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To the bondholders in:

ISIN NO 001 068 9763

9.50 per cent. Iona Energy Company (UK) Limited Senior Secured Callable Bond Issue 2013/2018

Oslo, 3 March 2017

Summons to Bondholders' Meeting

1. PARTIES

Nordic Trustee ASA (formerly Norsk Tillitsmann ASA (the “**Bond Trustee**”)) acts as trustee for the holders of the bonds (the “**Bondholders**”) in the above mentioned bond issue (the “**Bond Issue**” or the “**Bonds**”) in respect of which Iona Energy Company (UK) Limited (in administration) (formerly Iona Energy Company (UK) Plc) (the “**Issuer**”) is the issuer and Iona Energy Inc. (the “**Parent**”) and Iona UK Huntington Limited (in administration) (the “**Huntington Subsidiary**”) are the guarantors.

All capitalised terms used in this summons (the “**Summons**”) shall have the meaning assigned to them in the bond agreement originally dated 26 September 2013 (as amended on 3 June 2014 and as amended and restated on 17 April 2015) and made between the Issuer, the Parent, the Huntington Subsidiary and the Bond Trustee (the “**Bond Agreement**”), the summons dated 9 June 2016 (the “**June Summons**”) to the Bondholders' Meeting held on 16 June 2016 (the “**June Bondholders' Meeting**”), or the summons dated 15 December 2016 (the “**December Summons**”) to the Bondholders' Meeting held on 22 December 2016 (the “**December 2016 Bondholders' Meeting**”) unless otherwise stated herein.

The information in this Summons regarding the Issuer is provided by the Joint Administrators, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

2. BACKGROUND

2.1 Offer for the shares in the Issuer by Decipher Energy Limited

We refer to (i) the December Summons pursuant to which Bondholders were informed of the Alternative Transaction being pursued by the Joint Administrators with an interested party, and (ii) the “Joint Administrators' Report for Period 6 July 2016 to 5 December 2016” dated 8 December 2016, which was uploaded on www.stamdata.com together with the December Summons.

The Joint Administrators and the Bond Trustee entered into a conditional sale and purchase agreement on 21 February 2017 with Decipher Energy Limited (“**Decipher**”) for the entire issued share capital in the Issuer (the “**Issuer Shares**”) in exchange for nominal consideration (the “**Decipher SPA**”, and the transaction under the Decipher SPA, the “**Decipher Transaction**”). Under the Decipher SPA, Decipher has agreed to procure that the Issuer shall (and to the extent necessary, put the Issuer in funds at the relevant time in order that it may):

- pay an amount equal to US\$2,000,000 on completion under the Decipher SPA to allow distributions to the Issuer's unsecured creditors pursuant to the company voluntary arrangement in respect of the Issuer (as more particularly described in paragraph 2.2 below);
- out of an amount equal to US\$2,000,000, repay US\$1,504,970 of the Outstanding Bonds on completion under the Decipher SPA, and pay amounts due to participants (including the associated employment taxes) under a management incentive plan in an amount equal to US\$495,030 (as more particularly described in paragraphs 2.2 and 2.8 below); and
- repay the remaining US\$3,500,000 of Outstanding Bonds at a date following completion under the Decipher SPA, such payment being conditional upon an extension of the Orlando Licence to a date no earlier than 30 June 2018 (as more particularly described at paragraphs 2.2 and 2.4 below).

Decipher is an independent oil and gas company which was established in 2016. It has binding commitments for the funding of the Decipher Transaction.

It is the view of the Joint Administrators that the Decipher Transaction represents the best option available in the circumstances to maximise recoveries to Bondholders and other stakeholders, taking into account both value and execution risk. Accordingly, the Issuer is seeking the consent of the Bondholders to the Proposals (as defined below) in order to implement the sale of the Issuer Shares to Decipher in accordance with the steps set out in paragraph 2.4 below.

2.2 Summary of the Decipher Transaction

The key economic terms of the Decipher Transaction, which are reflected in the Decipher SPA, are as follows:

- (a) Decipher has agreed to acquire the Issuer Shares in exchange for consideration of US\$1;
- (b) Decipher will procure that the Issuer will make the following payments:
 - (i) US\$2,000,000 (the "**CVA Funding Amount**") will be used to establish a fund (the "**CVA Fund**") for the benefit of certain of the unsecured creditors of the Issuer in order to pay them a dividend in the company voluntary arrangement of the Issuer, which was approved by the Issuer's creditors on 17 June 2016 (the "**CVA**"). None of the Parent, the Huntington Subsidiary (both of which are also unsecured creditors of the Issuer by virtue of outstanding intercompany loans), the Bond Trustee, the Bondholders or Britannic Trading Limited ("**BTL**") will be entitled to receive a dividend from the CVA Fund. Please refer to Step 4 in paragraph 2.4 of the June Summons for further details of the CVA;
 - (ii) US\$1,504,970 (the "**Partial Bond Repayment Amount**") will be paid by the Issuer to the Bond Trustee from an amount equal to US\$2,000,000 lent by Decipher to the Issuer (the "**Completion Amount**") to be applied as a partial repayment of the aggregate principal amount outstanding under the Outstanding Bonds; and
 - (iii) the balance of US\$495,030 (being the Completion Amount less the Partial Bond Repayment Amount, the "**Completion MIP Amount**") will be used to make payments under the Payment Plan (as defined in paragraph 2.8 below) and the associated employment taxes (as more particularly described at paragraph 2.8 below); and
- (c) Following Completion (as defined in paragraph 2.4 below), if one of the Deferred Bond Repayment Conditions (as defined in paragraph 2.4 below) is satisfied on or before the date

that is the later of (i) the date a licence in respect of the Orlando Field is awarded to a party that is not an affiliate of Decipher; or (ii) the date of the announcement of the completion of an OGA licensing round in which the Orlando Field is offered but no licence is awarded to a party (the “**Long Stop Date**”), Decipher will also procure that the Issuer will pay US\$3,500,000 (the “**Deferred Bond Repayment Amount**”) to the Bond Trustee as a further repayment of the aggregate principal amount outstanding under the Outstanding Bonds, following which the Outstanding Bonds will be cancelled. Should the Deferred Bond Repayment Conditions not be met by the Long Stop Date, the Deferred Bond Repayment Amount will not be payable and the Outstanding Bonds will be released in full and cancelled. It is proposed that 15 per cent. of the Deferred Bond Repayment Amount received by the Bond Trustee will be applied to make a payment under the Payment Plan (as defined in paragraph 2.8 below) by the Bond Trustee, with the balance available for distribution to Bondholders (as more particularly described at paragraph 2.8 below).

In connection with a funding agreement which was entered into between Decipher and the lenders thereunder prior to the execution of the SPA, the lenders agreed to make funds available to the Issuer on or prior to Completion, which will enable the Issuer to make the payments referred to in paragraphs (i), (ii) and (iii) above at Completion.

2.3 Steps which have already been implemented

A number of steps have already been implemented in connection with the failed Bridge transaction (as more particularly described in the June Summons, the “**Bridge Transaction**”). A summary of these is set out below:

- (a) on 27 May 2016, the Bond Trustee enforced its share pledge over the Issuer Shares and is consequently entitled to exercise all voting rights in respect of the Issuer Shares in such a manner as it, in its discretion, thinks appropriate;
- (b) on 27 May 2016, the Issuer was re-registered as a private limited company and its name changed to “Iona Energy Company (UK) Limited”;
- (c) on 27 May 2016, the Huntington Shares were transferred by the Issuer to Iona Developments so that, as at the date of this Summons, Iona Developments is the sole shareholder of the Huntington Subsidiary and Decipher will not be indirectly acquiring the Huntington Subsidiary when it acquires the Issuer Shares;
- (d) on 27 May 2016, the Joint Administrators assigned the rights to the Recovery Actions to the Huntington Subsidiary to enable the Joint Administrators (in their capacity as administrators to the Huntington Subsidiary) to properly investigate and pursue (if appropriate) those Recovery Actions in due course. The Joint Administrators are now of the view that they are unlikely to be in a position to pursue any such Recovery Actions, and the Huntington Subsidiary has therefore reassigned to the Issuer all such rights to the Recovery Actions;
- (e) the CVA was launched on 2 June 2016 and was approved by the requisite majority of the Issuer’s voting creditors on 17 June 2016. Following the expiry of the 28-day challenge period under the CVA on 17 July 2016, the CVA became effective. The CVA was modified on 21 February 2017 by the Supervisors to reflect the terms of the Decipher Transaction and provide that payment of the CVA Fund by the Supervisors is contingent on the completion of the Decipher Transaction (rather than the Bridge Transaction). The modified CVA is available at <http://www.fticonsulting-emea.com/cip/iona-energy>; and
- (f) Newco was incorporated as an exempted company in the Cayman Islands on 12 May 2016. As the Newco structure (as more particularly detailed in paragraph 2.6 of the June Summons)

will not be needed under the Decipher Transaction, it is proposed that such structure be unwound.

2.4 Overview of the Decipher Transaction steps

The Decipher Transaction will be implemented in a series of steps as described below. Step 1 has already been implemented. Step 2 is to be implemented during the period between the issuance of this Summons and the date of the Bondholders' Meeting summoned pursuant to this Summons (the "**Bondholder Summons Period**"). Steps 3 to 8 (inclusive) will be implemented following the date of the Bondholders' Meeting summoned pursuant to this Summons. The exact order and timing of the steps may be subject to change.

Step 1 – West Wick Assignment

As outlined in the June Summons, the Joint Administrators have entered into a sale and purchase agreement with Chevron in respect of the Issuer's 58.73% working interest in West Wick which provides for a conditional payment of approximately US\$1.8 million to the Issuer on approval of a field development plan in respect of West Wick. The Issuer and the Bond Trustee entered into an assignment agreement on 28 June 2016 pursuant to which on and from, and subject to, completion under the Bridge SPA, Chevron must pay any consideration payable to the Issuer in connection with the West Wick Transaction (the "**West Wick Consideration**") to the Bond Trustee (the "**Original West Wick Assignment**"). As the Original West Wick Assignment is contingent on completion under the Bridge SPA, the Issuer and the Bond Trustee entered into a new assignment agreement on 21 February 2017 in respect of the West Wick Consideration which is contingent on completion under the Decipher SPA (the "**New West Wick Assignment**"). The Bond Trustee will then distribute the proceeds as contemplated in paragraph 2.6 below.

Step 2 – Bank account and funding mechanics; Settlement Agreements entered into

During the Bondholder Summons Period, the Joint Administrators will settle the following costs, fees and expenses using the remaining cash available at the Issuer and, to the extent that there is insufficient cash available at the Issuer, the Huntington Subsidiary: (i) the costs and legal fees of the Joint Administrators; (ii) costs of the administration of the Issuer up to and including Completion, (including but not limited to salaries, the amounts due under the Settlement Agreements (as defined below), and rent); and (iii) the legal fees of the Bond Trustee and the Issuer.

In addition, each of the members of the Issuer's management team will enter into settlement agreements with the Issuer pursuant to which their employment contracts will be terminated (the "**Settlement Agreements**"). Termination under the Settlement Agreements will become effective on Completion.

Step 3 – Pre-Completion amendments to the Bond Agreement; confirmation of Huntington Guarantee

As noted in the June Summons, the Huntington Subsidiary will not be released from its obligations as Guarantor following the release in full of the aggregate amount outstanding under the Outstanding Bonds at Step 8 below. This will allow any cash realisations and/or any cash at the Huntington Subsidiary to be paid to the Bond Trustee under the Huntington Guarantee. The Huntington Subsidiary will pay any such cash realisations to the Bond Trustee in a single lump sum payment for distribution to the Bondholders.

At the June Bondholders' Meeting, in connection with the Bridge Transaction, Bondholders:

- (a) approved certain amendments to the Bond Agreement to enable the Huntington Subsidiary to remain liable as a Guarantor under the Bond Agreement following the release of the

Outstanding Bonds under the Bridge Transaction (as more particularly detailed in paragraph 2.5 of the June Summons); and

- (b) authorised the Bond Trustee to make a make a demand (the “**Demand**”) under the guarantee in clause 13 of the Bond Agreement (as amended and restated pursuant to (a) above) (the “**Guarantee**”).

As the Bridge Transaction was not implemented, none of the steps referred to in paragraphs (a) and (b) above were taken. It is proposed that Bondholders approve the Pre-Completion Amendments (as defined in paragraph 2.5 below) and the amendment and restatement of the Bond Agreement in the form appended to this Summons at Appendix 2 (the “**Pre-Completion Amended and Restated Bond Agreement**”), and authorise the Bond Trustee to make the Demand in connection with the Decipher Transaction. As a consequence of the Pre-Completion Amendments, the Huntington Subsidiary will not be liable for any amounts relating to interest of any kind in respect of the Outstanding Bonds, and any payment by the Huntington Subsidiary under the Guarantee (as amended) shall be made in a single lump sum.

In response to the Demand, the Huntington Subsidiary will provide a letter (the “**Huntington Confirmation**”) to the Bond Trustee and the Issuer in which it will confirm that:

- (a) it will continue to remain liable under the Guarantee as principal debtor in respect of all amounts owed to the Bond Trustee under the Bond Agreement as at the date of the Huntington Confirmation, other than amounts relating to interest of any kind;
- (b) it will retain any proceeds that it recovers and pay such proceeds in a single lump sum payment to the Bond Trustee (who will distribute the proceeds as contemplated in paragraph 2.6 below); and
- (c) it will have no rights of repayment, indemnity or subrogation whatsoever against the Issuer.

Step 4 – Completion

Completion will occur in accordance with Steps 4A to 6 (inclusive) below (“**Completion**”).

Step 4A – Decipher SPA

The Bond Trustee entered into the Decipher SPA on 21 February 2017. Pursuant to the Decipher SPA, Decipher has agreed to acquire the Issuer Shares in exchange for consideration of US\$1.

Completion under the Decipher SPA is subject to the following conditions precedent:

- (a) written confirmation from the Secretary of State that it will not exercise its rights to revoke or terminate either of the Licences in respect of the Orlando Asset or the Kells Asset as a result of a change of control in the Issuer;
- (b) the entry by the Bond Trustee, the Issuer, the Huntington Subsidiary and the Joint Administrators into the Amendment and Restatement Agreement (as defined in paragraph 2.5 below) and the Bond Debt Release (as defined below);
- (c) approval of the Proposals (as defined below) outlined in this Summons at the Bondholders’ Meeting, and, prior to the satisfaction of the Condition Precedent (as defined below) in (b) above, no further Bondholders’ Meeting having resolved on matters inconsistent with the Proposals;

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- (d) in respect of the CVA:
- (i) the preparation by the supervisors of the CVA (the “**Supervisors**”) of a final form list of Unsecured Creditors whose claims under the CVA have been approved following adjudication by the Supervisors (the “**Approved Creditors**”) and their respective CVA Fund allocations; and
 - (ii) the modification of the CVA by the Supervisors pursuant to their discretion under clause 29.1 of the CVA to provide that payment of the CVA Fund by the Supervisors is contingent on the completion of the Decipher Transaction (rather than the Bridge Transaction), and the Supervisors having written to all known creditors of the Issuer to make them aware of such modifications to the CVA and making a copy of the modified CVA available in an online portal; and
- (e) the receipt by Decipher’s funding provider of certain European Commission or Bundeskartellamt merger control and/or competition clearances,

(together, the “**Conditions Precedent**”).

Step 4B – Completion under the Decipher SPA

Eleven Business Days (as defined in the Decipher SPA, and being business days in England and Scotland) after the satisfaction of the Conditions Precedent, the Bond Trustee will transfer the Issuer Shares to Decipher in accordance with the terms of the Decipher SPA. The Bond Trustee and BTL will release their security over the Issuer Shares.

New directors nominated by Decipher will be appointed to the board of the Issuer, and the existing directors and the company secretary of the Issuer will resign.

Step 4C – Right-sizing of Bond Debt

The aggregate amount outstanding under the Outstanding Bonds as at the date of this Summons is approximately US\$343,047,631, including accrued but unpaid interest and default interest (the “**Bond Debt**”). Following Step 4B above, the Bond Debt will be released down to a principal amount of US\$5,004,970 (the “**Remaining Bond Debt**”), and a corresponding number of Bonds will be cancelled in the VPS. It is proposed that the Bond Trustee, the Issuer and the Huntington Subsidiary will enter into a deed of release pursuant to which the Bond Debt will be released down to a principal amount of US\$5,004,970 (the “**Bond Debt Release**”). The Bond Debt Release will be entered into following the Bondholders’ Meeting and prior to Completion, but under the Bond Debt Release, the release of the Bond Debt described above will only become effective at Completion.

The Remaining Bond Debt will comprise an amount of principal equal to the total of (i) the Partial Bond Repayment Amount (which will be repaid at Step 4D below); and (ii) the Deferred Bond Repayment Amount. Pursuant to amendments that will be made to the Bond Agreement at Step 4D, the Deferred Bond Repayment Amount will be payable only if one of the Deferred Bond Repayment Conditions (as defined below) is satisfied on or before the Long Stop Date, and the Remaining Bond Debt will be non-interest bearing.

Step 4D – Payments under Decipher SPA are made; the security over the assets of the Issuer is released; further amendment of Bond Agreement; Waivers and Releases

It is proposed that Bondholders approve amendments to the Bond Agreement to ensure that following the above steps, the Remaining Bond Debt will be non-interest bearing and the only obligations remaining on the Issuer under the Bond Agreement are:

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- (a) the obligation to pay the Partial Bond Repayment Amount to the Bond Trustee at this Step 4D; and
 - (b) the obligation to pay the Deferred Bond Repayment Amount to the Bond Trustee if one of the Deferred Bond Repayment Conditions (as defined below) is satisfied on or before the Long Stop Date (and the relevant limited obligation on the Issuer to promptly inform the Bond Trustee of (i) the satisfaction of the first to occur of one of the Deferred Bond Repayment Conditions (as defined below), (ii) the occurrence of the Long Stop Date, and (iii) any material developments which would be reasonably likely to impact the satisfaction of the Deferred Bond Repayment Conditions and/or the repayment of the Bonds). The Bond Agreement will also provide that if neither of the Deferred Bond Repayment Conditions (as defined below) is satisfied on or before the Long Stop Date, the Final Outstanding Bond Debt (as defined below) will be released, and the Issuer's obligations under the Bond Agreement will be cancelled, in each case automatically.

This will involve extensive amendments to the Bond Agreement (as amended and restated at Step 3) to delete all covenants, obligations and liabilities, except the obligations outlined in paragraph 2.5 below under "Amendments as part of Completion", and to reflect the fact that the Final Outstanding Bond Debt is unsecured. It is proposed that Bondholders approve the Completion Amendments (as defined in paragraph 2.5 below) and the amendment and restatement of the Bond Agreement in the form appended to this Summons at Appendix 3 (the "**Completion Amended and Restated Bond Agreement**").

An affiliate of Decipher will have already lent an amount of US\$4,000,000, equal to the aggregate of the CVA Funding Amount, the Partial Bond Repayment Amount and the Completion MIP Amount, to the Issuer, which amount shall be held to the Issuer's order in the CMS Client Account. Following the amendment and restatement of the Bond Agreement as described above, the Issuer will authorise the release from the CMS Client Account of:

- (a) the CVA Funding Amount to an account in the name of the Supervisors;
- (b) the Partial Bond Repayment Amount to the client account of Akin Gump LLP (being the legal advisers to the Bond Trustee), who shall then transfer such amount to an account in the name of the Bond Trustee, as a partial repayment of principal under the Outstanding Bonds; and
- (c) the Completion MIP Amount to the Huntington Subsidiary as a partial repayment under an intercompany loan between the Issuer as debtor and the Huntington Subsidiary as creditor.

As a result of the payment at (b) above, the Remaining Bond Debt will be reduced by an amount equivalent to the Partial Bond Repayment Amount (and the remainder, being an amount equal to US\$3,500,000 following such reduction, shall be referred to as the "**Final Outstanding Bond Debt**"), and a corresponding number of Bonds will be cancelled in the VPS. It is proposed that the Bond Trustee will be authorised to distribute the Partial Bond Repayment Amount as contemplated in paragraph 2.6 below.

The Bond Trustee and BTL will also release their security over the assets of the Issuer. The Bond Trustee, BTL, the Issuer and the Huntington Subsidiary will also enter into a deed of release and termination (the "**Deed of Release and Termination**") pursuant to which all parties to the Deed of Release and Termination agree to irrevocably and unconditionally (i) release and discharge each other and the Parent from all liabilities and obligations under the Intercreditor Agreement and the other Finance Documents, except for, amongst other things, the Bond Agreement, the Huntington Confirmation and the Amendment and Restatement Agreement (as defined in paragraph 2.5 below)

(the “**Terminating Finance Documents**”), and (ii) terminate the Terminating Finance Documents as between the parties to such deed so that, as between those parties, the Terminating Finance Documents will no longer have any further force and effect.

The Issuer also requests that the Bond Trustee, with effect on and from Completion:

- (a) releases the Parent from all covenants, undertakings, liabilities, obligations, claims, actions, suits and demands under the Completion Amended and Restated Bond Agreement;
- (b) releases the Huntington Subsidiary from all covenants, undertakings, liabilities, obligations, claims, actions, suits and demands under the Completion Amended and Restated Bond Agreement save to the extent that those covenants, undertakings, liabilities, obligations, claims, actions, suits and demands are in respect of its obligations as Guarantor under the Guarantee;
- (c) waives any default, Event of Default (as defined in the Pre-Completion Amended and Restated Bond Agreement) and/or Mandatory Prepayment Event (as defined in the Pre-Completion Amended and Restated Bond Agreement) which has occurred or may have occurred under the Pre-Completion Amended and Restated Bond Agreement prior to the amendment and restatement of the Bond Agreement in the form of the Completion Amended and Restated Bond Agreement,

(together, the “**Waivers and Releases**”).

If Bondholders authorise the Bond Trustee to give the Waivers and Releases, the Waivers and Releases will be documented in the Amendment and Restatement Agreement (as defined in paragraph 2.5 below), which will be entered into following the Bondholders’ Meeting (although the Waivers and Releases will take effect only on and from Completion).

Step 5 – Final actions of the Joint Administrators

The Joint Administrators will take a number of actions prior to ceasing to act as administrators to the Issuer. These include (i) closing the Issuer’s administration bank account; and (ii) making all necessary notifications.

Step 6 – The administration of the Issuer terminates

Within four Business Days of the completion of all of the Steps set out above, the Joint Administrators will enter into the necessary documentation and take all steps required in order for them to cease to act as administrators to the Issuer, and the Issuer will cease to be in administration.

As is conventional at the end of administration procedures, the Joint Administrators are requesting that the Bond Trustee, in its capacity as the Issuer’s secured creditor, discharges the Joint Administrators from liability in accordance with paragraph 98(1) of Schedule B1 of the Insolvency Act 1986 (as amended) immediately upon the termination of the administration of the Issuer. Such discharge was previously included in the proposals of the Joint Administrators dated 9 February 2016. At this subsequent stage, for good practice, the Joint Administrators are requesting that the Bond Trustee reconfirms their discharge from liability on the terms detailed above by virtue of Bondholders approving paragraph 1(i) of the Proposals (as defined in paragraph 3 below).

Step 7 – Declaration of a CVA distribution; closing of the CVA

Within three Business Days of Completion, the Supervisors will declare and pay a dividend from the CVA Fund to each of the Approved Creditors. Within five Business Days of Completion, the

Supervisors will enter into the necessary documentation and take all steps required in order for them to complete and close the CVA.

Step 8 – Payment of Deferred Bond Repayment Amount

The Deferred Bond Repayment Amount will become payable by the Issuer to the Bond Trustee as a repayment of principal under the Outstanding Bonds within 15 Business Days of the satisfaction of the first to occur of one of the following conditions on or before the Long Stop Date:

- (a) the entry into effect of the instrument (whether deed, agreement, letter, notice, confirmation or otherwise) issued by the OGA (or with respect to a notice, received by the OGA) extending the second term of the Orlando Licence to a date no earlier than 30 June 2018 or continuing the Orlando Licence into a third term beyond 30 June 2018, with such extension or continuation into the third term provided to allow completion of the Orlando FDP; or
- (b) the granting to the Issuer or any affiliate of the Issuer and/or Decipher of a new licence by the OGA in respect of the Orlando Field on such terms and for such duration as have equivalent effect to (a) above,

(together, the “**Deferred Bond Repayment Conditions**”).

If neither of the Deferred Bond Repayment Conditions is satisfied on or before the Long Stop Date, the Final Outstanding Bond Debt will be released automatically, and the Bonds comprising the Final Outstanding Bond Debt will be cancelled in the VPS (and the date of such cancellation shall be referred to in this Summons as the “**Senior Bond Cancellation Date**”).

In summary, this means that, following Completion, if the Issuer or its affiliates (i) receives an extension to the Orlando Licence beyond 30 June 2018, or (ii) is issued a new licence that covers the Orlando Field and such licence extends beyond 30 June 2018, Decipher will procure that the Issuer will pay the Deferred Bond Repayment Amount to the Bond Trustee as a repayment of the Final Outstanding Bond Debt, following which the Bonds comprising the Final Outstanding Bond Debt will be cancelled. The Final Outstanding Bond Debt will therefore remain outstanding until the first to occur of (i) the Issuer paying the Deferred Bond Repayment Amount to the Bond Trustee, (ii) a licence covering the Orlando Field being issued to a third party, or (iii) the OGA announcing that it has attempted to re-licence the Orlando Field area and no party has been awarded a licence for that area. In the case of (ii) and (iii), the Bonds comprising the Final Outstanding Bond Debt will be released and cancelled, and the Issuer’s obligations under the Bond Agreement will be cancelled, in each case automatically.

It is proposed that the Bond Trustee be authorised to distribute the Deferred Bond Repayment Amount (as reduced by 15 per cent. pursuant to the terms of the Part A Payment Plan Letter, as outlined in paragraph 2.8 below), as contemplated under paragraph 2.7 below. Following the payment by the Issuer of the Deferred Bond Repayment Amount, the Final Outstanding Bond Debt will be reduced by an amount equivalent to the Deferred Bond Repayment Amount and will be redeemed in full, and a corresponding number of Bonds will be cancelled in the VPS.

As outlined in Step 3 above, notwithstanding the cancellation of the Final Outstanding Bond Debt, the obligations of the Huntington Subsidiary under the Bond Agreement and the Huntington Confirmation will not be released.

A diagram of the position following Completion is set out at Appendix 4.

2.5 Amendments to the Bond Agreement

As noted above, the Bond Agreement will need to be amended twice as part of the Decipher Transaction. It is proposed that the Issuer, the Huntington Subsidiary and the Bond Trustee enter into an amendment and restatement agreement (the “**Amendment and Restatement Agreement**”) pursuant to which the respective amendments and restatements (as outlined below) will become effective at the relevant stages of the Decipher Transaction, and, in the case of the Pre-Completion Amendments (as defined below), subject to the satisfaction of conditions precedent as outlined in the Amendment and Restatement Agreement.

Amendments pre-Completion

As noted at Step 3 above, before Completion can occur, it is necessary for the Bond Agreement to be amended and restated to provide that, with effect from the date of the Bondholders’ Meeting:

- (a) clauses 9.6 and 9.7 of the Bond Agreement, and the definition of “PIK Interest” and “PIK Bonds”, will be deleted in their entirety, so that the Issuer will no longer be required to pay PIK Interest or issue PIK Bonds on the Outstanding Bonds;
- (b) Bondholders will not be entitled to bring any claim against the Issuer in respect of any entitlement prior to the date of the Bondholders’ Meeting to be issued PIK Bonds under clause 9.6(b) of the Bond Agreement and any entitlement to be issued PIK Bonds is irrevocably waived;
- (c) notwithstanding the foregoing, (i) the Issuer shall continue to pay cash interest on the Outstanding Bonds at the rate of 9.50 per cent. per annum, and (ii) the Issuer shall continue to be liable for the full amount of the Outstanding Bonds and all amounts of accrued and unpaid interest (including default interest) thereon; and
- (d) all amounts payable by the Guarantors will be paid in a single lump sum payment within five Business Days of the date on which (in the case of the Huntington Subsidiary) the Joint Administrators and the Bond Trustee agree in writing that no further recoveries are capable of realisation,

(together, the “**Pre-Completion Amendments**”).

The Issuer therefore proposes that the Bondholders’ Meeting approves the Pre-Completion Amendments and the amendment and restatement of the Bond Agreement in the form of the Pre-Completion Amended and Restated Bond Agreement appended to this Summons at Appendix 2, to become effective at Step 3.

Amendments as part of Completion

As noted above, the Bond Agreement (as amended and restated at Step 3) will need to be amended and restated extensively as part of Completion to delete all covenants, obligations and liabilities, so that the only obligations existing under the Bond Agreement on the Issuer on and from Completion are:

- (a) the obligation on the Issuer to pay the Partial Bond Repayment Amount at Completion;
- (b) the obligation on the Issuer to pay the Deferred Bond Repayment Amount if one of the Deferred Bond Repayment Conditions is satisfied on or before the Long Stop Date; and
- (c) a limited obligation on the Issuer to promptly inform the Bond Trustee of (i) the satisfaction of the first to occur of one of the Deferred Bond Repayment Conditions, (ii) the occurrence of

the Long Stop Date, and (iii) any material developments which would be reasonably likely to impact the satisfaction of the Deferred Bond Repayment Conditions and/or the repayment of the Bonds.

As noted above, the Bond Agreement will be amended to provide that in the event that the Deferred Bond Repayment Conditions are not met on or before the Long Stop Date, the Final Outstanding Bond Debt will be released automatically. However, the Huntington Subsidiary will remain liable under the Guarantee. The Bond Agreement will also be amended to provide that the Remaining Bond Debt will be non-interest bearing.

The Issuer therefore proposes that the Bondholders' Meeting approves amendments to the Bond Agreement on these terms (the "**Completion Amendments**") and the amendment and restatement of the Bond Agreement in the form of the Completion Amended and Restated Bond Agreement appended to this Summons at Appendix 3, to become effective at Step 4D.

2.6 New Residual Recoveries

On and from Completion, the Bond Trustee will have received, or be entitled to receive, cash amounts in respect of:

- (a) payments under the Guarantee (if any);
- (b) the West Wick Consideration;
- (c) the Partial Bond Repayment Amount; and
- (d) the Deferred Bond Repayment Amount.

In addition, the Bond Trustee holds the NT Retention Amount, being an amount equal to US\$1,016,662, pursuant to the authority granted to it at the Bondholders' Meeting held on 21 December 2015 (the "**December 2015 Bondholders' Meeting**") and further details of which can be found in the December Summons.

In this Summons, (i) the amounts referred to in (a) to (d) above and the NT Retention Amount are, together, the "**New Residual Recoveries**"; and (ii) the amounts referred to in (a) and (b) above and the NT Retention Amount are, together, the "**Extraordinary Proceeds**".

Any distributions by the Bond Trustee of the Extraordinary Proceeds will be extraordinary distributions and shall constitute neither a repayment of the principal amount of the Bonds, nor a payment in respect of any interest which has accrued in respect of the Bonds, nor a payment of amounts under the Guarantee. Bondholders' entitlement to the Extraordinary Proceeds will be determined on the basis of Bondholders' holdings of Bonds on the Senior Bond Cancellation Date, and will be independent matured and unpaid claims registered in the VPS which can be traded amongst holders.

2.7 Costs of the Decipher Transaction and payment of New Residual Recoveries

At the June Bondholders' Meeting, Bondholders resolved that: (i) the reasonably incurred fees, costs and expenses of the legal advisers to the Bond Trustee, the Joint Administrators, the Supervisors and the Companies in connection with the Bridge Transaction (the "**Bridge Transaction Costs**") would be met out of the remaining cash available at the Issuer and, to the extent that there is insufficient cash available at the Issuer, the Huntington Subsidiary, subject to the Bond Trustee's approval of such transaction costs; and (ii) to the extent that there is insufficient cash available at the Companies to meet the Bridge Transaction Costs, the Bond Trustee was authorised to pay the balance of any

outstanding Bridge Transaction Costs using the Residual Recoveries (as defined in the June Summons) in its absolute discretion.

Similarly with the Decipher Transaction, the Issuer proposes that the remaining cash available at the Companies will be used to meet reasonably incurred fees, costs and expenses of the legal advisers to the Bond Trustee, the Joint Administrators, the Supervisors and the Companies in connection with the Decipher Transaction (the **"Decipher Transaction Costs"**). Prior to Completion under the Decipher SPA, Decipher Transaction Costs and other professional costs in an amount estimated to be approximately £860,000 will be settled out of the remaining cash available at the Companies. The Joint Administrators' current expectation is that there will be sufficient remaining cash available at the Companies to meet the Decipher Transaction Costs. However, to the extent that there is insufficient cash available at the Companies to meet the Decipher Transaction Costs, pursuant to the authorisations granted at the June Bondholders' Meeting and as detailed in the December Summons, the Bond Trustee has retained the NT Retention Amount (which, for the avoidance of doubt, forms part of the New Residual Recoveries), to apply towards any Decipher Transaction Costs and to pay any costs and expenses incurred by the Bond Trustee in its capacity as Bond Trustee and Security Agent.

In addition, costs will be incurred following Completion, including but not limited to (i) the costs of maintaining the listing of the Bonds on the Oslo Bors; and (ii) any costs and expenses of the Bond Trustee in its capacity as Bond Trustee (the **"Post-Completion Costs"**). It is proposed that the Post-Completion Costs will not be for the account of the Issuer, but are instead paid out of the NT Retention Amount. To the extent that the Post-Completion Costs cannot be met from the NT Retention Amount as they exceed such amount, it is proposed that the Bond Trustee will be authorised to use the other New Residual Recoveries to meet any such Post-Completion Costs, and that the amount that will be held back by the Bond Trustee from the New Residual Recoveries to meet any such Post-Completion Costs shall be at the Bond Trustee's discretion.

The costs of unwinding the Newco structure which was put into place for the Bridge Transaction are estimated to be approximately US\$6,600. It is proposed that these will be paid out of the NT Retention Amount.

Following the payment of the amounts above, the Bond Trustee will distribute (i) the balance of the NT Retention Amount; and (ii) the balance of the New Residual Recoveries, to the Bondholders pro rata to their holdings of Bonds (or, if any distributions of Extraordinary Proceeds are made following the Senior Bond Cancellation Date, pro rata to Bondholders' holdings of claims to the Extraordinary Proceeds) at the time of such distribution, which shall be on one or more such dates as the Bond Trustee in its discretion (acting reasonably) considers appropriate.

2.8 Managers' Payment Plan

As detailed in the June Summons, the Joint Administrators had entered into an arrangement (the **"Payment Plan"**) with six members of the management team of the Issuer (the **"Managers"**) on the terms detailed in the June Summons, as a means of incentivising the Managers to assist with the M&A Process, to negotiate and help deliver a transaction, and to assist the Joint Administrators in managing the Issuer during the administration.

In connection with the implementation of the Decipher Transaction, it is proposed that the Payment Plan be replaced with new agreements on the same commercial terms but amended to reflect the Decipher Transaction.

The proceeds which are subject to the Payment Plan and which are payable on or after Completion will be paid as follows:

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- (a) the Joint Administrators will pay the Completion MIP Amount out of the unrestricted cash in the Issuer on Completion; and
 - (b) the Bond Trustee will pay amounts due under the Payment Plan which relate to proceeds in respect of (i) the West Wick Consideration, and (ii) the Deferred Bond Repayment Amount (together, the “**NT Payment Plan Payments**”) if and when (and to the extent that) the Bond Trustee receives such proceeds under the terms of the New West Wick Assignment and the Decipher SPA respectively.

It is therefore proposed that the Bond Trustee is authorised to enter into a payment plan letter (the “**Part A Payment Plan Letter**”) in order to govern the terms of the NT Payment Plan Payments. It is further proposed that the Bond Trustee be authorised to:

- (a) deduct from the West Wick Consideration such amount as is required to pay the amount that is payable under the Part A Payment Plan Letter in respect of the West Wick Consideration to each of the Managers, being a total amount equal to 5 per cent. of the West Wick Consideration, as soon as practicable following, and only to the extent of, the Bond Trustee’s receipt of the West Wick Consideration from Chevron; and
- (b) deduct from the Deferred Bond Repayment Amount such amount as is required to pay the amount that is payable under the Part A Payment Plan Letter in respect of the Deferred Bond Repayment Amount, being a total amount equal to 15 per cent. of the Deferred Bond Repayment Amount, as soon as practicable following, and only to the extent of, the Bond Trustee’s receipt of the Deferred Bond Repayment Amount from the Issuer,

(together, the “**NT Payment Plan Deductions**”).

3. PROPOSALS

In light of the above, the Issuer hereby proposes the following (the “**Proposals**”):

- 1. The Bondholders’ Meeting:
 - (a) approves (i) the Pre-Completion Amendments described at paragraph 2.5 above and the form of the Pre-Completion Amended and Restated Bond Agreement, and (ii) the Completion Amendments described at paragraph 2.5 above and the form of the Completion Amended and Restated Bond Agreement, and authorises the Bond Trustee to enter into the Amendment and Restatement Agreement and any other documents, and to take such steps, as are required in order for the amendments and restatements referred to in (i) (subject to the satisfaction of the relevant conditions precedent as outlined in the Amendment and Restatement Agreement) and (ii) above to become effective at the appropriate stages of the Decipher Transaction;
 - (b) approves the Bond Trustee making the Demand against the Huntington Subsidiary under the Guarantee in accordance with clause 13 of the Bond Agreement (as amended and restated in the form of the Pre-Completion Amended and Restated Bond Agreement);
 - (c) approves and ratifies the Bond Trustee’s entry into the New West Wick Assignment;
 - (d) approves and ratifies the Bond Trustee’s entry into the Decipher SPA;
 - (e) approves the Bond Trustee entering into the Bond Debt Release to release the Bond Debt and any accrued but unpaid interest and default interest (if any) down to a principal amount of US\$5,004,970;

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- (f) authorises the Bond Trustee to consent to, and take any steps required to effect, the release and discharge of all Security which has been granted by the Issuer and the Parent in favour of the Bond Trustee;
- (g) authorises the Bond Trustee to provide the Waivers and Releases at Completion, and authorises the Bond Trustee to enter into such documents (including but not limited to the Amendment and Restatement Agreement), and to take such steps, as are required in order for the Waivers and Releases to become effective at Completion;
- (h) approves the Bond Trustee's entry into the Deed of Release and Termination;
- (i) approves the Bond Trustee providing the Joint Administrators with a discharge of liability in accordance with paragraph 98(1) of Schedule B1 of the Insolvency Act 1986 (as amended) at the termination of the administration of the Issuer;
- (j) authorises the Bond Trustee to (i) enter into the Part A Payment Plan Letter, (ii) make the NT Payment Plan Payments, and (iii) make the respective NT Payment Plan Deductions from the West Wick Consideration and the Deferred Bond Repayment Amount and pay such amounts equal to the NT Payment Plan Deductions to the Managers in the manner described at paragraph 2.8 above;
- (k) authorises the Bond Trustee to use the NT Retention Amount to pay the costs, fees and expenses of unwinding the Newco structure which was put into place for the Bridge Transaction and any Post-Completion Costs, and authorises the Bond Trustee to distribute the balance of the NT Retention Amount (if any) (after any deductions for costs, fees and expenses of the Decipher Transaction and the costs and expenses incurred by the Bond Trustee in its capacity as Bond Trustee and Security Agent, in each case, authorised pursuant to the December 2015 Bondholders' Meeting; the costs, fees and expenses for unwinding the Newco structure to be authorised pursuant to this paragraph; and the Post-Completion Costs to be authorised pursuant to this paragraph) to the Bondholders in the manner described at paragraph 2.7; and
- (l) to the extent that any Post-Completion Costs exceed the NT Retention Amount, authorises the Bond Trustee to use the other New Residual Recoveries to pay such Post-Completion Costs, and authorises the Bond Trustee to distribute the balance of such New Residual Recoveries (after any deductions for Post-Completion Costs) to the Bondholders in the manner described at paragraph 2.7;
- (m) authorises the Bond Trustee (acting in consultation with its advisers) to do all things and to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the steps and actions in paragraphs 1(a) to 1(l) (inclusive) above or otherwise in connection with the implementation of the Decipher Transaction, including, without limitation:
- (i) authorising and approving the final terms of, and entering into, any and all documentation and agreements deemed necessary or desirable by the Bond Trustee in connection with the implementation of the steps and actions in paragraphs 1(a) to 1(l) (inclusive) above or otherwise in connection with the implementation of the Decipher Transaction;
 - (ii) taking all such steps as may be necessary or desirable to effect the steps and actions in paragraphs 1(a) to 1(l) (inclusive) above or otherwise in connection with the implementation of the Decipher Transaction; and

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- (iii) taking any and all steps and actions expressly or impliedly required to be taken or that it would be desirable to take in order to effect the steps and actions in paragraphs 1(a) to 1(l) (inclusive) above or otherwise in connection with the implementation of the Decipher Transaction, including, without limitation, negotiating, documenting and entering into legal agreements, granting amendments and waivers, and giving instructions, consents, approvals and directions;
2. None of the approvals, authorisations and discretions granted to the Bond Trustee pursuant to sub-paragraph 1 above shall limit the rights of the Bond Trustee or the Security Agent under the existing authority granted to it at the December 2015 Bondholders' Meeting, the June Bondholders' Meeting, the December 2016 Bondholders' Meeting or under the Finance Documents, including but not limited to their respective rights to take enforcement action, or deal with the security constituted by the Security Documents, in accordance with the terms of the Finance Documents; and
3. The Bond Trustee, in consultation with its advisers, may exercise (or refuse to exercise) any discretion, consent or approval required or contemplated in connection with the matters referred to in this Summons, and that none of the Bond Trustee, Akin Gump LLP or the Bondholders shall have any liability whatsoever to any Bondholder or any other person in connection with the exercise (or non-exercise) of any such discretion which is exercised in good faith in accordance with the Proposals.

4. FURTHER INFORMATION

Bondholders may contact the Joint Administrators of the Issuer, Akin Gump LLP or the Bond Trustee for further information:

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Nordic Trustee ASA
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FTI and each of the Joint Administrators in their personal capacities expressly disclaims any and all liability whatsoever in connection with the Proposals (including but not limited to the information contained in the Summons).

5. EVALUATION OF THE PROPOSALS

5.1 The Issuer's evaluation

In the opinion of the Joint Administrators, the Proposals represent the best way to maximise recoveries to Bondholders that is available in the current circumstances.

5.2 Non-reliance

The Proposals are put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposals and vote accordingly.

None of the Bond Trustee, the Joint Administrators or their respective advisers accepts any responsibility to Bondholders in relation to the impact of the Proposals on Bondholders' tax or accounting affairs. Each Bondholder should consult their own independent legal adviser in relation to any tax and/or accounting implications of the Proposals.

5.3 Pre-acceptance

The Issuer has informed the Bond Trustee that Bondholders holding in excess of 71% of the Outstanding Bonds have indicated their support for the Proposals and that they will provide irrevocable undertakings ahead of the Bondholders' Meeting.

6. BONDHOLDERS' MEETING

Bondholders are hereby summoned to a Bondholders' Meeting:

Time: 10 March 2017 at 13:00 hours (Oslo time)
Place: The premises of Nordic Trustee ASA,
Haakon VII's gt 1, 0161 Oslo - 6th floor

Agenda:

1. Approval of the Summons.
2. Approval of the Agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Consent to the Proposal(s).

It is proposed that the Bondholders' Meeting resolves the following:

The Bondholders' Meeting hereby adopts the resolutions set out in the Proposals as described in section 3 of the Summons for this Bondholders' Meeting.

The Bond Trustee is hereby authorised to prepare, negotiate, finalise and enter into the necessary agreements in connection with documenting the decisions made at the Bondholders' Meeting as well as carry out necessary completion work, including agreeing on necessary amendments to the Bond Agreement and any other Finance Document."

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To approve the Proposals, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 5/10 of the voting Bonds must be represented at the meeting.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. If the Bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm: (a) the owner of the bonds, (b) the aggregate nominal amount of the Bonds, and (c) the account number in VPS on which the Bonds are registered.

The individual Bondholder may authorise the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Bond

Trustee to vote, must then be returned to the Bond Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to the Bond Trustee, to notify the Bond Trustee by telephone or by e-mail (mail@trustee.no) by 16:00 hours (4:00pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely
Nordic Trustee ASA



Vivian Trøsch

Enclosed:

- Appendix 1: Bondholder's Form
- Appendix 2: Form of Pre-Completion Amended and Restated Bond Agreement
- Appendix 3: Form of Completion Amended and Restated Bond Agreement
- Appendix 4: Structure chart following Completion

APPENDIX 2

FORM OF PRE-COMPLETION AMENDED AND RESTATED BOND AGREEMENT

ISIN NO 001 0689763

AMENDED AND RESTATED BOND AGREEMENT

between

Iona Energy Company (UK) Limited (in administration)
as Issuer

Iona Energy Inc.
Iona UK Huntington Limited (in administration)
as Guarantors

and

Nordic Trustee ASA
as Bond Trustee on behalf of the Bondholders

in the bond issue

9.50 per cent. Iona Energy Company (UK) Limited Senior Secured Callable Bond Issue 2013/2018

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This agreement, originally entered into on 26 September 2013, as amended by the Amendment Agreement No. 1 dated 3 June 2014 and as amended and restated by the Amendment Agreement No. 2 dated 17 April 2015, and as amended and restated by the Amendment Agreement No. 3 has been entered into on [•] 2017 between:

- (1) **IONA ENERGY COMPANY (UK) LIMITED (in administration)** (a company existing under the laws of Scotland with company registration number SC335305), acting by its agents, the Joint Administrators, as issuer (the “**Issuer**”);
- (2) **IONA ENERGY INC.** (a company existing under the laws of the Province of Alberta, Canada with corporate access number AB-2016086205) as guarantor (the “**Parent**”);
- (3) **IONA UK HUNTINGTON LIMITED (in administration)** (a company existing under the laws of England and Wales with company registration number 07385624), acting by its agents, the Joint Administrators, as guarantor (“**Huntington Subsidiary**”); and
- (4) **NORDIC TRUSTEE ASA**, a company existing under the laws of Norway with registration number 963 342 624) as bond trustee (the “**Bond Trustee**”).

1 INTERPRETATION

1.1 Definitions

In this Bond Agreement, the following terms shall have the following meanings:

“**Accounts**” means:

- (a) the Escrow Account;
- (b) the BP Structured Energy Derivative Escrow Account;
- (c) the Issuer Earnings Account(s);
- (d) the Huntington Subsidiary Earnings Account;
- (e) the Debt Service Retention Account; and
- (f) any future earnings accounts of any future Restricted Companies (if applicable).

“**Account Bank(s)**” means, for the Escrow Account, the BP Structured Energy Derivative Escrow Account and the Debt Service Retention Account, the Escrow Account Bank, and for all other Accounts, one or more first class international banks (with a rating of A or higher from Standard & Poor’s Rating Services or A2 or higher from Moody’s Investors Service Limited for its long term debt obligations).

“**Account Manager**” means a Bondholder’s account manager in the Securities Depository.

“**Additional Guarantors**” means any future Restricted Group Company.

“Additional Security Interest” means any Security created (or to be created) in favour of the Security Agent (on behalf of the Bondholders) as security for the obligations of the Obligors under any Finance Document, including but not limited to the following Security:

- (a) a first priority share charge over all of the Issuer’s shares in any future Restricted Group Company;
- (b) an unconditional and irrevocable on-demand guarantee in favour of the Bond Trustee from each future Restricted Group Company;
- (c) a fixed charge over any increased working interest in the Trent & Tyne Asset;
- (d) a first priority fixed charge over any future Development Licence or Production Licence acquired by the Issuer or any Restricted Group Company or over any Licence developing into a Development Licence during the term of the Bonds;
- (e) a first priority assignment by way of security of all of the Issuer or any Restricted Group Company’s rights, title and interest in, to or arising under or in relation to any Assigned Agreement (other than any Licence) (as agreed between the Issuer and the Bond Trustee as being the key relevant agreements) relating to any future Development Licence or Production Licence acquired by the Issuer or any Restricted Group Company or any Licence developing into a Development Licence during the term of the Bonds;
- (f) to the extent that such rights referred to in (e) cannot be effectively assigned, subject to the Issuer using its reasonable endeavours to establish such assignment, the Issuer shall grant and establish, and ensure that the Huntington Subsidiary and each future Restricted Group Company will grant and establish, a first priority fixed charge over such Assigned Agreements;
- (g) a first priority fixed charge over each future Restricted Group Company’s goodwill and uncalled capital;
- (h) a first priority fixed charge over each future Restricted Group Company’s earnings accounts;
- (i) a first priority fixed charge over each future Issuer Earnings Account and/or future Huntington Subsidiary Earnings Account;
- (j) a first priority floating charge over all property, assets, rights and revenues, present and future of each future Restricted Group Company, to the extent that such property, assets, rights and revenues are not effectively charged by way of fixed security or assignment;
- (k) a first priority assignment by way of security of all of the Issuer’s rights to and title and interest, whether present or future, under any future intra-group loans made by the Issuer to any future Restricted Group Company;

- (l) a first priority assignment by way of security of all of any future Restricted Group Company's rights to and title and interest, whether present or future, under any future intra-group loans made by such Restricted Group Company to the Issuer;
- (m) a first priority share pledge over any future shares or other equity-linked securities of the Issuer; and
- (n) a first priority share pledge over any future shares or other equity-linked securities in the Huntington Subsidiary and any future Restricted Group Company.

"Advisory Fees" shall have the meaning set out in Clause 14.4.10 (h).

"Amendment Agreement No. 2" means the amendment agreement to this Bond Agreement dated 17 April 2015 between the Parent, the Issuer, the Huntington Subsidiary and the Bond Trustee.

"Amendment Agreement No. 3" means the amendment and restatement agreement to this Bond Agreement dated [•] 2017 entered into between the Issuer, the Huntington Subsidiary, the Joint Administrators and the Bond Trustee.

"Appraisal Activities" means costs and investments prior to submittal of a FDP in discovered hydrocarbon resources containing contingent resources.

"Appraisal Licence" means any Licence relating to discovered hydrocarbon resources containing contingent resources and where the FDP has not yet been submitted.

"Assigned Agreements" means:

- (a) the Licences;
- (b) each present and future contract or policy of insurance in respect of which the Issuer or any Restricted Group Company has or may from time to time have an interest (other than insurance relating to existing hydrocarbon licences not being a Licence owned by the Issuer or a Restricted Group Company);
- (c) each joint operating agreement and/or unitization and unit operating agreement relating to the Project, each agreement relating to the transportation, processing and/or storage of production from the Project, each agreement for the sale or marketing of production from the Project, each royalty agreement related to the Project, and each other material agreement relating to the Project and/or hydrocarbons produced in relation to the Project;
- (d) any document and/or agreement relating to the acquisition by any Restricted Group Company of any interest in a Licence relating to a development or operating asset; and
- (e) any other document designated as such by the Issuer and the Bond Trustee.

"Assignments of Intra-group Loans" means the first priority English law assignments:

- (a) by way of security from the Parent of all its rights to and title and interest, whether present or future, under any intra-group loans made by the Parent as lender to the Issuer as borrower;
- (b) by way of security from the Issuer of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Issuer as lender to the Huntington Subsidiary as borrower; and
- (c) by way of security from the Huntington Subsidiary of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Huntington Subsidiary as lender to the Issuer as borrower.

“Attachment” means the attachments to this Bond Agreement.

“Bond Agreement” means this bond agreement, including the Attachments, as amended from time to time.

“Bond Issue” means the bond issue constituted by the Bonds.

“Bondholder” means a holder of Bond(s), as registered in the Securities Depository, from time to time.

“Bondholder Adviser” means any legal or financial adviser retained by the Bond Trustee for and on behalf of the Bondholders in connection with the preparation of a Transaction Proposal and any amendments to the Bond Agreement in connection therewith.

“Bondholders’ Meeting” means a meeting of Bondholders, as set out in Clause 17.

“Bonds” means the debt instruments issued by the Issuer pursuant to this Bond Agreement.

“BP Structured Energy Derivative” means the cash-settled call options entered into by the Issuer with BTL comprising structured energy derivative transactions.

“BP Structured Energy Derivative Escrow Account” means an account in the name of the Issuer held with the Escrow Account Bank to which USD 35,000,000 of the net proceeds from the Bond Issue shall be transferred upon First Disbursement. The account shall be blocked and charged in favour of the Bond Trustee pursuant to the BP Structured Energy Derivative Escrow Account Pledge, which will provide that the deposited amount shall only be released upon the receipt by the Account Bank and the Bond Trustee of a duly executed BP Structured Energy Derivative Escrow Account Drawdown Notice.

“BP Structured Energy Derivative Escrow Account Drawdown Notice” means a drawdown notice to the Account Bank and the Bond Trustee in relation to the amounts deposited in the BP Structured Energy Derivative Escrow Account substantially in the form set out in Attachment 3 hereto.

“BP Structured Energy Derivative Escrow Account Pledge” means the first priority Norwegian law pledge over the Issuer’s claim against the Escrow Account Bank for the amount from time to time standing to the credit of the Issuer in the BP Structured Energy Derivative Escrow Account.

“BP Structured Energy Derivative Tranche 1 Retirement Disbursements” means the amount in the BP Structured Energy Derivative Escrow Account used to fund early termination payments with respect to the Tranche 1 Call Options comprising the BP Structured Energy Derivative.

“BP Structured Energy Derivative Tranche 2 Retirement Disbursements” means net proceeds from the Bond Issue held in the Escrow Account released to fund early termination payments with respect to the Tranche 2 Call Options comprising the BP Structured Energy Derivative.

“BTL” means Britannic Trading Limited.

“BTL Intercreditor Agreement” means the intercreditor agreement entered into between BTL, the Parent, the Huntington Subsidiary, the Issuer, the Security Agent and the Bond Trustee, in the form attached hereto as Attachment 5.

“BTL Second-Ranking Security Document” means the documents evidencing the BTL Second-Ranking Security Interests, in substantially the same form as the Security Documents, for the purpose of securing the Issuer’s obligations to BTL under the BP Structured Energy Derivative, any Novated Pre-Paid Put Options and any other Secured Hedging Transactions (and for the avoidance of doubt, excluding any Unsecured Hedging Transactions). BTL’s rights with respect to such second-ranking security shall be fully subordinated to those of the Bondholders pursuant to the BTL Intercreditor Agreement.

“BTL Second-Ranking Security Interest” means any Security created (or to be created) in favour of BTL as security for the obligations of the Issuer under the BP Structured Energy Derivative, which shall comprise a second ranking equivalent of each of the Security Interests.

“Budget” means the budget prepared by the Issuer and delivered to the Bond Trustee on 12 March 2015.

“Business Day” means (i) generally, any day on which the banks in Norway and New York are open for general business and can settle foreign currency transactions in Norway and New York and (ii) with respect to payments from the Parent relating to Guaranteed Obligations, any day on which the banks in Norway, New York and Calgary are open for general business and can settle foreign currency transactions in Norway, New York and Calgary.

“Business Day Convention” means that no adjustment will be made if a Payment Date occurs on a day that is not a Business Day, in which case payments of interest and/or principal (as the case may be) due on that Payment Date will be made on the first following day that is a Business Day (*No Adjustments of Business Day*).

“Call Option” shall have the meaning set out in Clause 10.2.

“Cash and Cash Equivalent” means, on any date, the aggregate of the equivalent in USD on such date of the then current market value of:

- (a) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an acceptable bank, including the Escrow Account and the BP Structured Energy Derivative Escrow Account; and
- (b) time deposits with acceptable banks and certificates of deposit issued, and bills of exchange accepted, by an acceptable bank;

in each case to which any Restricted Group Company is beneficially entitled at the time and except in respect of funds standing to the balance of the Escrow Account and the BP Structured Energy Derivative Escrow Account, to which any Restricted Group Company has free and unrestricted access and which is not subject to Security, other than the charges over the Issuer Earnings Account and the Huntington Subsidiary Earnings Account and any other Restricted Group Company's earnings account. An "acceptable bank" for this purpose is:

- (a) a commercial bank, savings bank and trust company which has a rating of A or higher from Standard & Poor's Ratings Service or A2 or higher from Moody's Investor Service Limited or a comparable rating from a nationally recognized credit rating agency for its long term debt obligations; or
- (b) a bank or financial institution which is authorised to carry on banking business in Norway.

"Change of Control Event" means (i) if any person, or group of persons under the same Decisive Influence, or two or more persons acting in concert obtains Decisive Influence over the Parent, or (ii) a de-listing of the Parent's shares from the TSX Venture Exchange that does not occur in connection with a listing of the Parent's shares on the Toronto Stock Exchange or another internationally recognized stock exchange.

"Debt Service Retention Account" means an account in the name of the Issuer held with the Escrow Account Bank, blocked and charged in favour of the Bond Trustee pursuant to the Debt Service Retention Account Pledge, which will provide that the deposited amount shall only be released and applied for payments of due interest and Instalments.

"Debt Service Retention Account Pledge" means the first priority Norwegian law pledge over the Issuer's claim against the Escrow Account Bank for the amount from time to time standing to the credit of the Issuer in the Debt Service Retention Account.

"Decisive Influence" means a person having, as a result of an agreement, understanding and/or other arrangement and/or through the direct and/or indirect ownership of shares and/or other ownership interests in another person:

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

When determining the relevant person's number of voting rights in the other person or the right to elect and remove members of the board of directors, rights held by the parent company of the relevant person and the parent company's Subsidiaries shall be included.

“Defeasance Pledge” shall have the meaning given to it in Clause 19.2.

“Development Licence” means any Licence where the FDP has been submitted to the relevant authorities for approval.

“Disposal” shall have the meaning set out in Clause 14.4.19.

“EBITDA” means (on a consolidated basis) the Restricted Group’s aggregate earnings before financial items (including interest), taxes, depreciation and amortization (to be calculated on a 12-month rolling basis).

“Effective Date” has the meaning given to it in the Amendment Agreement No. 2.

“Eligible Proceeds” means proceeds from New Equity or up to 10% of Free Cashflow in the relevant six month period under the BP Structured Energy Derivative which are available for application in early termination of the Tranche 1 Call Options or Tranche 2 Call Options or both, as the case may be.

“Escrow Account” means an account in the name of the Issuer held with the Escrow Account Bank, blocked and pledged in favour of the Bond Trustee pursuant to the Escrow Account Pledge so that no withdrawals can be made from the account without the Bond Trustee’s prior written consent.

“Escrow Account Bank” means DNB Bank ASA.

“Escrow Account Pledge” means the first priority Norwegian law pledge over the Issuer’s claim against the Escrow Account Bank for the amount from time to time standing to the credit of the Issuer in the Escrow Account.

“Event of Default” means the occurrence of an event or circumstance specified in Clause 16.1.

“Exchange” means (i) a securities exchange or other reputable regulated market, or (ii) Oslo Børs ASA’s Nordic ABM, on which the Bonds are listed, or where the Issuer has applied for listing of the Bonds.

“Existing Credit Facility” means the existing up to USD 250,000,000 senior secured borrowing base facility evidenced by a facility agreement dated 20 February 2013 made between (amongst others) the Issuer, as borrower and Banc of America Securities Limited as agent on behalf of the lenders.

“Exploration Activities” means costs and investments (including acquisition costs) related to prospective, non-discovered hydrocarbon resources. For the avoidance of doubt, any investments related to increasing the ownership in the Trent & Tyne Asset from the current ownership interest of 20% to 37.5% through the drilling of an exploration well on the Tyne North West prospect shall be classified as an acquisition cost of a producing asset and therefore not Exploration Activities.

“Exploration Licence” means any Licence relating to prospective, non-discovered hydrocarbon resources.

“Face Value” means the denomination of each of the Bonds, as set out in Clause 2.2.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by (i) the principal financial officer of the Parent or the Issuer for transactions valued at less than USD 5,000,000; (ii) the Board of Directors of the Parent or the Issuer for transactions valued at, or in excess of, USD 5,000,000 but less than USD 15,000,000; and (iii) a suitable independent third party for transactions valued at, or in excess of USD 15,000,000.

“FDP” means field development plan.

“Finance Documents” means:

- (a) this Bond Agreement;
- (b) the agreement between the Bond Trustee and the Issuer referred to in Clause 15.2;
- (c) the Security Documents (including any notice, acknowledgement and other ancillary documentation relating thereto);
- (d) any agreement relating to a Subordinated Loan;
- (e) the Subordination Agreement;
- (f) the BTL Intercreditor Agreement; and
- (g) any other document the Issuer and the Trustee designate as a Finance Document.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS applicable at the Issue Date, be treated as finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any

derivative transaction, only the mark to market value shall be taken into account);
and

- (h) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (g) above.

“Financial Statements” means the audited unconsolidated and consolidated annual financial statements of the Issuer or the Parent, as the case may be, for any financial year, drawn up according to GAAP, such statements to include a profit and loss account, balance sheet, cash flow statement and, to the extent not covered by the management discussion and analysis in the management and financial reports provided by the Parent, but still a relevant event or issue for the Issuer, management commentary or report from the board of directors.

“Financial Support” means any loans, guarantees or other financial assistance (including, but not limited to granting of Security) granted by a Restricted Group Company for the benefit of any third party or other Group Company.

“First Disbursement” means the first disbursement from the Escrow Account and Repayment Escrow Account.

“First Oil” means having produced more than 4,000 boe/day gross hydrocarbons in average over 30 days.

“Free Cashflow” means (on a consolidated basis) during any given period, earnings before depreciation and amortization (“EBDA”), *less* the sum of (i) any capital expenditures and (ii) change in working capital of the Restricted Group (to be calculated on a 6-month rolling basis).

“Future Restricted Group Company/Issuer Subordination Agreement” means the agreement entered into between the Issuer and any future Restricted Group Company, under which any existing and future loans from the future Restricted Group Company to the Issuer shall be fully subordinated to the Bonds. No payment of principal or interest in respect of such subordinated loans is permitted during the term of the Bonds, the loans shall have a maturity date after the Maturity Date and the future Restricted Group Company shall have no right to accelerate for as long as the Bonds are outstanding.

“GAAP” means the generally accepted accounting practice and principles in the country in which the Issuer is incorporated including, if applicable, the IFRS, in force from time to time.

“Group” means the Parent and all its (directly or indirectly owned) Subsidiaries from time to time.

“Group Company” means the Parent or any of its Subsidiaries.

“Group Capital Employed Ratio” means (on a consolidated basis) the ratio of Group Equity to the sum of Group Equity plus the Group’s Net Interest-Bearing Debt.

“Group Equity” means (on a consolidated basis) the aggregate book value of the Group’s total equity treated as equity in accordance with IFRS, excluding any fair value adjustment attributable to the BP Structured Energy Derivative.

“Guarantees” means the unconditional and irrevocable on-demand guarantees (No: "påkravsgaranti") to be issued by the Guarantors (on a joint and several basis) in favour of the Bond Trustee securing certain of the Issuer’s obligations under this Bond Agreement and any other Finance Document, including costs and expenses.

“Guarantee Payment Date” means the date on which the relevant Guarantor (and in case of the Huntington Subsidiary, the Joint Administrators) and the Bond Trustee reasonably agree in writing that there are no further recoveries capable of realisation by that Guarantor with which to pay the amount outstanding under the Guarantee.

“Guarantors” means the Parent and the Huntington Subsidiary.

“Huntington Asset” means:

- (a) the Huntington Subsidiary’s 15% working interest in the Huntington oil field located in the Central North Sea offshore UK with licence number P.1114 and block number 22/14b; and
- (b) the Huntington Subsidiary’s entitlement to an additional 2.55% of revenues from the Huntington oil field through the Huntington Subsidiary’s disproportionate lifting entitlement agreement with E.ON Ruhrgas UK E&P (0.75%) and royalty agreement with Premier Oil plc (1.2%) and Norwegian Energy Company ASA (0.6%), or with such other company that will become subject to such agreements as a result of a change in the ownership structure of the licence.

“Huntington Deep Asset” means the Issuer’s 100% interest in the Huntington Fulmar and Triassic fields located in the Central North Sea offshore UK with licence number P.1801 and block number 22/14d.

“Huntington Share Charge” means the first priority English law pledge granted by the Issuer over all (100%) of the shares in the Huntington Subsidiary, together with, inter alia, executed stock transfer forms (blank as to the transferee) and the existing share certificates.

“Huntington Subsidiary Debenture” means a first priority English law debenture granted by the Huntington Subsidiary in favour of the Bond Trustee comprising certain first priority assignments and fixed and floating charges over the Huntington Subsidiary’s assets as more particularly described in the Huntington Debenture, as follows:

- (a) a first priority assignment of all rights to and title and interest, whether present or future, of the Huntington Subsidiary in, to or arising under or in relation to the Assigned Agreements (other than the Licences) relating to the Licences;
- (b) a first priority fixed charge over the Licences and to the extent that such rights cannot be effectively assigned pursuant to the first priority assignment of Assigned Agreements, a first priority English law fixed charge over the Assigned Agreements, and all of the rights to and title and interest whether present or future,

of the Huntington Subsidiary in, to or arising under or in relation to the Assigned Agreements;

- (c) a first priority fixed charge over all of the Huntington Subsidiary's goodwill and uncalled capital (if applicable);
- (d) a first priority floating charge over all of the Huntington Subsidiary's property, assets, rights and revenues, present and future, to the extent that such property, assets, rights and revenues are not effectively charged by way of fixed security or assignment; and
- (e) a first priority fixed charge over the Huntington Subsidiary Earnings Account and the amount from time to time standing to the credit of the Huntington Subsidiary in the Huntington Subsidiary Earnings Account(s).

"Huntington Subsidiary Earnings Account(s)" means the account(s) held by the Huntington Subsidiary with the Account Bank(s), into which the Project Proceeds payable to the Huntington Subsidiary shall be paid directly by the relevant contracting party. The Huntington Subsidiary Earnings Account(s) shall be charged in favour of the Bond Trustee, but not blocked (unless an Event of Default has occurred and is continuing) pursuant to the Huntington Subsidiary Debenture.

"Huntington Subsidiary Scottish Law Floating Charge" means the first priority Scottish law floating charge over all of the Huntington Subsidiary's property, assets, rights and revenues, present and future.

"IFRS" means International Financial Reporting Standards, and guidelines and interpretations issued thereto by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

"Independent Director" shall have the meaning set out in Clause 14.5.5.

"Initial Security Interests" means any Security created (or to be created) in favour of the Security Agent (on behalf of the Bondholders) as security for the obligations of the Obligors under any Finance Document, including but not limited to the following Security:

- (a) the Escrow Account Pledge;
- (b) the Guarantees;
- (c) the Assignment of Intra-group Loans;
- (d) the Issuer Share Pledge;
- (e) the Huntington Share Charge;
- (f) the Issuer Debenture;
- (g) the Huntington Subsidiary Debenture;
- (h) the BP Structured Energy Derivative Escrow Account Pledge;

- (i) the Debt Service Retention Account Pledge;
- (j) the Issuer Scottish Law Floating Charge;
- (k) the Huntington Subsidiary Scottish Law Floating Charge; and
- (l) the Repayment Escrow Account Fixed Charge.

“Instalment” means each of the instalments made in accordance with Clause 10.1.

“Interest Payment Date” means 27 September and 27 March each year beginning on 27 March 2014 and ending on the Maturity Date. Any adjustment will be made according to the Business Day Convention.

“Interim Accounts” means the unaudited unconsolidated and consolidated quarterly financial statements of the Parent and the Issuer for any quarter ending on a Quarter Date, drawn up according to GAAP and for the Parent in the forms required by Canadian securities laws applicable to the Parent, such statements to include a profit and loss account, balance sheet, cash flow statement and, to the extent not covered by the management discussion and analysis in the management and financial reports provided by the Parent, but still a relevant event or issue for the Issuer, commentary from management or report from the board of directors.

“ISIN” means International Securities Identification Number – the identification number of the Bond Issue.

“Issue Date” means 27 September 2013.

“Issuer Debenture” means a first priority English law debenture granted by the Issuer in favour of the Bond Trustee comprising certain first priority assignments and fixed and floating charges over the Issuer’s assets as more particularly described in the Debenture, as follows:

- (a) a first priority assignment of all of the rights to and title and interest, whether present or future, of the Issuer in, to or arising under or in relation to the Assigned Agreements (other than the Licences) relating to the Licences;
- (b) a first priority fixed charge over the Licences and to the extent that such rights cannot be effectively assigned pursuant to the first priority assignment of Assigned Agreements (including the Licences), a first priority fixed charge over the Assigned Agreements, and all of the rights to and title and interest whether present or future, of the Issuer in, to or arising under or in relation to the Assigned Agreements;
- (c) a first priority fixed charge over all of the Issuer’s goodwill and uncalled capital (if applicable);
- (d) a first priority floating charge over all of the Issuer’s property, assets, rights and revenues, present and future, to the extent that such property, assets, rights and revenues are not effectively charged by way of fixed security or assignment, but

excluding any existing hydrocarbon licences owned by the Issuer not being a Licence and any agreement relating thereto; and

- (e) a first priority fixed charge over the Issuer Earnings Account(s) and the amount from time to time standing to the credit of the Issuer in the Earnings Account(s).

“Issuer Earnings Account(s)” means the account(s) held by the Issuer with the Account Bank(s), into which the Project Proceeds payable to the Issuer shall be paid directly by the relevant contracting party. The Issuer Earnings Account(s) shall be charged in favour of the Bond Trustee, but not blocked (unless an Event of Default has occurred and is continuing) pursuant to the Issuer Debenture.

“Issuer Scottish Law Floating Charge” means the first priority Scottish law floating charge over all of the Issuer’s property, assets, rights and revenues, present and future, but excluding any existing hydrocarbon licences owned by the Issuer not being a Licence and any agreement relating thereto.

“Issuer Share Pledge” means the first priority Scottish law pledge granted by the Parent over all (100%) of the shares in the Issuer, together with, inter alia, executed stock transfer forms and the existing share certificates.

“Issuer’s Bonds” means any Bonds owned by the Issuer, any person or persons who has Decisive Influence over the Issuer, or any person or persons over whom the Issuer has Decisive Influence.

“Joint Administrators” means Chad Griffin and Lisa Rickelton, each of FTI Consulting LLP of 200 Aldersgate Street, London, EC1A 4HD.

“Kells Asset” means the Issuer’s 75% interest in the Kells oil field located in the Northern North Sea offshore UK with licence number P.1607 and block number 3/8d, where the Issuer is the operator of the licence.

“Legal Reservations” means any matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinions delivered to the Bond Trustee pursuant to Clause 6.

“Leverage Ratio” means the ratio of Net-Interest Bearing Debt to EBITDA.

“Licences” means the Huntington Asset, the Huntington Deep Asset, the Trent & Tyne Asset, the Orlando Asset, the Kells Asset and the Ronan & Oran Asset, and any future hydrocarbon licences owned by the Restricted Group at any time (each a **“Licence”**).

“Licence Cancellation Event” means if any of the Licences are revoked, cancelled or terminated for any reason.

“Liquidity” means the aggregate book value of the Restricted Group’s Cash and Cash Equivalents, including any funds standing to credit of the relevant Restricted Group Company in the Escrow Account and the BP Structured Energy Derivative Escrow Account (but excluding any Cash and Cash Equivalents in the Debt Service Retention Account).

“Liquidity Certificate” shall have the meaning set out in Clause 14.4.10 (g).

“Manager” means the manager for the Bond Issue, being Pareto Securities AS, Dronning Mauds gt. 3, NO-0115 Oslo, Norway.

“Mandatory Prepayment Event” means if (a) the Issuer or any Restricted Group Company sells or otherwise disposes of all or parts of its working interest (directly or indirectly) in any of its Production Licences or (b) an Event of Default occurs and is continuing and the Bond Trustee declares that the Outstanding Bonds are in default and due for immediate payment.

“Material Adverse Effect” means a material adverse effect on: (a) the business, financial condition or operations of the Restricted Group, the Parent and/or the Group taken as a whole, (b) any Obligor’s ability to perform and comply with its obligations under the Finance Documents or (c) the validity or enforceability of any Development Licence or Production Licence or any of the Finance Documents.

“Maturity Date” means 27 September 2018. Any adjustment will be made according to the Business Day Convention.

“Maximum BP Structured Energy Derivative Tranche 2 Retirement Amount” means the aggregate of USD 25,000,000 and the amount of any balance transferred to the Escrow Account from the BP Structured Energy Derivative Escrow Account on closure of the BP Structured Energy Derivative Escrow Account.

“Net Interest-Bearing Debt” means the book value of the relevant person’s interest bearing Financial Indebtedness *less* that person’s Cash and Cash Equivalents.

“New Equity” means the issuance of new equity securities (fully paid in) by the Parent only (including convertible equity securities or subordinated convertible debt securities). For the avoidance of doubt, any issuance of new equity due to call for uncalled equity (if applicable) shall not be treated as New Equity.

“NOK” means Norwegian kroner, being the lawful currency of Norway.

“Notional Unrestricted Cash” means any cash owned by the Group which is not Restricted Cash, including any amounts in respect of Advisory Fees which are added back in accordance with Clause 14.4.10 (h).

“Novated Pre-Paid Put Options” means the pre-paid put options, if any, novated from the hedging banks for the Existing Credit Facility.

“Obligor” means the Issuer and each Guarantor and any Additional Guarantor.

“Operational Event” shall have the meaning set out in Clause 14.4.10 (f).

“Original Bond Agreement” means the bond agreement originally dated 26 September 2013 between the Issuer as issuer, Iona UK Huntington Limited and Iona Energy Inc. as guarantors and the Bond Trustee as bond trustee on behalf of the Bondholders, as amended and restated on 17 April 2015.

“Orlando and Kells Field Development Costs” means the Issuer’s share of capital costs relating to the development of the Orlando Asset and the Kells Asset (and as recognized as capital costs according to IFRS) including without limitation the costs of development wells, subsea facilities, offshore pipelines, umbilicals, production facilities (including any costs related to the modification of the Ninian Central Platform (NCP), the contemplated hub for hydrocarbon export from the Orlando Asset and the Kells Asset and other nearby hydrocarbon-producing fields or costs related to any other production facility utilized by the Issuer in respect of the Orlando Asset and the Kells Asset), abandonment and any payments to make provision for abandonment costs, and costs relating to reinstating any damaged facilities as well as project management costs, Licence costs, insurance premiums and cash collateral for letters of credit.

“Orlando Asset” means the Issuer’s 75% working interest in the Orlando oil field located in the Northern North Sea offshore UK with licence number P.1606 and block number 3/3b, where the Issuer is the operator of the licence.

“Outstanding Bonds” means the aggregate value of the total number of Bonds not redeemed or otherwise discharged.

“Party” means a party to this Bond Agreement (including its successors and permitted transferees).

“Paying Agent” means the legal entity appointed by the Issuer to act as its paying agent in the Securities Depository with respect to the Bonds.

“Payment Date” means a date for payment of principal or interest under this Bond Agreement.

“Permitted Financial Indebtedness” means:

- (a) this Bond Issue;
- (b) Financial Indebtedness under any hedging arrangements entered into on market terms and as part of the ordinary course of business of any Restricted Group Company and for non-speculative purposes, which may include, for the avoidance of doubt, hedging arrangements entered into with BTL and the hedging banks in connection with the Existing Credit Facility and transactions under the hedging program maintained in connection with this Bond Issue;
- (c) guarantees issued by any Group Company (to governments, joint venture partners in the Licences and other third parties) in the ordinary course of business in relation to the Licences;
- (d) intra-group loans from the Parent to the Issuer provided that such loans are fully subordinated to the Bond Issue in accordance with the terms of the Subordination Agreement;
- (e) intra-group loans from the Issuer to any Restricted Group Company;

- (f) intra-group loans from the Huntington Subsidiary to the Issuer, provided that such loans are fully subordinated to the Bond Issue in accordance with the terms of the Subordination Agreement;
- (g) intra-group loans from any future Restricted Group Company to the Issuer, provided that such loans are fully subordinated to the Bond Issue in accordance with the terms of the Future Restricted Group Company/Issuer Subordination Agreement;
- (h) any Subordinated Loans;
- (i) the balance of the deferred payment of USD 18,510,000 (plus interest) related to the acquisition of the Huntington Asset due and payable to Carrizo Oil & Gas Limited upon receipt of first oil revenues from the Huntington Asset;
- (j) letters of credit of GBP 5,500,000 relating to the Orlando Asset and Trent & Tyne Asset (to be increased to GBP 9,230,000 if the interest in the Trent & Tyne Asset is increased to 37.5% under the agreement between the Issuer and Perenco UK Limited);
- (k) the deferred payment of USD 29,000,000 payable in five instalments on a semi-annual basis following production start-up of the Orlando field to MPX North Sea Limited and Sorgenia E&O UK Limited for the acquisition of a 65% ownership interest in the Orlando Asset;
- (l) the deferred payment of USD 5,050,000 payable upon FDP approval of the Kells Asset to Fairfield Cedrus Ltd;
- (m) the royalty agreement with Fairfield Cedrus Ltd where the Issuer is required to make a payment of net USD 2.5/barrel of oil equivalents for all hydrocarbon production from the Kells Asset;
- (n) short term credit for goods and services arising in the ordinary course of trading of a Restricted Group Company;
- (o) Financial Indebtedness under the Existing Credit Facility during the period until the First Disbursement;
- (p) Financial Indebtedness under the BP Structured Energy Derivative; and
- (q) any other Financial Indebtedness not referred to above up to an aggregate amount of USD 3,000,000 (or its equivalent in other currencies) at any time.

“Permitted Financial Support” means Financial Support that falls within the definition of Permitted Financial Indebtedness or Permitted Security.

“Permitted Security” means:

- (a) any Security constituted by any Security Document or any BTL Second-Ranking Security Document;

- (b) any cash collateral for existing and future letters of credit relating to exploration, appraisal, field developments, operations and decommissioning;
- (c) any netting or setting-off arrangements entered into in the ordinary course of banking arrangements which has the effect of netting debit and credit balances;
- (d) any Security in relation to joint operating agreements (in favour of any counterparty under such agreement) over the relevant Restricted Group Company's interest in such agreement and which only secures obligations owing to such counterparty under the relevant agreement and not any Financial Indebtedness;
- (e) any retention of title arrangements affecting goods supplied to any Restricted Group Company arising in the ordinary course of business (such as purchase money security interests);
- (f) any Security affecting assets (including shares) acquired after the date of this agreement (i.e. liens of prior owners that are to be discharged) provided that (i) the Security was not created in contemplation of the acquisition of the assets or the shares, (ii) the principal amount secured has not been increased and (iii) the Security is removed or discharged within thirty (30) days of the acquisition of such assets or shares;
- (g) any lien arising by operation of law in the ordinary course of business;
- (h) any Security in respect of the Existing Credit Facility and the hedging relating thereto during the period until the First Disbursement;
- (i) the existing Security in favour of BTL under the BP Structured Energy Derivative during the period until the First Disbursement; and
- (j) Security not otherwise permitted above that secures Financial Indebtedness or other obligations not in excess of USD 3,000,000 at any one time outstanding.

"Production Licence" means any Licence where commercial production of hydrocarbons has commenced.

"Project" means:

- (a) the development and operation of the Licences as well as the related fields, and any drilling, export and reception facilities associated therewith, including but not limited to the infrastructure required for gaining access to the hydrocarbon reserves, shipment of hydrocarbons and any onshore processing; and
- (b) the ownership and operation of other hydrocarbon production and transport facilities and infrastructure owned by the Restricted Group.

"Project Proceeds" means any income, payments, earnings or receivables of any kind (including insurance proceeds in respect of physical losses) directly or indirectly deriving from:

- (a) any Restricted Group Company's ownership in any of the Licences;

- (b) any contract of sale of the relevant Restricted Group Company's share of hydrocarbons produced from all fields covered by the Licences;
- (c) the sale of any ownership interest in any of the Licences; and
- (d) any Restricted Group Company's ownership in other hydrocarbon production and transport facilities and infrastructure not directly related to the Licences.

"Quarter Date" means each 31 March, 30 June, 30 September and 31 December.

"Repayment Escrow Account" means an account in the name of the Issuer held with the agent under the Existing Credit Facility, blocked and pledged in favour of the Bond Trustee pursuant to the Repayment Escrow Account Fixed Charge so that no withdrawals can be made from the account without the Bond Trustee's prior consent.

"Repayment Escrow Account Fixed Charge" means the first priority English law fixed charge over the Repayment Escrow Account in favour of the Bond Trustee.

"Restricted Cash" means the aggregate amount of cash standing to the credit of the Escrow Account.

"Restricted Group" means the Issuer and all its (directly or indirectly owned) Subsidiaries from time to time.

"Restricted Group Company" means each company in the Restricted Group.

"Restricted Group Capital Employed Ratio" means the ratio of Restricted Group Equity to the sum of Restricted Group Equity plus the Restricted Group's (on a consolidated basis) Net Interest-Bearing Debt.

"Restricted Group Equity" means (on a consolidated basis) the aggregate book value of the Restricted Group's total equity treated as equity in accordance with IFRS (including any subordinated loans), excluding any fair value adjustment attributable to the BP Structured Energy Derivative.

"Review" shall have the meaning set out in Clause 14.4.20.

"Ronan & Oran Asset" means the Issuer's 100% interest in the Ronan & Oran fields located in the Northern North Sea offshore UK with licence number P. 1971 and block number 3/7c (part), 3/8c and 3/12 (part).

"Secured Hedging Transactions" means any hedging transactions other than the BP Structured Energy Derivative, the Novated Pre-Paid Put Options or Unsecured Hedging Transactions entered into between the Issuer and BTL for the purpose of hedging the Issuer's risk in relation to fluctuations in commodity prices.

"Securities Depository" means the securities depository in which the Bond Issue is registered, being Verdipapirsentralen ASA (VPS) in Norway.

"Security Agent" means the Bond Trustee in its capacity as security agent and/or security trustee pursuant to Clause 18.4.

“Security” means any encumbrance, mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“Security and Covenant Defeasance” shall have the meaning given to it in Clause 19.2.

“Security Documents” means, collectively, all documents evidencing, creating or granting any Security Interest (current and/or future) in favour of the Bond Trustee or in respect of the obligation of any Obligor under any Finance Documents, and each such document being referred to as a **“Security Document”**.

“Security Interest” means, collectively, each Initial Security Interest and any Additional Security Interest.

“Stamdata” means the web site www.stamdata.no, maintained by the Bond Trustee.

“Step 1 Effective Date” has the meaning given to it in the Amendment Agreement No. 3.

“Subordinated Loan” means debt financing provided to the Issuer that is subordinated in right of payment to the Bonds; and does not (i) require the payment of cash interest at any time during the tenor of the Bonds; (ii) mature or require any amortisation or other payment prior to the Maturity Date of the Bonds; and (iii) provide for its acceleration or confer any right to declare any event of default prior to the Maturity Date of the Bonds.

“Subordination Agreement” means the agreement entered into between the Issuer, the Huntington Subsidiary and the Parent, under which any existing and future loans from the Huntington Subsidiary and/or the Parent to the Issuer shall be fully subordinated to the Bonds. Other than as permitted pursuant to Clause 14.4.2 with respect to payment to the Parent, no payment of principal or interest in respect of such subordinated loans is permitted during the term of the Bonds, the loans shall have a maturity date after the Maturity Date and the Huntington Subsidiary and the Parent shall have no right to accelerate for as long as the Bonds are outstanding.

“Subsidiary” means a company over which another entity or person has Decisive Influence.

“Subsequent Disbursement” means any drawdown from the Escrow Account or BP Structured Energy Derivative Structure Account after the First Disbursement.

“Super Senior Funding” shall have the meaning set out in Clause 14.4.20.

“Tranche 1 Call Options” means the call options comprising a part of the BP Structured Energy Derivative for the calculation periods and in respect of the notional quantities specified in Attachment 4.

“Tranche 2 Call Options” means the call options comprising a part of the BP Structured Energy Derivative for the calculation periods and in respect of the notional quantities specified in Attachment 4.

“Transaction Adviser” shall have the meaning set out in Clause 14.4.20.

“Transaction Proposal” shall have the meaning set out in Clause 14.4.20.

“Trent & Tyne Asset” means the Issuer’s:

- (a) 20% working interest in the Trent & Tyne gas field located in the Southern Gas Basin offshore UK with licence number P.609 and P.685 and block number 44/18a Area A, 44/18a Area B and 43/24a, respectively; or
- (b) if the Issuer, in its sole discretion, elects or has elected to finance 100% of the Tyne North West exploration well and undertake such other activities as necessary under the agreement between the Issuer and Perenco UK Limited to earn a 37.5% working interest in the Trent & Tyne field, 37.5% of the working interest in the Trent & Tyne gas field.

“Total Liquidity” means the aggregate amount of Restricted Cash and Notional Unrestricted Cash.

“Unaffected Call Option Tranches” means the call options comprising a part of the BP Structured Energy Derivative for the calculation periods and in respect of the notional quantities specified in Attachment 4.

“Unsecured Hedging Transactions” means any pre-paid put options entered into between the Issuer and BTL on an unsecured basis.

“US Securities Act” means the U.S. Securities Act of 1933, as amended.

“USD” means US Dollars, being the legal currency of the United States of America.

“Voting Bonds” means the Outstanding Bonds less the Issuer’s Bonds.

1.2 Construction

In this Bond Agreement, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number shall include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of this Bond Agreement;
- (d) references to a time is a reference to Oslo time unless otherwise stated herein;
- (e) references to a provision of law is a reference to that provision as it may be amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law, including any determinations, rulings, judgments and other binding decisions relating to such provision or regulation;
- (f) an Event of Default is **“continuing”** if it has not been remedied or waived; and
- (g) references to a **“person”** shall include any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality).

2 THE BONDS

2.1 Binding nature of this Bond Agreement

2.1.1 By virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of this Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with, see also Clause 19.1.

2.1.2 This Bond Agreement is available to anyone and may be obtained from the Bond Trustee or the Issuer. The Issuer shall ensure that this Bond Agreement is available to the general public throughout the entire term of the Bonds. This Bond Agreement may be published on Stamdata or such other venues as decided by the Bond Trustee.

2.2 The Bonds

2.2.1 The Issuer has resolved to issue a series of Bonds in the maximum amount of USD 275,000,000 (U.S. Dollar two hundred and seventy-five million).

2.2.2 The Face Value is USD 1. The Bonds shall rank pari passu between themselves.

2.2.3 The Bond Issue is described as "9.50 per cent. Iona Energy Company (UK) Limited. Callable Bond Issue 2013/2018".

2.2.4 The ISIN of the Bond Issue will be NO 001 0689763.

2.2.5 The tenor of the Bonds is from and including the Issue Date to the Maturity Date.

2.3 Purpose and utilization

The net proceeds of the Bonds were applied for the purposes set forth in Section 2.3 of the Original Bond Agreement.

3 LISTING

3.1 The Bonds are listed on Oslo Børs ASA's Nordic ABM.

3.2 The Issuer shall ensure that the Bonds remain listed until they have been discharged in full.

4 REGISTRATION IN THE SECURITIES DEPOSITORY

4.1 The Bond Issue and the Bonds shall prior to disbursement be registered in the Securities Depository according to the Norwegian Securities Depository Act (Act 2002/64) and the terms and conditions of the Securities Depository.

4.2 The Issuer shall ensure that correct registration in the Securities Depository is made and shall notify the Securities Depository of any changes in the terms and conditions of this Bond Agreement. The Bond Trustee shall receive a copy of the notification. The registration may be executed by the Paying Agent.

4.3 The Bonds have not been registered under the US Securities Act, and the Issuer is under no obligation to arrange for registration of the Bonds under the US Securities Act.

5 PURCHASE AND TRANSFER OF BONDS

- 5.1 Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with applicable local laws and regulations at its own cost and expense.
- 5.2 Notwithstanding the above, a Bondholder which has purchased the Bonds in breach of applicable mandatory restrictions may nevertheless utilize its rights (including, but not limited to, voting rights) under this Bond Agreement.

6 CONDITIONS PRECEDENT

6.1 Conditions Precedent to Issue Date

- 6.1.1 Disbursement of the net proceeds of the Bonds to the Escrow Account was subject to the Bond Trustee having received the documents set out in Clause 6.1 (Conditions Precedent to the Issue Date) of the Original Bond Agreement, in form and substance satisfactory to it, at least two (2) Business Days prior to the Issue Date.

6.2 Conditions Precedent for First Disbursement

- 6.2.1 Disbursement of the net proceeds of the Bonds from the Escrow Account was subject to the Bond Trustee having received the documents set out in Clause 6.2 (Conditions Precedent for First Disbursement) of the Original Bond Agreement, in form and substance satisfactory to it, on or prior to the time of disbursement.

7 REPRESENTATIONS AND WARRANTIES

7.1 Each Obligor represents and warrants to the Bond Trustee that:

7.1.1 *Status*

- (a) The Issuer represents and warrants that it is a limited liability company, duly incorporated and validly existing and registered under the laws of Scotland, and has the power to own its assets and carry on its business as it is being conducted;
- (b) The Parent represents and warrants that it is a corporation duly amalgamated and validly existing and registered under the laws of Alberta, Canada and has the power to own its assets and carry on its business as it is being conducted; and
- (c) The Huntington Subsidiary represents and warrants that it is a private limited liability company, duly incorporated and validly existing and registered under the laws of England and Wales, and has the power to own its assets and carry on its business as it is being conducted.

7.1.2 *Power and authority*

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Bond Agreement and any other

Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

7.1.3 *Valid, binding and enforceable obligations*

This Bond Agreement and each other Finance Document to which it is a party constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, which (subject to Legal Reservations) are enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

7.1.4 *Non-conflict with other obligations*

The entry into and performance by it of this Bond Agreement and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with:

- (a) any law or regulation or judicial or official order;
- (b) its constitutional documents; or
- (c) any agreement or instrument which is binding upon it or any of its assets.

7.1.5 *No Event of Default*

- (a) No Event of Default exists or is likely to result from the making of any drawdown under this Bond Agreement or the entry into, the performance of, or any transaction contemplated by, any Finance Document.
- (b) No other event or circumstance is outstanding which constitutes (or with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any other Group Company or to which its (or any other Group Company's) assets are subject which has or is likely to have a Material Adverse Effect.

7.1.6 *Authorizations and consents*

All authorisations, consents, approvals, resolutions, licenses, exemptions, filings, notarizations or registrations required:

- (a) to enable it to enter into, exercise its rights and comply with its obligations under this Bond Agreement or any other Finance Document to which it is a party; and
- (b) to carry on its business as presently conducted and as contemplated by this Bond Agreement,

have been obtained or effected and are in full force and effect.

7.1.7 *Litigation*

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any other Group Company.

7.1.8 *Financial Statements*

The most recent Financial Statements and Interim Accounts of the Parent and the Issuer fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with GAAP, consistently applied.

7.1.9 *No Material Adverse Effect*

Since the date of the Financial Statements, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

7.1.10 *No misleading information*

Any factual information provided by it to the Bondholders or the Bond Trustee for the purposes of this Bond Issue was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

7.1.11 *No withholdings*

Save in the case of interest payable by the Issuer under the Bonds where the Bonds have not been listed on an Exchange, the Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under this Bond Agreement.

7.1.12 *Assigned Agreements*

Each of the Assigned Agreements is in full force and effect.

7.1.13 *Pari passu ranking*

Its payment obligations under this Bond Agreement and any other Finance Document to which it is a party rank at least *pari passu* as set out in Clause 8.1 (*Ranking and Priority*).

7.1.14 *Security*

No Security exists over any of the present assets of the Parent and/or any Restricted Group Company other than as permitted pursuant to this Bond Agreement.

7.2 The representations and warranties set out in Clause 7.1 are made on the execution date of this Bond Agreement, and shall be deemed to be repeated on the Issue Date, the date of First Disbursement and, other than to the extent that (i) the representation and warranty set out in Clause 7.1.11 is no longer true as a result of a change in law, and (ii) any Assigned Agreement has expired or otherwise has been terminated in compliance with Clause 14.4.15 on each subsequent drawdown date from the Escrow Account.

8 STATUS OF THE BONDS AND SECURITY

8.1 Status of the Bonds

The Bonds shall constitute senior debt obligations of the Issuer. The Bonds shall rank at least *pari passu* with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other laws of general application,) and shall rank ahead of subordinated debt.

8.2 Security

8.2.1 The Bonds and any other amount outstanding under the Finance Documents to the Bond Trustee and/or the Bondholders, including accrued but unpaid interest, costs and expenses, shall be secured on a first priority basis by the Security Interest and shall rank in priority and payment and secure any outstanding liabilities and obligations relating to the Bonds ahead of the BTL Second-Ranking Security Interest. BTL's rights relating to the BTL Second-Ranking Security Interest shall be subordinated pursuant to the BTL Intercreditor Agreement and the Bonds shall rank ahead of any subordinated capital.

8.2.2 The Issuer shall grant, and ensure that the Parent, the Huntington Subsidiary and any future Restricted Company (as applicable) grants, Additional Security on the basis of the same principles as for the existing Security Interest in the event:

- (a) an entity becomes a Restricted Group Company;
- (b) a Development Licence or a Production Licence is acquired by the Issuer or any Restricted Group Company;
- (c) a Licence develops into a Development Licence;
- (d) any new Assigned Agreement is entered into (as agreed between the Issuer and the Bond Trustee as being a key relevant agreement);
- (e) the Issuer increases its interest in the Trent & Tyne Asset;
- (f) any intra-group loan is entered into between the Issuer and a Restricted Group Company;
- (g) any new shares or other equity-linked security is issued by the Issuer, the Huntington Subsidiary or any future Restricted Group Company; or
- (h) the Issuer or the Huntington Subsidiary opens additional earnings accounts.

8.2.3 For the avoidance of doubt, any future Exploration Licence or Appraisal Licence and any other asset acquired by the Issuer or the Huntington Subsidiary shall form part of the Issuer Debenture or the Huntington Subsidiary Debenture, and the Issuer or the Huntington Subsidiary, as the case may be, shall provide any documents and take any actions required in relation to the same.

8.2.4 Such Additional Security shall be established within 20 Business Days after any such event as described in Clause 8.2.2 (a)-(h) above has occurred.

8.2.5 Any future Restricted Group Company shall become a party to this Bond Agreement as an Additional Guarantor.

8.2.6 In the event of a sale or other disposal reducing the Issuer's working interest in any Licence in accordance with the terms of this Bond Agreement, the Bond Trustee shall release and discharge any Security Interest over and relating to such working interest.

9 INTEREST

9.1 The Issuer shall pay interest on the par value of the Bonds from, and including, the Issue Date at a fixed rate of nine point fifty per cent. (9.50%) per annum (the "**Fixed Rate**").

9.2 Interest payments shall be made semi-annually in arrears on the Interest Payment Dates each year, the first Interest Payment Date being 27 March 2014.

9.3 The relevant interest payable amount shall be calculated based on a period from, and including, one Interest Payment Date to, but excluding, the next following applicable Interest Payment Date.

9.4 The day count fraction ("**Fixed Rate Day Count Fraction**") in respect of the calculation of the payable interest amount shall be "30/360", which means that the number of days in the calculation period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-days months (unless (i) the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the calculation period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

9.5 The payable interest amount per Bond for a relevant calculation period shall be calculated as follows:

$$\begin{array}{ccccccc} \text{Interest} & = & \text{Face} & \times & \text{Fixed} & \times & \text{Fixed Rate} \\ \text{Amount} & & \text{Value} & & \text{Rate} & & \text{Day Count Fraction} \end{array}$$

9.6 Any accrued and unpaid interest as at the Step 1 Effective Date and any interest accruing after the Step 1 Effective Date shall accrue and be payable in cash in accordance with this Bond Agreement.

9.7 No Bondholder shall have any right under the terms of this Bond Agreement to demand the issuance of additional Bonds as payment in kind in respect of interest previously accrued or accruing on the Bonds.

10 MATURITY OF THE BONDS AND REDEMPTION

10.1 Maturity and instalments

10.1.1 The Bonds shall be repaid by the Issuer in Instalments in the amounts (plus interest on the redeemed Bonds in accordance with Clause 9 above) and at the prices set out below:

Payment Date	Nominal Instalment amount	Redemption Price
The later of (i) the date falling 90 days after the date of First Oil from the Orlando Asset and (ii) the Interest Payment Date in March 2017, provided that in any event the first Instalment shall be paid no later than 27 June 2017.	USD 41,250,000	105%
Interest Payment Date in September 2017	USD 41,250,000	104%
Interest Payment Date in March 2018	USD 41,250,000	103%
Maturity Date	The remaining Outstanding Bonds	102%
Sum	USD 275,00,000	

Partial repayment must be carried out *pro rata* (in accordance with the procedures of the Securities Depository) in inverse order of maturity.

- 10.1.2 Payment of Instalments must be carried out *pro rata* in accordance with the procedures of the Securities Depository.

10.2 Call Option

- 10.2.1 The Issuer may redeem the Bond Issue in whole or in part as follows (Call Option):

- (a) with settlement date at any time from the Issue Date to, but not including, the Interest Payment Day falling in September 2015, at a price equivalent to the sum of:

- (i) the present value of 105% of par value as if such payment originally should have taken place on the Interest Payment Day falling in September 2015;
- (ii) the present value of the remaining coupon payments (less any accrued interest) to and including the Interest Payment Day falling in September 2015; and
- (iii) accrued interest on the redeemed Bonds,

both (i) and (ii) above calculated by using a discount rate of 50 basis points over the comparable U.S. Treasury Rate (i.e. comparable to the remaining duration of the Bonds until the date falling 24 months after the Issue Date) on the date falling 10 Business Days prior to the redemption date.

- (b) with settlement date at any time from the Interest Payment Day falling in September 2015 to, but not including, the Interest Payment Day falling in September 2016 at a price equal to 105% of par value (plus accrued interest on the redeemed Bonds);
- (c) with settlement date at any time from the Interest Payment Day falling in September 2016 to, but not including, the Interest Payment Day falling in September 2017 at a price equal to 104% of par value (plus accrued interest on the redeemed Bonds);
- (d) with settlement date at any time from the Interest Payment Day falling in September 2017 to, but not including, the Interest Payment Day falling in September 2018 at a price equal to 103% of par value (plus accrued interest on the redeemed Bonds); and
- (e) with settlement date at any time from the Interest Payment Day falling in September 2018 to, but not including, the Maturity Date at a price equal to 102% of par value (plus accrued interest on the redeemed Bonds),

provided always that within any such period set out in (a) – (e), the price shall be reduced on a linear basis (e.g., in the event of settlement in March 2016, the redemption price is 104.5%).

10.2.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least ten (10) Business Days prior to the settlement date of the Call Option.

10.2.3 On the settlement date of the Call Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the principal amount of such Bond (including any premium as stated above) and any unpaid interest accrued up to the settlement date.

10.2.4 Bonds redeemed by the Issuer in accordance with this Clause 10.2 shall be discharged against the Outstanding Bonds.

10.3 **Change of control**

10.3.1 Upon the occurrence of a Change of Control Event, each Bondholder shall have the right to require that the Issuer redeems its Bonds (a “**Put Option**”) at a price of 101% of par plus accrued interest.

10.3.2 The Put Option must be exercised within sixty (60) days after the Issuer has given notification to the Bond Trustee of a Change of Control Event. Such notification shall be given as soon as possible after a Change of Control Event has taken place.

10.3.3 The Put Option may be exercised by each Bondholder by giving written notice of the request to its Account Manager. The Account Manager shall notify the Paying Agent of the redemption request. The settlement date of the Put Option shall be the third Business Day after the end of the sixty (60) day exercise period of the Put Option.

- 10.3.4 On the settlement date of the Put Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, the principal amount of each such Bond (including any premium pursuant to Clause 10.3.1) and any unpaid interest accrued up to (but not including) the settlement date of the Put Option.
- 10.3.5 For the avoidance of doubt, a Change of Control Event shall not constitute a Mandatory Prepayment Event.
- 10.4 **Mandatory Prepayment**
- 10.4.1 Upon the occurrence of a Mandatory Prepayment Event, the Issuer shall, on or about the day the relevant Restricted Group Company receives the proceeds from the relevant Mandatory Prepayment Event, use all such proceeds, net of transaction costs (including taxes), to redeem a similar principal amount of Outstanding Bonds at a redemption price as follows:
- (a) if occurring anytime from and including the Issue Date to, but not including, the Interest Payment Day falling in September 2014 at a price equal to 109.00% of par value (plus accrued interest on redeemed Bonds);
 - (b) if occurring anytime from and including the Interest Payment Day falling 1 year after the Issue Date to, but not including, the Interest Payment Day falling in September 2015 at a price equal to 107.50% of par value (plus accrued interest on redeemed Bonds); and
 - (c) thereafter, on such terms described in Clauses 10.2.1(b) through 10.2.1(e) above.
- 10.4.2 For the avoidance of doubt, the redemption prices above shall be determined based on the date the Mandatory Prepayment Event occurred and not based on the date of repayment.
- 10.4.3 On the settlement date of the Mandatory Prepayment, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the principal amount of such Bond (including any premium as stated above) and any unpaid interest accrued up to the settlement date.
- 10.4.4 Bonds redeemed by the Issuer in accordance with this Clause 10.4 shall be discharged against the Outstanding Bonds.

11 PAYMENTS

11.1 Covenant to pay

- 11.1.1 Subject to Clause 11.2.1, the Issuer will on any Payment Date (or any other due date pursuant to any Finance Document) unconditionally pay to or to the order of the Bond Trustee all amounts due under this Bond Agreement or any other Finance Document.
- 11.1.2 The covenant contained in Clause 11.1.1 shall be for the benefit of the Bond Trustee and the Bondholders.

11.2 Payment mechanics

- 11.2.1 If no specific order is made by the Bond Trustee under Clause 11.1.1, the Issuer shall pay all amounts due to the Bondholders under this Bond Agreement or any other Finance Document by crediting the bank account nominated by each Bondholder in connection with its securities account in the Securities Depository.
- 11.2.2 Payment shall be deemed to have been made once the amount has been credited to the bank which holds the bank account nominated by the Bondholder in question, but if the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question, see however Clause 11.3.
- 11.2.3 In case of irregular payments, the Bond Trustee may instruct any Obligor or the Bondholders of other payment mechanisms than described in Clause 11.2.1 or 11.2.2 above. The Bond Trustee may also obtain payment information regarding Bondholders' accounts from the Securities Depository or Account Managers.
- 11.2.4 Subject to Clause 11.3, payment by the Issuer in accordance with this Clause 11.2 shall constitute good discharge of its obligations under Clause 11.1.1.
- 11.3 **Currency**
 - 11.3.1 If the Bonds are denominated in other currencies than NOK, each Bondholder has to provide the Paying Agent (either directly or through its Account Manager) with specific payment instructions, including foreign exchange bank account details. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, cash settlement may be delayed, and payment shall be deemed to have been made at the date of the cash settlement, provided however, that no default interest or other penalty shall accrue for the account of the Issuer.
 - 11.3.2 Except as otherwise expressly provided, all amounts payable under this Bond Agreement and any other Finance Document shall be payable in the same currency as the Bonds are denominated in. If, however, the Bondholder has not given instruction as set out in Clause 11.3 within five Business Days prior to a Payment Date, the cash settlement will be exchanged into NOK and credited to the NOK bank account registered with the Bondholder's account in the Securities Depository.
 - 11.3.3 Amounts payable in respect of costs, expenses, taxes and other liabilities of a similar nature shall be payable in the currency in which they are incurred.
- 11.4 **Set-off and counterclaims**

No Obligor may apply or perform any counterclaims or set-off against any payment obligations pursuant to this Bond Agreement or any other Finance Document.
- 11.5 **Interest in the event of late payment**
 - 11.5.1 Subject to Clause 13.1, in the event that any amount due under this Bond Agreement or any Finance Document is not made on the relevant due date, the unpaid amount shall bear

interest from the due date at an interest rate equivalent to the interest rate according to Clause 9 plus five per cent. (5.00%) per annum.

11.5.2 The interest charged under this Clause 11.5 shall be added to the defaulted amount on each respective Interest Payment Date relating thereto until the defaulted amount has been repaid in full.

11.5.3 The unpaid amounts shall bear interest as stated above until payment is made, whether or not the Bonds are declared to be in default pursuant to Clause 16.1.1, cf. Clauses 16.2 - 16.4.

11.6 **Partial payments**

If the Bond Trustee or the Paying Agent receives a payment that is insufficient to discharge all the amounts then due and payable under the Finance Documents, that payment shall be applied in the following order:

- (a) first, in or towards payment of any unpaid fees, costs and expenses of the Bond Trustee under the Finance Documents;
- (b) secondly, in or towards payment of any principal due but unpaid under the Bond Agreement, *pro rata* and without any preference or priority of any kind; and
- (c) thirdly, in or towards payment of any accrued interest due but unpaid under the Bond Agreement, *pro rata* and without any preference or priority of any kind.

12 **ISSUER'S ACQUISITION OF BONDS**

The Issuer has the right to acquire and own Bonds (Issuer's Bonds). The Issuer's holding of Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.

13 **GUARANTEE AND INDEMNITY**

13.1 **Guarantee and Indemnity**

Each Guarantor hereby irrevocably and unconditionally, jointly and severally:

- (a) guarantees to the Bond Trustee (on behalf of the Bondholders) as an independent primary obligor (*Norwegian: "påkravskausjonist"*) and not merely as surety, on first demand, the due and punctual performance, observance and compliance by the other Obligors of all their obligations under the Bond Agreement and the other Finance Documents, save to the extent that such obligations relate to a payment of interest of any kind (the "**Guaranteed Obligations**");
- (b) undertakes with the Bond Trustee that to the extent that any Obligor does not pay any amount when due or declared due under or in connection with the Bond Agreement or any other Finance Document (other than any amount in respect of interest of any kind), the Guarantor shall on first demand by the Bond Trustee pay that amount as if it was the principal obligor; and
- (c) agrees with the Bond Trustee that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation,

indemnify the Bond Trustee immediately on first demand against any cost, loss or liability it, they or any of them may incur as a result of any Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under the Bond Agreement or any other Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Guarantee if the amount claimed had been recoverable on the basis of the guarantee provisions set out in paragraphs (a) and (b) above.

13.2 **Payment**

All amounts payable by the Guarantors under Clause 13.1 and Clause 13.8 (if any) shall be paid in a single lump sum payment within five (5) Business Days of the Guarantee Payment Date.

13.3 **Continuing Guarantee**

The obligations of each of the Guarantors hereunder are continuing obligations and will extend to the payment of the ultimate balance of all amounts payable by the Obligors under the Bond Agreement and the other Finance Documents (other than any amount in respect of interest of any kind), regardless of any intermediate payment or discharge in whole or in part.

13.4 **Maximum Liability**

The total liability of each of the Guarantors under this Guarantee, in aggregate, shall always be limited to USD 330,000,000 plus fees, costs, recovery costs, expenses and indemnities as set out in or provided for in the Bond Agreement.

13.5 **Number of Claims**

There is no limit on the number of claims that may be made by the Bond Trustee against a Guarantor under this Guarantee.

13.6 **Waiver of Defences**

Each Guarantor's liability to the Bond Trustee under this Guarantee is direct and independent of the contractual relationship between the other Obligors and the Bond Trustee under this Bond Agreement and another Obligor under the Finance Documents. The Guarantor specifically waives any right to raise any defence (Norwegian: "*innsigelse*") under this Guarantee otherwise available to the other Obligors under this Bond Agreement and the Finance Documents and otherwise under any applicable law. Accordingly, each Guarantor's liability to the Bond Trustee under this Guarantee shall not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Guarantee (without limitation and whether or not known to it, the Bond Trustee or any other party) including:

- (a) any discussion or dispute between another Obligor and the Bond Trustee on the appropriateness or legality of any claim made by the Bond Trustee against another Obligor under the Bond Agreement or any of the other Finance Documents;

- (b) any available right of set-off, counterclaim or other defence available to another Obligor under the Bond Agreement or any of the other Finance Documents;
- (c) any other circumstance which might otherwise constitute a defence available to, or discharge of, another Obligor based on and/or arising from the Bond Agreement or any of the other Finance Documents, any underlying relationships, agreements and other transactions or circumstances whatsoever;
- (d) the release of another Obligor or any other person under the terms of any composition or arrangement with any creditor of another Obligor;
- (e) any total or partial invalidity, irregularity, illegality, unenforceability, imperfection or avoidance of or any defect in any security granted by, or for the obligation of another Obligor or any other person under this Bond Agreement and other Finance Documents, or any other document or security;
- (f) any increase or reduction of the amounts made available under this Bond Agreement, or any variation of the terms and conditions for their repayment (including without limitation, the rate of interest payable under this Bond Agreement);
- (g) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to release the full value of any security;
- (h) any corporate reorganisation, reconstruction, amalgamation, dissolution, merger, de-merger, acquisition or any other alteration in the corporate existence or structure of another Obligor, the Bond Trustee or any other person;
- (i) any incapacity or lack of power, authority or legal personality of or dissolution or change in the shareholders or status of another Obligor, the Bond Trustee or any other person;
- (j) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of this Bond Agreement or any other Finance Document or any other document, including, without limitation, any change in the purpose of, any extension of or increase in the amounts made available under this Bond Agreement or any other document or Security; or
- (k) any liquidation, bankruptcy, dissolution, insolvency or similar proceedings of another Obligor or any other person.

13.7 Deferral of the Guarantors' Rights

Until all amounts payable by the Obligors under or in connection with this Bond Agreement and the other Finance Documents have been irrevocably paid in full and unless the Bond

Trustee otherwise directs, no Guarantor shall exercise any rights which it otherwise might have by reason of performance by it of its obligations under this Guarantee, including:

- (a) to be indemnified or reimbursed by another Obligor;
- (b) to take security from another Obligor or any other Group Company for the Guaranteed Obligations;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Bond Trustee under this Bond Agreement or the other Finance Documents;
- (d) to bring legal or other proceedings for an order requiring another Obligor to make any payment, or perform any obligation, following the payment by such Guarantor of any portion of the Guaranteed Obligations;
- (e) to exercise any right of set-off against another Obligor; and/or
- (f) to claim or prove as a creditor of another Obligor in competition with the Bond Trustee, save that a Guarantor may set forth claims for dividends against the bankruptcy estate of an Obligor provided always that any proceeds derived in connection with such claim shall be distributed in accordance with Clause 13.8.

13.8 If a Guarantor receives any benefit, payment or distribution in relation to such rights as referred to in Clause 13.77 (f) it shall hold that benefit, payment or distribution in trust for the Bond Trustee to the extent necessary to ensure that all amounts which may be or become payable to the Bond Trustee by any Obligor under or in connection with this Bond Agreement, this Guarantee and the other Finance Documents be paid in full and such Guarantor shall promptly pay or transfer the same to the Bond Trustee or as the Bond Trustee may direct for application in accordance with this Bond Agreement.

13.9 Taxes

All payments by a Guarantor under this Guarantee shall be made free and clear of and without deduction or withholding for or on account of any taxes, unless a tax deduction or withholding is required by law.

A Guarantor shall promptly upon becoming aware that it must make a tax deduction or withholding (or that there is any change in the rate or the basis of a tax deduction or withholding) notify the Bond Trustee accordingly.

If a tax deduction or withholding is required by law to be made by a Guarantor:

- (a) such deduction or withholding shall be made by such Guarantor;
- (b) the amount deducted or withheld shall be paid by such Guarantor to the relevant authority; and
- (c) the amount payable by such Guarantor to the Bond Trustee under this Guarantee shall be increased as may be necessary to ensure that the Bond Trustee receives (free from any liability in respect of any such deduction or withholding) a net

amount equal to the full amount which it would have received had payment not been made subject to any such deduction or withholding.

A Guarantor shall promptly deliver to the Bond Trustee any receipts, certificates or other proof evidencing payment to the relevant authority of any amount of tax deducted or withheld under this Guarantee.

13.10 **Enforcement**

The Bond Trustee shall not be obliged before taking steps to enforce the obligations of a Guarantor under this Guarantee:

- (a) to make any claim or obtain any judgment against any Obligor or any third party in any court or other tribunal;
- (b) to make or file any claim in a bankruptcy or liquidation of any Obligor or any third party; or
- (c) to take any other action whatsoever against any Obligor or any third party under this Bond Agreement or any of the other Finance Documents, except for the giving of notice of any payment due hereunder,

and each Guarantor hereby waives all such formalities or rights to which it would otherwise be entitled or which the Bond Trustee would otherwise first be required to satisfy or fulfil before proceeding or making any demand against such Guarantor hereunder.

13.11 **Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any Security for those obligations or otherwise) is made by the Bond Trustee in whole or in part on the basis of any payment, Security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of a Guarantor under this Guarantee will continue or be reinstated as if the discharge, release or arrangement had not occurred.

13.12 **Exercise of Rights**

The rights of the Bond Trustee under this Guarantee:

- (a) may be exercised as often as the Bond Trustee thinks fit;
- (b) are cumulative and not exclusive of any other rights of the Bond Trustee under this Bond Agreement and the other Finance Documents; and
- (c) may be waived only in writing.

No delay in exercising, or failure to exercise, any such right is a waiver of that right.

13.13 **Additional Security**

This Guarantee is in addition to and is not in any way prejudiced by any other guarantee or Security now or subsequently held by the Bond Trustee (on behalf of the Bondholders).

14 **COVENANTS**

14.1 **General**

- 14.1.1 Each of the Obligor undertakes from the date of this Bond Agreement and until such time that no amounts are outstanding under this Bond Agreement or any other Finance Document, to the Bond Trustee, as further set out in this Clause 14.

14.2 **Information Covenants**

- 14.2.1 The Issuer shall:

- (a) without being requested to do so, promptly inform the Bond Trustee in writing of any Event of Default, any event or circumstance which will or could reasonably be likely to lead to an Event of Default and any other event which may have a Material Adverse Effect;
- (b) without being requested to do so, inform the Bond Trustee in writing if the Issuer or any Guarantor agrees to sell or dispose of all or a substantial part of its assets or operations, or change the nature of its business;
- (c) without being requested to do so, prepare Financial Statements and together with such Financial Statements, report figures for Liquidity, Restricted Group Equity, Net Interest-Bearing Debt, Cash and Cash Equivalents, LTM EBITDA and total hydrocarbon production of the Restricted Group and make the Financial Statements and such additional information available to the Bond Trustee and on the Parent's website in the English language (alternatively by arranging for publication on Stamdata) for public distribution as soon as they become available, and not later than 120 days after the end of the financial year.;
- (d) without being requested to do so, prepare Interim Accounts and together with such Interim Accounts, report figures for Liquidity, Restricted Group Equity, Net Interest-Bearing Debt, Cash and Cash Equivalents, LTM EBITDA and total hydrocarbon production of the Restricted Group and make the Interim Accounts and such additional information available on its website in the English language (alternatively by arranging for publication on Stamdata) for public distribution as soon as they become available, and not later than 60 days after the end of the relevant interim period.;
- (e) without being requested to do so, promptly inform the Bond Trustee of any Licence Cancellation Event and whether such Licence Cancellation Event would have a Material Adverse Effect, and the Bond Trustee shall notify the Bondholders of such Licence Cancellation Event;

- (f) without being requested to do so, promptly inform the Bond Trustee of any event which may result in any Additional Security being established in accordance with Clause 8.2.2;
- (g) without being requested to do so, promptly inform the Bond Trustee of the date of First Oil from the Orlando Asset and the Kells Asset;
- (h) without being requested to do so, promptly inform the Bond Trustee of any retiring of Tranche 1 Call Options and Tranche 2 Call Options;
- (i) without being requested to do so, promptly inform the Bond Trustee of any disposal of Licences in accordance with Clause 14.4.3;
- (j) without being requested to do so, promptly inform the Bond Trustee of any capital expenditure in the Licences, other capital expenditure or any exploration spending exceeding the limitation set out in Clauses 14.4.11 – 14.4.13;
- (k) at the request of the Bond Trustee, report the balance of the Issuer's Bonds;
- (l) without being requested to do so, send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;
- (m) if the Bonds are listed on an Exchange, without being requested to do so, send a copy to the Bond Trustee of its notices to the Exchange;
- (n) if the Issuer and/or the Bonds are rated, without being requested to do so, inform the Bond Trustee of its and/or the rating of the Bond Issue, and any changes to such rating;
- (o) without being requested to do so, inform the Bond Trustee of changes in the registration of the Bonds in the Securities Depository; and
- (p) within a reasonable time, provide such information about the Obligors' business, assets and financial condition as the Bond Trustee may reasonably request.

14.2.2 The Issuer shall in connection with the publication of its financial reports under Clause 14.2.1(c) and (d), confirm to the Bond Trustee in writing the Issuer's compliance with the covenants in this Clause 14, unless the Bond Trustee explicitly waives such requirement. Such confirmation shall be undertaken in a certificate, substantially in the form set out in Attachment 1 hereto, signed by the Chief Executive Officer or Chief Financial Officer of the Issuer (a "**Compliance Certificate**"). In the event of non-compliance, the Compliance Certificate shall describe the non-compliance, the reasons therefore as well as the steps which the Issuer has taken and will take in order to rectify the non-compliance. Notwithstanding the foregoing, from the Effective Date until the first Quarter Date occurring at the end of the first full Quarter after the date of First Oil on the Orlando Asset, the Issuer shall have no obligation to submit a Compliance Certificate.

14.2.3 Until a Transaction Proposal or the Super Senior Funding has been approved at a Bondholders' Meeting and implemented, the Issuer shall provide:

- (a) to the Bond Trustee and the Bondholder Advisers fortnightly on every second Wednesday, a 13-week cash flow statement, showing (i) month-end bank balances by account, and (ii) variance analysis with qualitative descriptors regarding significant variances to the prior period;
- (b) to the Bond Trustee and the Bondholder Advisers within 15 Business Days of the end of each month, an updated commitments schedule for the development of the Orlando Asset (including actuals and forecast);
- (c) to the Bond Trustee and the Bondholder Advisers within 15 Business Days of the end of each month, financials and variance to Budget with production by Licence;
- (d) to the Bond Trustee and the Bondholder Advisers, prompt written notice of any material financial, legal or operational developments affecting the Group;
- (e) prompt access to the Group (including, without limitation, its premises, books, records, forecasts, models, legal and financial advisers, directors and officers) and cooperation with the Bondholder Advisers to enable them to perform their agreed scope of work, including, amongst other things, review of the Group's business plan, forecasts, high-level contingency plan, current and recent performance, valuation analysis, and possible alterations to debt and covenant structure;
- (f) to the Bondholder Advisers, the technical and operational information required under the technical scope agreed between the Issuer and the Bond Trustee;
- (g) as reasonably requested by the Bond Trustee or the Bondholder Advisers, updates by conference call on the Issuer's development of the Transaction Proposal; and
- (h) such other information regarding the Group as may be reasonably requested from time to time by the Bond Trustee and/or the Bondholder Advisers.

14.3 General Covenants

14.3.1 *Pari passu ranking*

Each of the Obligors shall ensure that its obligations under this Bond Agreement and any other Finance Document shall at all times rank at least *pari passu* as set out in Clause 8.1.

14.3.2 *Mergers*

None of the Obligors shall, and the Parent shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving a consolidation of the relevant company's assets and obligations with any other companies or entities not being a member of the Group if such transaction would have a Material Adverse Effect.

14.3.3 *De-mergers*

None of the Obligors shall, and the Parent shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganization involving a split of the Issuer or

any other Restricted Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect.

14.3.4 *Continuation of business*

None of the Obligors shall cease to carry on its business, and the Parent shall procure that no other Group Company shall cease to carry on its business if such cessation would have Material Adverse Effect shall procure that no substantial change is made to the general nature of the business of the Group, and the Issuer shall ensure that no substantial change is made to the general nature of the business of the Restricted Group from that carried on at the date of this Bond Agreement, and/or as set out in this Bond Agreement.

14.3.5 *Disposal of assets/business*

None of the Obligors shall, and the Parent shall procure that no other Group Company shall, sell or otherwise dispose of all or a substantial part of the Restricted Group's assets or operations (provided always that the Issuer and any other Restricted Group Company may dispose of Licences and other hydrocarbon licences in accordance with Clause 14.4.3 below), unless:

- (a) the transaction is carried out at Fair Market Value, on terms and conditions customary for such transactions; and
- (b) such transaction would not have a Material Adverse Effect.

14.3.6 *Arm's length transactions*

None of the Obligors shall, and the Parent shall procure that no other Group Company shall, engage in, directly or indirectly, any transaction with any related third party (excluding, for the avoidance of doubt, any Group Company or Restricted Group Company, as the case may be) (without limitation, the purchase, sale or exchange of assets or rendering of any service) or any other person except in the ordinary course of business and pursuant to the reasonable requirement of the Issuer or a Restricted Group Company's business and upon fair and reasonable arm's length terms.

14.3.7 *Insurances*

Each of the Obligors shall, and the Parent shall procure that each other Group Company shall, maintain with financially sound and reputable insurance companies, funds or underwriters adequate insurance or captive arrangements with respect to its assets, equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as would normally be maintained by owners and/or operators owning similar assets to those owned it, acting in accordance with good industry practice in their relevant jurisdiction.

14.3.8 *Corporate status*

Except as required pursuant to Clause 3.2, none of the Obligors shall change its type of organization or jurisdiction of incorporation.

14.3.9 *Compliance with laws*

Each of the Obligors shall, and the Parent shall procure that all other Group Companies shall, carry on its business in accordance with good industry practices and in the same manner as a reputable exploration and production company in all material aspects and comply in all material respects with all laws and regulations of material importance to the business of the Restricted Group that it or they may be subject to from time to time.

14.4 **Issuer special covenants**

14.4.1 *Maintenance of ownership of the Huntington Subsidiary and any future Restricted Group Company*

Subject to the sale of shares in the Huntington Subsidiary or any future Restricted Company in compliance with Clause 14.4.3, the Issuer shall maintain 100% direct or indirect ownership over all the shares and control of the voting rights of the Huntington Subsidiary and any future Restricted Group Company.

14.4.2 *Dividend restrictions*

The Issuer shall not declare or make any dividend payment, repurchase of shares or make any loans or other distributions or payments to the Parent (including servicing of any Subordinated Loans from the Parent) of any kind, other than a payment of up to USD 750,000 per year to the Parent in order to fund general corporate purposes of the Parent.

14.4.3 *Disposal of Licences*

In the event of conflict between the terms of this Clause 14.4.3 and Clause 14.4.19, the terms of Clause 14.4.19 shall prevail. The Issuer shall not, and shall ensure that no other Restricted Group Company shall, sell or dispose of any (direct or indirect) working interest in any of the existing Licences, or any Licence acquired after the Settlement Date as part of a farm-out or swap of any existing Licence as set out below, unless all of the following apply:

- (a) the transaction is carried out at Fair Market Value (such Fair Market Value to be determined on or about the date of contractually agreeing to such transaction);
- (b) the Leverage Ratio based on the Restricted Group's consolidated numbers as reported on the most recent Quarter Date will not deteriorate pro-forma from such transaction; and
- (c) 100% of the consideration from such transaction is in the form of Cash and/or Cash Equivalents (other than in connection with (A) a farm-out or swap of any Exploration Licences, Appraisal Licences or Development Licences, or (B) transfers required by law); and provided that:
 - (i) any cash proceeds from a sale or disposal of an ownership interest in an Exploration Licence, Appraisal Licence or Development Licence shall be paid into the Escrow Account if such transaction occurs prior to First Oil from both the Orlando Asset and the Kells Asset; or

- (ii) any cash proceeds from a sale or disposal of an ownership interest in an Exploration Licence, Appraisal Licence or Development Licence shall be paid into the Issuer Earnings Account(s) or the Huntington Subsidiary Earnings Account(s) (as the case may be) if such transaction occurs after First Oil from both the Orlando Asset and the Kells Asset; or
- (iii) any cash proceeds from a disposal of an ownership interest in a Production Licence shall always be applied to redeem Bonds pursuant to the Mandatory Prepayment provisions in Clause 10.4.

Notwithstanding the above,

- (a) no sale or disposal of any (direct or indirect) ownership interest in the Orlando Asset or the Kells Asset shall be permitted during the term of the Bonds, other than a sale and/or other agreement with a third party reducing the working interest in the Orlando Asset and/or the Kells Asset down to minimum 50% at a Fair Market Value, and provided that, the consideration may only be in the form of Cash and/or Cash Equivalents and/or a development carry of future development investments; and
- (b) no sale or disposal of any (direct or indirect) ownership interest in the Huntington Asset shall be permitted during the term of the Bonds as long as any call options are outstanding under the BP Structured Energy Derivative.

The above restrictions shall not apply and the Issuer and any other Restricted Group Company may dispose (at Fair Market Value as determined on or about the date of contractually agreeing to such disposal) of any existing hydrocarbon licence (not being a Licence) and any future Licence at any time (other than Licences acquired as part of a farm-out or swap of any Licences), provided that in the event of a transfer to another Group Company outside the Restricted Group, the Parent shall make available to the Issuer a Subordinated Loan and/or New Equity equal to the investment (including the acquisition cost) made by the Issuer and/or the Restricted Group Company (as the case may be) in such licence from and including the Settlement Date up until the date of such disposal.

14.4.4 *Financial Indebtedness restrictions*

The Issuer shall not, and shall ensure that no other Restricted Group Company shall, incur, create or permit to subsist: (i) any Financial Indebtedness (including guarantees), (ii) any financial arrangement (save for farm-out of any Exploration Licences, Appraisal Licences and/or Development Licences) whereby any party is granted any right to a payment as a percentage or other proportion of the Issuer's present or future sales proceeds, income, earnings or revenue deriving directly or indirectly from the Licences (whether secured or unsecured), or (iii) any arrangement for any sale of call options or forward sale of oil or any similar arrangement or hedging arrangements for speculative purposes not covering genuine commercial exposure, in each case other than the Permitted Financial Indebtedness.

14.4.5 *Negative Pledge*

The Issuer shall not, and shall ensure that no other Restricted Group Company shall, create, permit to subsist or allow to exist any Security over any of its present or future respective assets (including shares in Subsidiaries) or revenues or enter into arrangements having similar effect, other than the Permitted Security.

14.4.6 *No additional Security*

Notwithstanding Clause 14.4.5, the Issuer shall not, and shall ensure that no other Restricted Group Company shall, create, permit to subsist or allow to exist any Security over any of its present or future assets or its revenues which are subject to the Security created by the Security Documents from time to time, other than the Permitted Security to the extent created over any assets that are subject to the English law floating charge over the Issuer's assets or the Issuer Scottish Law Floating Charge.

14.4.7 *Financial support restrictions*

The Issuer shall not, and shall ensure that no other Restricted Group Company shall, grant any Financial Support, other than Permitted Financial Support.

14.4.8 *Loans from the Parent*

The Issuer shall ensure that any existing and future loans to the Issuer from the Parent shall be fully subordinated to the Bonds pursuant to the Subordination Agreement.

14.4.9 *Loans from the Huntington Subsidiary and any future Restricted Group Company*

The Issuer shall ensure that any existing and future loans to the Issuer from the Huntington Subsidiary and any future Restricted Group Company shall be fully subordinated to the Bonds pursuant to the terms of the Subordination Agreement and the Restricted Group Company/Issuer Subordination Agreement, respectively.

14.4.10 *Accounts and payments*

The Issuer shall:

- (a) maintain the Accounts with an Account Bank;
- (b) procure that all Project Proceeds shall be paid directly into the Issuer's Earnings Account(s) or the Huntington Subsidiary Earnings Account(s) from the relevant contracting party;
- (c) on or before the Effective Date, transfer to the Escrow Account all amounts standing to the credit of the Debt Service Retention Account;
- (d) on or before the Effective Date, transfer to the Escrow Account such an amount of cash as is required to bring the balance on the Escrow Account to an amount which is not less than USD 55 million;
- (e) subject to paragraph (f) below, ensure that the amount of (i) Restricted Cash, and (ii) Total Liquidity held by the Restricted Group at the end of each month set out below shall not be less than the amounts shown in the relevant column:

	Amount in USD million			
	March 2015	April 2015	May 2015	June 2015
Restricted Cash	55	55	55	55
Total Liquidity	60	60	60	60

- (f) in the event that:
- (i) the price of Brent oil is less than the amount specified in the Budget; or
 - (ii) oil production output from the Huntington Asset is less than the amount specified in the Budget,
- (either, an “Operational Event”),
- be permitted, subject to the prior written consent of Bondholders representing at least a simple majority of the Voting Bonds, to withdraw an aggregate amount of not more than USD 2.5 million from the Escrow Account and use such amount to make payments in accordance with the Budget, subject to the requirements of paragraph (g) below. In the event that such a withdrawal is made from the Escrow Account, the minimum Restricted Cash required to be maintained under paragraph (e) above (but not the Total Liquidity) shall be reduced accordingly;
- (g) on the second Business Day of each month, deliver to the Bond Trustee a certificate signed by the Chief Executive Officer or Chief Financial Officer of the Issuer confirming that the Total Liquidity on the last Business Day of the preceding month was not less than USD 60 million (a “**Liquidity Certificate**”);
- (h) pay the fees of the Bondholder Advisers, the Transaction Adviser and Iona’s legal and financial advisers (together, the “**Advisory Fees**”) in accordance with the Budget unless otherwise approved by the Independent Director. The amount of any Advisory Fees paid in accordance with the Budget shall be added back to the balance of any cash owned by the Group which is not Restricted Cash to calculate the Notional Unrestricted Cash for the purposes of determining the Issuer’s compliance with this Clause 14.4.10;
- (i) as soon as reasonably practicable following a request from the Bond Trustee or a Bondholder Adviser and in any event no later than two Business Days following such request, provide confirmation (supported by appropriate evidence) of the cash balances on each of the Accounts; and
- (j) undertake to use its reasonable endeavours to ensure that the full amount of USD 13.25 million which has been paid into a restricted account in favour of BTL in respect of the BP Structured Energy Derivative Tranche 2 Retirement Disbursements is maintained in a restricted account until 30 June 2015.

14.4.11 Capital expenditure in the Licences

The Issuer shall not, and shall ensure that no other Restricted Group Company shall, make any investments or capital expenditures in the Licences (other than with the proceeds from this Bond Issue in accordance with Clause 2.3 or existing cash resources of the Restricted Group), unless such capital expenditures are fully funded through Subordinated Loans from the Parent, New Equity or cash flow generated from operations of the Restricted Group (not subject to any restrictions under the Finance Documents), provided that until First Oil from either the Orlando Asset or the Kells Asset, (i) any investment or capital expenditure in the Orlando Asset and the Kells Asset shall be limited to a maximum aggregate amount of USD 210,000,000 (such total limitation to be (A) reduced pro-rata with any reduction in working interest in the Orlando Asset and/or the Kells Asset (in the event of a reduction of the relevant working interest by e.g. 1/3, the maximum aggregate amount will also be reduced with 1/3, provided (a) that if the working interest in the Orlando Asset or Kells Asset is reduced and the maximum aggregate amount as set out above is reduced pro rata accordingly, and subsequently the working interest in the other asset is reduced to a level that is not less than the reduced working interest in the first asset, no further reduction shall be made, and (b) if the working interest in the Orlando Asset and the Kells Asset is reduced to the same level at the same time, the pro rata reduction shall only be counted once towards the maximum aggregate amount as set out above (if the working in interest in both is reduced by e. g. 1/3, then the maximum aggregate amount will also be reduced with 1/3) the same principles to apply to any further reductions of the working interest), and (B) increased, on a dollar for dollar basis, with any Subordinated Loans or New Equity provided by the Parent, and (ii) no investment or capital expenditure shall be made in the Ronan & Oran Asset or the Huntington Deep Asset (until FDP approval) other than in accordance with Clause 14.4.12). For the avoidance of doubt, there shall be no limitations on investments or capital expenditures in the Trent & Tyne Asset or the Huntington Asset. Further, there shall be no limitations on investment or capital expenditures in the Huntington Deep Asset after FDP approval for such Licence, provided that such FDP is part of a combined FDP for the similar reservoir section(s) in the Huntington Deep Asset and the Huntington Asset, in which the Huntington Deep Asset owners shall be the initiators. Until such combined FDP is approved, the Restricted Group is allowed to spend amounts on the Huntington Deep Asset as regulated by Clause 14.4.12 below.

Notwithstanding anything in this Clause 14.4.11, on and from the Effective Date the Issuer shall not make any investments or capital expenditure in respect of the Kells Asset, except that in the period from and including the Effective Date until 30 June 2015, the Issuer shall be permitted to make such capital expenditure that is required to maintain the Issuer's interest in the Kells Asset up to a maximum amount of USD 75,000.

14.4.12 *Other capital expenditure*

Until First Oil from either the Orlando Asset or the Kells Asset the Issuer shall not, and shall ensure that no other Restricted Group Company shall, make any investments or capital expenditures in the Ronan & Oran Asset, the Huntington Deep Asset (until FDP approval), any existing hydrocarbon licence (not being a Licence) or any future Licence or spend any amounts on Exploration Activities or Appraisal Activities or on company acquisitions exceeding a total aggregate amount (for the Restricted Group) of USD 12,000,000 (provided that USD 6,000,000 of this total limitation may only be used for investment or capital

expenditure in the Huntington Deep Asset), such limitation to be increased, on a dollar for dollar basis, with any Subordinated Loans or New Equity provided by the Parent (not already used to increase the USD 210,000,000 limitation set out in Clause 14.4.11).

14.4.13 *Exploration spending*

The Issuer shall ensure that all Restricted Group Companies remain development and production focused companies with no material exposure to Exploration Activities. For the avoidance of doubt, Appraisal Activities shall be allowed. The Restricted Group's consolidated gross spending (net to the Issuer) on Exploration Activities shall, except as provided for in Clause 14.4.12, be limited to: (i) a maximum of USD 30,000,000 from the date which is 6 months after the date of First Oil from either the Orlando Asset or the Kells Asset until the date that First Oil is achieved from both the Orlando Asset and the Kells Asset; and (ii) a maximum of USD 30,000,000 available for each 12 month period following the date that First Oil is achieved from both the Orlando Asset and the Kells Asset for the remaining term of the Bonds.

Any spending on Exploration Activities in the Restricted Group exceeding such exploration spending limits set out above shall be 100% financed with New Equity or Subordinated Loans to the Issuer from the Parent.

If the Issuer acquires shares in a new company, (i) the purchase price (and associated costs) of such shares count towards the USD 12 million capital expenditure limitation set out in Clause 14.4.12 until First Oil from the Orlando Asset or the Kells Asset, and (ii) such company shall also be focused on development and production with no material exposure to Exploration Activities.

Notwithstanding the above, the Restricted Group Company may follow up spending on Exploration Activities that becomes a part of the Restricted Group following an acquisition of a new company in which the potential Exploration Activities is a part of a larger portfolio of development and/or production assets. Such follow-up spending on Exploration Activities shall be limited to the sum of: (A) 20% of the acquisition cost for such new company; and (B) any unutilized amount of the exploration spending limits set out above, for the remaining term of the Bond Issue.

14.4.14 *Operations*

The Issuer shall not, and shall ensure that no other Restricted Group Company shall, have any activity or operations outside the UK or Ireland.

14.4.15 *Assigned Agreements*

The Issuer shall, and shall ensure that each Restricted Group Company shall with respect to the Assigned Agreements (other than Assigned Agreements relating to Licences sold or disposed of in compliance with Clause 14.4.3), (i) obtain and maintain all relevant authorizations, consents, approvals, resolutions, licences, permits, exemptions, filings or registrations in order to lawfully enter into and exercise and enforce any ownership or other rights under any Assigned Agreements, (ii) take all necessary action that is available to it to

ensure that all Assigned Agreements remain in full force and effect and to prevent the termination of any such Assigned Agreement in accordance with the terms thereof or otherwise, and duly perform, in all material respects, its obligations and exercise its rights thereunder, except to the extent, if any, they are inconsistent with the obligations of the relevant Restricted Group Company hereunder, (iii) exercise such voting rights or other rights it may have to ensure that the Licences are explored, developed and operated in a reasonable and prudent manner, (iv) not exercise its voting rights relating to the development of the Licences or under or in relation to any other Assigned Agreement in a way that could be materially prejudicial to the interest of any Group Company, and (v) not enter into any agreement relating to the Project that could result in a Material Adverse Effect.

14.4.16 *Hedging policy*

The Issuer shall ensure that the Restricted Group maintains a prudent hedging program for the Restricted Group's oil and gas price exposure. Specifically, the Issuer shall ensure that at least 50% of the total oil production from all Production Licences shall be hedged on a 12-month rolling basis, starting from 31 March 2014, except that this requirement shall not apply to total anticipated oil production from any Producing Licence during the financial year ending 31 December 2016.

14.4.17 *Tax losses*

The Issuer shall not, and shall ensure that no other Restricted Group Company shall, take any action that would have a Material Adverse Effect in relation to the value of the Issuer's or such Restricted Group Company's brought forward UK ring fence tax losses for corporation tax and supplementary charge other than as a result of a Mandatory Prepayment Event.

14.4.18 *Retiring calls under the BP Structured Energy Derivative*

The Issuer shall on the Issue Date and at minimum a monthly basis thereafter until the date on which all Tranche 1 Call Options and all Tranche 2 Call Options have been terminated, obtain from BTL an indicative calculation of the early termination amount that would be payable by the Issuer, if it were to terminate relevant call options on such date. The Unaffected Call Option Tranches shall remain outstanding, unless cancelled against the corresponding Novated Pre-Paid Put Options, and will not be subject to the early termination process outlined below.

If (i) the Issuer and BTL agree an early termination amount (on the basis of a fair value mutually agreed between the Issuer and BTL) lower than USD 35,000,000 for all outstanding Tranche 1 Call Options or the Maximum BP Structured Energy Derivative Tranche 2 Retirement Amount for all outstanding Tranche 2 Call Options, in each case plus an amount equal to any Eligible Proceeds available at such time or (ii) BTL accepts an early termination of all outstanding Tranche 1 Call Options at USD 35,000,000 and of all outstanding Tranche 2 Call Options at the Maximum BP Structured Energy Derivative Tranche 2 Retirement Amount, in each case plus an amount equal to any Eligible Proceeds available at such time (even if the early termination amount calculated on the basis of the mutually agreed between the Issuer and BTL fair value is higher) the parties shall proceed with early termination of (A) all outstanding Tranche 1 Call Options on the basis of the

lower of the early termination amount calculated on the basis of the fair value mutually agreed between Issuer and BTL and USD 35,000,000 and (B) all outstanding Tranche 2 Call Options on the basis of the lower of the early termination amount calculated on the basis of the fair value mutually agreed between Issuer and BTL and the Maximum BP Structured Energy Derivative Tranche 2 Retirement Amount, in each case plus an amount equal to any Eligible Proceeds available at such time. If the foregoing conditions are met with respect to the early termination of all outstanding Tranche 1 Call Options only, the parties shall proceed with early termination of all outstanding Tranche 1 Call Options only as outlined above.

The call options under the BP Structured Energy Derivative shall be subject to early termination in the following order:

- (a) all outstanding Tranche 1 Call Options shall be terminated early as soon as possible after First Disbursement;
- (b) all outstanding Tranche 2 Call Options may be terminated early when the Tranche 1 Call Options have all been terminated,

provided that the foregoing shall not prevent all outstanding Tranche 1 Call Options and all outstanding Tranche 2 Call Options from being subject to early termination together at the same time.

In the event that it is not possible to terminate all outstanding Tranche 1 Call Options and Tranche 2 Call Options at the same time or, as applicable, all of the call options in a tranche at the same time, the parties may repeat the process outlined above with respect to:

- (a) some, but not all, of the outstanding Tranche 1 Call Options which may be terminated, with the relevant early termination amount calculated on a pro rata basis to the relevant maximum permitted payment for that tranche (as described above) calculated per barrel and subject always to the aggregate maximum amount for the early termination of all of the Tranche 1 Call Options of USD 35,000,000 plus an amount equal to any Eligible Proceeds applied from time to time in respect of such early terminations; and
- (b) once all outstanding Tranche 1 Call Options have been terminated, some, but not all, of the Tranche 2 Call Options may be terminated, with the relevant early termination amount calculated on a pro rata basis to the relevant maximum permitted amount for that tranche (as described above) calculated per barrel and subject always to the aggregate maximum amount for the early termination of all of the Tranche 2 Call Options of the Maximum BP Structured Energy Derivative Tranche 2 Retirement Amount plus an amount equal to any Eligible Proceeds applied from time to time in respect of such early terminations.

Other than by applying Eligible Proceeds, the Issuer shall not pay early termination amounts with respect to any call options under the BP Structured Energy Derivative with any means other than:

- (a) funds from the BP Structured Energy Derivative Escrow Account with respect to early termination amounts relating to Tranche 1 Call Options;
- (b) funds from the Escrow Account (or after transfer of all funds from the Escrow Account have been transferred to the Issuer Earnings Account, the Issuer Earnings Account) up to the Maximum BP Structured Energy Derivative Tranche 2 Retirement Amount with respect to early termination amounts relating to Tranche 2 Call Options.

In accordance with the BTL Intercreditor Agreement, the Issuer may not service ordinary cash settlements of the outstanding call options under the BP Structured Energy Derivative during the term of the Bonds, other than (i) servicing of cash settlements of Unaffected Call Option Tranches from the Settlement Date until 31 March 2014, or (ii) by applying Eligible Proceeds (provided that the 10% limit on Free Cashflow in a relevant six month period shall apply in aggregate, for the retiring and/or ordinary servicing of cash settlements of call options under the BP Structured Energy Derivative).

Other than what has been reflected in this Clause 14.4.18 and consequential amendments to be made as a result of the Existing Credit Facility being repaid and replaced by the Bond Issue, the Issuer shall not cancel, terminate, amend or take any other action in relation to the BP Structured Energy Derivative without the prior consent from the Bond Trustee (at its discretion or at the direction of the Bondholders).

The Issuer shall not cancel, terminate, amend or take any other action in relation to the existing hedging arrangements entered into with the hedging banks in connection with the Existing Credit Facility, other than consequential amendments to be made as a result of the Existing Credit Facility being repaid and replaced by the Bond Issue and, if so agreed between the hedging banks, the Issuer and BTL, a novation of such hedging arrangements from the other hedging banks to BTL.

14.4.19 *Further restrictions on disposals and tax losses*

Notwithstanding any other provision in this Bond Agreement:

- (a) neither the Issuer nor the Huntington Subsidiary shall dispose of all or any part of any Licence; and
- (b) none of the Obligors shall dispose (and the Parent shall ensure that no other Group Company shall dispose) of all or any substantial part of the Restricted Group's assets or operations,

(a disposal under (a) or (b) above, a "**Disposal**"), without the prior approval of a majority of members of the board of directors of the Parent, which must include the positive approval of the Independent Director.

Notwithstanding any other provision in this Bond Agreement the proceeds from any Disposal shall promptly be transferred to the Escrow Account, and shall not be applied in accordance with the provisions of Clause 14.4.3 (*Disposals of Licences*) and Clause 10.4 (*Mandatory Prepayment*).

The proceeds of any Disposal transferred to the Escrow Account in accordance with this Clause 14.4.19 shall not be counted towards the balance of Restricted Cash for the purposes of Clause 14.4.10 (e) above.

Irrespective of Clause 14.4.17 (*Tax losses*), the Issuer (or any other relevant Restricted Group Company) will only enter into an agreement in relation to the value of the Issuer's or any other Restricted Group Company's brought forward UK ring fence tax losses for corporation tax and supplementary charges if such agreement is entered into in connection with a Disposal and/or a Transaction Proposal.

14.4.20 *Transaction Proposal*

- (a) The Issuer shall conduct a review (the "**Review**") to consider all options to enable (i) the funding of the Orlando Asset to achieve First Oil by 31 December 2016 and/or (ii) the refinancing of the Bonds.
- (b) The Parent shall instruct a financial adviser (the "**Transaction Adviser**") to advise the Group in connection with the Review. The identity and terms of engagement of the Transaction Adviser, including but not limited to its fees, fee structure and scope of work, shall be subject to the prior approval of the Bond Trustee (acting for and on behalf of the Bondholders) and in consultation with the Bondholder Advisers.
- (c) The Issuer shall provide to the Bond Trustee and the Bondholder Advisers, on or before 30 June 2015, the results of the Review and a detailed proposal for a transaction to enable the funding of the Orlando Asset to achieve First Oil by 31 December 2016 and/or the repayment of the Bonds, including but not limited to the details of any proposed amendments to the Bond Agreement (a "**Transaction Proposal**").
- (d) A Transaction Proposal must receive the written support of Bondholders representing at least a simple majority of the Voting Bonds (i) on or before 30 June 2015, or (ii) by such later date as Bondholders representing at least a simple majority of the Voting Bonds agree in writing.
- (e) In any event, a Transaction Proposal must be approved by the Bondholders' Meeting by no later than 30 September 2015.
- (f) If a Transaction Proposal is approved by the Bondholders at a Bondholders' Meeting, the Issuer shall use all reasonable endeavours to implement the Transaction Proposal by no later than 30 September 2015.
- (g) If the Issuer is not able to provide a Transaction Proposal to the Bond Trustee and the Bondholder Advisers on or before 30 June 2015, or a Transaction Proposal is not supported in writing by the Bondholders by 30 June 2015, the Issuer shall use its reasonable endeavours to arrange for the issue of new super senior debt funding (the "**Super Senior Funding**") to be made available to the Issuer no later than 30 September 2015, provided always that the issue and terms of the Super Senior Funding shall be subject to the prior approval of the Bondholders' Meeting.

- (h) The Issuer shall at all times, and shall instruct its legal, financial and professional advisers (including the Transaction Adviser) at all times to, communicate and cooperate actively and regularly, in good faith, with the Bondholder Advisers, the Bond Trustee and, as appropriate, the Bondholders, in order to agree the terms of a Transaction Proposal capable of approval by the Bondholders by 30 June 2015.

14.5 Parent Special Covenants

14.5.1 *Dividend restrictions*

The Parent shall not declare or make any dividend payment, repurchase of shares or make any loans or other distributions or payments to its shareholders (including servicing of shareholder loans), whether in cash or in kind, including without limitation any total return swaps or instruments with similar effect.

14.5.2 *Maintenance of ownership of the Issuer*

The Parent undertakes to maintain a 100% direct or indirect ownership over all the shares and control over all the voting rights of the Issuer.

14.5.3 *Negative pledge*

The Parent shall not create, permit to subsist or allow to exist any Security over the shares in the Issuer (or rights related to such shares) or over any loans from the Parent to the Issuer, other than in favour of the Bond Trustee as contemplated by the Security Documents or otherwise as permitted pursuant to this Bond Agreement.

14.5.4 *Subordination of claims*

The Parent undertakes to only fund the Issuer with equity and/or Subordinated Loans (in such case according to the Subordination Agreement), and shall not demand any cash dividend, repayment of debt or other cash distribution from the Issuer or enforce any monetary claims against the Issuer during the term of the Bonds except as permitted pursuant to this Bond Agreement.

14.5.5 *Appointment of Independent Director*

Within 15 Business Days of the Effective Date, the Parent shall appoint a new independent director to its board of directors (the “**Independent Director**”). The Independent Director shall be selected from a shortlist of candidates based on the written instruction of Bondholders representing at least a simple majority of the Voting Bonds. The Parent shall pay the Independent Director a salary which shall be paid when due in accordance with the terms agreed between the Independent Director and the Parent and/or the Issuer.

Following the appointment of the Independent Director, the maximum number of board members of the Parent shall be six, including the Independent Director.

The Independent Director shall:

- (a) have the right to attend board meetings of the Parent and receive the same information at the same time as other directors of the board;

- (b) have the right to attend, participate in and vote at all board meetings;
- (c) be entitled to vote on any Disposal and must have voted in favour of a Disposal in order for board approval of such Disposal to be obtained
- (d) be required to approve (i) any expenditure which exceeds the amount contemplated by the Budget by USD 500,000 or more, and (ii) any Advisory Fees which exceed the amount contemplated by the Budget by USD 50,000;
- (e) be entitled to participate in all discussions between the Issuer and the Bondholder Advisers regarding the Transaction Proposal; and
- (f) subject to applicable laws, be entitled at all times to communicate openly and freely at her/his absolute discretion with the Bond Trustee.

14.5.6 *Independent Director Removal or Resignation*

If the Independent Director resigns, is removed from office or is unable to perform his role as independent director due to illness or incapacity, the Parent shall following consultation with the Bond Trustee and the Bondholder Advisers, and within thirty (30) Business Days of a written request from the Bond Trustee, appoint a replacement independent director to its board of directors.

14.6 **Financial Covenants**

14.6.1 *Issuer Financial Covenants*

The Issuer shall comply with the undertakings below at all times, provided that such compliance shall be waived and not measured until the first Quarter Date occurring at the end of the first full Quarter after the date of First Oil on the Orlando Asset. Thereafter the Issuer's compliance shall be measured on each Quarter Date and certified by the Issuer with each annual Financial Statement and quarterly Interim Accounts on the respective Reporting Date. All Financial Covenants shall be calculated on a consolidated basis for the Restricted Group during the lifetime of the Bonds.

14.6.1.1 Liquidity

The Restricted Group shall maintain a Liquidity of minimum USD 30,000,000.

14.6.1.2 Restricted Group Capital Employed Ratio

The Issuer shall ensure that the Restricted Group maintains a Restricted Group Capital Employed Ratio of minimum 40% from the Settlement Date to and including 31 December 2016, and minimum 50% thereafter.

14.6.1.3 Leverage Ratio

The Issuer shall ensure that the Restricted Group maintains a Leverage Ratio of not more than 3.0x.

14.6.2 *Parent Financial Covenants*

The Parent shall ensure that the Group maintains a Group Capital Employed Ratio of minimum 40% from the Issue Date to and including 31 December 2016 and minimum 50% thereafter and for the remaining term of the Bonds.

The Parent shall comply with the undertakings in this Clause 14.6.2 at all times, such compliance to be waived and not measured until the first Quarter Date occurring at the end of the first full Quarter after the date of First Oil on the Orlando Asset. Thereafter the Parent's compliance shall be measured on each Quarter Date and certified by the Parent with each annual financial statement and quarterly financial statement. The Financial Covenant shall be calculated on a consolidated basis for the Group during the lifetime of the Bonds.

14.6.3 *Breach of Financial Covenant*

In the event that the Issuer or the Parent is in breach of any of the Financial Covenants set out in Clauses 14.6.1 and 14.6.2 above, such breach shall not constitute an Event of Default on the first relevant Quarter Date if it is again in compliance with the Financial Covenants on the subsequent Quarter Date. For any subsequent Quarter Dates where the Issuer or the Parent, as the case may be, is in breach of any of the above Financial Covenants, such breach shall not constitute an Event of Default provided that (i) the Liquidity is at least USD 100 million on such Quarter Date, and (ii) the Issuer or the Parent, as the case may be, is again in compliance with the Financial Covenants on the following Quarter Date. For the avoidance of doubt, breach of the Financial Covenants on two consecutive Quarter Dates shall always constitute an Event of Default.

15 **FEES AND EXPENSES**

- 15.1 The Issuer shall cover all costs and expenses incurred by it or the Bond Trustee (and/or the Security Agent) in connection with this Bond Agreement and the fulfilment of its obligations under this Bond Agreement or any other Finance Document, including in connection with the negotiation, preparation, execution and enforcement of this Bond Agreement and the other Finance Documents and any registration or notifications relating thereto (including any stamp duty), the listing of the Bonds on an Exchange (if applicable), and the registration and administration of the Bonds in the Securities Depository. Other than in respect of the Repayment Escrow Account, the Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from any Obligor or any other person, irrespective of such funds being subject to Security under a Finance Document, to set-off and cover any such costs and expenses.
- 15.2 The fees, costs and expenses payable to the Bond Trustee (and/or the Security Agent) shall be paid by the Issuer and are set out in a separate agreement between the Issuer and the Bond Trustee (and/or the Security Agent).
- 15.3 Fees, costs and expenses payable to the Bond Trustee (or the Security Agent) which, due to the Issuer's insolvency or similar circumstances, are not reimbursed in any other way may be covered by making an equivalent reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee (or the Security Agent) in connection with the restructuring or default of the Bond Issue and the enforcement of any Security. In case the Issuer does not pay the Bond Trustee for incurred fees, then the Bond Trustee may

seek funding of the Bond Trustee's expenses from other sources, in which case the parties representing such other sources will be subordinated into the position of the Bond Trustee, but subordinate to further Trustee Expenses.

- 15.4 Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer is not responsible for reimbursing any such fees.
- 15.5 The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to the Bondholders.
- 15.6 If the Issuer is required by law to withhold any withholding tax from any payment under any Finance Document:
 - (a) the amount of the payment due from the Issuer shall be increased to such amount which is necessary to ensure that the Bondholders receive a net amount which is (after making the required withholding) equal to the payment which would have been due if no withholding had been required; and
 - (b) the Issuer shall at the request of the Bond Trustee deliver to the Bond Trustee evidence that the required tax reduction or withholding has been made.
- 15.7 If any withholding tax is imposed due to subsequent changes in applicable law after the date of this Bond Agreement, the Issuer shall have the right to call all but not some of the Bonds at par value plus accrued interest. Such call shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least thirty - 30 - Business Days prior to the settlement date of the call.

16 EVENTS OF DEFAULT

- 16.1 The Bond Trustee may declare the Bonds to be in default upon occurrence of any of the following events:

16.1.1 Non-payment

The Issuer fails to fulfil any payment obligation due under this Bond Agreement or any Finance Document when due, unless, in the opinion of the Bond Trustee, it is likely that such payment will be made in full within five Business Days following the original due date.

16.1.2 Breach of other obligations

Any Obligor does not comply with any provision pursuant to this Bond Agreement or any other Finance Document, unless, in the opinion of the Bond Trustee, such failure is capable of being remedied and is remedied within ten Business Days after notice thereof is given to the Issuer by the Bond Trustee.

Notwithstanding the foregoing, the failure of the Issuer:

- (a) to obtain the written support for a Transaction Proposal from Bondholders representing at least a simple majority of the Voting Bonds (i) on or before 30 June

2015, or (ii) by such later date as Bondholders representing at least a simple majority of the Voting Bonds agree in writing as required by Clause 14.4.20 (d); or

- (b) to maintain at all times an aggregate amount of Restricted Cash of not less than USD 52.5 million in accordance with Clause 14.4.10 (e) and (f),

shall not be subject to any such grace period.

16.1.3 *Cross default*

If for any Group Company:

- (a) any Financial Indebtedness is not paid when due nor within any originally applicable grace period;
- (b) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
- (c) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or
- (d) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

in each case where such Financial Indebtedness is for a sum in excess of USD 5,000,000 or the equivalent thereof in other currencies.

Notwithstanding the above, any default under the BP Structured Energy Derivative due to non-fulfilment by the Issuer of any liabilities or obligations specified as being subordinated shall not constitute an Event of Default.

16.1.4 *Misrepresentations*

Any representation, warranty or statement (including statements in compliance certificates) made under this Bond Agreement or any other Finance Document or in connection therewith is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made, unless the circumstances giving rise to, and the effects of, the misrepresentation is capable of being remedied and are remedied within two (2) Business Days after notice thereof is given to the Issuer by the Bond Trustee.

16.1.5 *Insolvency*

- (a) A Group Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of any member of the Group is less than its liabilities (taking into account contingent and prospective liabilities).

- (c) A moratorium is declared in respect of any indebtedness of any member of the Group.

16.1.6 *Insolvency proceedings and dissolution*

If for any Group Company any corporate action, legal proceedings or other procedure step is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than solvent liquidation or reorganization;
- (b) a composition, compromise, assignment or arrangement with any creditor, having an adverse effect on the Issuer's ability to perform its payment obligations hereunder;
- (c) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or
- (d) its dissolution,

or any analogous procedure or step is taken in any jurisdiction, unless such proceeding is being contested in good faith and is discharged or struck out within 14 days of the date on which such proceeding is initiated or which the Bond Trustee (acting reasonably) is satisfied to be frivolous, vexatious or an abuse of process.

16.1.7 *Creditors' process*

Any Group Company has a substantial proportion of the assets impounded, confiscated, attached or subject to distraint, or is subject to enforcement of any Security over any of its assets.

16.1.8 *Impossibility or illegality*

It is or becomes impossible or unlawful for any Group Company to fulfil or perform any of the terms of any Finance Document to which it is a party.

16.1.9 *Failure to obtain approval of a Transaction Proposal*

The failure of the Issuer to obtain (a) the written support of Bondholders representing at least a simple majority of the Voting Bonds to a Transaction Proposal on or before 30 June 2015 or such later date as has been agreed in accordance with Clause 14.4.20 above, and (b) the approval of Bondholders representing the requisite proportion of the Voting Bonds required to approve a Transaction Proposal on or before 30 September 2015.

16.1.10 *Failure to maintain Restricted Cash level*

If at any time the aggregate amount of Restricted Cash is less than USD 52.5 million.

16.1.11 *Failure to deliver Liquidity Certificate*

The failure by the Issuer to deliver any Liquidity Certificate in accordance with Clause 14.4.10 (g) above and such failure is not remedied within ten Business Days.

16.1.12 *Breach of obligations related to the Ninian "tie-back"*

Any material default by the Issuer to perform its contractual obligations to CNR International (U.K.) Limited and JX Nippon Exploration and Production (U.K.) Limited in relation to the Ninian "tie-back" due to be carried out in 2015 and 2016.

16.1.13 *Issuer's breach or termination of engagement terms of the Bondholder Advisers*

The termination by the Issuer, or the material breach by the Issuer of any term, of the engagement and/or fee letters entered into between the Issuer and the Bondholder Advisers.

16.1.14 *Material Adverse Change*

Any other event or circumstance occurs which, in the reasonable opinion of the Bond Trustee, after consultations with the Issuer, would have a Material Adverse Effect.

16.2 In the event that one or more of the circumstances mentioned in Clause 16.1 occurs and is continuing, the Bond Trustee can, in order to protect the interests of the Bondholders, declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment.

The Bond Trustee may at its discretion, take every measure necessary to recover the amounts due under the Outstanding Bonds, and all other amounts outstanding under this Bond Agreement and any other Finance Document.

16.3 In the event that one or more of the circumstances mentioned in Clause 16.1 occurs and is continuing, the Bond Trustee shall declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment if:

- (a) the Bond Trustee receives a demand in writing that a default shall be declared from Bondholders representing at least 1/5 of the Voting Bonds, and the Bondholders' Meeting has not decided on other solutions; or
- (b) the Bondholders' Meeting has with simple majority decided to declare the Outstanding Bonds in default and due for payment.

In either case the Bond Trustee shall take every measure necessary to recover the amounts due under the Outstanding Bonds.

16.4 In the event that the Bond Trustee pursuant to the terms of Clauses 16.2 or 16.3 declares the Outstanding Bonds to be in default and due for payment, the Bond Trustee shall immediately deliver to the Issuer a notice demanding payment of interest and principal due to the Bondholders under the Outstanding Bonds including accrued interest and interest on overdue amounts and expenses. The claim derived from the Outstanding Bonds due for payment as a result of an Event of Default shall be calculated at the prices set out in Clause 10.2.

- 16.5 In the event of enforcement of the Issuer Share Pledge, the Bond Trustee's position as shareholder may entail the risk of certain direct liabilities, such as pension liabilities, on the part of the Bond Trustee. If there is a risk of any such liability accruing in relation to an enforcement of the Issuer Share Pledge to the benefit of the Bondholders, the Bond Trustee may require satisfactory security and indemnities from the Bondholders for any such possible liability prior to enforcement of the Issuer Share Pledge.

17 BONDHOLDERS' MEETING

17.1 Authority of the Bondholders' Meeting

- 17.1.1 The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds, and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.
- 17.1.2 The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.
- 17.1.3 If a resolution by or an approval of the Bondholders is required, such resolution shall be passed at a Bondholders' Meeting, see however Clause 18.1. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Bonds.

17.2 Procedural rules for Bondholders' meetings

- 17.2.1 A Bondholders' Meeting shall be held at the written request of:
- (a) the Issuer;
 - (b) Bondholders representing at least 1/10 of the Voting Bonds;
 - (c) the Exchange, if the Bonds are listed; or
 - (d) the Bond Trustee.
- 17.2.2 The Bondholders' Meeting shall be summoned by the Bond Trustee. A request for a Bondholders' Meeting shall be made in writing to the Bond Trustee, and shall clearly state the matters to be discussed.
- 17.2.3 If the Bond Trustee has not summoned a Bondholders' Meeting within ten Business Days after having received a valid request, then the requesting party may summons the Bondholders' Meeting itself.
- 17.2.4 The notice of a Bondholders' Meeting shall be dispatched no later than five Business Days prior to the date of the Bondholders' Meeting. The notice and a confirmation of each Bondholder's holdings of Bonds shall be sent to all Bondholders registered in the Securities Depository at the time of distribution. The notice shall also be sent to the Exchange for publication if the Bonds are listed.

- 17.2.5 The summons shall specify the agenda of the Bondholders' Meeting. The Bond Trustee may in the summons also set out other matters on the agenda than those requested. If amendments to this Bond Agreement have been proposed, the main content of the proposal shall be stated in the summons.
- 17.2.6 The Bond Trustee may restrict the Issuer from making any changes in the number of Voting Bonds in the period from distribution of the summons until the Bondholders' Meeting, by serving notice to it to such effect.
- 17.2.7 Matters that have not been reported to the Bondholders in accordance with the procedural rules for summoning of a Bondholders' Meeting may only be adopted with the approval of all Voting Bonds.
- 17.2.8 The Bondholders' Meeting shall be held on premises designated by the Bond Trustee. The Bondholders' Meeting shall be opened and shall, unless otherwise decided by the Bondholders' Meeting, be chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting shall be opened by a Bondholder, and be chaired by a representative elected by the Bondholders' Meeting.
- 17.2.9 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the result of the voting. The minutes shall be signed by the chairman and at least one other person elected by the Bondholders' Meeting. The minutes shall be deposited with the Bond Trustee and shall be available to the Bondholders.
- 17.2.10 The Bondholders, the Bond Trustee and – provided the Bonds are listed – representatives of the Exchange, have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. Bondholders may attend by a representative holding proxy. Bondholders have the right to be assisted by an advisor. In case of dispute the chairman shall decide who may attend the Bondholders' Meeting and vote for the Bonds.
- 17.2.11 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present under the voting.

17.3 **Resolutions passed at Bondholders' Meetings**

- 17.3.1 At the Bondholders' Meeting each Bondholder may cast one vote for each Voting Bond owned at close of business on the day prior to the date of the Bondholders' Meeting in accordance with the records registered in the Securities Depository. The Bond Trustee may, at its sole discretion, accept other evidence of ownership. Whoever opens the Bondholders' Meeting shall adjudicate any question concerning which Bonds shall count as the Issuer's Bonds. The Issuer's Bonds shall not have any voting rights.

For this purpose, a Bondholder that has a Bond that is nominee registered shall be deemed as the Bondholder of such Bond (instead of the nominee) provided that the Bondholder presents relevant evidence stating that the relevant Bondholder is the Bondholder of the Bond and the amount of Bonds held by such Bondholder.

- 17.3.2 In all matters, the Issuer, the Bond Trustee and any Bondholder have the right to demand vote by ballot. In case of parity of votes, the chairman shall have the deciding vote, regardless of the chairman being a Bondholder or not.
- 17.3.3 In order to form a quorum, at least half (1/2) of the Voting Bonds must be represented at the meeting, see however Clause 17.4. Even if less than half (1/2) of the Voting Bonds are represented, the Bondholders' Meeting shall be held and voting completed.
- 17.3.4 Resolutions shall be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in Clause 17.3.5.
- 17.3.5 A majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for any waiver or amendment of any terms of this Bond Agreement.
- 17.3.6 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 17.3.7 The Bond Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented, however, the Bond Trustee may refuse to carry out resolutions being in conflict with this Bond Agreement (or any other Finance Document) or any applicable law.
- 17.3.8 The Issuer, the Bondholders and the Exchange shall be notified of resolutions passed at the Bondholders' Meeting.
- 17.4 **Repeated Bondholders' meeting**
- 17.4.1 If the Bondholders' Meeting does not form a quorum pursuant to Clause 17.3.3, a repeated Bondholders' Meeting may be summoned to vote on the same matters. The attendance and the voting result of the first Bondholders' Meeting shall be specified in the summons for the repeated Bondholders' Meeting.
- 17.4.2 A valid resolution may be passed at a repeated Bondholders' meeting even though less than half (1/2) of the Voting Bonds are represented.

18 THE BOND TRUSTEE

18.1 The role and authority of the Bond Trustee

- 18.1.1 The Bond Trustee shall monitor the compliance by the Issuer of its obligations under this Bond Agreement and applicable laws and regulations which are relevant to the terms of this Bond Agreement, including supervision of timely and correct payment of principal or interest, (however, this shall not restrict the Bond Trustee from discussing matters of confidentiality with the Issuer), arrange Bondholders' Meetings, and make the decisions and implement the measures resolved pursuant to this Bond Agreement. The Bond Trustee is not obligated to assess the Issuer's financial situation beyond what is directly set out in this Bond Agreement.
- 18.1.2 The Bond Trustee may take any step it in its sole discretion considers necessary or advisable to ensure the rights of the Bondholders in all matters pursuant to the terms of this Bond

Agreement and is entitled to rely on advice from professional advisors. The Bond Trustee may in its sole discretion postpone taking action until such matter has been put forward to the Bondholders' Meeting. The Bond Trustee is not obliged to take any steps to ascertain whether any Event of Default has occurred and until it has actual knowledge or express notice to the contrary the Bond Trustee is entitled to assume that no Event of Default has occurred.

- 18.1.3 The Bond Trustee may make decisions binding for all Bondholders concerning this Bond Agreement, including amendments to this Bond Agreement and waivers or modifications of certain provisions, which in the opinion of the Bond Trustee, do not materially and adversely affect the rights or interests of the Bondholders pursuant to this Bond Agreement.
- 18.1.4 The Bond Trustee may reach decisions binding for all Bondholders in circumstances other than those mentioned in Clause 18.1.3 provided that prior notification has been made to the Bondholders. Such notice shall contain a proposal of the amendment and the Bond Trustee's evaluation. Further, such notification shall state that the Bond Trustee may not reach a decision binding for all Bondholders in the event that any Bondholder submits a written protest against the proposal within a deadline set by the Bond Trustee. Such deadline may not be less than five Business Days following the dispatch of such notification.
- 18.1.5 The Bond Trustee may reach other decisions than set out in Clauses 18.1.3 or 18.1.4 to amend or rectify decisions which due to spelling errors, calculation mistakes, misunderstandings or other obvious errors do not have the intended meaning.
- 18.1.6 The Bond Trustee may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 18.1.7 The Issuer, the Bondholders and the Exchange shall be notified of decisions made by the Bond Trustee pursuant to Clause 18.1 unless such notice obviously is unnecessary.
- 18.1.8 The Bondholders' Meeting can decide to replace the Bond Trustee without the Issuer's approval, as provided for in Clause 17.3.5.
- 18.1.9 The Bond Trustee may act as bond trustee and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee may delegate exercise of its powers to other professional parties.
- 18.1.10 The Bond Trustee may instruct the Paying Agent to split the Bonds to a lower denomination in order to facilitate partial redemptions or restructuring of the Bonds or other situations.

18.2 **Liability and indemnity**

- 18.2.1 The Bond Trustee is liable only for direct losses incurred by Bondholders or the Issuer as a result of gross negligence or wilful misconduct by the Bond Trustee in performing its functions and duties as set out in this Bond Agreement. Such liability is limited to the maximum amount set out in Clause 2.2. The Bond Trustee is not liable for the content of information provided to the Bondholders on behalf of the Issuer.
- 18.2.2 The Issuer is liable for, and shall indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer

(including its directors, management, officers, employees, agents and representatives) to fulfil its obligations under the terms of this Bond Agreement and any other Finance Document, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the establishment and performance of this Bond Agreement and any other Finance Document.

- 18.2.3 The Bond Trustee can as a condition for carrying out an instruction from the Bondholders (including, but not limited to, instructions set out in Clause 16.3(a) or 17.2.1 (b)), require satisfactory security and indemnities for any possible liability and anticipated costs and expenses, from those Bondholders who requested that instruction and/or those who voted in favour of the decision to instruct the Bond Trustee. Any instructions from the Bondholders may be put forward to the Bondholders' Meeting by the Bond Trustee before the Bond Trustee takes any action.

18.3 **Change of Bond Trustee**

- 18.3.1 Change of Bond Trustee shall be carried out pursuant to the procedures set out in Clause 17. The Bond Trustee shall continue to carry out its duties as bond trustee until such time that a new Bond Trustee is elected.

- 18.3.2 The fees and expenses of a new bond trustee shall be covered by the by the Issuer pursuant to the terms set out in Clause 15, but may be recovered wholly or partially from the Bond Trustee if the change is due to a breach by the Bond Trustee of its duties pursuant to the terms of this Bond Agreement or other circumstances for which the Bond Trustee is liable.

- 18.3.3 The Bond Trustee undertakes to co-operate so that the new bond trustee receives without undue delay following the Bondholders' Meeting the documentation and information necessary to perform the functions as set out under the terms of this Bond Agreement.

18.4 **Appointment of Security Agent**

- 18.4.1 The Bond Trustee is appointed to act as Security Agent for the Bond Issue.

The main functions of the Security Agent may include holding Security on behalf of the Bondholders and monitoring compliance by the Issuer and other relevant parties of their respective obligations under this Bond Agreement and/or the Security Documents with respect to the Security.

Before the appointment of a Security Agent other than the Bond Trustee, the Issuer shall be given the opportunity to state its views on the proposed Security Agent, but the final decision as to appointment shall lie exclusively with the Bond Trustee.

- 18.4.2 The functions, rights and obligations of the Security Agent may be determined by a Security Agent agreement to be entered into between the Bond Trustee and the Security Agent, which the Bond Trustee shall have the right to require each Obligor and any other parties to any Security Document to sign as a party, or, at the discretion of the Bond Trustee, to acknowledge. The Bond Trustee shall at all times retain the right to instruct the Security Agent in all matters.

Any changes to this Bond Agreement necessary or appropriate in connection with the appointment of a Security Agent shall be documented in an amendment to this Bond Agreement, signed by the Bond Trustee.

- 18.4.3 If so desired by the Bond Trustee, any or all of the Security Documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

19 MISCELLANEOUS

19.1 The community of Bondholders

By virtue of holding Bonds, which are governed by this Bond Agreement (which pursuant to Clause 2.1.1 is binding upon all Bondholders), a community exists between the Bondholders, implying, inter alia, that:

- (a) the Bondholders are bound by the terms of this Bond Agreement;
- (b) the Bond Trustee has power and authority to act on behalf of, and/or represent; the Bondholders, in all matters, included but not limited to taking any legal or other action, including enforcement of the Bond Issue and/or any Security, opening of bankruptcy or other insolvency proceedings;
- (c) the Bond Trustee has, in order to manage the terms of this Bond Agreement, access to the Securities Depository to review ownership of Bonds registered in the Securities Depository; and
- (d) this Bond Agreement establishes a community between Bondholders meaning that:
 - (i) the Bonds rank *pari passu* between each other;
 - (ii) the Bondholders may not, based on this Bond Agreement, act directly towards the Issuer and may not themselves institute legal proceedings against the Issuer, however not restricting the Bondholders to exercise their individual rights derived from this Bond Agreement;
 - (iii) the Issuer may not, based on this Bond Agreement, act directly towards the Bondholders;
 - (iv) the Bondholders may not cancel the Bondholders' community; and
 - (v) the individual Bondholder may not resign from the Bondholders' community.

19.2 Defeasance

- 19.2.1 The Issuer may, at its option and at any time, elect to have certain obligations discharged (see Clause 19.2.2) upon complying with the following conditions ("Security and Covenant Defeasance"):

- (a) the Issuer shall have irrevocably pledged to the Bond Trustee for the benefit of the Bondholders cash or government bonds accepted by the Bond Trustee (the “**Defeasance Pledge**”) in such amounts as will be sufficient for the payment of principal (including if applicable premium payable upon exercise of a Call Option) and interest on the Outstanding Bonds to Maturity Date (or redemption upon a exercise of a notified Call Option) or any other amount agreed between the Parties;
- (b) no Event of Default shall have occurred and be continuing on the date of establishment of the Defeasance Pledge, or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time during any hardening period applicable to the Defeasance Pledge (or the relevant period for non-Norwegian companies) or any other date agreed between the Parties;
- (c) if the Bonds are secured, the Defeasance Pledge shall be considered as a replacement of the Security established prior to the Defeasance Pledge;
- (d) the Issuer shall have delivered to the Bond Trustee a certificate signed by its Chief Executive Officer that the Defeasance Pledge was not made by the Issuer with the intent of preferring the Bondholders over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others; and
- (e) the Issuer shall have delivered to the Bond Trustee any certificate or legal opinion reasonably required by the Bond Trustee regarding the Security and Covenant Defeasance or Defeasance Pledge, including any certificate or legal opinion on (i) the compliance of the conditions of the Security and Covenant Defeasance, (ii) that the Defeasance Pledge constitutes a valid, perfected and enforceable Security in favour of the Bond Trustee for the benefit of the Bondholders which will not be subject to any rights of creditors of each Obligor or any bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally under the laws of the jurisdiction where the Defeasance Pledge was established and the corporate domicile of the Issuer, (iii) any relevant tax issues concerning the Bondholders, (iv) any valuation of any assets or (vii) any other certificate or opinion regarding the Security and Covenant Defeasance or the Defeasance Pledge.

19.2.2 Upon the exercise by the Issuer of its option under Clause 19.2.1:

- (a) all Obligors shall be released from their obligations under all provisions in Clause 14, except Clauses 14.2.1(a), (k), (n), (o) and (p), or as otherwise agreed;
- (b) the Issuer shall not (and shall ensure that all Group Companies shall not) take any actions that may cause the value of the Security created by this Security and Covenant Defeasance to be reduced, and shall at the request of the Bond Trustee execute, or cause to be executed, such further documentation and perform such other acts as the Bond Trustee may reasonably require in order for the Security to remain valid, enforceable and perfected by the Bond Trustee for the account of the Bondholders;

- (c) any Guarantor(s) shall be discharged from their obligations under the Guarantee(s), and the Guarantee(s) shall cease to have any legal effect, or as otherwise agreed;
- (d) any Security other than the Defeasance Pledge shall be discharged, and the Bond Trustee shall take all steps reasonably possible for it to cause such discharge to be effected, by way of deletion of the relevant Security Document from the relevant register, notice to third parties or as otherwise required, or as otherwise agreed; and
- (e) all other provisions of this Bond Agreement (except (a) – (c) above) shall remain fully in force without any modifications, or as otherwise agreed.

19.2.3 All amounts owed by the Issuer hereunder covered by the Defeasance Pledge shall be applied by the Bond Trustee, in accordance with the provisions of this Bond Agreement, against payment to the Bondholders of all sums due to them under this Bond Agreement on the due date thereof.

Any excess funds not required for the payment of principal, premium and interest to the Bondholders (including any expenses, fees etc. due to the Bond Trustee hereunder) shall be returned to the Issuer.

19.3 Limitation of claims

All claims under the Bonds and this Bond Agreement for payment, including interest and principal, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18, 1979 No. 18.

19.4 Access to information

19.4.1 This Bond Agreement is available to anyone and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee shall not have any obligation to distribute any other information to the Bondholders or others than explicitly stated in this Bond Agreement. The Issuer shall ensure that a copy of this Bond Agreement is available to the general public until all the Bonds have been fully discharged.

19.4.2 The Bond Trustee shall, in order to carry out its functions and obligations under this Bond Agreement, have access to the Securities Depository for the purposes of reviewing ownership of the Bonds registered in the Securities Depository.

19.5 Amendments

All amendments of this Bond Agreement shall be made in writing, and shall unless otherwise provided for by this Bond Agreement, only be made with the approval of all parties hereto.

19.6 Notices, contact information

19.6.1 Written notices, warnings, summons etc to the Bondholders made by the Bond Trustee shall be sent via the Securities Depository with a copy to the Issuer and the Exchange. Information to the Bondholders may also be published at Stamdata only. Any such notice or communication shall be deemed to be given or made as follows:

- (a) if by letter via the Securities Depository, when sent from the Securities Depository; and
 - (b) if by publication on Stamdata, when publicly available.
- 19.6.2 The Issuer's written notifications to the Bondholders shall be sent via the Bond Trustee, alternatively through the Securities Depository with a copy to the Bond Trustee and the Exchange.
- 19.6.3 Unless otherwise specifically provided, all notices or other communications under or in connection with this Bond Agreement between the Bond Trustee and any Obligor shall be given or made in writing, by letter, e-mail or fax. Any such notice or communication shall be deemed to be given or made as follows:
 - (a) if by letter, when delivered at the address of the relevant Party;
 - (b) if by e-mail, when received; and
 - (c) if by fax, when received.
- 19.6.4 The Issuer and the Bond Trustee shall ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons.
- 19.6.5 When determining deadlines set out in this Bond Agreement, the following shall apply (unless otherwise stated):
 - (a) If the deadline is set out in days, the first day when the deadline is in force shall not be inclusive, however, the meeting day or the occurrence the deadline relates to, shall be included;
 - (b) If the deadline is set out in weeks, months or years, the deadline shall end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline shall be the last day of such month; and
 - (c) If a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Date.
- 19.7 **Dispute resolution and legal venue**
 - 19.7.1 This Bond Agreement and all disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer shall be governed by Norwegian law.
 - 19.7.2 All disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer shall, subject to paragraph c) below, be exclusively resolved by the courts of Norway, with the District Court of Oslo as sole legal venue.
 - 19.7.3 Clause 19.7.2 is for the benefit of the Bond Trustee only. As a result, the Bond Trustee shall not be prevented from taking proceedings relating to a dispute in any other courts with

jurisdiction. To the extent allowed by law, the Bond Trustee may take concurrent proceedings in any number of jurisdictions.

19.8 Process Agent

19.9 Process agent – Norway

Each of the Obligors shall, prior to the Issue Date, nominate an agent for service of process in Norway for the purpose of serving a writ of summons and/or any other act of process in respect of the courts in Norway, including but not limited to receipt of notices (*Norwegian: "motta varsler"*) and acceptance of service of process (*Norwegian: "vedta forkynnelse"*) or any notices as set out in this Bond Agreement.

19.10 Process agent – England and Wales

The Huntington Subsidiary hereby confirms its acceptance to act as agent for service of process in England and Wales for the Issuer and the Parent in accordance with its appointment as such by each of the Issuer and the Parent in respect of the relevant Finance Documents.

19.11 Process Agent – Scotland

The Issuer hereby confirms its acceptance to act as agent for service of process in Scotland for the Parent and the Huntington Subsidiary in accordance with its appointment as such by the Parent and the Huntington Subsidiary in respect of the relevant Finance Documents.

Attachment 1

COMPLIANCE CERTIFICATE

Nordic Trustee ASA
P.O. Box 1470 Vika
N-0116 Oslo
Norway

Fax: + 47 22 87 94 10
E-mail: mail@trustee.no

[date]

Dear Sirs,

IONA ENERGY COMPANY (UK) LTD. BOND AGREEMENT 2013/2018 - ISIN 001 0689763

We refer to the Bond Agreement for the abovementioned Bond Issue made between Nordic Trustee ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer under which a Compliance Certificate shall be issued. This letter constitutes the Compliance Certificate for the period [PERIOD].

Capitalised terms used herein shall have the same meaning as in this Bond Agreement.

With reference to Clause 14.2.2 we hereby certify that:

1. all information contained herein is true and accurate and there has been no change which would have a Material Adverse Effect on the financial condition of the Issuer since the date of the last accounts or the last Compliance Certificate submitted to you;
2. the covenants set out in Clause 14 are satisfied;
3. all relevant Security is established in accordance with this Bond Agreement; and
4. in accordance with Clause 14.5, as of [date]:

the Liquidity is XX;

the Leverage Ratio is XX;

the Restricted Group Capital Employed Ratio is XX; and

the Group Capital Employed Ratio is XX.

Copies of our latest consolidated [Financial Statements] / [Interim Accounts] are enclosed.

Yours faithfully,

Iona Energy Company (UK) Ltd.

Name of authorized person

Enclosure: [*copy of any written documentation*]

Attachment 2

RELEASE NOTICE - ESCROW ACCOUNT

Nordic Trustee ASA
P.O. Box 1470 Vika
N-0116 Oslo
Norway

Fax: + 47 22 87 94 10
E-mail: mail@trustee.no

[date]

Dear Sirs,

IONA ENERGY COMPANY (UK) LTD. BOND AGREEMENT 2013/2018 - ISIN 001 0689763

We refer to the Bond Agreement for the abovementioned Bond Issue made between Nordic Trustee ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer.

Capitalised terms used herein as defined in this Bond Agreement.

We hereby give you notice that we on [date] wish to draw an amount of [currency and amount] from the Escrow Account applied pursuant to the purpose set out in the Bond Agreement, and request you to instruct the bank to release the above mentioned amount.

We hereby represent and warrant that (i) no event which constitutes an Event of Default has occurred or is likely to occur as a consequence of the drawdown, and (ii) we repeat the representations and warranties set out in the Bond Agreement as being still true and accurate at the time hereof.

Yours faithfully,

Iona Energy Company (UK) Ltd.

Name of authorized person

Enclosure: [copy of any written documentation evidencing the use of funds]

Attachment 3

**DRAWDOWN NOTICE –
BP STRUCTURED ENERGY DERIVATIVE ESCROW ACCOUNT**

Nordic Trustee ASA
P.O. Box 1470 Vika
N-0116 Oslo
Norway

Fax: + 47 22 87 94 10
E-mail: mail@trustee.no

[date]

Dear Sirs,

IONA ENERGY COMPANY (UK) LTD. BOND AGREEMENT 2013/2018 - ISIN 001 IX

We refer to the Bond Agreement for the abovementioned Bond Issue made between Nordic Trustee ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer.

Capitalised terms used herein as defined in this Bond Agreement.

We hereby give you notice that we on [date] wish to draw an amount of [currency and amount] from the Escrow Account applied pursuant to the purpose set out in the Bond Agreement, Clause 2.6, and request you to instruct the bank to release the above mentioned amount.

We hereby represent and warrant that (i) no event which constitutes an Event of Default has occurred or is likely to occur as a consequence of the drawdown, and (ii) we repeat the representations and warranties set out in the Bond Agreement as being still true and accurate at the time hereof.

Yours faithfully,

Iona Energy Company (UK) Ltd.

Name of authorized person

Enclosure: [copy of any written documentation evidencing the use of funds]

Attachment 4**Tranche 1 Call Options, Tranche 2 Call Options and Unaffected Call Options**

Tranche 1 - US Barrel(s)							
	2013	2014	2015	2016	2017	2018	Sum
Jan			89,105	132,050			
Feb			82,426	123,956			
Mar			102,865	134,717			
Apr			105,271	131,371			
May			114,658	136,964			
Jun			114,116	132,916			
Jul			127,154	141,176			
Aug			126,171	140,333			
Sep			124,505	136,847			
Oct		161,143	131,085				
Nov		161,558	128,717				
Dec		174,200	134,876				
Sum	0	496,900	1,380,949	1,210,329	0	0	3,088,179

Tranche 2 - US Barrel(s)							
	2013	2014	2015	2016	2017	2018	Sum
Jan			75,676	28,220	108,992	64,482	
Feb			66,409	25,974	98,445	58,242	
Mar			61,916	25,553	108,992	64,482	
Apr		111,563	54,194	23,728	105,477		
May		115,281	50,123	23,306	108,992		
Jun		111,563	45,349	22,183	105,477		
Jul		115,281	37,627	19,094	108,992		
Aug		115,281	38,610	19,937	108,992		
Sep		111,563	34,960	18,252	105,477		
Oct		95,893	33,696	160,270	108,992		
Nov		87,188	30,748	155,099	105,477		
Dec		82,836	29,905	160,270	108,992		
Sum	0	946,450	559,213	681,887	1,283,297	187,206	3,658,052

Unaffected Call Options - US Barrel(s)							
	2013	2014	2015	2016	2017	2018	Sum
Jan		115,281					
Feb		104,125					
Mar		115,281					
Apr							
May							
Jun							
Jul							
Aug							
Sep	111,860						
Oct	115,589						
Nov	111,860						
Dec	115,589						
Sum	454,898	334,687	0	0	0	0	789,585

Attachment 5

BTL Intercreditor Agreement

APPENDIX 3

FORM OF COMPLETION AMENDED AND RESTATED BOND AGREEMENT

ISIN NO 001 0689763

AMENDED AND RESTATED BOND AGREEMENT

between

Iona Energy Company (UK) Limited (in administration)
as Issuer

and

Nordic Trustee ASA
as Bond Trustee on behalf of the Bondholders

in the bond issue

Iona Energy Company (UK) Limited Zero Coupon Senior Unsecured Bond Issue 2013/2018

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This agreement, originally entered into on 26 September 2013, as amended by the Amendment Agreement No. 1 dated 3 June 2014, and as amended and restated by the Amendment Agreement No. 2 dated 17 April 2015, and as amended and restated by the Amendment Agreement No. 3 has been entered into on [•] 2017 between:

- (1) **IONA ENERGY COMPANY (UK) LIMITED (in administration)** (a company existing under the laws of Scotland with company registration number SC335305), acting by its agents, the Joint Administrators; and
- (2) **NORDIC TRUSTEE ASA** (a company existing under the laws of Norway with registration number 963 342 624) as bond trustee (the "**Bond Trustee**").

1 INTERPRETATION

1.1 Definitions

In this Bond Agreement, the following terms shall have the following meanings:

"**Account Manager**" means the Bondholders' account manager in the Securities Depository.

"**Affiliate**" means:

- (a) in respect of any company, a person that directly, or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, the company specified;
- (b) in relation to any partnership or fund (including any unit trust or investment trust) or a general partner, investment manager, investment adviser or trustee of a partnership or fund (including any unit trust or investment trust):
 - (i) any general partner or manager of that partnership, any other fund, limited partnership or other person whose assets are managed by that general partner or manager or by a person Controlled by, or under common Control with, that general partner or manager;
 - (ii) any fund (including any unit trust or investment trust) controlled by that person or in which such person has a material economic interest; and
 - (iii) any fund (including any unit trust or investment trust) to which that person is an investment adviser or investment manager (whether solely or jointly with others).

"**Amendment Agreement No. 3**" means the amendment and restatement agreement to this Bond Agreement dated [•] 2017 entered into between the Issuer, the Huntington Subsidiary, each of the Joint Administrators and the Bond Trustee.

"**Attachments**" means the attachments to this Bond Agreement.

"**Bond Agreement**" means this bond agreement, including the Attachments, as amended and/or restated from time to time.

"**Bondholder**" means a holder of Bond(s), as registered in the Securities Depository, from time to time.

"Bondholder Adviser" means any legal or financial adviser retained by the Bond Trustee for and on behalf of the Bondholders in connection with matters relating to the Deferred Bond Repayment Conditions and/or the payment and/or distribution of the Deferred Bond Repayment Amount.

"Bond Issue" means the bond issue constituted by the Bonds.

"Bondholders' Meeting" means a meeting of Bondholders, as set out in Clause 13.

"Bonds" means the debt instruments issued by the Issuer pursuant to this Bond Agreement.

"Business Day" means generally, any day on which the banks in Oslo and New York are open for general business and can settle foreign currency transactions in Oslo and New York.

"Completion" shall have the meaning given to in the Share Purchase Agreement.

"Control" means:

- (a) the ownership or control (directly or indirectly) of more than 50% of the voting share capital of the relevant undertaking;
- (b) the ability to direct the casting of more than 50% of the votes exercisable at general meetings of the relevant undertaking on all, or substantially all, matter;
- (c) the right to appoint or remove directors of the relevant undertaking holding a majority of the voting rights at meetings of the board (or equivalent) on all, or substantially all, matters; or
- (d) any other power or actual ability, whether or not documented or evidenced by any of the abilities in paragraphs (a) to (c) (inclusive) of this definition of Control (including through any fiduciary arrangement), to exercise a dominant influence over the relevant undertaking.

"Decisive Influence" means a person having, as a result of an agreement, understanding and/or other arrangement and/or through the direct and/or indirect ownership of shares and/or other ownership interests in another person:

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

When determining the relevant person's number of voting rights in the other person or the right to elect and remove members of the board of directors, rights held by the parent company of the relevant person and the parent company's Subsidiaries shall be included.

"Decipher" means Decipher Energy Limited, a company registered in England and Wales with registered number 10394113 and whose registered office is at 14 Heddon Street, Mayfair, London, England, W1B 4DA.

"Deferred Bond Repayment Amount" means an amount equal to USD 3,500,000.

"Deferred Bond Repayment Conditions" means each of the following conditions:

- (a) the entry into effect of the instrument (whether deed, agreement, letter or otherwise) issued by the OGA (or with respect to a notice, received by the OGA) extending the second term of the Orlando Licence to a date no earlier than 30 June 2018 or continuing the Orlando Licence into the third term beyond 30 June 2018, with such extension or continuation into the third term provided to allow completion of the Orlando FDP; or
- (b) the granting to the Issuer or any Affiliate of the Issuer and/or Decipher of a new licence by the OGA in respect of the Orlando Field on such terms and for such duration as have equivalent effect to (a) above;

"Escrow Account" means an account in the name of the Issuer held with DNB Bank ASA, which, pursuant to the Original Bond Agreement, had been blocked and pledged in favour of the Bond Trustee pursuant to the first priority Norwegian law pledge over the Issuer's claim against DNB Bank ASA for the amount from time to time standing to the credit of the Issuer such account so that no withdrawals could be made from the account without the Bond Trustee's prior written consent.

"Face Value" means the denomination of each of the Bonds, as set out in Clause 2.2.

"Final MIP Amount" means an amount equal to USD 525,000 which is payable to the Participants in respect of the Deferred Bond Repayment Amount pursuant to paragraph 6.1 of the Part A Payment Plan Letter.

"Finance Documents" means:

- (a) this Bond Agreement;
- (b) Amendment Agreement No. 3;
- (c) any agreement between the Bond Trustee and the Issuer regarding fees; and
- (d) any other document the Issuer and the Bond Trustee designate as a Finance Document.

"Huntington Claim" means the claim made by the Bond Trustee under the guarantee granted by Iona UK Huntington Limited in respect of the Issuer's obligations under the Original Bond Agreement.

"ISIN" means International Securities Identification Number – the identification number of the Bond Issue.

"Issue Date" means 27 September 2013.

"Issuer's Bonds" means any Bonds owned by the Issuer, any person or persons who has Decisive Influence over the Issuer, or any person or persons over whom the Issuer has Decisive Influence.

"Joint Administrators" means Chad Griffin and Lisa Rickelton, each of FTI Consulting LLP of 200 Aldersgate Street, London, EC1A 4HD.

"Long Stop Date" means the date that is the later of: (i) the date a licence in respect of the Orlando Field is awarded to a party that is not an Affiliate of Decipher; or (ii) the date of the announcement of the completion of an OGA licensing round in which the Orlando Field is offered but no licence is awarded to a party.

"NOK" means Norwegian kroner, being the lawful currency of Norway.

"NT Retention Amount" means an amount equal to US\$1,016,662 held by the Bond Trustee pursuant to the authority granted to it at the Bondholders' Meeting held on 21 December 2015 in respect of the Escrow Retention Amount (as defined in the summons to such Bondholders' Meeting).

"Obligors" means the Issuer and each of the original guarantors, Iona UK Huntington Limited and Iona Energy Inc.

"OGA" means the Oil and Gas Authority of the United Kingdom or any successor organisation or authority;

"Original Bond Agreement" means the bond agreement originally dated 26 September 2013 between the Issuer as issuer, Iona UK Huntington Limited and Iona Energy Inc. as guarantors and the Bond Trustee as bond trustee on behalf of the Bondholders, as amended and restated from time to time, including on [●] 2017¹.

"Orlando FDP" means any development plan in respect of the Orlando Field approved by the Secretary as subsequently amended with the approval of the Secretary from time to time;

"Orlando Field" means the field located in licence block 3/3b named **"Orlando"** as determined by the Secretary as enlarged by any subsequent determination by the Secretary and located in the Orlando Licence area;

"Orlando Licence" means UKCS Licence P.1606 dated 26 June 2009;

"Outstanding Bonds" means the aggregate value of the total number of Bonds not redeemed or otherwise discharged.

"Part A Payment Plan Letter" means the letter entered into by, amongst others, the Issuer and the Bond Trustee dated [●] 2017, and countersigned by the Participants, which outlines the terms of a payment plan pursuant to which payments will be made to each of the Participants by NT on and following Completion.

"Participants" shall have the meaning given to it in the Final MIP Letter.

"Party" means a party to this Bond Agreement (including its successors and permitted transferees).

"Paying Agent" means DNB Bank ASA, which has been appointed by the Issuer to act as its paying agent in the Securities Depository with respect to the Bonds.

¹ Insert date that pre-completion amendments are entered into.

"Payment Date" means a date for payment of principal under this Bond Agreement in accordance with Clause 9.1 (Repayment).

"Secretary" means the Secretary of State for Business, Energy and Industrial Strategy (formerly the Secretary of State for Energy and Climate Change) of Her Majesty's Government of the United Kingdom and any successor in relevant function in relation to the Orlando Licence;

"Securities Depository" means the securities depository in which the Bond Issue is registered, being Verdipapirsentralen ASA (VPS) in Norway.

"Security" means any encumbrance, mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Senior Bond Cancellation" shall have the meaning given to it in Clause 9.3.1.

"Senior Bond Cancellation Date" shall have meaning given to it in Clause 9.3.1.

"Senior Bond Repayment Amount" means an amount equal to USD 1,504,970 which is to be paid by the Issuer to the Bond Trustee pursuant to this Bond Agreement as repayment of the Outstanding Bonds.

"Share Purchase Agreement" means the agreement relating to the sale and purchase of the shares in the Issuer dated 21 February 2017 and made between, amongst others, the Bond Trustee as seller, Decipher as buyer and the Issuer.

"Stamdata" means the web site www.stamdata.no, maintained by the Bond Trustee.

"Subsidiary" means a company over which another entity or person has Decisive Influence.

"USD" means US Dollars, being the legal currency of the United States of America.

"US Securities Act" means the U.S. Securities Act of 1933, as amended.

"Voting Bonds" means the Outstanding Bonds less the Issuer's Bonds.

"West Wick Consideration" means the amount payable to the Bond Trustee in respect of interests in and/or in respect of UKCS Licence P.185, the rights to which amount were assigned to the Bond Trustee by the Issuer pursuant to a deed of assignment entered into on 21 February 2017 between the Issuer, the Joint Administrators and the Bond Trustee.

"West Wick Consideration MIP Amount" means the amount payable to the Participants in respect of the West Wick Consideration pursuant to paragraph 5.1 of the Part A Payment Plan Letter.

1.2 Construction

In this Bond Agreement, unless the context otherwise requires:

- (a) headings are for ease of reference only;

- (b) words denoting the singular number shall include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of this Bond Agreement;
- (d) references to a time is a reference to Oslo time unless otherwise stated herein;
- (e) references to a provision of law is a reference to that provision as it may be amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law, including any determinations, rulings, judgments and other binding decisions relating to such provision or regulation; and
- (f) references to a "**person**" shall include any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality).

2 THE BONDS

2.1 Binding nature of this Bond Agreement

2.1.1 By virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of this Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with, see also Clause 15.1.

2.1.2 This Bond Agreement is available to anyone and may be obtained from the Bond Trustee or the Issuer. The Issuer shall ensure that this Bond Agreement is available to the general public throughout the entire term of the Bonds. This Bond Agreement may be published on Stamdata or such other venues as decided by the Bond Trustee.

2.2 The Bonds

2.2.1 The Issuer has issued a series of Bonds in the maximum amount of USD 275,000,000 (U.S. Dollar two hundred and seventy-five million).

2.2.2 The Face Value is USD 1. The Bonds shall rank *pari passu* between themselves.

2.2.3 The Bond Issue will be described as "*Iona Energy Company (UK) Limited Zero Coupon Senior Unsecured Bond Issue 2013/2018*".

2.2.4 The ISIN of the Bond Issue will be NO 001 0689763.

2.2.5 The tenor of the Bonds is from and including the Issue Date to the date that all Outstanding Bonds have been repaid in full and discharged pursuant to this Bond Agreement.

2.3 Purpose and utilization

The net proceeds of the Bonds were applied for the purposes set forth in Section 2.3 of the Original Bond Agreement.

3 LISTING

3.1 The Bonds are listed on Oslo Børs ASA's Nordic ABM.

- 3.2 The Issuer shall ensure that the Bonds remain listed until they have been discharged in full.

4 REGISTRATION IN THE SECURITIES DEPOSITORY

- 4.1 The Bond Issue and the Bonds shall be registered in the Securities Depository according to the Norwegian Securities Depository Act (Act 2002/64) and the terms and conditions of the Securities Depository.
- 4.2 The Issuer shall ensure that correct registration in the Securities Depository is made and shall notify the Securities Depository of any changes in the terms and conditions of this Bond Agreement. The Bond Trustee shall receive a copy of the notification. The registration may be executed by the Paying Agent.
- 4.3 The Bonds have not been registered under the US Securities Act, and the Issuer is under no obligation to arrange for registration of the Bonds under the US Securities Act.

5 PURCHASE AND TRANSFER OF BONDS

- 5.1 Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with applicable local laws and regulations at its own cost and expense.
- 5.2 Notwithstanding the above, a Bondholder which has purchased the Bonds in breach of applicable mandatory restrictions may nevertheless utilize its rights (including, but not limited to, voting rights) under this Bond Agreement.

6 CONDITIONS PRECEDENT

6.1 Conditions Precedent to Issue Date

- 6.1.1 Disbursement of the net proceeds of the Bonds to the Escrow Account was subject to the Bond Trustee having received the documents set out in Clause 6.1 (Conditions Precedent to the Issue Date) of the Original Bond Agreement, in form and substance satisfactory to it, at least two (2) Business Days prior to the Issue Date.

6.2 Conditions Precedent for First Disbursement

- 6.2.1 Disbursement of the net proceeds of the Bonds from the Escrow Account was subject to the Bond Trustee having received the documents set out in Clause 6.2 (Conditions Precedent for First Disbursement) of the Original Bond Agreement, in form and substance satisfactory to it, on or prior to the time of disbursement.

7 STATUS OF THE BONDS AND SECURITY

- 7.1 The Bonds shall constitute senior unsecured obligations of the Issuer. The Bonds shall rank at least *pari passu* with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other laws of general application, and shall rank ahead of subordinated debt).

7.2 The Bonds shall be unsecured.

8 INTEREST

8.1 No interest will accrue or be payable on the Bonds.

9 REPAYMENT OF THE BONDS

9.1 Repayment

The Bonds will run without instalments and be repaid as follows:

- (a) on Completion, the Issuer shall pay to the Bond Trustee the Senior Bond Repayment Amount as a repayment of principal under the Outstanding Bonds;
- (b) upon receipt by the Bond Trustee of the Senior Bond Repayment Amount, the balance of the Outstanding Bonds shall be reduced to a principal amount of USD 3,500,000 with all exceeding amounts of principal and interest thereunder being released and cancelled; and
- (c) subject to Clause 9.3.1, the Issuer shall pay to the Bond Trustee the Deferred Bond Repayment Amount within 15 Business Days of the satisfaction of the first to occur of one of the Deferred Bond Repayment Conditions as a repayment of principal under the Outstanding Bonds.

9.2 Distribution to the Bondholders

9.2.1 The Senior Bond Repayment Amount shall be distributed by the Bond Trustee among the Bondholders in accordance with this Bond Agreement.

9.2.2 The Bond Trustee shall upon receipt of the Deferred Bond Repayment Amount make payment of the Final MIP Amount to the Participants in accordance with the terms of the Final MIP Letter within ten Business Days. The net balance of the Deferred Bond Repayment Amount, after deduction of the Final MIP Amount, shall be distributed by the Bond Trustee among the Bondholders in accordance with this Bond Agreement.

9.3 Senior Bond Cancellation

9.3.1 If the Deferred Bond Repayment Conditions have not been satisfied by the Long Stop Date, the Issuer shall not be obligated to pay the Deferred Bond Repayment Amount to the Bond Trustee, and all the Issuer's obligations under this Bond Agreement to repay the Bonds (including accrued interest, costs and expenses) will be cancelled and all the Outstanding Bonds will be cancelled and de-registered in the Securities Depository (the "**Senior Bond Cancellation**" and the date on which the Senior Bond Cancellation occurs, the "**Senior Bond Cancellation Date**"), such cancellation to be (i) with immediate effect; and (ii) without any further rights of the Bond Trustee or the Bondholders under the Bond Agreement or the Finance Documents, whether as to payment of principal, interest or otherwise (save as provided in Clause 9.4), and the Bond Trustee shall implement the Senior Bond Cancellation and is authorised to execute any instructions or documents required in connection with the Senior Bond Cancellation. For the avoidance of doubt, the Senior Bond

Cancellation shall not be conditional on the Issuer notifying the Bond Trustee that the Long Stop Date has occurred pursuant to Clause 11.1(b) below.

9.4 The Huntington Claim, West Wick Consideration and extraordinary distributions

9.4.1 If and when any amount is paid to the Bond Trustee in respect of the Huntington Claim or the West Wick Consideration, such amount shall, after deduction of any unpaid fees, costs and expenses of the Bond Trustee under the Finance Documents (including the fees of any Bondholder Adviser) and, in the case of the West Wick Consideration, after the deduction of the West Wick Consideration MIP Amount, be distributed by the Bond Trustee among the Bondholders in accordance with this Bond Agreement.

9.4.2 On the Senior Bond Cancellation Date:

- (a) each Bondholder's entitlement to the proceeds under the Huntington Claim, the West Wick Consideration and the NT Retention Amount (together, the "**Extraordinary Proceeds**") shall be determined pro rata to its holding of Bonds immediately prior to the Senior Bond Cancellation; and
- (b) each Bondholder's pro rata entitlement to the Extraordinary Proceeds referred to in (a) above shall be registered as a claim in the VPS (and for the avoidance of doubt, such registered claims are capable of being traded in accordance with VPS procedures).

9.4.3 For the purpose of Clause 9.4.1 and Clause 9.4.2, the net proceeds received by the Bond Trustee in respect of the Huntington Claim and/or the West Wick Consideration shall be distributed to Bondholders who are registered holders of Bonds (or, if such distribution is made following the Senior Bond Cancellation Date, the registered owners of the claims to such proceeds) at a record date determined by the Bond Trustee and announced on Stamdata.

9.4.4 For the purpose of Clause 9.4.2, if the Bond Trustee determines in its sole discretion that there are no further amounts required to be paid from, or retained out of, the NT Retention Amount, such amount shall be distributed by the Bond Trustee on such date as the Bond Trustee in its sole discretion elects among the Bondholders who are registered holders of Bonds (or, if such distribution is made following the Senior Bond Cancellation Date, the registered owners of the claims to such proceeds) at a record date determined by the Bond Trustee and announced on Stamdata.

9.4.5 Any amount distributed by the Bond Trustee pursuant to this Clause 9.4 shall not be considered to be a redemption of any of the Bonds.

9.4.6 Payment to Bondholders of any amount pursuant to this Clause 9.4 must be carried out pro rata in accordance with the procedures of the Securities Depository.

10 PAYMENTS

10.1 Covenant to pay

10.1.1 The Issuer will on any Payment Date (or any other due date pursuant to any Finance Document) unconditionally pay to or to the order of the Bond Trustee all amounts due under this Bond Agreement or any other Finance Document.

10.2 Payment mechanics

10.2.1 If no specific order is made by the Bond Trustee under Clause 10.1.1, the Issuer shall pay all amounts due to the Bondholders under this Bond Agreement or any other Finance Document by crediting the bank account nominated by each Bondholder in connection with its securities account in the Securities Depository.

10.2.2 Payment shall be deemed to have been made once the amount has been credited to the bank which holds the bank account nominated by the Bondholder in question, but if the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question, see however Clause 10.3.

10.2.3 In case of irregular payments, the Bond Trustee may instruct any Obligor or the Bondholders of other payment mechanisms than described in Clause 10.2.1 or 10.2.2 above. The Bond Trustee may also obtain payment information regarding Bondholders' accounts from the Securities Depository or Account Managers.

10.2.4 Subject to Clause 10.3, payment by the Issuer in accordance with this Clause 10.2 shall constitute good discharge of its obligations under Clause 9.

10.3 Currency

10.3.1 If the Bonds are denominated in other currencies than NOK, each Bondholder has to provide the Paying Agent (either directly or through its Account Manager) with specific payment instructions, including foreign exchange bank account details. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, cash settlement may be delayed, and payment shall be deemed to have been made at the date of the cash settlement, provided however, that no default interest or other penalty shall accrue for the account of the Issuer.

10.3.2 Except as otherwise expressly provided, all amounts payable under this Bond Agreement and any other Finance Document shall be payable in the same currency as the Bonds are denominated in. If, however, the Bondholder has not given instruction as set out in Clause 10.3 within 5 Business Days prior to a Payment Date, the cash settlement will be exchanged into NOK and credited to the NOK bank account registered with the Bondholder's account in the Securities Depository.

10.3.3 Amounts payable in respect of costs, expenses, taxes and other liabilities of a similar nature shall be payable in the currency in which they are incurred.

10.4 Set-off and counterclaims

No Obligor may apply or perform any counterclaims or set-off against any payment obligations pursuant to this Bond Agreement or any other Finance Document.

10.5 Interest in the event of late payment

10.5.1 In the event that any amount due under this Bond Agreement or any Finance Document is not made on the relevant due date, the unpaid amount shall bear interest from the due date at an interest rate of two per cent. (2%) per annum.

10.5.2 The interest charged under this Clause 10.5 shall be added to the defaulted amount at the last day of each month until the defaulted amount has been repaid in full.

10.5.3 The unpaid amounts shall bear interest as stated above until payment is made.

10.6 Partial payments

If the Bond Trustee or the Paying Agent receives a payment that is insufficient to discharge all the amounts then due and payable under the Finance Documents, that payment shall be applied in the following order:

- (a) first, in or towards payment of any unpaid fees, costs and expenses of the Bond Trustee under the Finance Documents;
- (b) secondly, in or towards payment of any principal due but unpaid under the Bond Agreement, pro rata and without any preference or priority of any kind; and
- (c) thirdly, in or towards payment of any accrued interest due but unpaid under the Bond Agreement, *pro rata* and without any preference or priority of any kind.

11 COVENANT

11.1 Information covenant

The Issuer undertakes to the Bond Trustee that, until such time as no amounts are outstanding under this Bond Agreement or any other Finance Document, to the Bond Trustee, it shall, without being requested to do so, promptly inform the Bond Trustee of:

- (a) the satisfaction of the Deferred Bond Repayment Conditions;
- (b) subject to Clause 9.3.1 above, the occurrence of the Long Stop Date; and
- (c) any material developments which would be reasonably likely to impact the satisfaction of Deferred Bond Repayment Conditions and/or the repayment of the Bonds pursuant to Clause 9.1(c) above.

12 FEES AND EXPENSES

12.1 From (but excluding) Completion, the costs and expenses incurred by the Bond Trustee in connection with this Bond Agreement and the fulfilment of its obligations under this Bond Agreement or any other Finance Document shall be covered from the proceeds payable to the Bondholders hereunder.

12.2 Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer is not responsible for reimbursing any such fees.

- 12.3 If the Issuer is required by law to withhold any withholding tax from any payment under any Finance Document, the Issuer shall at the request of the Bond Trustee deliver to the Bond Trustee evidence that the required tax deduction or withholding has been made.

13 BONDHOLDERS' MEETING

13.1 Authority of the Bondholders' Meeting

- 13.1.1 The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds, and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.

- 13.1.2 The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

- 13.1.3 If a resolution by or an approval of the Bondholders is required, such resolution shall be passed at a Bondholders' Meeting, see however Clause 14.1. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Bonds.

13.2 Procedural rules for Bondholders' meetings

- 13.2.1 A Bondholders' Meeting shall be held at the written request of:

- (a) the Issuer;
- (b) Bondholders representing at least 1/10 of the Voting Bonds;
- (c) the Exchange, if the Bonds are listed; or
- (d) the Bond Trustee.

- 13.2.2 The Bondholders' Meeting shall be summoned by the Bond Trustee. A request for a Bondholders' Meeting shall be made in writing to the Bond Trustee, and shall clearly state the matters to be discussed.

- 13.2.3 If the Bond Trustee has not summoned a Bondholders' Meeting within 10 Business Days after having received a valid request, then the requesting party may summons the Bondholders' Meeting itself.

- 13.2.4 The notice of a Bondholders' Meeting shall be dispatched no later than 10 Business Days prior to the date of the Bondholders' Meeting. The notice and a confirmation of each Bondholder's holdings of Bonds shall be sent to all Bondholders registered in the Securities Depository at the time of distribution. The notice shall also be sent to the Exchange for publication if the Bonds are listed.

- 13.2.5 The summons shall specify the agenda of the Bondholders' Meeting. The Bond Trustee may in the summons also set out other matters on the agenda than those requested. If amendments

to this Bond Agreement have been proposed, the main content of the proposal shall be stated in the summons.

- 13.2.6 The Bond Trustee may restrict the Issuer from making any changes in the number of Voting Bonds in the period from distribution of the summons until the Bondholders' Meeting, by serving notice to it to such effect.
- 13.2.7 Matters that have not been reported to the Bondholders in accordance with the procedural rules for summoning of a Bondholders' Meeting may only be adopted with the approval of all Voting Bonds.
- 13.2.8 The Bondholders' Meeting shall be held on premises designated by the Bond Trustee. The Bondholders' Meeting shall be opened and shall, unless otherwise decided by the Bondholders' Meeting, be chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting shall be opened by a Bondholder, and be chaired by a representative elected by the Bondholders' Meeting.
- 13.2.9 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the result of the voting. The minutes shall be signed by the chairman and at least one other person elected by the Bondholders' Meeting. The minutes shall be deposited with the Bond Trustee and shall be available to the Bondholders.
- 13.2.10 The Bondholders, the Bond Trustee and – provided the Bonds are listed – representatives of the Exchange, have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. Bondholders may attend by a representative holding proxy. Bondholders have the right to be assisted by an advisor. In case of dispute the chairman shall decide who may attend the Bondholders' Meeting and vote for the Bonds.
- 13.2.11 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present under the voting.

13.3 **Resolutions passed at Bondholders' Meetings**

- 13.3.1 At the Bondholders' Meeting each Bondholder may cast one vote for each Voting Bond owned at close of business on the day prior to the date of the Bondholders' Meeting in accordance with the records registered in the Securities Depository. The Bond Trustee may, at its sole discretion, accept other evidence of ownership. Whoever opens the Bondholders' Meeting shall adjudicate any question concerning which Bonds shall count as the Issuer's Bonds. The Issuer's Bonds shall not have any voting rights.

For this purpose, a Bondholder that has a Bond that is nominee registered shall be deemed as the Bondholder of such Bond (instead of the nominee) provided that the Bondholder presents relevant evidence stating that the relevant Bondholder is the Bondholder of the Bond and the amount of Bonds held by such Bondholder.

- 13.3.2 In all matters, the Issuer, the Bond Trustee and any Bondholder have the right to demand vote by ballot. In case of parity of votes, the chairman shall have the deciding vote, regardless of the chairman being a Bondholder or not.
- 13.3.3 In order to form a quorum, at least half (1/2) of the Voting Bonds must be represented at the meeting, see however Clause 13.4. Even if less than half (1/2) of the Voting Bonds are represented, the Bondholders' Meeting shall be held and voting completed.
- 13.3.4 Resolutions shall be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in Clause 13.3.5.
- 13.3.5 A majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for any waiver or amendment of any terms of this Bond Agreement.
- 13.3.6 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 13.3.7 The Bond Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented, however, the Bond Trustee may refuse to carry out resolutions being in conflict with this Bond Agreement (or any other Finance Document) or any applicable law.
- 13.3.8 The Issuer, the Bondholders and the Exchange shall be notified of resolutions passed at the Bondholders' Meeting.
- 13.4 **Repeated Bondholders' meeting**
- 13.4.1 If the Bondholders' Meeting does not form a quorum pursuant to Clause 13.3.3, a repeated Bondholders' Meeting may be summoned to vote on the same matters. The attendance and the voting result of the first Bondholders' Meeting shall be specified in the summons for the repeated Bondholders' Meeting.
- 13.4.2 A valid resolution may be passed at a repeated Bondholders' meeting even though less than half (1/2) of the Voting Bonds are represented.

14 THE BOND TRUSTEE

14.1 The role and authority of the Bond Trustee

- 14.1.1 The Bond Trustee shall monitor the compliance by the Issuer of its obligations under this Bond Agreement and applicable laws and regulations which are relevant to the terms of this Bond Agreement, including supervision of timely and correct payment of principal or interest, (however, this shall not restrict the Bond Trustee from discussing matters of confidentiality with the Issuer), arrange Bondholders' Meetings, and make the decisions and implement the measures resolved pursuant to this Bond Agreement. The Bond Trustee is not obligated to assess the Issuer's financial situation beyond what is directly set out in this Bond Agreement.
- 14.1.2 The Bond Trustee may take any step it in its sole discretion considers necessary or advisable to ensure the rights of the Bondholders in all matters pursuant to the terms of this Bond

Agreement and is entitled to rely on advice from professional advisors. The Bond Trustee may in its sole discretion postpone taking action until such matter has been put forward to the Bondholders' Meeting.

- 14.1.3 The Bond Trustee may make decisions binding for all Bondholders concerning this Bond Agreement, including amendments to this Bond Agreement and waivers or modifications of certain provisions, which in the opinion of the Bond Trustee, do not materially and adversely affect the rights or interests of the Bondholders pursuant to this Bond Agreement.
- 14.1.4 The Bond Trustee may reach decisions binding for all Bondholders in circumstances other than those mentioned in Clause 14.1.3 provided that prior notification has been made to the Bondholders. Such notice shall contain a proposal of the amendment and the Bond Trustee's evaluation. Further, such notification shall state that the Bond Trustee may not reach a decision binding for all Bondholders in the event that any Bondholder submits a written protest against the proposal within a deadline set by the Bond Trustee. Such deadline may not be less than 5 Business Days following the dispatch of such notification.
- 14.1.5 The Bond Trustee may reach other decisions than set out in Clauses 14.1.3 or 14.1.4 to amend or rectify decisions which due to spelling errors, calculation mistakes, misunderstandings or other obvious errors do not have the intended meaning.
- 14.1.6 The Bond Trustee may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 14.1.7 The Issuer, the Bondholders and the Exchange shall be notified of decisions made by the Bond Trustee pursuant to Clause 14.1 unless such notice obviously is unnecessary.
- 14.1.8 The Bondholders' Meeting can decide to replace the Bond Trustee without the Issuer's approval, as provided for in Clause 13.3.5.
- 14.1.9 The Bond Trustee may act as bond trustee and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee may delegate exercise of its powers to other professional parties.
- 14.1.10 The Bond Trustee may instruct the Paying Agent to split the Bonds to a lower denomination in order to facilitate partial redemptions or restructuring of the Bonds or other situations.

14.2 Liability and indemnity

- 14.2.1 The Bond Trustee is liable only for direct losses incurred by Bondholders or the Issuer as a result of gross negligence or wilful misconduct by the Bond Trustee in performing its functions and duties as set out in this Bond Agreement. Such liability is limited to the maximum amount set out in Clause 2.2. The Bond Trustee is not liable for the content of information provided to the Bondholders on behalf of the Issuer.
- 14.2.2 The Bond Trustee can as a condition for carrying out an instruction from the Bondholders (including, but not limited to, instructions set out in Clause 13.2.1 (b)), require satisfactory security and indemnities for any possible liability and anticipated costs and expenses, from those Bondholders who requested that instruction and/or those who voted in favour of the decision to instruct the Bond Trustee. Any instructions from the Bondholders may be put

forward to the Bondholders' Meeting by the Bond Trustee before the Bond Trustee takes any action.

14.3 Change of Bond Trustee

14.3.1 Change of Bond Trustee shall be carried out pursuant to the procedures set out in Clause 13. The Bond Trustee shall continue to carry out its duties as bond trustee until such time that a new Bond Trustee is elected.

14.3.2 The Bond Trustee undertakes to co-operate so that the new bond trustee receives without undue delay following the Bondholders' Meeting the documentation and information necessary to perform the functions as set out under the terms of this Bond Agreement.

15 MISCELLANEOUS

15.1 The community of Bondholders

By virtue of holding Bonds, which are governed by this Bond Agreement (which pursuant to Clause 2.1.1 is binding upon all Bondholders), a community exists between the Bondholders, implying, *inter alia*, that:

- (a) the Bondholders are bound by the terms of this Bond Agreement;
- (b) the Bond Trustee has power and authority to act on behalf of, and/or represent; the Bondholders, in all matters, included but not limited to taking any legal or other action, including enforcement of the Bond Issue, opening of bankruptcy or other insolvency proceedings;
- (c) the Bond Trustee has, in order to manage the terms of this Bond Agreement, access to the Securities Depository to review ownership of Bonds registered in the Securities Depository; and
- (d) this Bond Agreement establishes a community between Bondholders meaning that:
 - (i) the Bonds rank *pari passu* between each other;
 - (ii) the Bondholders may not, based on this Bond Agreement, act directly towards the Issuer and may not themselves institute legal proceedings against the Issuer, however not restricting the Bondholders to exercise their individual rights derived from this Bond Agreement;
 - (iii) the Issuer may not, based on this Bond Agreement, act directly towards the Bondholders;
 - (iv) the Bondholders may not cancel the Bondholders' community; and
 - (v) the individual Bondholder may not resign from the Bondholders' community.

15.2 Limitation of claims

All claims under the Bonds and this Bond Agreement for payment, including interest and principal, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18, 1979 No. 18.

15.3 Access to information

15.3.1 This Bond Agreement is available to anyone and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee shall not have any obligation to distribute any other information to the Bondholders or others than explicitly stated in this Bond Agreement. The Issuer shall ensure that a copy of this Bond Agreement is available to the general public until all the Bonds have been fully discharged.

15.3.2 The Bond Trustee shall, in order to carry out its functions and obligations under this Bond Agreement, have access to the Securities Depository for the purposes of reviewing ownership of the Bonds registered in the Securities Depository.

15.4 Amendments

All amendments of this Bond Agreement shall be made in writing, and shall unless otherwise provided for by this Bond Agreement, only be made with the approval of all parties hereto.

15.5 Notices, contact information

15.5.1 Written notices, warnings, summons etc. to the Bondholders made by the Bond Trustee shall be sent via the Securities Depository with a copy to the Issuer and the Exchange. Information to the Bondholders may also be published at Stamdata only. Any such notice or communication shall be deemed to be given or made as follows:

- (a) if by letter via the Securities Depository, when sent from the Securities Depository; and
- (b) if by publication on Stamdata, when publicly available.

15.5.2 The Issuer's written notifications to the Bondholders shall be sent via the Bond Trustee, alternatively through the Securities Depository with a copy to the Bond Trustee and the Exchange.

15.5.3 Unless otherwise specifically provided, all notices or other communications under or in connection with this Bond Agreement between the Bond Trustee and any Obligor shall be given or made in writing, by letter, e-mail or fax. Any such notice or communication shall be deemed to be given or made as follows:

- (a) if by letter, when delivered at the address of the relevant Party; and
- (b) if by e-mail, when received;

15.5.4 The Issuer and the Bond Trustee shall ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons.

15.5.5 When determining deadlines set out in this Bond Agreement, the following shall apply (unless otherwise stated):

- (a) If the deadline is set out in days, the first day when the deadline is in force shall not be inclusive, however, the meeting day or the occurrence the deadline relates to, shall be included;
- (b) If the deadline is set out in weeks, months or years, the deadline shall end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline shall be the last day of such month; and
- (c) If a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.

15.6 Dispute resolution and legal venue

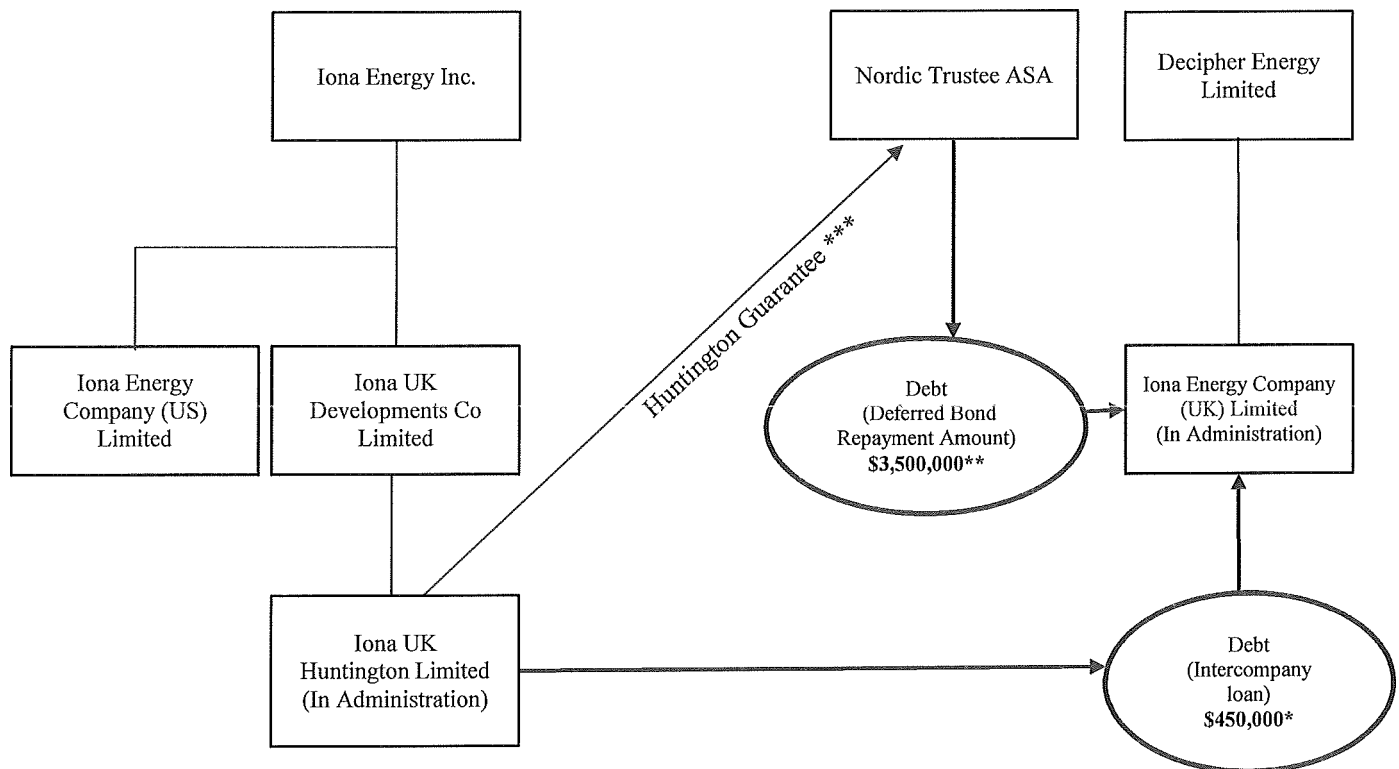
15.6.1 This Bond Agreement and all disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer shall be governed by Norwegian law.

15.6.2 All disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer shall, subject to Clause 15.6.3 below, be exclusively resolved by the courts of Norway, with the District Court of Oslo as sole legal venue.

15.6.3 Clause 15.6.2 is for the benefit of the Bond Trustee only. As a result, the Bond Trustee shall not be prevented from taking proceedings relating to a dispute in any other courts with jurisdiction. To the extent allowed by law, the Bond Trustee may take concurrent proceedings in any number of jurisdictions.

APPENDIX 4

STRUCTURE CHART FOLLOWING COMPLETION



* Remaining debt to be released following repayment of amounts equal to certain VAT and insurance refunds. Any debt outstanding on 31 July 2017 will be released automatically.

** Obligation to pay dependent upon certain repayment conditions being satisfied (see Step 8 in paragraph 2.4 of this Summons for further details of this).

*** Any residual amounts held by the Huntington Subsidiary (being any amounts repaid by the Issuer in respect of the intercompany loan and any other residual amounts held by the Huntington Subsidiary) will be transferred to the Bond Trustee under the Huntington Guarantee in one lump sum (see paragraphs 2.4 and 2.5 of this Summons for further detail of this).