group.
Final Exchange Payment Date:	<p>If Cash Settlement is applicable in respect of a Collar Group, then Party B must pay to Party A the Collar Group Final Exchange Amount on the Collar Group Final Exchange Date for the relevant Collar Group.</p> <p>If Physical Settlement is applicable to a Tranche, then Party B must pay to Party A the Final Exchange Amount for that Tranche on the Settlement Date for that Tranche.</p> <p>Collar Group Final Exchange Dates and Expiration Dates of each Tranche are set out in Schedule 1 to the Front Collar Side Letter.</p>
Collar Group Final Exchange Date:	Means, in respect of a Collar Group, the collar group final exchange date for that Collar Group as set out in section (B) of Schedule 1 to the Front Collar Side Letter.
Adjustments:	If any terms of the notional Put Options and Call Options are adjusted by the Calculation Agent in accordance with this Confirmation, Party A shall be entitled to adjust the terms above including but not limited to the Final Exchange Amount.

OPTION TERMS

General Terms

Single Transaction:	<p>Party A and Party B acknowledge and agree that</p> <ul style="list-style-type: none">(a) the Share Option Transaction the subject of this Confirmation is a "Step Collar" option comprising 24 "Collar Groups" which Collar Groups are numbered as set out in Schedule 1 to the Front Collar Side Letter, it being further agreed that (i) Collar Groups numbered 1, 2, 5, 6, 9, 10, 15, 16, 19, 20, 23 and 24 are notionally arranged together to comprise "Collar Cluster A" and (ii) Collar Groups numbered 3, 4, 7, 8, 11, 12, 13, 14, 17, 18, 21 and 22 are notionally arranged together to comprise "Collar Cluster B" (Collar Cluster A and Collar Cluster B together being the "Collar Clusters" and any one of them being a "Collar Cluster");(b) each Collar Group comprises 5 Tranches each with a different Expiration Date;(c) each Tranche is made up of 5 "Component Collars" with the same Expiration Date and the applicable strike prices set out in Schedule 1 to the Front Collar Side Letter;(d) each Component Collar is made up of notional "Put Options" and "Call Options" over the same number of Shares;(e) the Step Collar, the Collar Groups, the Collar Clusters, the Tranches, the Component Collars and the notional Put Options and notional Call Options comprised within them are not separate Transactions for the purposes of the Deemed Agreement, cannot be traded or dealt with separately and all payment and delivery obligations described herein form one Transaction for the purposes of the Deemed Agreement, it being acknowledged by Party B, however, that different calculations and determinations may apply as between Collar Cluster A and Collar Cluster B (and the Collar Groups,
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Tranches, Component Collars, Put Options and Call Options respectively comprising them) in respect of the same event, circumstance or condition having regard to, amongst other things, Party A's respective Hedge Positions with respect to Collar Cluster A and Collar Cluster B; and

(f) without limiting paragraph (e) above:

(i) the Component Collars that make up a Tranche and the Initial Exchange Amount and Final Exchange Amount that correspond to that Tranche cannot be terminated independently of each other (each being a "**Related Transaction**" of the others), and "**Related Options**" mean the Put Options and Call Options that make up the Component Collars in each Tranche;

(ii) despite paragraphs (e) and (f)(i) above, Collar Cluster A and Collar Cluster B may be terminated independently of each other.

Additional details of the Component Collars, Tranches and Collar Groups are set out in Schedule 1 to the Front Collar Side Letter.

This Confirmation must be construed and interpreted accordingly.

Put Option Seller:	Party A
Put Option Buyer:	Party B
Call Option Seller:	Party B
Call Option Buyer:	Party A
Option Style:	European
Option Entitlement:	1 Share per Option.
Strike Price:	Means the Put Strike for each notional Put Option or the Call Strike for each notional Call Option that make up each Component Collar set out in the table in section (A) of Schedule 1 to the Front Collar Side Letter.
Aggregate Number of Shares:	The sum of each Tranche Quantity for all outstanding Tranches, which as at the Effective Date is 149,390,244.
Collar Group Quantity:	The aggregate number of Shares comprised in a Collar Group. The Collar Group Quantity for each Collar Group is specified in the Front Collar Side Letter
Tranche Quantity	The number of Shares per Tranche. The Tranche Quantity for each Tranche is specified in the Front Collar Side Letter
Number of Put Options per Component Collar:	The number specified as such in the Front Collar Side Letter
Number of Call Options per Component Collar:	The number specified as such in the Front Collar Side Letter
Premium:	Not applicable. There is no Premium payable by Party A or Party B in respect of the Transaction.
Expiration Date:	The Expiration Date for each Tranche as set out in part (B) of Schedule 1 to the Front Collar Side Letter is the Expiration Date of the Component Collars in that Tranche and all the notional Put Options and notional Call Options that make up the Component Collars in that Tranche.
Exchange:	Australian Securities Exchange (" ASX ") or any successor to such exchange or quotation system.

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Related Exchange: Not applicable

Procedure for Exercise of Put Options and Call Options

Expiration Time: The Scheduled Closing Time on the Exchange on the Expiration Date of the Put Option or Call Option.

Exercise Date: The Expiration Date of the Put Option or Call Option.

Automatic Exercise: Applicable, provided that Section 3.4(c) of the Equity Definitions shall be deleted in its entirety and replaced with the following:
“In-the-Money” means, in respect of a Call Option, that the Reference Price is greater than the applicable Strike Price and, in respect of a Put Option, that the Reference Price is equal to or less than the applicable Strike Price.”

Valuation (for the purposes of Settlement and Exercise)

Valuation Time: The Expiration Time

Valuation Date: The Expiration Date

Settlement Terms

Settlement Method Election: Applicable in respect of each Collar Group, provided that any election is irrevocable, given in respect of only one Collar Group at any one time, and the election (or default position in the absence of any election) shall apply to each Collar Group separately. Once a Settlement Method is elected for a Collar Group it shall apply to all Tranches (and therefore to all Component Collars and Related Options) in the Collar Group.

Electing Party: Party B.

Settlement Method Election Date: In respect of an Optional Early Termination, the date the Optional Early Termination Notice is provided, otherwise, the date falling 10 Scheduled Trading Days prior to the earliest Expiration Date of each Collar Group (or such later date as Party A may agree following a request by Party B).

Default Settlement Method: Cash Settlement

Reference Price: For the purposes of determining whether a Put Option or a Call Option is "In-the-Money", the Reference Price is the Volume Weighted Average Price of the Share on the Exchange at the Expiration Time on the Expiration Date for that Put Option or Call Option.

Volume Weighted Average Price (for purposes of Reference Price): Means the price referenced for OSH AU Equity VWAP on Bloomberg (code RQ017).

Settlement Price: For each Put Option and Call Option in respect of which Cash Settlement is applicable, the price per Share in Australian dollars that Party A has achieved or considers in a commercially reasonable manner that it would have achieved, in terminating or liquidating applicable Hedge Positions on the Expiration Date for that Put Option or Call Option plus applicable commissions and Taxes and any stamp, registration, documentation or similar tax, duty, levy, fee or other imposition.

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Cash Settlement: If Cash Settlement is applicable in respect of a Tranche, then the Seller must pay to the Buyer the Cash Settlement Amount for that Tranche, if any, on the Cash Settlement Payment Date for that Tranche, and Section 8.1 of the Equity Definitions shall not apply.

Cash Settlement Amount: In respect of each Tranche, the Cash Settlement Amount payable by Party B to Party A is an amount equal to the Aggregate Call Option Cash Settlement Amount minus the Aggregate Put Option Cash Settlement Amount, subject to a minimum of zero; and the Cash Settlement Amount payable by Party A to Party B is an amount equal to the Aggregate Put Option Cash Settlement Amount minus the Aggregate Call Option Cash Settlement Amount, subject to a minimum of zero.

For the purposes of this calculation:

- the Aggregate Call Option Cash Settlement Amount is the sum of the Option Cash Settlement Amounts in respect of each Call Option comprised in that Tranche which is exercised or deemed to be exercised on the Exercise Date of such Tranche, calculated in accordance with Section 8.2(b) of the Equity Definitions; and
- the Aggregate Put Option Cash Settlement Amount is the sum of the Option Cash Settlement Amounts in respect of each Put Option comprised in that Tranche which is exercised or deemed to be exercised on the Exercise Date of such Tranche, calculated in accordance with Section 8.2(b) of the Equity Definitions.

The intention of the parties is that following such calculations, only one net amount is payable by one party to the other in respect of each Tranche.

Strike Price Differential: An amount equal to the greater of (a) the excess of (i) in the case of a Call Option, the relevant Settlement Price over the Call Strike, or (ii) in the case of a Put Option, the Put Strike over the relevant Settlement Price, and (b) zero.

Cash Settlement Payment Date: Where Cash Settlement applies in respect of a Tranche, the date occurring one Settlement Cycle after the Expiration Date of that Tranche, provided that if such date is not a Business Day then the Cash Settlement Payment Date shall be the immediately following Currency Business Day.

Settlement Date: Where Physical Settlement applies in respect of a Tranche, the date that falls one Settlement Cycle following the Expiration Date of that Tranche. If such date is not a Currency Business Day then the Settlement Date shall be the following Currency Business Day.

Failure to Deliver: Applicable if Physical Settlement is applicable, provided that Party A shall be the Determining Party.

Dividends

Dividend Amounts: Without prejudice to Schedule 1 to this Confirmation, and except to the extent included as an adjustment pursuant to "Adjustments" below (pursuant to Section 11.2 of the Equity Definitions), no Dividend Amounts are payable by Party A or Party B in respect of the Transaction.

Adjustments

Method of Adjustment: Calculation Agent Adjustment; provided, however, that:
a) Section 11.2(c) of the Equity Definitions is deemed amended

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by the deletion of the words "(provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share)" and replacing them with the words "(including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share)"; and

- b) where Party A determines to pay to Party B an Equivalent Distribution in respect of the Non-Delta Quantity and a declared Extraordinary Dividend under paragraph 11(f)(a)(ii)(A) of the 1995 ISDA Credit Support Annex to the ISDA Form ("CSA"), Section 11.2(e)(iii) of the Equity Definitions shall not apply and shall be deleted.

Extraordinary Events

Merger Event Date:

Section 12.1(b) of the Equity Definitions shall be amended by replacing the words "Merger Date" in the fourth last line thereof with the words "Merger Event Date".

Sections 12.2(b) and 12.2(e) of the Equity Definitions shall be amended by replacing the words "Merger Date" each time they appear with the words "Merger Event Date".

"**Merger Event Date**" means, in respect of a Merger Event, the date of the occurrence of such Merger Event, which shall be deemed to be Announcement Date or such other date as the Calculation Agent determines is commercially reasonable in the circumstances.

Consequences of Merger Events

Share-for-Share:

Modified Calculation Agent Adjustment

Share-for-Other:

Modified Calculation Agent Adjustment

Share-for-Combined:

Modified Calculation Agent Adjustment

Tender Offer:

Applicable

Sections 12.3(a) and 12.3(d) of the Equity Definitions shall be amended by replacing the words "Tender Offer Date" each time they appear with the words "Tender Offer Event Date".

"**Tender Offer Event Date**" means, in respect of a Tender Offer, the date of the occurrence of such Tender Offer, which shall be deemed to be Announcement Date or such other date as the Calculation Agent determines is commercially reasonable in the circumstances.

Consequences of Tender Offers

Share-for-Share:

Modified Calculation Agent Adjustment

Share-for-Other:

Modified Calculation Agent Adjustment

Share-for-Combined:

Modified Calculation Agent Adjustment

Composition of Combined Consideration:

Not Applicable

Nationalization, Insolvency or Delisting:

Cancellation and Payment - Calculation Agent Determination

Determining Party:

Party A, in all cases

Additional Disruption Events

Change in Law:

Applicable, provided that Section 12.9(a)(ii)(B) of the Equity

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Definitions is replaced in its entirety as follows: "(B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of Hedge Positions relating to such Transaction or (Y) a party to the Transaction will incur materially increased cost in performing its obligations under such Transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position)".

Hedge Positions:

The definition of "Hedge Positions" in Section 13.2(b) of the Equity Definitions shall be amended by inserting the words "or an Affiliate thereof" after the words "a party" in the third line.

Insolvency Filing:

Applicable

Hedging Disruption:

Applicable, provided that Section 12.9(a)(v) of the Equity Definitions is replaced in its entirety as follows: "(v) Hedging Disruption" means that the Hedging Party is unable, after using commercially reasonable efforts, to either (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk, including, but not limited to, any currency risk) of entering into and performing its obligations with respect to this Transaction, or (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or this Transaction between accounts within the jurisdiction of the Hedge Positions (the "Affected Jurisdiction") or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction."

Consequences of Hedging Disruption:

Section 12.9(b)(iii) of the Equity Definitions is replaced with the following:

"(iii) If 'Hedging Disruption' is specified in the relevant Confirmation to be applicable to a Transaction, then upon the occurrence of such an event, the Hedging Party may elect to terminate the Transaction upon notice to the Non-Hedging Party specifying the date of such termination, which may be the day on which the notice of termination is issued, in which event the Determining Party will determine the Cancellation Amount payable by one party to the other."

Increased Cost of Hedging:

Applicable, provided that Section 12.9(a)(vi) of the Equity Definitions is replaced as follows: "(vi) "Increased Cost of Hedging" means that the Hedging Party would incur a materially increased (as compared with the circumstances that existed on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, currency risk) of entering into and performing its obligations with respect to this Transaction or (B) freely realise, recover, receive, repatriate, remit or transfer the proceeds of the Hedge Positions or this Transaction between accounts within the Affected Jurisdiction or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction."

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Loss of Stock Borrow:	Applicable, <u>provided</u> however that Section 12.9(b)(iv)(B) of the Equity Definitions is deemed amended to include after the words "(B) refer the Hedging Party to a Lending Party" and before the words "that will lend", the words "acceptable to the Hedging Party in its sole discretion".
Maximum Stock Loan Rate:	0% per annum
Increased Cost of Stock Borrow:	Applicable
Initial Stock Loan Rate:	0% per annum
Hedging Party:	Party A
Determining Party:	Party A
Non-Reliance:	Applicable
Agreements and Acknowledgements Regarding Hedging Activities:	Applicable
Additional Acknowledgements:	Applicable

ACCOUNT DETAILS

Account for payments to Party B:	To be advised
Account for payments to Party A:	Beneficiary Bank: UBS AG Australia Bank Beneficiary Bank SWIFT: UBSWAU2S Account holder name: UBS AG Australia Correspondent: UBS AG, Australia Branch BSB: 946 612 A/c: 242624 Swift: UBSWAU2S

ADDITIONAL PROVISIONS

For the purposes of this Transaction:

1) Disclosure requirement and additional representations and warranties

Party B represents and warrants to Party A:

- (a) that, as at the Trade Date for each Component Collar and on the Initial Exchange Date, there are no security interests (as defined in the *Personal Property Securities Act 2009* (Cth) or any other encumbrance of any nature whatsoever) in respect of the Shares that would be delivered to Party A under the terms of this Confirmation (including in accordance with Schedule 1 to this Confirmation);
- (b) that it will seek its own advice on the appropriateness and suitability of the Transaction and any disclosure obligations it may have relating to its dealings in Shares and Transaction in respect of Shares;
- (c) at the time of entry into the Transaction and on a continuous basis during the term of the Transaction that, by entering into and performing its obligations under the Transaction, it is not, and will not be, acting in breach of any:
 - i. laws, regulations or Authorisations binding on it or any of its property or to which any of its property may be subject;
 - ii. agreements, instruments, undertakings or other restrictions binding upon it or any of its property (other than any negative pledges) in a manner that could have a Material Adverse Effect; or
 - iii. negative pledges binding on or applicable to it;

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- (d) that neither Counterparty nor any of its Affiliates nor anyone acting on Counterparty's or any Affiliate's behalf has engaged in any behaviour which is designed to cause, has caused, or might reasonably be expected to cause manipulation of the price of any security of the Issuer;
- (e) it will record in its books and account for the value of this Transaction in accordance with the policies and rules applicable to it;
- (f) it has complied and will comply with all laws, regulations and administrative provisions applicable to it in connection with the Transaction, including making all relevant disclosures to, or obtaining any required approvals from all regulatory authorities in respect of its holding in the Shares (if any) and in respect of the Transaction as required by, and within the time limits required by, such regulatory authorities or pursuant to applicable laws or regulations in this regard;
- (g) neither this Transaction nor any delivery of Shares or payment of cash contemplated hereby will constitute a violation by Counterparty or any Affiliate of any applicable law or regulations of any applicable jurisdiction prohibiting "insider dealing" in, or market abuse in respect of, securities;
- (h) it is not in possession of any material information about the Shares or the Issuer which has not been publicly disclosed, which might have influenced its decision to enter into the Transaction or any particular element thereof and it is not entering into the Transaction on the basis of any such information;
- (i) it has full authority and capacity to enter into the Transaction and the execution and delivery of this Confirmation and the consummation by it of the Transaction contemplated hereby have been duly authorised by all necessary corporate action. All consents, orders, approvals, and other authorisations, whether governmental, corporate or other, necessary for the Transaction have been obtained or made and are in full force and effect;
- (j) the purpose and effect of the Transaction and the manner in which it intends to account for the Transaction are permissible and appropriate as a matter of local law, custom and practice in jurisdictions applicable to it in this regard;
- (k) it has entered into this Transaction as principal for its own account in the normal and ordinary course of its business; and
- (l) this Transaction, including the accounting and tax treatment to be accorded to the Transaction, is consistent with all regulatory requirements arising from or applicable to this Transaction and it has taken all steps necessary to ensure that this Transaction complies with such requirements, and it will ensure that such accounting and tax treatment is appropriately reflected, if required, with the proper regulatory authorities in the applicable jurisdiction.

Party B represents and warrants to Party A and undertakes to Party A at all times:

- (m) (*status*) it is a company validly existing under the laws of the place of its incorporation;
- (n) (*power*) it has the power to enter into and perform its obligations under the Equity Derivative Financing Documents, to carry out the Equity Derivative Transactions and to carry on its business as now conducted or contemplated;
- (o) (*corporate authorisation*) it has taken all necessary corporate action to authorise the entry into and performance of the Equity Derivative Financing Documents, and to carry out the Equity Derivative Transactions;
- (p) (*documents binding*) each Equity Derivative Financing Document is its valid and binding obligation enforceable against it in accordance with its terms, subject to the application of equitable principles and creditors' rights generally and any necessary stamping and registration;
- (q) (*transactions permitted*) the execution and performance by it of the Equity Derivative Financing Documents and the Transaction did not and will not violate in any respect any existing provision of a law or treaty or a judgment, ruling, order or decree of a government agency binding on it, its constitution or other constituent documents, or any other document or agreement which is binding on it or its assets;
- (r) (*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 Equity Derivative Financing 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;
- (s) (*pari passu ranking*) its payment obligations under the Equity Derivative Financing Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors;
- (t) (*other information*)
 - (i) the information and reports (if any) that it has given to Party A or any in connection with the Equity Derivative Financing Documents are true and accurate in all material respects and not misleading in any material respect (including by omission); and

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- (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 Party B), as at the date of this document or, if given later, when given;
- (u) (*disclosure of relevant information*) Party B has disclosed to Party A 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 Equity Derivative Financing Documents;
- (v) (*no default*) Party B has notified Party A of any Event of Default or Potential Event of Default that has occurred and is continuing, and it is not in breach of any other agreement in a manner that could have a Material Adverse Effect;
- (v) (*commercial activity*) Party B is subject to civil and commercial law with respect to its obligations under the Equity Derivative Financing Documents. The execution and delivery of the Equity Derivative Financing Documents constitute, and Party B's performance of and compliance with its obligations under those documents will constitute, private and commercial acts rather than public or governmental acts;
- (w) (*immunity*) neither Party B 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 Equity Derivative Equity Derivative Financing Documents taken in any jurisdiction, including, without limitation, in Party B's country; and
- (x) (*processing of transactions*) the processing of any transaction by Party A in accordance with Party B's instructions will not contravene any laws or regulations in Australia, Papua New Guinea or any other applicable jurisdiction.

These representations and warranties are repeated each time Party B enters into a Transaction with Party A and on each date on which a payment or delivery is due from Party B under the Transaction.

Each party will be deemed to represent to the other party on the date on which it enters into each Transaction that (in the absence of any written agreement between the parties which expressly imposes affirmative obligations to the contrary for this Transaction):-

- (A) *Non-Reliance*. It is acting for its own account, and it has made its own independent decisions to enter into this Transaction and as to whether this Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction, it being understood that information and explanations related to the terms and conditions of this Transaction will not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of this Transaction.
- (B) *Assessment and Understanding*. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Transaction. It is also capable of assuming, and assumes, the risks of this Transaction.
- (C) *Status Of The Parties*. The other party is not acting as a fiduciary for or an adviser to it in respect of this Transaction.

The parties further agree that details of this Transaction (including the identity of the counterparty) may, (1) upon request or order by any competent authority, regulatory or enforcement organisation, governmental or otherwise, including the securities exchange on which the underlying shares are listed, and (2) as required by applicable law, rules, regulations, codes or guidelines (whether having the force of law or otherwise), be disclosed in accordance with such request, order, law, rules, regulations, codes or guidelines (whether such disclosure is to be made to third parties or otherwise). By entering into the Transaction, each party agrees to such disclosure and releases the other party and any of its subsidiaries and affiliates from any duty of confidentiality owed to it in relation to such information.

2) Additional Termination Events

- (a) If any of the events, circumstances or conditions referred to in Part I (*Additional Termination Events*) of Schedule 2 (*Additional Provisions*) occurs it shall constitute an Additional Termination Event with all Transactions between Party A and Party B as Affected Transactions and Party B as the sole Affected Party.

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- (b) In addition, the occurrence of any of the following events will constitute an Additional Termination Event in respect of which Party B will be the sole Affected Party and all Transactions between Party A and Party B will be the Affected Transactions:
 - (i) the occurrence of an "Event of Default" or a "Termination Event" (other than the Additional Termination Event under paragraph 2(a) of the confirmation under the Back Collar Agreement) under the Back Collar Agreement, in each case, in respect of which the Back Collar Transaction is a "Terminated Transaction" under the Back Collar Agreement; or
 - (ii) the Back Collar Transaction is terminated or cancelled, or a party is entitled in accordance with the terms of the Back Collar Agreement to terminate or cancel the Back Collar Transaction, in each case, other than as a result of the occurrence of an "Event of Default" or "Termination Event" under the Back Collar Agreement.

3) Optional Early Termination

- (a) Party B may, from time to time, give irrevocable notice (an "**Optional Early Termination Notice**") to each of Party A and the Calculation Agent of an optional early termination of this Transaction:
 - (i) in whole; or
 - (ii) in part by terminating:
 - (A) all of one or more Collar Groups, where the number of Collar Groups to be terminated is less than the aggregate number of Collar Groups under this Transaction; and/or
 - (B) part of one or more Collar Groups, provided that all Tranches of each such Collar Group will be terminated in the same proportion,

(each such optional early termination, an "**Optional Early Termination**").

However, Party B acknowledges and agrees that if the Transaction is to be terminated in part, that termination must be pro-rata in respect of Collar Cluster A and Collar Cluster B.

- (b) The Optional Early Termination Notice must be in writing and must state:
 - (i) whether the Transaction is to be terminated in whole or in part;
 - (ii) if the Transaction is to be terminated in part under paragraph 3(a)(ii)(A) above, each of the Collar Groups to be so terminated;
 - (iii) if the Transaction is to be terminated in part under paragraph 3(a)(ii)(B) above, each of the Collar Group to be so terminated and the proportion to be so terminated expressed as a percentage of the Collar Group Quantity (such percentage, the "**Collar Group Termination Percentage**"); and
 - (iv) Party B's irrevocable election of whether Cash Settlement or Physical Settlement will apply to each of the Collar Group(s) subject to optional early termination in whole or in part (each such Collar Group, an "**Affected Collar Group**").
- (c) If Cash Settlement is applicable in respect of an Affected Collar Group, then on the Currency Business Day after the day on which Party A receives the Optional Early Termination Notice from Party B or such later date as agreed between Party A and Party B (such Currency Business Day or such later date, the "**Affected Collar Group Final Exchange Payment Date**") Party B must pay to Party A the Collar Group Final Exchange Amount for that Affected Collar Group or that portion of the Collar Group Final Exchange for that Affected Collar Group referable to the proportion of that Affected Collar Group being terminated in part, as applicable (such payment amount, the "**Affected Collar Group Final Exchange Amount**"). Upon receipt by Party A of the Affected Collar Group Final Exchange Amount for an Affected Collar Group in immediately available funds, Party A agrees that, on the Scheduled Trading Day following the date of receipt by Party A of such Affected Collar Group Final Exchange Amount or on such later date as agreed between Party A and Party B, it will commence

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unwinding its applicable Hedge Positions in connection with that Affected Collar Group or the proportion of that Affected Collar Group being terminated in part. Upon receipt of by Party A of the Affected Collar Group Final Exchange Amount for an Affected Collar Group in immediately available funds, the Final Exchange Amount per Tranche for the Tranches subject to the optional early termination shall be reduced by the amount paid in respect of that Tranche.

- (d) If Physical Settlement is applicable in respect of an Affected Collar Group, the parties will agree on the Expiration Dates which will apply to each Tranche (or the portion of each Tranche) in the Affected Collar Groups.
- (e) Where Cash Settlement or Physical Settlement is applicable in respect of an Affected Collar Group, the parties agree that in relation to Party A's unwinding of its applicable Hedge Positions in connection with that Affected Collar Group or the proportion of that Affected Collar Group being terminated in part (such unwinding of applicable Hedge Positions, the "**Hedge Unwind Process**"):
 - (i) Party B may request Party A to provide Party B with a non-binding indication of the timing of the Hedge Unwind Process; and
 - (ii) the sequence of the termination (in whole or in part) of the Affected Collar Groups will be as notified by Party A to Party B.

Following the completion of the Hedge Unwind Process, the Calculation Agent shall determine in its discretion the date on which such Optional Early Termination is to be effected (the "**Optional Early Termination Date**") and the unwind amount ("**Optional Early Termination Amount**") payable by one party to the other party, which shall be:

- (iii) calculated without regard to the payment of the Party A Optional Early Unwind Payment Amount (as defined below) under paragraph 3(g) below; and
- (iv) subject to such factors as the Calculation Agent deems relevant including, without limitation, the prevailing market circumstances and the price per Share which the Hedging Party would have achieved in terminating or liquidating its applicable Hedge Positions in connection with the Optional Early Termination, as determined by the Calculation Agent in good faith and a commercially reasonable manner.

Upon determination of the Early Termination Amount by the Calculation Agent, the Calculation Agent will notify Party B of (A) the Optional Early Termination Date, (B) the Optional Early Termination Amount, (C) the date on which the Optional Early Termination Amount is payable and (D) the party by and to whom the Optional Early Termination Amount is payable.

- (f) If the Transaction is terminated in part, then the Calculation Agent will make such adjustments to the terms of the Transaction as it in good faith determines appropriate to take account of such Optional Early Termination. The parties agree that such adjustments will include, without limitation, reduction of the Tranche Quantity of each Tranche in the Affected Collar Groups to reflect the Optional Early Termination, but the Strike Prices for the Put Options and the Call Options will not be amended as a result of the Optional Early Termination.
- (g) To the extent that the Transaction is unwound pursuant to an Optional Early Termination, the parties agree and acknowledge that Party A shall pay the Party A Optional Early Unwind Payment Amount to Party B as agreed and calculated in accordance with the Front Collar Side Letter. In addition, the parties agree and acknowledge that each of the Optional Early Termination Amount and the Party A Optional Early Unwind Payment Amount may be reduced by Party A by the amount of any interest withholding tax applicable to either or both of those payments and in no circumstances is Party A required to gross up or pay any additional amounts to Party B on account of any reduction made to the Optional Early Termination Amount or the Party A Optional Early Unwind Payment Amount on account of interest withholding tax.

"**Party A Optional Early Unwind Payment Amount**" has the meaning given to it in the Front Collar Side Letter.

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The "**Early Termination Proportion**" to be used in the calculation of the Party A Optional Early Unwind Payment Amount (as defined in the Front Collar Side Letter) means:

- (i) with respect to any Tranche subject to optional early termination under paragraph 3(a)(ii)(A) above, 100%; and
- (ii) with respect to any Tranche subject to optional early termination under paragraph 3(a)(ii)(B) above, Collar Group Termination Percentage.

4) Credit Support

- (a) Credit Support Document means: in relation to Party A, not applicable and in relation to Party B, the Existing Specific Security Deed and the Existing Nominee Deed.
- (b) Credit Support Provider means: in relation to Party A, not applicable and in relation to Party B, not applicable.
- (c) Paragraph 11 of the CSA is included as Schedule 1 hereto. However, it is acknowledged and agreed by the parties that the CSA shall operate one-way in the sense that only Party B is required to transfer Eligible Credit Support (and Party A shall not) and the CSA is modified in accordance with Schedule 1.

5) Voting Arrangements

Party B may, by providing at least 10 Business Days' prior written notice, request a transfer of Shares included in the Credit Support Balance for the sole purpose of enabling Party B to vote at a properly convened meeting of members of the Issuer. Subject to availability of stock borrow in the Shares on terms reasonably acceptable to Party A, Party A will use its best efforts to borrow Shares from third parties to comply with any such request, provided also that:

- (a) no Potential Event of Default, Event of Default or Termination Event has occurred in respect of which Party B is the Defaulting Party or in respect of which Party B is the Affected Party;
- (b) the number of Shares requested does not exceed the number of Shares included in the Credit Support Balance at that time;
- (c) the Shares are delivered to UBS Nominees Pty Ltd (the "**Nominee**") who will hold the Shares in accordance with the Existing Nominee Deed;
- (d) Party B is eligible to vote at the meeting of members of the Issuer during the time when the Shares are held by the Nominee;
- (e) the Shares are to be held by the Nominee for the shortest period of time necessary to give Party B the entitlement to direct the Nominee to vote at the meeting of members referred to in paragraph (d) above, and the Nominee is subject to an enforceable, irrevocable instruction to redeliver the Shares to Party A as soon as possible after the record time for the member vote and Party B shall pay to Party A any costs incurred by Party A related to a delayed delivery;
- (f) an Ex-Distribution Date for the Share is not scheduled to occur during the period when Shares are held by the Nominee, and if an Ex-Distribution Date does occur during that period then the Nominee is subject to an enforceable, irrevocable instruction to promptly redeliver the Shares to Party A prior to the Ex-Distribution Date and Party B shall bear any costs incurred by UBS related to any delayed delivery relating to an Ex-Distribution Date;
- (g) if Shares are not redelivered to Party A prior to an Ex-Distribution Date and Party B (or the Nominee as nominee for Party B) becomes entitled to receive, and does receive, any Distribution, then Party B agrees to deliver to Party A, or pay to Party A an amount equal to, and the Nominee is subject to an enforceable, irrevocable instruction from Party B to promptly deliver to Party A, or pay to Party A an amount equal to, such Distribution following the making of such Distribution by the Issuer; and
- (h) Party B pays Party A the stock borrow cost incurred by Party A to procure the delivery of Shares to be held by the Nominee, by no later than the third Business Day after the Shares are returned to Party A. Such borrow cost shall be calculated on no more than the Delta Quantity of Shares.

Subject to the foregoing procedures, Party B may in accordance with the Existing Nominee Deed direct, in writing, the Nominee to exercise any voting rights it has in respect of the Shares held by the Nominee.

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6) Events of Default

Section 5(a) of the ISDA Form is amended as follows:

- (i) by deleting the following words from subsection (i) thereof: "if such failure is not remedied on or before the first Local Business Day in the case of any such payment or the first Local Delivery Day in the case of any such delivery after, in each case, notice of such failure is given to the party"
- (ii) by deleting the number "30" appearing on line five of subsection (ii)(1) thereof and substituting the number "10" therefor; and
- (iii) by inserting the following at the end of subsection (vii)(3) thereof:

"or a notice is sent convening a meeting to propose a voluntary arrangement of its creditors".

7) Cross-Default

The "Cross-Default" provisions of Section 5(a)(vi) of the ISDA Form will apply to Party B and will not apply to Party A.

"Specified Entity" means:

- (a) In relation to Party A for the purpose of Section 5(a)(vi), none; or
- (b) In relation to Party B for the purpose of Section 5(a)(vi), none.

"Specified Indebtedness" means any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of money borrowed or raised or under any finance lease, redeemable preference share, letter of credit, futures contract, bills facility, guarantee, indemnity or a transaction of a type described in sub-paragraphs (a)(i) and (ii), (b) and (c) of the definition of Specified Transaction.

"Threshold Amount":

- (a) does not apply to Party A; and
- (b) with respect to:
 - (i) Party B, means AUD25,000,000 or its equivalent in any other currency or currencies; or
 - (ii) a Specified Entity of Party B, means AUD25,000,000 or its equivalent in any other currency or currencies.

8) Market Disruption Events

If the Expiration Date for a Tranche is a Disrupted Day then to the extent the Expiration Date is deferred to a later date in accordance with Section 3.1(f) of the Equity Definitions, the Expiration Date(s) for the unexpired Tranche(s) in the same Collar Group shall be deferred by the same number of Scheduled Trading Days.

9) Miscellaneous

Offices:

The Office of Party A for the Transaction is Australia.
The Office of Party B for the Transaction is Port Moresby.

Addresses for Notices:

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The addresses for notices for the purpose of section 12(a) of the Agreement are set out on page 1 of this Confirmation.

Process Agent:

- (a) Party B irrevocably appoints Gadens Lawyers Sydney Pty Ltd ACN 100 963 308 of Level 16, 77 Castlereagh Street, Sydney NSW 200 as its agent under this document for service of process in any proceedings in the State of New South Wales.
- (b) If any person appointed as process agent is unable for any reason to act as agent for service of process, Party B must immediately appoint another agent on terms acceptable to Party A. Failing this, Party A may appoint another person for this purpose.
- (c) Party B undertakes to maintain the appointment of the process agent until all money owed by Party A to Party B under the Equity Derivative Financing Documents is finally and irrevocably paid in full, and agrees that any process served on that person is taken to be served on it.
- (d) This clause does not affect any other method of service allowed by law.

Governing Law and Consent to Jurisdiction

This Confirmation will be governed by, and construed in accordance with, the laws in force in the State of New South Wales and each party submits to the non-exclusive jurisdiction of the courts of that State without reference to choice of law doctrine.

Notwithstanding Section 13(b)(i) of the ISDA Form, each party submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, and any court that may hear appeals from any of those courts, for any proceedings in connection with this Confirmation.

Party B irrevocably waives any objection to the venue of any proceedings on the ground that they have been brought in an inconvenient forum.

10) FATCA - HIRE Act.

(a) FATCA PROTOCOL PROVISION. "Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in Part 2(a) of the Schedule (Payer Tax Representation), if applicable, and "Indemnifiable Tax" as defined in Section 14 of this Agreement shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of this agreement. If the parties each independently decide to adhere to any ISDA Protocol on FATCA Withholding Tax, upon effective adherence by both parties, the provisions of such Protocol shall supersede the foregoing provision

(b) SHORT FORM HIRE ACT PROTOCOL PROVISION. The parties agree that the definitions and provisions contained in the Attachment to the 2010 Short Form HIRE Act Protocol published by the International Swaps and Derivatives Association, Inc. on November 30, 2010 are incorporated into and apply to this Agreement as if set forth in full herein. The definition of "Indemnifiable Tax" shall not include any Dividend Equivalent Tax.

11) Definitions and interpretation

Unless the otherwise defined in this Confirmation and unless the context otherwise requires, capitalized terms and expressions used in this Confirmation have the respective meanings given to them in the Global Novation and Amendment Deed. In this Confirmation the following terms also have the following meanings:

"**Back Collar Transaction**" means the equity derivative transaction(s) under the Back Collar Agreement.

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"Back Collar Agreement" means the confirmation letter dated on or about the date of this Confirmation between UBS and JPM, including any ISDA master agreement or credit support annex incorporated in or entered into under or in relation to the letter or the transactions contemplated therein, and includes the Back Collar Side Letter.

"Back Collar Side Letter" means the confirmation side letter dated on or about the date of this Confirmation between UBS and JPM relating to the confirmation letter referred to in the definition of "Back Collar Agreement".

"Equity Derivative Financing Document" means:

- (a) each Existing Equity Derivative Financing Document;
- (b) any document or agreement that is entered into under any of the above;
- (c) the Global Novation and Amendment Deed;
- (d) any document or agreement that amends, supplements, replaces or novates any of the above; and
- (d) any undertaking (whether or not in writing) by Party B that is given under or relates to any of the above.

"Ex-Distribution Date" means, in respect of any Distribution in respect of Shares, the date on which the Shares commence trading on the Exchange without entitlement to the Distribution.

"Existing Equity Derivative Financing Documents" means:

- (a) the Deemed Agreement;
- (b) the Front Collar Side Letter;
- (c) the Existing Nominee Deed; and
- (d) the Existing Specific Security Deed.

"Existing Nominee Deed" means the document entitled "Nominee Deed" dated 12 March 2014 between Party A, the Independent State of Papua New Guinea and UBS Nominees Pty Ltd (ABN 32 001 450 522), as novated from the Independent State of Papua New Guinea to Party B pursuant to the Global Novation and Amendment Deed and as amended pursuant to the Front Collar Amendment and Restatement Deed.

"Existing Specific Security Deed" means the "Specific Security Deed (CHESS Securities – Collar)" dated 12 March 2014 between Party A and the Independent State of Papua New Guinea, as novated from the Independent State of Papua New Guinea to Party B pursuant to the Global Novation and Amendment Deed and as amended pursuant to the Front Collar Amendment and Restatement Deed.

"Front Collar Amendment and Restatement Deed" means the document of that title dated on or about the date of this Confirmation between, among others, UBS and Party B.

"Front Collar Side Letter" means the confirmation side letter dated on or about the date of this Confirmation between UBS and Party B relating to this Confirmation which replaces the confirmation side letter with subject "Financing transaction in respect of OSH – Confirmation Side Letter" dated 12 March 2014 between KPIL and UBS, as novated / amended and restated on or about 17 December 2014.

"Global Novation and Amendment Deed" means the document of that title dated on or about 17 December 2014 between, among others, the Independent State of Papua New Guinea, Party A and Party B.

"JPM" means J.P. Morgan Securities plc.

"Material Adverse Effect" means a material adverse effect on:

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- (a) Party B's business, operation, property or condition (financial or otherwise);
- (b) Party B's ability to perform its obligations under the Equity Derivative Financing Documents;
- (c) the attachment, perfection, effectiveness or priority of any Security Interest given under the Equity Derivative Financing Documents; or
- (d) the validity or enforceability of any Equity Derivative Financing Document or the rights and remedies of Party A under any Equity Derivative Financing Document.

“**State**” means the Independent State of Papua New Guinea.

Unless the context otherwise requires, a reference to 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.

12) Stamp duty

Party B is solely responsible for, and must indemnify Party A against, any stamp duty including any interest or penalty that is payable on or in relation to:

- (a) this Confirmation;
- (b) the sale, purchase, assignment, transfer or declaration of trust of or over any property under this Confirmation; and
- (c) any instrument or transaction that this Confirmation contemplates (including any other Equity Derivative Financing Document).

SCHEDULE 1 – CREDIT SUPPORT ANNEX PARAGRAPH 11

Paragraph 11. Elections and Variables

(a) ***Base Currency and Eligible Currency.***

- (i) "Base Currency" means Australian Dollars.
- (ii) "Eligible Currency" means the Base Currency.

(b) ***Credit Support Obligations.***

(i) ***Delivery Amount, Return Amount and Credit Support Amount.***

(A) ***"Delivery Amount"***

Party A is not required to deliver any Eligible Credit Support (whether by way of Delivery Amounts or Return Amounts or otherwise) to Party B in respect of the Transaction covered by this Confirmation.

Despite any other provision of this Confirmation, Party B must on the Initial Exchange Date deliver to Party A an initial Delivery Amount comprised of Shares in an amount equal to the Aggregate Number of Shares. No other Delivery Amounts are required to be delivered by Party B to Party A except:

(aa) in circumstances where Eligible Credit Support in the form of Shares has been transferred by Party A to the Nominee in accordance with "Additional Provisions paragraph 4 – Voting Arrangements" of this Confirmation, in which case the required Delivery Amount is equivalent to the number of Shares so transferred to the Nominee. The Delivery Amount must be delivered to Party A in accordance with "Additional Provisions paragraph 4 – Voting Arrangements" of this Confirmation and the Existing Nominee Deed; and

(bb) in circumstances where Party A has agreed to the delivery or substitution of collateral other than the Shares, in which case any required Delivery Amounts are determined in accordance with the agreement between Party A and Party B in respect of that alternative collateral.

(B) ***"Return Amount"***

Despite any other provision of this Confirmation, Party A must on the Cash Settlement Payment Date (if Cash Settlement applies) or Settlement Date (if Physical Settlement applies) for a Tranche, deliver a Return Amount comprised of Shares in an amount equal to the Tranche Quantity for that Tranche to Party B, provided that no Event of Default (as defined in the ISDA Form) has occurred in respect of which Party B is the Defaulting Party or Termination Event has occurred in respect of which Party B is the Affected Party.

To the extent that, on a Settlement Date, Party A is required to deliver a Return Amount to Party B (such quantity of Shares being "**Quantity X**") and Party B is on that date required to deliver Shares to Party A in connection with the physical settlement of the Related Options (such quantity of Shares being "**Quantity Y**"), Party A's obligation to deliver Shares under this Confirmation in respect of the relevant Tranche shall be satisfied by the delivery of a number of Shares to Party B on the Settlement Date for that Tranche, equal to the excess, if any, of Quantity X over Quantity Y.

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(C) "**Credit Support Amount**" in Paragraph 10 does not apply and, instead, for the purposes of this Confirmation, it means at any time an amount equal to the Aggregate Number of Shares comprised in the Delivery Amount on the Initial Exchange Date less any Shares delivered to Party B under paragraph (B) ("**Return Amount**") above.

(ii) **Eligible Credit Support.** The following items will qualify as "**Eligible Credit Support**":

	Party B	Valuation Percentage
Fully paid ordinary shares of the Issuer, or any other collateral agreed to in advance in writing by Party A	✓	100%
Australian Dollars cash	✓	100%

"**Issuer**" means Oil Search Limited (ARBN 055 079 868). ASX code "OSH".

(iii) **Thresholds.**

(A) "**Independent Amount**" means with respect to Party A: zero
"**Independent Amount**" means with respect to Party B: zero

(B) "**Threshold**" means zero for both Party A and party B.

(C) "**Minimum Transfer Amount**" means zero for both Party A and Party B.

(D) **Rounding.** Zero

(c) **Valuation and Timing.**

(i) "**Valuation Agent**" means Party A.

(ii) "**Valuation Date**" means any Local Business Day.

(iii) "**Valuation Time**" means the close of business in the Relevant Market on the Local Business Day first preceding the Valuation Date or date of calculation, as applicable.

For the purposes of this provision, "Relevant Market" means:

(a) with respect to the calculation of Value, the principal market in which the Eligible Credit Support is traded; and

(b) with respect to the calculation of Exposure, the location most closely associated with the relevant Transaction;

each as determined by the Valuation Agent, or as otherwise agreed between the parties.

(iv) "**Notification Time**" means 3:00 p.m., Sydney time, on the Local Business Day.

(d) **Exchange Date.** "**Exchange Date**" has the meaning specified in Paragraph 3(c)(ii).

(e) **Dispute Resolution.**

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- (i) **"Resolution Time"** means 3:00 p.m., Sydney time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 4.
 - (ii) **Value.** For the purpose of Paragraphs 4(a)(4)(i)(C) and 4(a)(4)(ii), disputes over value will be resolved by the Valuation Agent seeking three bid quotes as of the relevant Valuation Date or date of Transfer from parties that regularly act as dealers in the securities or other property in question. The Value will be the Base Currency Equivalent of the arithmetic mean of the bid prices obtained by the Valuation Agent, multiplied by the applicable Valuation Percentage.
 - (iii) **Alternative.** The provisions of Paragraph 4 will apply.
- (f) **Distributions and Interest Amount.**

Despite anything to the contrary in the 1995 ISDA Credit Support Annex forming part of the ISDA Form, Party A is only required to pay "Equivalent Distributions" to Party B as contemplated under paragraph 5(c) of the 1995 ISDA Credit Support Annex as follows:

- a) If the ex-date of an Extraordinary Dividend declared in respect of the Shares occurs during the Dividend Period then Party B agrees that:
 - (i) Party A shall not be required to pay an Equivalent Distribution to Party B in respect of a quantity of Shares equal to the Delta Quantity;
 - (ii) Party A shall either (A) pay to Party B an Equivalent Distribution equal to the Actual Dividend Amount per Share in respect of the Non-Delta Quantity; or (B) make such adjustments to the terms of the Transaction in respect of the Extraordinary Dividend under Section 11.2 of the Equity Definitions; and
 - (iii) payment under paragraph (ii), if applicable, shall be made by no later than the second Business Day after the payment date of such Extraordinary Dividend or cash return by the Issuer.
- b) If the ex-date of an ordinary dividend declared in respect of the Shares occurs during the Dividend Period then Party B agrees that:
 - (i) Party A shall not be required to pay to Party B an Equivalent Distribution in respect of a quantity of Shares equal to the Delta Quantity;
 - (ii) Party A shall pay to Party B an Equivalent Distribution equal to the Actual Dividend Amount per Share in respect of the Non-Delta Quantity; and
 - (iii) payment under paragraph (ii) shall be made by no later than the second Business Day after the payment date of such ordinary dividend by the Issuer.

No Interest Amounts are payable by Party A to Party B.

For the purposes of the above:

"Delta Quantity" is a number determined by UBS that is between zero and the Aggregate Number of Shares.

"Non-Delta Quantity" is calculated as the Aggregate Number of Shares minus the Delta Quantity.

"Actual Dividend Amount" is the Australian dollar equivalent dividend amount per Share declared by the Issuer, or if the Issuer does not declare an Australian dollar equivalent dividend amount then it is the dividend amount per share declared by the Issuer multiplied by an exchange rate determined by the Calculation Agent on the ex-dividend date to convert that amount into Australian dollars, less any withholding that would be applicable to Party A when it makes a payment to Party B under this Confirmation, and less any withholding that would

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be applicable to a shareholder in the same position and with the same characteristics as Party A.

"**Dividend Period**" means the period from but excluding the Trade Date, to and including the Expiration Date for the relevant Tranche.

(g) ***Demands and Notices / Address for Transfers.***

- (i) Any demand, specification or notice under this Annex (each, a "**Notice**") must be delivered in writing which, for the avoidance of doubt, shall include electronic messaging or email. All Notices shall be delivered to the following email addresses and physical addresses:

With respect of Party A:

Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Email address: elaine.chow@ubs.com / kevin.bayett@ubs.com / sh-aus-eq-support@ubs.com / greg.jansz@ubs.com / grant.schwulst@ubs.com / sh-syd-rmp-op@ubs.com / jalpa.shillig@ubs.com

Telephone: +61 2 9324 2216 / +61 2 9324 3140 / +61 2 9324 3193

Fax number: +61-2-9324-2880

Attention: Elaine Chow / Kevin Bayett / Greg Jansz / Grant Schwulst / Jalpa Shillig

And to: Tom Herbert
Address: UBS AG, London Branch,
1 Finsbury Avenue,
London EC2M 2PP
Email address: tom.herbert@ubs.com

With respect to Party B:

Kumul Petroleum Investments Limited

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

Email address: RWato@kumulpetroleum.com

Telephone: +675 320 2253

Fax Number: +675 3200238

Attention: Rogen Wato

With a copy to: Gadens Lawyers
Level 16
77 Castlereagh Street
Sydney NSW 2000
Australia

- (ii) **Addresses and account details for Transfers.**

With respect of Party A:

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UBS AG, Australia Branch
BSB: 946-612
Account#: 242888
Attn: Collateral Mgr Sydney
Exigo Code: UBSB20
For delivery of Shares:
PID: 1505
HIN: X0000103462

With respect to Party B:

To be advised by Party B to Party A

(h) ***Other Provisions.***

This Annex, including the act of transfer (disposition) itself, will be governed and construed in accordance with New South Wales law.

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SCHEDULE 2 – ADDITIONAL PROVISIONS

Part I – Additional Termination Events

Each of the following events or circumstances is an Additional Termination Event:

- (a) **(non-payment)** Party B fails to pay any amount that is due and payable by it under an Equity Derivative Financing Document when it is due unless payment is made within 1 Local Business Day of its due date;
- (b) **(other obligations)** Party B fails to comply with any of its obligations under an Equity Derivative Financing Document (other than a failure referred to elsewhere in this Part I) and:
 - (i) Party A considers that the failure cannot be remedied; or
 - (ii) Party A considers that the failure can be remedied, and the failure is not remedied within 10 days after it occurs;
- (c) **(misrepresentation)** any representation, warranty or statement made or repeated by Party B in or in connection with an Equity Derivative Financing Document is untrue or misleading (whether by omission or otherwise), when so made or repeated, in any material respect;
- (d) **(Insolvency Event)**
 - (i) a moratorium is declared in respect of the financial indebtedness (including granting a guarantee of financial indebtedness and including any obligation (whether present or future, actual or contingent) to pay or deliver any money or commodity under or in respect of any financial accommodation or derivative transaction) of Party B;
 - (ii) Party B commences negotiations with any one or more of its foreign creditors with a view to the general readjustment or rescheduling of its financial indebtedness (including granting a guarantee of financial indebtedness and including any obligation (whether present or future, actual or contingent) to pay or deliver any money or commodity under or in respect of any financial accommodation or derivative transaction);
 - (iii) an Insolvency Event occurs in respect of Party B;
- (e) **(Other default)** an event of default, a termination event or any other event giving rise to termination or cancellation of a transaction under another Equity Derivative Financing Document (however that event may be defined or described) occurs;
- (f) **(Material Adverse Effect)** an event or a change occurs (whether or not foreseeable) which has a Material Adverse Effect;
- (g) **(compulsory acquisition)**
 - (i) all or a material part of the property of Party B is compulsorily acquired by any government agency; or
 - (ii) Party B sells or divests itself of all or a material part of its property because it is required to do so by a binding order from a government agency,

and Party B does not receive compensation for the acquisition, sale or disposal which is acceptable to Party A;
- (h) **(inability to perform)** if Party B ceases for any reason to be able lawfully to carry out all the transactions which an Equity Derivative Financing Document contemplates may be carried out by it;

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- (i) **(provisions void)** if all or any material provision of an Equity Derivative Financing Document is or becomes void, voidable, illegal or unenforceable or of limited force (other than because of equitable principles or laws affecting creditors' rights generally), or Party B claims this to be the case; and
- (j) **(exchange controls)** any restriction is imposed on the ability of Party B to hold, deal with and remit foreign currencies which would make it impossible for it to perform its obligations under an Equity Derivative Financing Document.

Part II – Undertakings

Party B must:

- (a) **(comply with law)** comply with all applicable laws; and
- (b) **(hold Authorisations)** obtain and maintain each Authorisation that is necessary or desirable to:
 - (i) execute the Equity Derivative Financing Documents to which it is a party and to carry out the transactions that those documents contemplate; or
 - (ii) ensure that the Equity Derivative Financing Documents to which it is a party are legal, valid, binding and admissible in evidence,

and must comply with any conditions to which any of these Authorisations is subject.

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EXECUTION PAGES

[EXECUTION BLOCKS INTENTIONALLY OMITTED]

Disclaimer

This information is communicated by UBS AG and/or its affiliates ("UBS"). UBS may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities, currencies, financial instruments or other assets underlying the transaction or product to which this document relates. UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in this document. UBS may pay or receive brokerage or retrocession fees in connection with this transaction. UBS' trading and/or hedging activities related to this transaction or product may have an impact on the price of the underlying asset and may affect the likelihood that any relevant barrier is crossed. UBS has policies and procedures designed to minimise the risk that officers and employees are influenced by any conflicting interest or duty and that confidential information is improperly disclosed or made available.

Structured products and OTC transactions are complex and may involve a high risk of loss. Prior to entering into a transaction or a product you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of this transaction or product) based upon your own judgement and advice from those advisers you consider necessary.

By entering into any transaction with or purchasing any product from UBS you acknowledge and agree that UBS is acting, and will at all times act, as an independent contractor on an arm's-length basis and is not acting, and will not act, in any other capacity, including as your financial adviser or fiduciary, unless expressly agreed in writing. UBS in its capacity as principal or agent is involved in a wide range of commercial banking and investment banking activities globally from which conflicting interests or duties may arise. UBS may provide services to your affiliates or any other entity or person (a "Third Party"), and may engage in any transaction (on its own account or otherwise) with respect to you or a Third Party, or act in relation to any matter for itself or any Third Party, notwithstanding that such services, transactions or actions may be adverse to you or your affiliates, and UBS may retain for its own benefit any related remuneration or profit. You should not rely on any communication (written or oral) of UBS or its employees as investment advice or as a recommendation to enter into the proposed transaction or to purchase the proposed product.

No communication (written or oral and including this document) received from UBS will be deemed to be an assurance or guarantee as to the expected results of the proposed transaction or product.

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No action has been or will be taken in any jurisdiction that would permit a public offering of the products described herein, save where explicitly stated in the product offer document. The products or transactions described herein must be sold or offered in accordance with all applicable selling restrictions in the jurisdictions in which they are made available.

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SCHEDULE 2

Conditions Precedent

Each of the following documents and information must be received by UBS in form and substance satisfactory to UBS:

1. **(Authority)** Documentary evidence of the authority of each person who has executed this document and each other Front Collar Document (other than the Nominee Deed and Specific Security Deed) on behalf of KPIL.
2. **(Specimen signatures)** The specimen signatures in respect of each person described in paragraph 1 under this schedule.
3. **(Party Authorisations)** Certified copies of all Authorisations necessary to enable KPIL to enter into, and to perform its obligations under, all Front Collar Documents to which it is a party including, without limitation, all expenditure, each acquisition of assets and each disposal of assets by KPIL as contemplated by KPIL's entry into and performance of the Front Collar Documents to which KPIL is a party has been presented by Kumul Petroleum Holdings Limited to the Prime Minister in his capacity as Kumul Petroleum Trustee and subsequently presented by the Prime Minister in his capacity as Kumul Petroleum Trustee to the National Executive Council ("**NEC**") and the NEC has approved all such expenditure, acquisition of assets and disposals of assets for the purposes of section 13 of the *Kumul Petroleum Holdings Limited Authorisation Act 2015* and for the purposes of section 46F of the *Kumul Consolidated Holdings Act 2002*.
4. **(Approval of the transactions – shareholders)** Approval of the transactions the subject of the Front Collar Documents to which KPIL is a party by Kumul Petroleum Holdings Limited in its capacity as shareholder of KPIL in accordance with sections 89 and 110 of *Companies Act 1997* (PNG).
5. **(Approval of the transactions – board of directors)** Approval of the transactions the subject of the Front Collar Documents to which KPIL is a party by the board of directors of KPIL in accordance with sections 138 and Schedule 4.6 of *Companies Act 1997* (PNG).
6. **(Filings)** All registrations and filings at any Government Agency in connection with the Front Collar Documents have been completed and evidence of satisfactory arrangements having been made for the payment of stamp duty (if any) in respect of the Front Collar Documents and Principal Documents.
7. **(AML CTF)** All information required by UBS to verify to its satisfaction the identity of each authorised representative to comply with anti-money laundering counter-terrorism financing laws and any other related internal requirements of UBS.
8. **(Front Collar Documents and other documents)** An executed original of each Front Collar Documents (other than the Nominee Deed and Specific Security Deed), together with all documents that UBS requires to enable it to register any Front Collar Documents with any Government Agency.
9. **(Legal opinions)** Any opinions and advice from UBS's lawyers (unless otherwise specified) on such legal matters as UBS may require, including in relation to the laws of Australia and the laws of the Independent State of Papua New Guinea.
10. **(Legal costs, consultancy costs and other amounts)**
 - (a) UBS is satisfied that on the Effective Date it will receive the full amount of money required for the payment of the costs and disbursements of the lawyers and consultants of UBS in connection with the preparation, negotiation and execution of the Front Collar Documents.

- (b) UBS is satisfied that on the Effective Date it will receive the full amount of all fees, costs, expenses, liabilities, losses and other amounts (including Taxes).
11. (**"Know Your Customer"**) Any information required by UBS to enable it to meet its internal "Know Your Customer" compliance requirements and normal operating procedures.
 12. (**Events of Default**) Evidence that no Event of Default or Potential Event of Default has occurred and is continuing, and that the entry into this document and the Front Collar Side Letter and the transactions contemplated by the Front Collar Documents will not result in the occurrence of an Event of Default or Potential Event of Default (including by having regard to the variations to the Principal Documents contemplated by this document).
 13. (**Representations**) Evidence that each representation and warranty made or repeated or deemed to be made or repeated by KPIL in the Front Collar Documents and the Principal Documents is true and correct in all material respects and not misleading.
 14. (**Other documents and information**) Such other documents or information as UBS may require.
 15. (**UBS hedging**) UBS has completed all required hedging activities in connection with the transaction under the Front Collar Confirmation.

Any document required to be certified by this schedule must be certified as a true, complete and up to date copy of the original by a director or a company secretary of the KPIL or by its lawyers, as at a date no earlier than the date of this document.

Execution pages

EXECUTED as a deed.

Each person who executes this deed 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
UBS AG, AUSTRALIA BRANCH by its
authorised signatories in the presence of:





Signature of witness

KAVISHA BILIMORIA


Name of witness



Signature of authorised signatory

CIRAN SCHWILST.

Name of authorised signatory



Signature of authorised signatory

Aaron Jones

Name of authorised signatory

THE COMMON SEAL of KUMUL
PETROLEUM INVESTMENTS LIMITED
the fixing of which was witnessed by:



Signature of director

WAPU SONK

Name

Signature of director/secretary

ROGEN WATO

Name



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



Signature of witness

KAVISHA BILIMORIA

Name of witness



Signature of attorney

GRANT SCHWULST.

Name of attorney

22/2/16

Date of attorney



Aaron Jones

22/2/16



SIGNED, SEALED and DELIVERED for
UBS SECURITIES AUSTRALIA
LIMITED under power of attorney in the
presence of:



Signature of witness

KAVISHA BILIMORIA

Name of witness



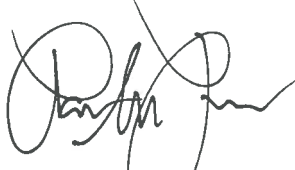
Signature of attorney

GRANT SCHWILKE

Name of attorney

22/2/16.

Date of attorney


Aaron Jones
22/2/16



Nominee Deed

Independent State of Papua New Guinea

UBS AG, Australia Branch

ABN 47 088 129 613

UBS Nominees Pty Ltd

ABN 32 001 450 522

UBS Securities Australia Limited

ABN 62 008 586 481

Project Kumul

12 March 2014

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THIS DEED is made on 12 March 2014

BETWEEN

- (1) **Independent State of Papua New Guinea (State)**
- (2) **UBS AG, Australia Branch** ABN 47 088 129 613 (**UBS**)
- (3) **UBS Nominees Pty Ltd** ABN 32 001 450 522 (**Nominee**)
- (4) **UBS Securities Australia Limited** ABN 62 008 586 481 (**Participant**)

RECITALS

The Nominee agrees to act on the terms set out in this deed as trustee for the State.

THE PARTIES AGREE AS FOLLOWS:

1. **INTERPRETATION**

1.1 **Definitions**

Unless otherwise defined in this deed, or unless the context otherwise requires, capitalised terms and expressions used in this deed have the respective meanings given to them in the Confirmation (including by reference to one or more other documents). The following definitions also apply in this deed.

Amounts Payable means all amounts (including damages) that are payable, owing but not payable, or that otherwise remain unpaid by the State to UBS on any account at any time (whether present or future, actual or contingent) under or in connection with the Equity Derivative Financing Documents or the transactions which they contemplate.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of the clearing and settlement facility operated by ASX Settlement.

Beneficial Interest means the beneficial interest of the State in the Trust Property.

Confirmation means the long-form confirmation in respect of a step collar derivative transaction dated on or about the date of this deed between UBS and the State.

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

Encumbrance means:

- (a) a security interest that is subject to the PPS Act;
- (b) any other mortgage, pledge, lien or charge;
- (c) an easement, restrictive covenant, caveat or similar restriction over property; or
- (d) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property,

in each case, whether existing or agreed to be granted or created.

Government Agency means a government or government department, or governmental or semi-governmental person and a person (whether autonomous or not) charged with administration of any applicable law and includes without limitation the Australian Tax Office and any revenue authority of Papua New Guinea.

GST has the same meaning as given to that term in the GST Law.

GST Law has the meaning given to the term "GST law" in *A New Tax System (Goods & Services Tax) Act 1999* (Cth).

Indemnified Party means:

- (a) the Nominee;
- (b) UBS; and
- (c) any successor, substitute or assign of any of the above.

Nominee means the trustee of the Trust from time to time being UBS Nominees Pty Ltd (ABN 32 001 450 522) at the date of this deed.

Payment Undertaking has the meaning given to that term in clause 4.1 (*Payment undertaking*).

PPS Act means the *Personal Property Securities Act 2009* (Cth).

Tax includes any tax, levy, impost, deduction, charge, rate, duty, compulsory loan or withholding which is levied or imposed by a Government Agency including GST, and any related interest, penalty, charge, fee or other amount, excluding stamp duty payable on this deed, or on the transfer of property to or by UBS or the Nominee.

Tax Invoice means a tax invoice complying with the requirements of any law about GST.

Trust means the trust constituted under this deed.

Trust Property means the sum of A\$10 and all other property transferred to and held by the Nominee pursuant to this deed from time to time (including any Shares) and all related rights, benefits and interests.

UBS Entity means UBS and any of its related bodies corporate.

1.2 Interpretation - references

Unless the contrary intention appears, a reference in this deed to:

- (a) **(variations or replacements)** a document (including this deed) includes any variation or replacement of it;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this deed;
- (c) **(reference to statutes)** a statute, ordinance, code or other law or the ASX Settlement Operating Rules includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) **(two or more persons)** an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (i) **(jointly and severally)** an agreement, representation or warranty by two or more persons binds them jointly and each of them individually except that the obligations of UBS and the Nominee under this deed are several and not joint;
- (j) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (k) **(meaning not limited)** the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (l) **(time of day)** a date or time is a reference to a date or time in Sydney;
- (m) **(next Business Day)** under this deed if an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day;
- (n) **(headings)** headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed; and
- (o) **(definitions)** a word or phrase defined in the Corporations Act or ASX Settlement Operating Rules, has the same meaning in this deed.

2. **DECLARATION**

2.1 **Declaration of Trust**

The Nominee declares that it holds each item of Trust Property as a trustee on the terms of this deed on trust for the State solely.

Subject to this deed, the Nominee undertakes to the State that it will:

- (a) transfer, deal with or otherwise dispose of the Trust Property as the State may direct and not otherwise; and
- (b) recognise the right of the State to dividends or distributions on Trust Property and will account to the State or as the State may direct for all Income or other distributions paid or made from time to time in respect of the Trust Property; and
- (c) deliver promptly or procure the transfer on demand to the State, or as it may direct, legal title to the Trust Property.

2.2 **Present entitlement**

The State is presently entitled to and has an absolute vested and indefeasible interest in the income of the Trust.

2.3 **Termination**

The Trust under this deed will terminate on the earlier of:

- (a) the date 80 years from the date of this deed; and
- (a) any earlier date determined by the Nominee in its absolute discretion with the consent of UBS.

2.4 **No disposal**

- (a) Except as expressly permitted by this deed, neither the Nominee nor the State shall dispose of any Trust Property during the continuation of the Trust.
- (b) In consideration for the transactions contemplated under the Equity Derivative Financing Documents, the State gives to UBS, and UBS has, irrevocable authority to give to the Nominee, on behalf of the State, such direction and instructions as to the disposal of Trust Property as the State is entitled to give under this deed. Without limiting the generality of this paragraph (b), this includes any such direction and instructions as to the disposal of Trust Property following UBS or any agent on its behalf appointing any controller or taking possession of any of the State's property (or any analogous event occurring under the law of any applicable jurisdiction).

2.5 **Beneficial interest**

- (a) The State is absolutely entitled pursuant to this deed as against the Nominee to the Trust Property.
- (b) The State must forebear from requiring the transfer of Trust Property to it or its nominee (other than the Nominee) prior to the termination date of the Trust.

2.6 **Liability of Indemnified Parties**

To the extent permitted by law, no Indemnified Party will be liable in respect of any conduct, delay, negligence or breach of duty in the exercise or non-exercise of any power, nor for any loss (including direct and indirect, economic and consequential loss) which results, except where it arises from fraud, gross negligence, or wilful misconduct by or on behalf of the Indemnified Party.

2.7 **Encumbrances**

- (a) The Nominee and the State must not create, or take or omit to take any action to permit to exist, any Encumbrance or other third party interest (other than an Encumbrance or third party interest created under an Equity Derivative Financing Document) over or in respect of any Trust Property or any interest in the Trust Property. Any such Encumbrance or other third party interest shall be invalid and unenforceable as between and/or against UBS, the Nominee and the State (or any person claiming under or through any of them).
- (b) Each of the Nominee and the State represents and warrants to UBS that no Trust Property is subject to any Encumbrance or other third party interest created by it (other than an Encumbrance or third party interest created under an Equity Derivative Financing Document).

3. VOTING AT MEETINGS OF THE ISSUER

3.1 Request

- (a) If the State is, or would be, eligible to vote at the meeting of members of the Issuer:
- (i) at the record time for the members' vote; and
 - (ii) during the time when the Shares are proposed to be held by the Nominee in accordance with this clause 3 (*Voting at meetings of the Issuer*),
- and provided that:
- (iii) no Event of Default or Termination Event has occurred in respect of the State; and
 - (iv) an Ex-Distributions Date in respect of the Shares is not scheduled or anticipated to occur during the time when the Shares are proposed to be held by the Nominee in accordance with this clause 3 (*Voting at meetings of the Issuer*),

then the State may request in writing, at least 10 Business Days prior to the proposed transfer date, that UBS transfers to the Nominee a specified number of Shares which Shares must not exceed the number of Shares in the Collateral Balance of the State at the time of the request.

- (b) UBS will use its best commercial efforts (as determined by UBS) to comply with a written request from the State under paragraph (a), subject to the terms of the Equity Derivative Financing Documents.
- (c) The State must pay to UBS the stock borrow cost incurred by UBS to procure the delivery of Shares to be held by the Nominee, by no later than the third Business Day after the Shares are transferred to UBS as contemplated under clause 3.3 (*Transfer of Shares back to UBS*). The borrow cost shall be calculated on no more than the Delta Quantity of Shares.
- (d) To the fullest extent permitted by law, UBS has and is under no liability (whether in negligence or otherwise) to the State or the Nominee for any costs, liabilities, losses or expenses incurred or suffered by the State or the Nominee in connection with or relating to any ability or inability of the Nominee or the State to cast any vote at any meeting of members (or a class of members) of the Issuer if Shares are not delivered to the Nominee as contemplated by this clause 3 (*Voting at meetings of the Issuer*).

3.2 Voting

In respect of any Shares comprised in the Trust Property:

- (a) subject to paragraph (b), the Nominee shall not cast any vote at any meetings of members (or a class of members) of the Issuer; and
- (b) the State may direct the Nominee to cast a vote at any meeting of members (or a class of members) of the Issuer in respect of any such Shares, in which case the Nominee must vote in accordance with the direction of the State.

3.3 Transfer of Shares back to UBS

- (a) The State acknowledges and agrees that for so long as any Shares are held by the Nominee, the State has an outstanding obligation to re-deliver Equivalent Credit Support under the terms of the Confirmation.
- (b) Accordingly, the parties acknowledge and agree that the Shares are to be held by the Nominee for the shortest period of time necessary to give the State the entitlement to direct the Nominee in accordance with clause 3.2 (*Voting*) to vote at the meeting of members referred to in clause 3.1 (*Request*). The State hereby irrevocably and unconditionally instructs and directs the Nominee to transfer to UBS (which transfer is undertaken in the ordinary exercise of the Nominee's lien as trustee) all Shares held by the Nominee as soon as practicable and in any event within one Business Day after the record time for the member's vote.
- (c) Without limiting clause 3.1(a) or the other provisions of this clause 3.3 (*Transfer of Shares back to UBS*), if an Ex-Distributions Date for the Shares is scheduled or anticipated to occur at any time while the Shares are held by the Nominee, then the State hereby irrevocably and unconditionally instructs and directs the Nominee to transfer to UBS (which transfer is undertaken in the ordinary exercise of the Nominee's lien as trustee) all Shares held by the Nominee as soon as practicable and in any event prior to the relevant Ex-Distributions Date in respect of the Shares.
- (d) All Shares transferred to UBS in accordance with this clause 3.3 (*Transfer of Shares back to UBS*) will constitute the delivery of Eligible Credit Support under and for the purposes of the Confirmation.
- (e) The State must indemnify the Indemnified Parties against, and must pay to the Indemnified Parties on demand the amount of, all costs, liabilities, losses or expenses incurred by an Indemnified Party in respect of any delay in transfer of the Shares caused directly or indirectly by the State.
- (f) If, notwithstanding and without limiting paragraph (c):
 - (i) the Shares are held by the Nominee on an Ex-Distributions Date of a Distribution declared or resolved to be paid or made in respect of the Shares; and
 - (ii) the Nominee receives any Distribution,then the State agrees that:
 - (iii) the Nominee shall deliver to UBS, or pay to UBS an amount equal to, the entirety of such Distribution received from the Issuer by no later than the second Business Day after the making of such Distribution by the Issuer; and
 - (iv) the provisions of the Confirmation in respect of Distributions in respect of Shares shall apply, as if the Shares remained held by UBS pursuant to the terms of the Confirmation, and with any other necessary changes.

The State hereby irrevocably and unconditionally instructs and directs the Nominee to make each such payment contemplated by this paragraph (f).

4. **UNDERTAKING**

4.1 **Payment undertaking**

At any time while the Trust Property consists of Shares, the Nominee indemnifies UBS against, and must pay to UBS on demand, the amount of all Amounts Payable (**Payment Undertaking**). The Payment Undertaking is a continuing indemnity and will (subject to the Nominee's limitation of liability in clause 7.2 (*Limitation of liability and obligations*)) extend to the ultimate balance of sums payable by the State under the Equity Derivative Financing Documents, regardless of any intermediate payment or discharge in whole or in part.

4.2 **State undertakings**

The State agrees:

- (a) to comply with all obligations affecting the Trust Property and pay on time all amounts for which the holder of the Trust Property is liable, including calls, instalments and Taxes;
- (b) at UBS's request in its discretion, to take up any rights attaching to Trust Property;
- (c) to promptly provide to UBS on request any information which UBS reasonably requests about the Trust Property or anything in relation to it; and
- (d) not to provide any instructions to the Nominee relating to the Trust Property that are inconsistent with this deed or any other Equity Derivative Financing Document.

4.3 **Nominee undertakings**

The Nominee and the State each acknowledges and agrees for the benefit of UBS in respect of each Share comprised in the Trust Property that:

- (a) the Nominee will not comply with instructions given by the State without seeking the consent of UBS except as expressly contemplated under clause 3 (*Voting at meetings of members*); and
- (b) the Nominee must comply with instructions (including instructions to transfer the Shares) given by UBS in accordance with the Equity Derivative Financing Documents without seeking the consent of the State.

5. **POWERS AND DUTIES OF THE NOMINEE**

5.1 **Limitations**

The Nominee shall have no powers, duties, rights or discretions in respect of the Trust except those expressly set out in this deed. In particular the Nominee shall have no power to dispose of Trust Property otherwise than in accordance with this deed.

5.2 **Transfer of Property**

Any power or duty of the Nominee to transfer any property under this deed (including the transfer of Trust Property) may be exercised or satisfied by instructing the Participant to transfer or dispose of the relevant property and/or posting or delivering to the registered address of the recipient an instrument of transfer of the relevant property in addition to any other mechanism or process permitted by law. Compliance by the Nominee with this clause will be a complete discharge of the Nominee's obligations with respect to the transfer of the relevant property.

5.3 **Directions of the Court**

UBS and/or the Nominee and/or the State may apply to a court for directions as to any matter arising in connection with the exercise of the powers and functions of UBS and/or the Nominee and/or the State under this deed, and the applicant shall not be responsible for any delay arising as a result.

5.4 **Knowledge of the Nominee**

The Nominee will only be considered to have knowledge, awareness or notice of a thing, or grounds to believe any thing, by virtue of the officers of the Nominee having day to day responsibility for the administration of the Trust having actual knowledge, actual awareness or actual notice of that thing, or grounds to believe that thing (and similar references will be interpreted in this way).

6. **OBLIGATIONS OF THE NOMINEE**

6.1 **Extent of discretion**

The Nominee need not:

- (a) act except when required to do so by this deed and then at the discretion of the Nominee as to the manner and time of acting; or
- (b) consult with the State before acting or giving any consent, approval or agreement or making any determination under this deed except where this deed expressly provides otherwise (including under clause 3.2 (*Voting*)).

6.2 **In funds**

The Nominee shall not act or fail to act if by doing so it will knowingly incur any material liability for which it is not satisfied that it is sufficiently indemnified from the Trust Property or otherwise.

6.3 **No responsibility for deed**

The Nominee has no responsibility for the form or contents of this deed or any other Equity Derivative Financing Document and will have no liability arising as a result of or in connection with any inadequacy, invalidity or unenforceability of any provision of this deed or any other Equity Derivative Financing Document.

6.4 **Exclusion of further obligations**

Despite any provision of this deed, the Nominee:

- (a) is not required to do or omit to do anything or incur any liability unless the Nominee's liability is limited in a manner satisfactory to the Nominee;
- (b) will not be under any obligations to advance or use its own funds for the payment of any costs, expenses or facilities;
- (c) will have no liability for the acts or omissions of any brokers or other agents whose acts or omissions are not reasonably capable of supervision by the Nominee;
- (d) has no responsibility for the performance by UBS and/or the State of their obligations under or in connection with this deed, the Trust Property, and the Nominee will have no liability arising as a result of or in connection with any act or omission of UBS and/or the State; and

- (e) will have no obligations to prepare accounts or tax returns in respect of the Trust.

6.5 **Set Off**

The Nominee may set off or withhold any amount payable to it by UBS and/or the State against or from any amount payable by the Nominee to UBS and/or the State (as the case may be).

7. **LIMITATION OF LIABILITY**

7.1 **Indemnity**

- (a) The Nominee:
 - (i) is fully indemnified out of the Trust Property in respect of any liability or obligation that the Nominee incurs while acting or purporting to act as Nominee; and
 - (ii) may reimburse itself from the Trust Property for all expenses incurred or payments made by it in respect of the Trust, except in relation to any liability, obligation or expense incurred as a result of the Nominee's fraud, gross negligence or wilful default.

The Trustee may apply either or both capital and income of the Trust Fund to satisfy its rights under this clause.

- (b) Without limiting paragraph (a) above, the State acknowledges and agrees that the Nominee's liabilities and undertakings under this deed including in respect of the Payment Undertaking are expenses of the Trust for which the Nominee is entitled to be indemnified out of Trust Property. Accordingly, the State acknowledges and agrees that that if UBS makes a demand on the Nominee under the Payment Undertaking given under clause 4.1 (*Payment undertaking*), the Nominee (under its trustee's lien) may (without first notifying the State) dispose of the Trust Property and use the proceeds of that disposal to satisfy that demand.

7.2 **Limitation of liability and obligations**

- (a) Despite any other provision of this deed or any other Equity Derivative Financing Document, a liability or obligation of the Nominee arising under or in connection with this deed or any other Equity Derivative Financing Document (including in connection with the Payment Undertaking) is strictly limited to the extent to which (and can be enforced against the Nominee only to the extent to which) the Nominee is actually indemnified for the liability and the liability or obligation can lawfully be satisfied of the Trust Property. No person may seek to recover any shortfall in the amounts owing by the Nominee by bringing proceedings against the Nominee or applying to have the Nominee wound up.
- (b) When the Nominee, whether on instructions or under the Nominee's lien as trustee, exercise a power to dispose of Trust Property, the Nominee has no liability to the State for any delay in disposal or any failure to obtain a particular price or for obtaining difference prices for the Trust Property.

7.3 **Nominee's lien as trustee**

The State acknowledges and agrees that the Nominee's common law lien as trustee is a proprietary interest in the Trust Property that ranks in priority to the Beneficial Interest. However, nothing in this deed is intended to create a charge or security interest separate from the Trustee's rights at common law.

7.4 **Reliance on documents and experts**

The Nominee may rely on:

- (a) any document (including any facsimile transmission or telegram) unless it knows or has reasonable grounds to believe that the document is not genuine and correct; and
- (b) advice, information and statements of UBS or other persons employed or retained by UBS,

and shall not be liable for any act or omission undertaken in reliance on that document, advice, information or statement. Without limitation, the Nominee may rely on such documents, advice, information and statements for the purpose of exercising and performing its powers and duties to make payments to the State and to transfer or dispose of Trust Property in accordance with this deed. Where the Nominee considers that it requires any advice, information or statement from any of the persons referred to in paragraph (b) of this clause, for the purpose of exercising or performing its powers and duties under this deed, the Nominee will have no liability in connection with any delay in the exercise or performance of the relevant powers or duties pending receipt of the relevant advice, information or statements.

7.5 **Independent Investigation**

The State confirms that it has made and will continue to make, independently and without reliance on the Nominee or UBS:

- (a) its own investigations into the affairs of UBS and the Nominee; and
- (b) its own analyses and decisions whether to take or not take action under this deed.

7.6 **No monitoring**

The Nominee is not required to keep itself informed as to any Issuer or the compliance by UBS and/or the State with this deed or any other document or agreement or to inspect any property or book of UBS and/or the State.

7.7 **Replacement of Nominee**

- (a) Subject to the appointment of a successor Nominee as provided in this clause:
 - (i) the Nominee may resign at any time by giving not less than 30 days written notice to UBS and/or the State; and
 - (ii) UBS may remove the Nominee from office if the Nominee breaches any of its obligations under this deed and the breach remains unremedied after UBS has given not less than 30 days written notice to the Nominee.
- (b) On notice of resignation or removal UBS has the right to appoint a successor Nominee who accepts the appointment.
- (c) If no successor Nominee is appointed within 30 days after notice, the retiring Nominee may appoint a successor Nominee who accepts the appointment.
- (d) On its appointment the successor Nominee will have all the rights, powers and obligations of the retiring Nominee (except liabilities arising from defaults).
- (e) The retiring Nominee shall execute and deliver all documents or agreements which UBS considers necessary or desirable in UBS's opinion to transfer to the successor

Nominee this deed or to effect the appointment of the successor Nominee (subject to satisfaction of all liabilities owed to the Nominee on its own account under this deed or for which the Nominee may be personally liable).

- (f) After any retiring Nominee's resignation or removal, this clause will continue in effect in respect of anything done or omitted to be done by it while it was acting as Nominee, and the retiring Nominee retains the rights and remedies available to it under this deed or at law in relation to the performance and exercise of its powers, duties and functions while Nominee.
- (g) UBS shall not unreasonably withhold its approval of any proposed successor Nominee. It shall respond as soon as practicable to any request for approval.
- (h) The State agrees not to remove the Nominee as its nominee under this deed during the term of the Equity Derivatives Financing Documents.

8. TAXES

8.1 Obligation to pay Tax

- (a) Where the Nominee has received notice requiring the payment of any Tax on behalf or in respect of the State or Trust Property, the Nominee shall determine, on advice, whether it has any obligation to pay or provide for the amount of the Tax. The Nominee may also at any time obtain advice as to whether it has any obligation to pay any Tax on behalf of or in respect of the State or any Trust Property, whether or not it has received notice requiring payment. If the Nominee determines that it has an obligation to pay the Tax, or there are reasonable grounds to argue that it has an obligation to pay the Tax, the Nominee shall give notice to the State, with a copy of that notice to be provided to UBS.
- (b) The State agrees to indemnify the Nominee in respect of any tax referred to in clause 8.1(a).

8.2 Notice to State

A notice given by the Nominee to the State pursuant to clause 8.1 (*Obligation to pay Tax*) shall set forth reasonable particulars pertaining to the obligation to make the relevant Tax payment.

8.3 Withholding

- (a) If the Nominee receives advice that it is prudent to withhold any amount of Tax in respect of any amount otherwise payable to the State then, notwithstanding any other provision in this deed, the Nominee will withhold that amount for so long as it remains prudent to do so.
- (b) Despite any other provision in this deed, if at any time an applicable law obliges the Nominee to make a deduction or withholding in respect of Taxes from a payment under this document, the Nominee:
 - (i) must notify the State of the obligation (with a copy of that notification to be provided to UBS);
 - (ii) must ensure that the deduction or withholding does not exceed the minimum amount required by law; and
 - (iii) must pay to the relevant Government Agency on time the full amount of the deduction or withholding and promptly deliver to the State a copy of any receipt, certificate or other proof of payment.

- (c) If any amount is deducted or withheld in accordance with paragraph (b) above, the Nominee is not required to gross up any payment or future payment either under this deed or any other Equity Derivative Document to the State in respect of that amount deducted or withheld.

8.4 **Time for payment**

The State must make any payment due pursuant to the indemnity in clause 8.1(b) on or before the day that is five Business Days before the last date on which payment of the relevant Tax may lawfully be made without incurring penalties or interest for late payment.

8.5 **GST**

If GST is or will be payable on a supply by UBS or the Nominee made under or in connection with this deed, to the extent that the consideration otherwise provided for that supply under this deed is not stated to include an amount in respect of GST on the supply, the State must:

- (a) pay to UBS or the Nominee an additional amount equal to any GST which UBS or the Nominee must pay for any supply by UBS or the Nominee to the State under this deed;
- (b) pay that additional amount as and when the State must pay the other consideration for the supply; and
- (c) indemnify UBS and the Nominee from any GST and against any damage or cost directly or indirectly arising from or caused by the failure of the State to pay any amount as and when required by this clause.

UBS or the Nominee will issue the State with a Tax Invoice in respect of any additional amount on account of GST that UBS or Nominee may recover from the State under this clause.

9. **PAYMENTS**

All monies payable under this deed shall be paid by electronic funds transfer to an account designated by the payee unless otherwise agreed.

10. **NOTICES**

10.1 **Notice by UBS and the Nominee**

Except where otherwise provided in this deed, all notices required or permitted to be given by UBS or the Nominee to the State pursuant to this deed must be in writing and will be duly given if:

- (a) left at the State's address as set out in clause 10.5 (*Addresses for notices*); or
- (b) sent by prepaid mail to the State's address (which must be airmail if that address is not within Australia);
- (c) sent by facsimile transmission to the State's facsimile number; or
- (d) sent in electronic form (such as email), with the subject matter line of an email specifying the State's name, this deed and a brief description of the subject matter of the communication.

10.2 Time of receipt

A notice given by UBS or the Nominee in accordance with clause 10.1 is treated as having been duly given and received:

- (a) when delivered, in the case of a notice left at the State's address;
- (b) on the second Business Day after posting, in the case of being sent by pre-paid mail to an address in Australia;
- (c) on the fifth Business Day after posting, in the case of being sent by pre-paid mail to an address outside Australia; and
- (d) at the time of confirmation of transmission, in the case of being sent by facsimile transmission; and
- (e) when sent 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,

in the case of being sent in electronic form.

10.3 Notice by State

All notices required or permitted to be given by the State to UBS or the Nominee pursuant to this deed must be in writing and will be treated as being duly given if and only if they are actually received by UBS or the Nominee at the address of that party as set out in clause 10.5 (*Addresses for notices*) or at such other address as may have been notified to the State.

10.4 Notices Between UBS and Nominee

Notices required or permitted to be given by UBS to the Nominee or by the Nominee to UBS may be given orally provided UBS and the Nominee are related bodies corporate.

10.5 Addresses for notices

State

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

Telephone: +675 3235600

Fax number: +675 3128804

Email: dairi_vele@treasury.gov.pg

Attention: Mr Dairi Vele, Secretary for Department of Treasury

UBS

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

Fax number: +61-2-9324-2880

Email: elaine.chow@ubs.com / kevin.bayett@ubs.com / sh-aus-eq-support@ubs.com / michael.rollin@ubs.com / sh-syd-rmp-op@ubs.com

Attention: Elaine Chow / Kevin Bayett / Michael Rollin

Nominee

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

Fax number: +61-2-9324-2880

Email: elaine.chow@ubs.com / kevin.bayett@ubs.com / sh-aus-eq-support@ubs.com / michael.rollin@ubs.com / sh-syd-rmp-op@ubs.com

Attention: Elaine Chow / Kevin Bayett / Michael Rollin

Participant

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

Fax number: +61-2-9324-2880

Email: elaine.chow@ubs.com / kevin.bayett@ubs.com / sh-aus-eq-support@ubs.com / michael.rollin@ubs.com / sh-syd-rmp-op@ubs.com

Attention: Elaine Chow / Kevin Bayett / Michael Rollin

11. PROCESS AGENT

- (a) The State irrevocably appoints Norose Notices Australia Pty Ltd ACN 158 029 586 of Level 16, Grosvenor Place, 225 George Street, Sydney, Australia as its agent under this deed for service of process in any proceedings in the State of New South Wales.
- (b) If any person appointed as process agent is unable for any reason to act as agent for service of process, the State must immediately appoint another agent on terms acceptable to UBS and the Nominee. Failing this, UBS may appoint another person for this purpose.

- (c) The State acknowledges that service upon the process agent appointed under this clause shall not constitute a breach of the Vienna Convention on Diplomatic Relations and/or the Vienna Convention on Consular Relations.
- (d) The State undertakes to maintain the appointment of the process agent until all money owed by the State to UBS is paid to UBS, and agrees that any process served on that person is taken to be served on it.
- (e) This clause does not affect any other method of service allowed by law.

12. **PARTICIPANT**

- (a) Each of the State and the Nominee notify the Participant that the State has granted or will grant a security interest in its present and future right, title and interest in, to, under and derived from all Shares transferred to, and held by, the Nominee as trustee for the State pursuant to this deed (**Security**).
- (b) Each of the State and the Nominee irrevocably and unconditionally:
 - (i) authorise any representative of UBS (the **Authorised Signatories**) severally to be the sole signatories authorised on behalf of the State and the Nominee to instruct the Participant from time to time in relation to the Shares (except as contemplated by clause 3.2);
 - (ii) (except as contemplated by clause 3.2) direct the Participant to only act on the instructions and directions of an Authorised Signatory in respect of the Shares, including instructions and directions by which the Shares can be transferred or otherwise dealt with, and to only act in accordance with any such instructions and/or directions from the Authorised Signatories including the provision of any information that they request on the Participant's holding of the Shares (for the avoidance of doubt, any such instructions or directions may include the giving of communications by means of electronic messages or other electronic communications); and
 - (iii) direct the Participant to pay or deliver (as appropriate):
 - (A) the proceeds of enforcement of the Security; or
 - (B) (subject to any contrary directions of UBS) any dividends, rights, payments, distributions, other amounts and other entitlements to which UBS is entitled under the terms of any Equity Derivative Financing Document in respect of any Shares,

into the following account (**Nominated Bank Account**):

Bank: To be advised by UBS to the other parties
 Account name: To be advised by UBS to the other parties
 SWIFT ID: To be advised by UBS to the other parties
 Account no: To be advised by UBS to the other parties
 Payment directions: To be advised by UBS to the other parties,

or as an Authorised Signatory may direct from time to time.

- (c) The Participant confirms that it:
 - (i) accepts the terms, authorisations and directions contained in paragraph (b) and undertakes to act only in accordance with the instructions and directions of an Authorised Signatory (including where such instructions relate to the sending of electronic messages or other electronic communications) in

relation to the Shares and will provide information on the Shares to an Authorised Signatory upon request;

- (ii) will pay any proceeds of:
 - (A) enforcement of the Security; or
 - (B) (subject to any contrary directions of UBS) any dividends, rights, payments, distributions and other amounts to which UBS is entitled under the terms of any Equity Derivative Financing Document in respect of any Shares,

into the Nominated Account or as an Authorised Signatory may direct from time to time.

- (d) Each of the State, the Nominee and UBS acknowledge that the Participant is entitled to assume the genuineness and authenticity of any instruction purported to be given by an Authorised Signatory and each of the State and the Nominee is deemed to have ratified and confirmed any such instruction. The Participant is not liable for any act or loss that results from the Participant having acted on an instruction given by a person it reasonably believes to be an Authorised Signatory for the purposes of this clause.

13. GENERAL

13.1 Stamp duty

The State shall be responsible for the payment of all stamp duties and documentary taxes (including any interest or penalty that is payable) assessed by any revenue authority in Australia and/or Papua New Guinea upon the transfer of Trust Property to or by the Nominee, the constitution of the Trust, the execution of this deed or any other transactions contemplated by this deed.

13.2 Telephone recording

Each State agrees to:

- (a) the tape recording by UBS or its agents of any telephone conversation with the State;
- (b) the retention of any tape recording so made; and
- (c) the use of any tape recording so made as evidence of the contents of the telephone conversation.

13.3 Amendments to deed

UBS, the State and the Nominee may amend this deed from time to time by supplemental deed signed by the parties.

13.4 Waiver

No failure to exercise and no delay in exercising any power operates as a waiver. Nor does any single or partial exercise of any power preclude any other or further exercise of that power or any other power. The powers in this deed are in addition to and do not exclude or limit any right, power or remedy provided by law.

13.5 **Waiver of immunity**

Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

- (a) suit;
- (b) jurisdiction of any court;
- (c) relief by way of injunction or order for specific performance or recovery of property;
- (d) attachment of its assets (whether before or after judgment); and
- (e) execution or enforcement of any judgment,

to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

13.6 **Governing Law**

- (a) This deed shall be governed by the laws applying in New South Wales.
- (b) The parties submit to the exclusive jurisdiction of the courts of New South Wales.
- (c) Nothing in this clause 13.6 limits the right of UBS or the Nominee to institute proceedings arising out of or in connection with this deed or any Beneficial Interest against the State in any manner permitted by law.

EXECUTED as a deed.

Signed, Sealed and Delivered for and on behalf of the **INDEPENDENT STATE OF PAPUA NEW GUINEA** by Sir Michael Ogio, G.C.M.G., K.St.J., Governor General, acting with and in accordance with the advice of the National Executive Council:



in the presence of:



Name: **CARL OKUK**
Title: **LAWYER**

SIGNED, SEALED and DELIVERED for **UBS AG, AUSTRALIA BRANCH** by its duly authorised signatories:

Signature

Signature

Name:

Name:

Position:

Position:

SIGNED, SEALED and DELIVERED for **UBS NOMINEES PTY LIMITED** by its duly appointed attorneys:

Signature

Signature

Name of attorney:

Name of attorney:


EXECUTED as a deed.

Signed, Sealed and Delivered for and on behalf of the **INDEPENDENT STATE OF PAPUA NEW GUINEA** by Sir Michael Ogio, G.C.M.G., K.St.J., Governor General, acting with and in accordance with the advice of the National Executive Council:

in the presence of:

.....
Name:
Title:

SIGNED, SEALED and **DELIVERED** for **UBS AG, AUSTRALIA BRANCH** by its duly authorised signatories:




Signature
Jason McDonnell

Name:

Position:

Witness: 
Name: Kevin Lu

SIGNED, SEALED and **DELIVERED** for **UBS NOMINEES PTY LIMITED** by its duly appointed attorneys:



Signature
Jason McDonnell

Name of attorney:

Name of attorney:


Witness: 
Name: **KEVIN LU**



Signature
Kevin Bayett

Name:

Position:

Signature
Kevin Bayett BRAD WALTON

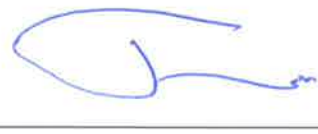
Name of attorney:

Name of attorney:

SIGNED, SEALED and DELIVERED for
UBS SECURITIES AUSTRALIA LIMITED
by its duly appointed attorneys:

 _____
Signature

Kevin Baylett BLAD WATSON
Name of attorney:

 _____
Signature

Jason McDonnell
Name of attorney:

Witness: 
Name: KEVIN LU

Specific Security Deed
(CHESS Securities - Collar)

Independent State of Papua New Guinea

and

UBS AG, Australia Branch

ABN 47 088 129 613

Project Kumul

12 March 2014

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THIS DEED is made on 12 March 2014

BETWEEN:

- (1) **Independent State of Papua New Guinea** (the **Grantor**); and
- (2) **UBS AG, Australia Branch** ABN 47 088 129 613 of Level 16, Chifley Tower, 2 Chifley Place, Sydney NSW 2000, Australia (the **Secured Party**).

RECITALS

- (A) The parties entered into the Equity Derivative Financing Agreement on or around the date of this document.
- (B) The parties enter into this document in connection with the Equity Derivative Financing Agreement.

THE PARTIES AGREE AS FOLLOWS:

1. **INTERPRETATION**

1.1 **Definitions**

The following definitions apply in this document.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

ASX Settlement Rules means the ASX Settlement Operating Rules and any other operating rules, procedures, directions, decisions, requirements, customs, usages and practices of ASX Settlement, as amended from time to time.

Attorney means an attorney appointed under an Equity Derivative Financing Document and any attorney's substitute or delegate.

CHESS Security means a Marketable Security that is registered on a CHESS Subregister.

CHESS Subregister means, for the Issuer, that part of its share register that is maintained by ASX Settlement under CHESS.

Collateral Security means a Security Interest or Guarantee (other than the Security Interest granted in clause 2.1) from any person that secures or otherwise provides for payment of any Secured Money.

Controlling Participant means UBS Securities Australia Limited ABN 62 008 586 481 or any other person acceptable to the Secured Party who is able to sponsor Marketable Securities on a CHESS Subregister.

Event of Default means an "Event of Default" (as defined in the Equity Derivative Financing Agreement) in respect of which the Grantor is the Defaulting Party or a "Termination Event" (as defined in the Equity Derivative Financing Agreement) in respect of which the Grantor is the Affected Party.

Equity Derivative Financing Agreement means the confirmation letter dated on or about the date of this document between the Grantor and the Secured Party, including any ISDA master agreement or credit support annex incorporated in or entered into under or in relation to the letter or the transactions contemplated therein.

Issuer means Oil Search Limited, a company incorporated under the laws of the Independent State of Papua New Guinea with ARBN 055 079 868.

Marketable Security means:

- (a) an intermediated security;
- (b) a debenture, stock or bond, unit in a unit trust, or other marketable security; and
- (c) any other investment instrument.

New Right means a present or future right of the Grantor:

- (a) to or in any money, dividend (including any return of capital), interest, offer, bonus, note or other Marketable Security, or any entitlement to subscribe for any of them;
 - (b) resulting from any substitution, conversion, redemption, forfeiture, cancellation, reclassification, consolidation or subdivision; or
 - (c) resulting from a reduction of capital, liquidation or scheme of arrangement,
- in connection with the Secured Property.

Nominee means UBS Nominees Pty Ltd ABN 32 001 450 522.

Nominee Deed means the Nominee Deed dated on or about the date of this document between the Grantor, the Secured Party, the Nominee and the Controlling Participant.

Permitted Security Interest means:

- (a) a Security Interest (if any) created under an Equity Derivative Financing Document;
- (b) a lien that arises by operation of law in the ordinary course of ordinary business, where the amount secured is not overdue or is being diligently contested in good faith and appropriately provisioned;
- (c) a Security Interest:
 - (i) existing on the date of this document that has been approved by the Secured Party; or
 - (ii) that arises after the date of this document and that the Secured Party approves before it arises,

where the amount secured does not increase, and the time for payment of that amount is not extended beyond the amount and time approved by the Secured Party.

Receiver means a receiver or a receiver and manager.

Secured Money means all amounts (including damages) that are payable, owing but not payable, or that otherwise remain unpaid by the Grantor to the Secured Party and the Finance Parties on any account at any time under or in connection with the Equity Derivative Financing Agreement or any other Equity Derivative Financing Document:

- (a) whether present or future, actual or contingent;
- (b) whether incurred alone, jointly, severally or jointly and severally;

- (c) whether the Grantor is liable on its own account or for the account of, or as surety for, another person and without regard to the capacity in which the Grantor is liable;
- (d) whether due to the Secured Party alone or with another person;
- (e) whether the Secured Party is entitled for its own account or the account of another person;
- (f) whether arising from a banker and customer relationship or any other relationship;
- (g) whether originally contemplated by the Grantor or the Secured Party or not;
- (h) whether the Secured Party is the original person in whose favour the undertakings in this document, the Equity Derivative Financing Agreement or any other Equity Derivative Financing Document were given or an assignee and, if the Secured Party is an assignee:
 - (i) whether or not the Grantor consented to or knew of the assignment;
 - (ii) no matter when the assignment occurred; and
 - (iii) whether or not the entitlements of that original person were assigned with the Security Interest granted in clause 2.1; and
- (i) if determined pursuant to any award, order or judgment against the Grantor, whether or not the Grantor was a party to the court proceedings, arbitration or other dispute resolution process in which that award, order or judgment was made.

Secured Property means all the Grantor's present and future interest in, to, under or derived from all:

- (a) Transferred Securities; and
- (b) New Rights.

Transfer means, in respect of a Marketable Security or a New Right, an executed document of transfer sufficient to transfer all the legal and beneficial ownership of that Marketable Security or New Right to the Secured Party or its nominee.

Transferred Security means, at any time, each Marketable Security of the Issuer held by, the Nominee as trustee for the Grantor pursuant to the Nominee Deed at that time.

1.2 Definitions in ASX Settlement Rules

Unless otherwise defined in this document, any capitalised term used in this document which is defined in the:

- (a) ASX Settlement Rules has the meaning given in the ASX Settlement Rules; and
- (b) an Equity Derivative Financing Agreement, including by incorporation, has the same meaning given in the Equity Derivative Financing Agreement.

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 to this document or to any other document or agreement 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) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
- (g) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
- (h) An Event of Default "continues" until the Secured Party notifies the Grantor that it has been:
 - (i) remedied to the satisfaction of the Secured Party; or
 - (ii) waived by the Secured Party.
- (i) Unless otherwise defined in this document, words that are defined in an applicable Accounting Standard have the same meaning in this document.
- (j) Unless otherwise defined in this document, words defined in the GST Law have the same meaning in clauses concerning GST.
- (k) If a person is a member of a GST group, references to GST for which the person is liable and to input tax credits to which the person is entitled include GST which the representative member of the GST group is liable and input tax credits to which the representative member is entitled.

1.4 **PPSA terms**

In this document, unless the context requires otherwise, the following terms have the meanings given to them in the PPSA:

- (a) amendment demand;
- (b) attach;
- (c) control;
- (d) financing change statement;
- (e) financing statement;
- (f) intermediated security;
- (g) investment instrument;
- (h) registration; and
- (i) verification statement.

1.5 **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.

2. **SECURITY**

2.1 **Security clause**

The Grantor grants a security interest in the Secured Property to the Secured Party to secure the payment of the Secured Money. This security interest is a fixed charge.

2.2 **Priority**

The Security Interest granted in clause 2.1 is intended to take effect as a first ranking security subject only to those Permitted Security Interests which the Secured Party agrees in writing rank in priority to it.

2.3 **Transferred Securities**

The Grantor must:

- (a) at the time it executes this document, enter into the Nominee Deed with the Secured Party, the Nominee and the Controlling Participant in respect of the Transferred Securities; and
- (b) at each time that any transfer of Marketable Securities of the Issuer from the Secured Party to the Nominee occurs under the Nominee Deed:
 - (i) give the Secured Party, the Nominee and the Controlling Participant the applicable holder or other identification numbers and information sufficient to identify the Transferred Securities (including a copy of the relevant holding statement);
 - (ii) do everything within its power that is necessary to ensure that the relevant Transferred Securities are recorded on the Issuer's CHES Subregister; and

- (iii) do everything within its power to transfer sponsorship of the relevant Transferred Securities to the Controlling Participant.

This clause does not apply to the extent that the Secured Party agrees otherwise under clause 2.9.

2.4 **Documents relating to New Rights**

The Grantor must deposit with the Secured Party or the Secured Party's nominee:

- (a) all certificates, transfers and other documents or agreements evidencing title to New Rights; and
- (b) Transfers (in form and number satisfactory to the Secured Party) with the name of the transferee, the consideration and the date left blank, in respect of those new Rights,

immediately it acquires those New Rights.

2.5 **Dividends and votes**

The Grantor may exercise rights (including voting rights) in connection with the Secured Property to the extent contemplated by the Nominee Deed.

2.6 **Secured Party entitled to exercise rights on default**

If an Event of Default occurs and is continuing:

- (a) the Grantor must, if the Secured Party gives notice to the Grantor requiring it to do so, do everything necessary to ensure that the Secured Property is registered in the name of the Secured Party or its nominee in accordance with any directions contained in that notice;
- (b) the Grantor's rights under clause 3.2 (*Voting*) of the Nominee Deed immediately cease;
- (c) the Secured Party may exercise or refrain from exercising any rights in connection with the Secured Property; and
- (d) the Secured Party may receive all New Rights and apply them (or their sale proceeds) in accordance with clause 13.1.

2.7 **Acknowledgment of no subordination**

The Grantor acknowledges that the Secured Party has not agreed to subordinate its Security Interest in the Secured Property to any other interest in the Secured Property, except to the extent (if any) expressly provided by an Equity Derivative Financing Document.

2.8 **Collateral Security**

The Security Interest granted in clause 2.1 is collateral to and secures the same money as is secured by Collateral Securities.

2.9 **Nominees and custodians**

If the Secured Party agrees that any of the Secured Property can be held by a nominee or custodian on behalf of the Grantor other than the Nominee, the Grantor undertakes to procure that the nominee or custodian:

- (a) acknowledges and consents to the Security Interest created by clause 2.1;
- (b) agrees to hold the Secured Property on such terms as the Secured Party requires, including by agreeing not to:
 - (i) create or allow another interest in any Secured Property other than a Permitted Security Interest; or
 - (ii) dispose, or part with possession, of any Secured Property, without the consent of the Secured Party; and
- (c) agrees to do anything, including executing documents, that the Secured Party may require to enable it to perfect its Security Interest by control.

3. **DEALINGS WITH SECURED PROPERTY**

3.1 **Restricted dealings**

The Grantor must not do, or agree to do, any of the following unless it is permitted to do so by another provision in an Equity Derivative Financing Document:

- (a) create or allow another interest in any Secured Property other than a Permitted Security Interest; or
- (b) dispose, or part with possession, of any Secured Property.

4. **REPRESENTATIONS AND WARRANTIES**

4.1 **General representations and warranties of the Grantor**

The provisions of paragraph 1 (*Disclosure requirement and additional representations and warranties*) of the Equity Derivative Financing Agreement apply to this document as if set out in full in this document, except that references to "Party B" are to the "Grantor", references to "Party A" are to the "Secured Party" and with any other necessary changes.

4.2 **Representations and warranties regarding Secured Property**

The Grantor represents and warrants to the Secured Party that:

- (a) **(Secured Property)**
 - (i) it is the beneficial owner of the Secured Property (and the Secured Property is held by the Nominee in accordance with the Nominee Deed), and
 - (ii) it has full power to grant a Security Interest in the Secured Property in the manner provided in this document; and
 - (iii) the Security Interest granted in clause 2.1 is an effective security in the Secured Property, except to the extent (if any) set out in any Equity Derivative Financing Document or that the Secured Party may otherwise agree;
- (b) **(no other interest)** no other person has any interest in or other right over the Secured Property except:
 - (i) the Nominee, pursuant to the terms of the Nominee Deed;

- (ii) to the extent (if any) set out in any other Equity Derivative Financing Document;
 - (iii) Permitted Security Interests; or
 - (iv) as otherwise agreed by the Secured Party;
- (c) **(location of Secured Property)** at the date of execution of this document, none of the Secured Property is located, or taken for the purposes of New South Wales stamp duty law to be located, in New South Wales;
 - (d) **(no escrow or other conditions)** the Secured Property is not subject to any escrow or other conditions imposed by the Corporations Act or under the rules of any stock exchange;
 - (e) **(all calls satisfied)** all calls made in respect of the Secured Property have been satisfied;
 - (f) **(fully paid Marketable Securities)** the Marketable Securities in the Secured Property are all fully paid; and
 - (g) **(no money owing to Issuer)** no money is owing by the Grantor to the Issuer in connection with the Secured Property.

4.3 Repetition of representations and warranties

The representations and warranties in:

- (a) clause 4.1 (*General representation and warranties of the Grantor*) are taken to be repeated on each date that the corresponding representation or warranty in the Equity Derivative Financing Agreement is repeated under the terms of the Equity Derivative Financing Agreement, on the basis of the facts and circumstances as at that date; and
- (b) clause 4.2 (*Representations and warranties regarding Secured Property*) are taken to be repeated on each date from the date of this document until the date on which all amounts outstanding under the Equity Derivative Financing Documents have been paid in full, on the basis of the facts and circumstances as at that date.

4.4 No representations by the Secured Party

The Grantor 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 the Secured Party in deciding to enter into this document or to exercise any right or perform any obligation under it.

5. GRANTOR'S UNDERTAKINGS

5.1 Undertakings of the Borrower

Clause 13 of the Bridge Facility Agreement is incorporated into this document as if set out in full, except that references to the "Borrower" are to the "Grantor", references to "this document" or "Transaction Documents" are to the "Equity Derivative Financing Documents", and with any other necessary changes.

5.2 General undertakings

The Grantor must:

- (a) **(obligation to pay)** punctually pay the Secured Money when it becomes payable in accordance with the Equity Derivative Financing Documents or, in the absence of any agreement or after default under any agreement, on demand by the Secured Party;
- (b) **(registration and stamping)** at its own cost ensure that:
 - (i) this document is immediately registered with any Government Agency specified by the Secured Party if the Secured Party determines that registration is necessary to perfect the Security Interest granted in clause 2.1 or to protect the rights or priority of the Secured Party; and
 - (ii) this document is stamped for the proper amount within the period provided by law in each state and territory of Australia in which this document is required to be stamped; and
- (c) **(ensure no Event of Default)** ensure that no Event of Default in respect of which the Grantor is the Defaulting Party occurs.

5.3 **Other undertakings regarding Secured Property**

The Grantor must:

- (a) **(outgoings)**
 - (i) punctually pay all outgoings (including Taxes) in respect of the Secured Property payable by it, except to the extent that:
 - (A) these are being diligently contested in good faith and by appropriate proceedings;
 - (B) it has made adequate reserves for them; and
 - (C) failure to pay them will not have a Material Adverse Effect on it or prejudice the Secured Property;
 - (ii) pay the contested amount after the final determination or settlement of the relevant contest; and
 - (iii) on request by the Secured Party, immediately hand to the Secured Party evidence of every payment covered by this undertaking or required under this document;
- (b) **(preserve and protect security)** promptly do everything necessary or reasonably required by the Secured Party to:
 - (i) preserve and protect the value of the Secured Property; or
 - (ii) protect and enforce its title and rights and the Secured Party's title as secured party to the Secured Property;
- (c) **(issuer information)** give to the Secured Party as soon as it receives them copies of:
 - (i) each document that the Issuer gives to the Grantor in connection with the Secured Property; and

- (ii) such other information in its possession relating to the financial condition, business, property and affairs of the Issuer as the Secured Party reasonably requests;
- (d) (**comply with constitution**) do everything the Grantor is required to do (including the payment of calls or instalments) by the constitution of the Issuer;
- (e) (**perfection by control**) to the extent that any Secured Property is of a type in which a security interest can be perfected by control under the PPSA, do anything that the Secured Party may reasonably require to enable it to perfect its Security Interest by control;
- (f) (**Nominee Deed**) without limiting clause 5.3(e), ensure that:
 - (i) the Nominee Deed is in force at all times in relation to all CHESS Securities in the Secured Property;
 - (ii) it complies with all its obligations under, and does not do or omit to do anything which would cause any other party to the Nominee Deed to breach or to be unable to comply with its obligations under, the Nominee Deed;
 - (iii) it does nothing, and it does not instruct or otherwise cause the Nominee to do anything, without the consent of the Secured Party to remove any CHESS Securities from the CHESS Subregister or the control of the Controlling Participant (even if the Controlling Participant is suspended from CHESS participation); and
 - (iv) it does everything required by the Secured Party, if sponsorship of any CHESS Securities in the Secured Property is under the terms of the ASX Settlement Rules to be transferred to another Controlling Participant, to transfer that sponsorship to the new Controlling Participant;
- (g) (**New Rights**) give the Secured Party particulars of all New Rights and documentary or other evidence of New Rights immediately after becoming aware of the New Rights;
- (h) (**take up**) at the Secured Party's request take up New Rights if, in the Secured Party's opinion, failure to do so could mean the Secured Property or the Security Interest granted in clause 2.1 may become materially lessened in value or prejudicially affected; and
- (i) (**location of registers**) ensure that:
 - (i) as at the date on which a Security Interest is granted over a Marketable Security in accordance with clause 2.1, it is recorded on the CHESS Subregister for the issuer of the Marketable Security or another register approved by the Secured Party in writing; and
 - (ii) ensure that a CHESS Security is not removed from that register without the Secured Party's consent.

6. SECURED PARTY'S POWERS

6.1 Exercise of rights by Secured Party

If the Secured 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 Secured 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.

6.2 **No notice required unless mandatory**

To the extent the law permits, the Grantor 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 or Receiver exercises a power, right, discretion or remedy; and
- (b) any time period that must otherwise lapse under any law before a secured party or Receiver 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 the Secured Party or any Receiver from giving a notice under the PPSA or any other law.

6.3 **Secured Party's right to make good a default**

- (a) If the Grantor breaches this document, the Secured Party may do everything it considers to be necessary or desirable to attempt to remedy the breach to the Secured Party's satisfaction. The Secured Party is not obliged to do so. Any liabilities or expenses incurred by the Secured Party in attempting to remedy any such breach must be reimbursed by the Grantor on demand and, pending reimbursement, will be part of the Secured Money.
- (b) Clause 6.3(a) does not limit any other right the Secured Party has under this document or at law.

6.4 **Powers on enforcement**

If this document has become enforceable, the Secured Party or any of its Authorised Representatives, without notice to the Grantor, may:

- (a) exercise any of the powers that might be exercised by a Receiver even if a Receiver has not been appointed; and
- (b) complete any Transfer, other transfer or instrument of any nature executed by or on behalf of the Grantor in blank and deposited with the Secured Party as Collateral Security in favour of, or take any other action required to transfer any Secured Property to, the Secured Party or any appointee of the Secured Party or any other person.

7. POWER OF ATTORNEY

7.1 Appointment of Attorneys

The Grantor irrevocably appoints the Secured Party and each Authorised Representative of the Secured Party and as an independent appointment appoints any Receiver, severally its attorney, at the Grantor's cost, to:

- (a) **(all acts necessary)** do anything necessary or desirable in the opinion of the Secured Party or the Attorney to:
 - (i) complete this document;
 - (ii) give full effect to this document;
 - (iii) better secure the Secured Property to the Secured Party in a manner consistent with this document; or
 - (iv) assist in the execution or exercise of any power under this document, including give directions to the Nominee or any Controlling Participant in respect of CHESSE Securities in the Secured Property, and execute any Transfer (including a Transfer in blank) or other document;
- (b) do all or any of the following while an Event of Default in respect of which the Grantor is the Defaulting Party is continuing:
 - (i) **(recover Secured Property)** demand, sue for, recover and give discharge for the Secured Property;
 - (ii) **(commence actions)** commence, carry on, enforce, settle, arrange and compromise any proceedings to obtain or enforce the payment or delivery of the Secured Property;
 - (iii) **(compound debts)** compound, settle or compromise any debt of the Grantor in connection with the Secured Property;
 - (iv) **(execute deeds)** execute any agreement including any deed of assignment, composition or release in connection with the Secured Property;
 - (v) **(exercise Marketable Security owner's rights)** exercise all or any powers, rights, discretions and remedies available to any owner or holder (whether beneficial or otherwise) of any Marketable Securities included in the Secured Property (including any right to give directions to the Nominee or any Controlling Participant or to redeem any Marketable Security and rights available to an owner of Marketable Securities under the Corporations Act or any other statute, or under the rules of any stock exchange); and
 - (vi) **(general)** do anything else that the Grantor must or may do, or that the Secured Party may do, under this document or by law.

7.2 General

- (a) Each Attorney may appoint and remove substitutes, and may delegate its powers (including this power of delegation) and revoke any delegation.
- (b) An Attorney may do anything contemplated by this clause even if the Attorney is affected by an actual or potential conflict of interest or duty, or might benefit from doing it.

- (c) An Attorney may do anything contemplated by this clause in its name, in the name of the Grantor or in the name of both of them.
- (d) The Grantor must ratify anything done by an Attorney under this clause.
- (e) The Grantor gives the power of attorney in this clause:
 - (i) to secure performance by the Grantor of its obligations to the Secured Party under this document and any property interest of the Secured Party under this document; and
 - (ii) for valuable consideration, receipt of which is acknowledged by the Grantor.

8. ENFORCEMENT

8.1 Circumstances when this document may be enforced

The Secured Money will immediately become payable at the Secured Party's option (despite any delay or previous waiver of the right to exercise that option) without the need for any demand or notice under this document or under another Equity Derivative Financing Document, and this document will immediately become enforceable (whether or not the Secured Money has become payable in this manner) if an Event of Default occurs.

8.2 Enforcement despite earlier payment

This document may be enforced:

- (a) even if the Secured Party accepts a payment of interest or other amount after the occurrence of any Event of Default; and
- (b) without the need for any notice to, or of any consent or agreement of, the Grantor or any other person.

8.3 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) the Secured 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;
- (b) for the purposes of section 115(7) of the PPSA, the Secured Party need not comply with sections 132 and 137(3); and
- (c) if the PPSA is amended after the date of this document to permit the Grantor and the Secured Party to agree to not comply with or to exclude other provisions of the PPSA, the Secured Party may notify the Grantor that any of these provisions is excluded, or that the Secured Party need not comply with any of these provisions, as notified to the Grantor by the Secured Party.

9. DEFAULT INTEREST

9.1 Grantor must pay interest

- (a) The Grantor must pay interest on each amount that is not paid when due (unless the Grantor is already required to pay interest on the unpaid amount by the terms

of any other Equity Derivative Financing Document), from (and including) the day on which it falls due to (but excluding) the day on which it is paid in full, at the rate calculated in accordance with clause 9.1(b). This interest must be paid on demand.

- (b) Interest on an unpaid amount accrues each day at a rate equal to the rate specified in the Bridge Facility Agreement for the payment by the Grantor of interest on unpaid amounts, and is capitalised (if not paid) on the last day of each Default Interest Period (as defined in the Bridge Facility Agreement).
- (c) This subclause does not affect the Grantor's obligation to pay each amount under this document when it is due.

9.2 **Interest after judgment**

If a liability of the Grantor becomes merged in a judgment or order, the Grantor, as an independent obligation, must pay interest on the amount of that liability, from (and including) the date of the judgment or order until it is paid in full, at the higher of the rate that applies under the judgment or order and the rate calculated in accordance with clause 9.1.

9.3 **Accrual and calculation of interest**

Interest under this clause:

- (a) accrues daily; and
- (b) is calculated on the basis of the actual number of days on which interest has accrued and of a 365 day year.

10. **APPOINTMENT OF RECEIVER**

10.1 **Appointment**

If this document has become enforceable (whether or not the Secured Party has entered into possession of all or any of the Secured Property) the Secured Party or any Authorised Representative of the Secured Party may at any time:

- (a) appoint any person or any two or more persons jointly and severally to be a receiver or receiver and manager (or an additional receiver or receiver and manager) of Secured Property;
- (b) remove the Receiver and in case of the removal, retirement or death of any Receiver appoint another as a replacement; and
- (c) fix the remuneration of the Receiver.

Subject to clause 10.2, every Receiver appointed under this subclause will be the Grantor's agent and the Grantor alone will be responsible for the Receiver's acts and defaults and remuneration.

10.2 **Receiver other than as Grantor's agent**

- (a) The Secured Party by notice to the Grantor and the Receiver may require the Receiver to act as the Secured Party's agent.
- (b) The power to appoint a Receiver under this clause may be exercised even though:

- (i) at the time when this document becomes enforceable or when an appointment is made, an order may have been made or a resolution may have been passed to wind up the Grantor; or
- (ii) a Receiver appointed in the circumstances specified in the preceding paragraph may not, or may not in some respects, act as the Grantor's agent.

10.3 Powers of Receiver

The Receiver will have full power to do all or any of the following:

- (a) **(possession and control)** take possession of, or take control of, collect and get any Transfers or other documents held or entitled to be held by the Secured Party under the Security Interest granted in clause 2.1 and the Secured Property and for that purpose to take proceedings (in the name of the Grantor or otherwise);
- (b) **(give up possession)** give up possession of any Transfers or other documents held or entitled to be held by the Secured Party under the Security Interest granted in clause 2.1 and the Secured Property;
- (c) **(exercise Secured Party's rights)**
 - (i) exercise all or any of the Secured Party's powers, rights, discretions and remedies under this document; and
 - (ii) comply with the directions given by the Secured Party;
- (d) **(exercise Marketable Security owner's rights)** exercise all or any powers, rights, discretions and remedies available to any owner or holder (whether beneficial or otherwise) of any Marketable Securities included in the Secured Property (including any right to give directions to the Nominee or any Controlling Participant or to redeem any Marketable Security and rights available to an owner of Marketable Securities under the Corporations Act or any other statute, or under the rules of any stock exchange);
- (e) **(registration)** do everything necessary to obtain registration of the Secured Property in the name of the Secured Party or its nominee and to enable the Secured Party or its nominee to receive New Rights;
- (f) **(New Rights)** receive all New Rights;
- (g) **(settle disputes)**
 - (i) settle, arrange and compromise any accounts, claims, questions or disputes that may arise in connection with the Secured Property or in any way relating to this document; and
 - (ii) execute releases or other discharges in relation to the settlement, arrangement, or compromise;
- (h) **(sell)** sell (whether or not the Receiver has taken possession), exchange or otherwise dispose of (absolutely or conditionally) the Secured Property (or agree to do so):
 - (i) with or without any other property;
 - (ii) by public auction, private sale or tender for cash or on credit;

- (iii) whether or not the reserve price for a sale by auction or tender is disclosed;
- (iv) in one lot or in parcels;
- (v) with or without special conditions, (such as conditions as to title or time or method of payment of purchase money) including by allowing the purchase money to remain:
 - (A) outstanding on any security over the property sold or over any other property; or
 - (B) owing without any security; and
- (vi) on other terms the Receiver considers desirable, without being responsible for any loss;
- (i) (**transfer on sale**) execute Transfers, other transfers and assignments of Secured Property (including in the name of the Grantor), and do everything to complete any sale under clause 10.3(h) that the Receiver thinks necessary;
- (j) (**employees and agents**) engage employees, agents, consultants, lawyers, advisers and contractors for any of the purposes of this clause on terms that the Receiver thinks appropriate;
- (k) (**give receipts**) give receipts for all money and other property that may come into the hands of the Receiver in exercise of any power given by this document;
- (l) (**enforce contracts**) carry out and enforce or otherwise obtain the benefit of all contracts:
 - (i) entered into or held by the Grantor in connection with the Secured Property; or
 - (ii) entered into in exercise of the powers given by this document;
- (m) (**make debtors bankrupt**) wind up the issuer and do everything in connection with any winding up that the Receiver thinks desirable to recover or protect Secured Property;
- (n) (**perform undertakings**) do everything necessary to perform any undertaking of the Grantor in this document;
- (o) (**receive money**) receive all money or other property payable or deliverable to the Grantor from the Secured Property;
- (p) (**desirable or incidental matters**)
 - (i) do or cause to be done everything that the Receiver thinks desirable in the interests of the Secured Party; and
 - (ii) do anything incidental to the exercise of any other power;
- (q) (**take legal proceedings**) take proceedings (including in the name of the Grantor) in connection with any of the above; and
- (r) (**delegate**) with the Secured Party's consent delegate any of the powers given to the Receiver by this clause to any person.

11. PROTECTION OF SECURED PARTY AND APPOINTEES

11.1 Protection of Secured Party and Receiver

- (a) The Secured Party is not obliged to, but may, do the following:
 - (i) notify any debtor or member of the Grantor or any other person of this document; or
 - (ii) enforce payment of any money payable to the Grantor, or take any step or proceeding for any similar purpose.
- (b) None of the Secured Party, any of its Authorised Representatives or agents, any Attorney or any Receiver is liable for any omission or delay in exercising any power, right, discretion or remedy under this document or for any involuntary loss or irregularity that may occur in relation to the exercise or non-exercise of any of them except to the extent that it is a direct and foreseeable result of its own fraud, gross negligence or wilful misconduct.

11.2 Conflict of interests

The Secured Party, an Authorised Representative or agent of the Secured Party, an Attorney, Receiver or other person appointed by the Secured Party under this document may exercise or agree to exercise a power given by this document or by law even though that person may have a conflict of interests in exercising the power.

11.3 Liability for loss

- (a) None of the Secured Party, an Authorised Representative or agent of the Secured Party, an Attorney, a Receiver or any other person appointed by the Secured Party under this document is liable for any loss that the Grantor suffers as a direct or indirect result of:
 - (i) the exercise or attempted exercise of, or failure to exercise, any of its rights contained in this document; and
 - (ii) any release or dealing with any other Guarantee or Security Interest (including any prejudice to or loss of the Grantor's rights of subrogation),except to the extent that such loss is a direct and foreseeable result of its own fraud, gross negligence or wilful misconduct.
- (b) If the Secured Party, any agent of the Secured Party or a Receiver enters into possession of Secured Property, none of the Secured Party, any of its Authorised Representatives or agents, any Attorney or any Receiver is liable:
 - (i) to account as secured party in possession or for anything except actual receipts; or
 - (ii) for any loss on realisation or for any default or omission for which a secured party in possession might be liable, except to the extent that it is a direct and foreseeable result of its own fraud, gross negligence or wilful misconduct.

12. PROTECTION OF THIRD PARTIES

12.1 Dealings under this document

A purchaser or other party to a disposal or dealing in attempted exercise of a power contained in this document is not:

- (a) bound to enquire whether an Event of Default has occurred, whether this document has become enforceable, whether a Receiver has been properly appointed or about the propriety or regularity of a sale, disposal or dealing; or
- (b) affected by notice that a sale, disposal or dealing is unnecessary or improper.

Despite any irregularity or impropriety in a sale, disposal or dealing, it is to be treated, for the protection of the purchaser or other party to the disposal or dealing, as being authorised by this document and valid.

12.2 Receipts

A receipt that the Secured Party, one of its Authorised Representatives or agents or a Receiver gives for any money payable to or receivable by the Secured Party or the Receiver because of this document will:

- (a) relieve the person paying or handing over money or other property from all liability:
 - (i) for the application (or any loss or misapplication) of the money or other property;
 - (ii) to enquire whether the Secured Money has become payable; and
 - (iii) (where appropriate) as to the propriety or regularity of the appointment of the Receiver; and
- (b) discharge the person paying that money from its liability to pay that money.

13. APPLICATION OF MONEY

13.1 Order

- (a) Money that the Secured Party or a Receiver receives under or because of this document is to be applied, after satisfaction of any claims that the Secured Party or the Receiver is aware is a claim that ranks in priority to the Security Interest granted in clause 2.1, in the following order or in any other order that the Secured Party or the Receiver may determine in its absolute discretion, subject to any Equity Derivative Financing Documents or applicable law to the contrary (for example, section 140 of the PPSA where relevant):
 - (i) **(expenses)** first in payment of all expenses that the Secured Party or a Receiver incurs in or incidental to the exercise or attempted exercise of a power or otherwise in relation to any Equity Derivative Financing Document;
 - (ii) **(outgoings)** then in payment of any other outgoings that the Receiver or the Secured Party thinks it appropriate to pay;
 - (iii) **(Receiver)** then in payment to the Receiver of any remuneration (whether by way of commission or otherwise);

- (iv) **(Indemnities)** then in payment to the Secured Party or a Receiver of any amount necessary to give effect to any indemnity contained in this document; and
 - (v) **(Secured Money)** then in payment to the Secured Party of the Secured Money.
- (b) Any surplus will belong to the Grantor or other persons entitled to it. The Secured Party or the Receiver may pay the surplus to the credit of a bank account in the name of the Grantor or other person entitled to it or into court and will then be under no further liability in relation to it. The surplus will not accrue interest.
- (c) When the Secured Party or a Receiver receives money under or because of this document, and applies it in payment to the Secured Party of the Secured Money, the Secured Party or the Receiver (as the case may be) may apply different parts of the money received to different parts of the Secured Money, regardless of any appropriation by the Grantor, as the Secured Party or Receiver chooses.

13.2 **Only actual receipts credited**

In applying any money towards the Secured Money, the Grantor's account will be credited only with the amount of the money that the Secured Party actually receives for that purpose. The credit will date from the time of receipt.

13.3 **Compensation**

If any compensation becomes payable for the Secured Property, the Secured Party may:

- (a) apply the sum received on account of any compensation, at the Secured Party's option, in or towards repayment of the Secured Money;
- (b) make, enforce, settle or compromise any claims relating to compensation; and
- (c) execute any necessary assurances and releases in the names of the Grantor and the Secured Party.

If any compensation comes into the hands of the Grantor before a final irrevocable discharge of this document, the Grantor must immediately pay it to the Secured Party.

13.4 **Certificates and disputes**

- (a) The Secured Party may rely on a certificate issued by any person who claims to be entitled to any money received from the exercise of any right in relation to the Secured Property which states that the Grantor owes it a certain amount of money, without making any further enquiry.
- (b) If there is any dispute between any persons (other than the Secured Party) regarding an entitlement to receive any money received from the exercise of any right in relation to the Secured Property, the Secured Party may pay that money into court, and after doing so does not have any further obligation in respect of that money.

13.5 **No interest**

The Secured Party is not obliged to pay interest to any person on any money received from the exercise of any right in relation to the Secured Property.

13.6 **Payment into bank account**

The Secured Party or the Receiver may pay any money to the credit of a bank account in the name of a person to whom it is obliged to pay any money received from the exercise of any right in relation to the Secured Property, and having done so is under no further liability in respect of that money.

13.7 **Amounts contingently due**

(a) If any part of the Secured Money is contingently owing to the Secured Party when money is being applied under clause 13.1 the Secured Party or Receiver may:

(i) retain an amount equal to the amount contingently owing, or any part of it; and

(ii) put that amount in an interest-bearing account, payable at call.

(b) If the amount which is contingently owing:

(i) becomes payable; or

(ii) ceases to be contingently owing,

the Secured Party or Receiver must apply the amount retained (and any interest earned on it) in accordance with clause 13.1.

14. **CONTINUING SECURITY**

14.1 **Continuity**

The Security Interest granted in clause 2.1:

(a) is a continuing security, and remains in full force until a final irrevocable discharge of that Security Interest is given to the Grantor under clause 17 despite any transaction or other thing (including a settlement of account or intervening payment); and

(b) will apply to the present and future balance of the Secured Money.

14.2 **Limitations on Grantor's rights**

Until the Secured Money has been irrevocably paid and discharged in full, the Grantor may not:

(a) share in any Guarantee, Security Interest or money received or receivable by the Secured Party in relation to the Secured Money or stand in the place of the Secured Party in relation to any Guarantee, Security Interest or right to receive money;

(b) in reduction of its liability under this document, raise a defence, set off or counterclaim against the Secured Party or claim a set off or make a counterclaim against the Secured Party; or

(c) claim to be entitled by way of contribution, indemnity, subrogation, marshalling or otherwise to the benefit of any document or agreement to which the Secured Party is a party.

14.3 **No marshalling**

The Secured Party is not under any obligation to marshal or appropriate in favour of the Grantor or to exercise, apply, perfect or recover any Security Interest that the Secured Party holds at any time or any funds or property that the Secured Party may be entitled to receive or have a claim on.

14.4 **Effect of Insolvency Event**

- (a) If an Insolvency Event has occurred in relation to an Obligor, any amount paid by that Obligor (**relevant payment**) will only be applied against any Secured Money if:
 - (i) the Secured Party forms the opinion in good faith (which will be conclusively binding on the Grantor) that it will not be required to pay the relevant payment to any person under any law relating to bankruptcy, winding up or the protection of creditors; or
 - (ii) a final judgment is given by a court of competent jurisdiction in favour of the Secured Party that it is not required to pay the relevant payment to any person under any law relating to bankruptcy, winding up or the protection of creditors.
- (b) If an amount is applied against any Secured Money and the Secured Party pays or determines that it is obliged to pay the relevant amount to any person under any law relating to bankruptcy, winding up or the protection of creditors:
 - (i) the Secured Party's rights are to be reinstated and will be the same in relation to that amount as if the application, or the payment or transaction giving rise to it, had not been made; and
 - (ii) the Grantor must immediately do anything (including the signing of documents) required by the Secured Party to restore to the Secured Party any Guarantee or Security Interest to which it was entitled immediately before that application or the payment or transaction giving rise to it.
- (c) Any discharge or release between the Secured Party and the Grantor is subject to reinstatement of the Secured Party's rights under this subclause.

15. **RECOVERY OF GST**

- (a) Unless otherwise indicated all amounts referred to in this document are exclusive of GST.
- (b) If the Secured Party makes a taxable supply under or in connection with this document for consideration that is exclusive of GST, the Grantor must:
 - (i) pay to the Secured Party an amount equal to any GST for which the Secured Party is liable in relation to that supply; and
 - (ii) make that payment as and when the consideration or part of it must be paid or provided.
- (c) If requested by the Grantor, the Secured Party must issue a tax invoice for a taxable supply to the person to whom it made the supply.
- (d) The Grantor's obligation to reimburse the Secured Party for an amount paid or payable to a third party (including an obligation to pay the Secured Party's or another party's legal costs) includes GST on the amount paid or payable to the

third party except to the extent that the Secured Party is entitled to an input tax credit for that GST. Unless notified otherwise by the Secured Party, the Grantor must assume that the Secured Party is not entitled to any input tax credit for that GST.

16. **INDEMNITIES**

16.1 **General indemnities**

The Grantor must indemnify the Secured Party against, and must pay the Secured Party on demand the amount of, all losses (including loss of profit), liabilities, costs, expenses and Taxes (other than Excluded Taxes) incurred in connection with each of the following:

- (a) any Secured Money being paid or becoming due for payment other than on its due date, or any amount required to be paid under any Equity Derivative Financing Document not being paid on its due date, including losses (including loss of profit), liabilities, costs, expenses and Taxes (other than Excluded Taxes) incurred because of:
 - (i) the cancellation, termination, unwinding or alteration of any swap or other arrangement made by the Secured Party to fund the Secured Money or other amount ; or
 - (ii) any liquidation or re-employment of deposits or other funds acquired by the Secured Party to fund the Secured Money or other amount;
- (b) the preparation, negotiation, execution, stamping and registration of the Equity Derivative Financing Documents and the satisfaction of any conditions precedent;
- (c) the transactions that the Equity Derivative Financing Documents contemplate;
- (d) any amendment to, or any consent, approval, waiver, release or discharge of or under, an Equity Derivative Financing Document;
- (e) any Event of Default or Potential Event of Default;
- (f) the administration, and any actual or attempted preservation or enforcement, of any rights under the Equity Derivative Financing Documents;
- (g) an enquiry by a Government Agency involving the Grantor; and
- (h) any action taken by the Secured Party under or in relation to the PPSA, including any registration, or any response to an amendment demand or a request under section 275 of the PPSA,

including legal expenses on a full indemnity basis (provided that the Borrower shall only be liable for reasonable legal expenses incurred in connection with paragraph (b)), the Secured Party's internal administration and legal costs at the rate and on the basis determined by the Secured Party and expenses incurred by the Secured Party in engaging investigative accountants and financial consultants (but only where such engagement is made after the occurrence of an Event of Default or a Potential Event of Default).

16.2 **Indemnity for exercise of rights or proceedings**

To the extent permitted by law, the Grantor must indemnify each of the Secured Party, each Authorised Representative and agent of the Secured Party, each Receiver and Attorney of the Grantor and any other person appointed under this document or the Corporations Act by or on behalf of the Secured Party as secured party under this

document against, and must pay each of them on demand the amount of all losses, liabilities, costs, expenses and Taxes (other than Excluded Taxes) that they each incur:

- (a) (directly or indirectly) in the exercise or attempted exercise of any of the powers, rights, discretions or remedies (express or implied) vested in them under this document or the Corporations Act; and
- (b) in connection with all proceedings, expenses, claims and demands in relation to anything done or omitted in any way relating to Secured Property,

including legal expenses on a full indemnity basis and expenses incurred in engaging investigative accountants and financial consultants (but only where such engagement is made after the occurrence of an Event of Default or a Potential Event of Default) except to the extent that any such losses, liabilities, costs, expenses and Taxes are a direct and foreseeable result of the fraud, gross negligence or wilful misconduct of that person.

16.3 **Currency indemnity**

If, for any reason (including as a result of a judgment or order), an amount payable by the Grantor under or in respect of this document (**Relevant Amount**) is received by the Secured Party in a currency (**Payment Currency**) that is not the currency in which the amount is expressed to be payable under this document (**Required Currency**) then the Grantor, as an independent obligation, must indemnify the Secured Party against, and must pay the Secured Party on demand the amount of, any shortfall between:

- (a) the amount of Required Currency which the Secured Party receives on converting the amount it received in the Payment Currency into an amount in the Required Currency in accordance with its usual practice; and
- (b) the Relevant Amount in the Required Currency.

16.4 **Recovery from Secured Property**

A person who is entitled to be indemnified for a loss, liability, expense or Tax under clauses 16.1, 16.2 or 16.3 may recover the amount to be indemnified direct from the Secured Property.

17. **DISCHARGE**

The Secured Party must at the request and cost of the Grantor reconvey, surrender or release any remaining Secured Property (as appropriate) to the Grantor and the Secured Property will then be discharged from this document:

- (a) when the Secured Party is satisfied that:
 - (i) all the Secured Money has been irrevocably paid and discharged in full; and
 - (ii) no amount remains contingently payable or may become payable on the security of this document (including under an indemnity); and
- (b) on payment or retention of all expenses incurred by or payable to the Secured Party, its Authorised Representatives or any Receiver or Attorney.

Any discharge is subject to clause 14.4.

18. **CONFIDENTIALITY**

18.1 **General confidentiality**

The parties to this document agree that the Secured Party must not disclose any information provided by the Grantor under the Equity Derivative Financing Documents to any person who is not a party, and the Grantor must not disclose any information concerning the contents of or the transactions contemplated by any Equity Derivative Financing Document, including in each case information of the kind mentioned in section 275(1) of the PPSA, to any person who is not a party, except to the extent that:

- (a) **(permitted by documents)** the disclosure is expressly permitted by an Equity Derivative Financing Document or required by law to ensure the enforceability or priority of any Equity Derivative Financing Document;
- (b) **(consent of other party)** the other party consents 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 the officers, employees, agents, lawyers, auditors or other professional advisers of the party or its holding company. For the avoidance of doubt, it is not mandatory for a receiving party to enter into any written confidentiality undertaking in respect of any disclosure made under this paragraph;
- (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) **(Secured Party's purposes)** it is in the Secured Party's interest to disclose the information, including:
 - (i) to persons considering purchasing the Secured Party or who are involved in valuing the Secured Party for ratings purposes; or
 - (ii) to persons considering taking an assignment of, interest in or exposure to the Facility or the Equity Derivative Financing Documents, including under securitisation or sub-participation arrangements.

Any disclosure made under this clause 18.1(i) must be made on the basis that the receiving party must keep the information confidential as required by this clause.

18.2 **No request**

The Grantor agrees not to exercise its rights to make any request of the Secured 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 (but this does not limit the Grantor's rights to request information other than under section 275).

19. **NOTICES**

19.1 **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) given personally; or
 - (iv) given in any other manner permitted by law.

19.2 **When a notice is given**

Subject to clause 19.3, 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 given personally, when actually received by that person; and
- (d) 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.

19.3 **Notices to the Secured Party**

Any notice, consent or other communication to be made or delivered to the Secured 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).

19.4 **Address for notices**

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

Secured Party

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

Fax number: +61-2-9324-2880

Email: elaine.chow@ubs.com / kevin.bayett@ubs.com / sh-aus-eg-support@ubs.com / michael.rollin@ubs.com / sh-syd-rmp-op@ubs.com

Attention: Elaine Chow / Kevin Bayett / Michael Rollin

Grantor

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

Telephone: +675 3235600

Fax number: +675 3128804

Email: dairi_vele@treasury.gov.pg

Attention: Mr Dairi Vele, Secretary for Department of Treasury

20. **AMENDMENT AND ASSIGNMENT**

20.1 **Amendment**

This document can only be amended or replaced by another document executed by the parties.

20.2 **Assignment**

- (a) The Grantor may only assign, encumber, declare a trust over or otherwise deal with its rights under any Equity Derivative Financing Document with the written consent of the Secured Party.
- (b) The Secured Party may assign, encumber, declare a trust over or otherwise deal with its rights under this document without the consent of the Grantor, and may disclose to any potential holder of the right, or an interest in the right, any information relating to this document or any party to it.

21. **GENERAL**

21.1 **Governing law**

- (a) This document is governed by the laws of the State of New South Wales.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, and any court that may hear appeals from any of those courts, for any proceedings in connection with any Equity Derivative Financing Document.
- (c) The Grantor 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 Grantor confirms the appointment under the "Process Agent" provisions of the Equity Derivative Financing Agreement of Norose Notices Australia Pty Ltd ACN 158 029 586 of Level 16, Grosvenor Place, 225 George Street, Sydney, NSW 2000 as its agent to receive service of process for any proceedings in connection with any Equity Derivative Financing Document. The Grantor undertakes to maintain this appointment until all Secured Money is repaid, and agrees that any process served on that person is taken to be served on it.

21.2 **Liability for own expenses**

The Grantor is liable for its own costs and expenses in complying with this document, including where it does so at the Secured Party's request or for the Secured Party's benefit.

21.3 **Giving effect to this document**

- (a) The Grantor must do anything (including executing any Transfer and other transfer in blank, or any other document, and perfecting and protecting any Security Interest intended to be created by or pursuant to this document), and must ensure that its employees and agents do anything, that the Secured Party may reasonably require to:
 - (i) give full effect to this document; or
 - (ii) more fully secure the rights, remedies and powers of the Secured Party under this document or to enable the Secured Party to exercise those rights, remedies and powers,including giving directions to the Nominee or any Controlling Participant in respect of any CHESS Securities in the Secured Property.
- (b) The Secured Party may, at the Grantor's cost, do anything which the Grantor should have done under this document if the Grantor does not do so promptly or, if in the Secured Party's opinion, the Grantor does not do so properly.

21.4 **Authority to register and waiver of right to receive verification statements**

The Grantor acknowledges that the Secured Party may, at the Grantor's cost, register one or more financing statements in relation to its Security Interest. If permitted by the PPSA, the Grantor waives its right under section 157 of the PPSA to receive notice of any

verification statement relating to the registration of any such financing statement or any related financing change statement.

21.5 **Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

21.6 **Operation of this document**

- (a) Subject to clause 21.6(b), the Equity Derivative Financing 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 the Equity Derivative Financing Documents and has no further effect.
- (b) Any right that the Secured Party may have under the Equity Derivative Financing Documents is in addition to, and does not replace or limit, any other right that the Secured Party 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.

21.7 **Operation of indemnities**

- (a) Each indemnity in this document survives the expiry or termination of this document.
- (b) The Secured Party may recover a payment under an indemnity in this document before it makes the payment in respect of which the indemnity is given.
- (c) If a provision of this document is expressed to:
 - (i) indemnify;
 - (ii) exclude or limit any liability of; or
 - (iii) otherwise benefit,

a person who is not a party to this document, the Grantor agrees that the Secured Party holds the benefit of that indemnity, exclusion, limitation or other benefit for that person and may enforce this document on their behalf and for their benefit.

21.8 **Consents**

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

21.9 Statements by Secured Party

A statement by an Authorised Representative of the Secured Party on any matter relating to any Equity Derivative Financing Document (including any amount owing by the Grantor) is conclusive unless clearly wrong on its face.

21.10 Set-off

If an Event of Default occurs and is continuing, the Secured Party, without notice to the Grantor, may combine any account that the Grantor holds at any branch or office (in Australia or elsewhere) of the Secured Party with, or set off any amount in any currency that is or may become owing in any currency by the Secured Party to the Grantor against, any amount owing by the Grantor to the Secured Party under the Equity Derivative Financing Documents. For this purpose the Secured Party may:

- (a) change the terms (including the repayment date) of any account or other payment obligation between the parties;
- (b) convert amounts into different currencies in accordance with the Secured Party's usual practice; and
- (c) do anything (including execute any document) in the name of the Grantor that the Secured Party considers necessary or desirable.

This subclause overrides any other document or agreement to the contrary.

21.11 No merger

Nothing in this document merges with any other Security Interest, or any Guarantee, judgment or other right or remedy, that the Secured Party may hold at any time.

21.12 Exclusion of contrary legislation

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

21.13 Counterparts

This document may be executed in counterparts. Delivery of a counterpart of this document by email attachment or fax constitutes an effective mode of delivery.

21.14 Execution by fewer than all parties

This document binds the Grantor even if the Secured Party does not execute or only subsequently executes this document.

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 Sir Michael Ogio, G.C.M.G., K.St.J., Governor General,
acting with and in accordance with the advice of the
National Executive Council:



.....

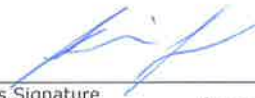
in the presence of:



.....

Name: CARL OKUN
Title: LAWYER

Signed, Sealed and Delivered for **UBS AG, Australia Branch** by its duly authorised signatories in the presence of:



Witness Signature **KEVIN LU**

Print Name




Authorised Signatory Signature
Jason McDonnell

Print Name



Authorised Signatory Signature
KEVIN Bayett

Print Name


BRAD WORTON
EXECUTIVE DIRECTOR