

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee ASA

To the bondholders in:

ISIN NO001067379.1 - 10% IGas Energy Plc Senior Secured Callable Bond Issue 2013/2018

ISIN NO001069805.3 - 10% IGas Energy Plc Senior Unsecured Callable Open Bond Issue 2013/2018

Oslo, 17 March 2017

IGAS ENERGY PLC - SUMMONS TO BONDHOLDERS' MEETINGS – GROUP RESTRUCTURING

1 INTRODUCTION

Nordic Trustee ASA (previously Norsk Tillitsmann ASA) (the "**Bond Trustee**") acts as trustee for the bondholders (together the "**Bondholders**") in the above mentioned bond issues (the "**Bonds**" or the "**Bond Issues**"), a senior secured bond issue of USD 165,000,000 (the "**Secured Bonds**") and a senior unsecured bond issue of USD 30,000,000 (the "**Unsecured Bonds**") issued by IGas Energy Plc (the "**Issuer**" or the "**Company**").

Capitalized terms used herein shall have the meaning assigned to them in the bond agreement for the Secured Bonds dated 21 March 2013 (as amended and restated by an amendment and restatement agreement dated 24 September 2015, the "**Secured Bond Agreement**") and/or the bond agreement for the Unsecured Bonds dated 10 December 2013 (as amended and restated by an amendment and restatement agreement dated 24 September 2015 and amended by an amendment agreement dated 19 December 2016, the "**Unsecured Bond Agreement**", and together with the Secured Bond Agreement, the "**Bond Agreements**"), unless otherwise stated herein.

The information in this summons regarding the Issuer, the market conditions and the described transactions is provided by the Issuer and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

Bondholders are encouraged to read this summons letter in its entirety, including its annexes.

2 BACKGROUND

2.1 Company update and relevant documents

Due to the decline in the oil price, the Issuer's capital structure is not sustainable in the long term. In the current oil price environment, the Issuer's focus is on balance sheet strength, preservation of cash, and maintaining and increasing production from existing sites, albeit at capital expenditure levels reflecting the current environment.

On 29 December 2016, the Issuer announced that it was in well progressed discussions with a strategic investor in respect of its capital restructuring options. On 1 March 2017, the Issuer announced that those discussions relate to a potential investment of USD 35 million of cash equity by Kerogen Capital II Limited ("**Kerogen Capital**"), and on 10 March 2017 the Issuer further announced an update to its restructuring discussions informing that indications of support from approximately 662/3% of the Secured Bonds and 40% of the Unsecured Bonds had been received during these discussions.

The Issuer has negotiated and agreed with Kerogen Capital the detailed terms on which an affiliate of Kerogen Capital (the "**Kerogen Investor**") has agreed to invest USD 35 million in cash in exchange for ordinary shares in the Issuer, as part of a full restructuring of the Issuer's capital structure and debt financing (the "**Restructuring**"). Kerogen Investor is an experienced global investment fund in the oil and gas sector, and the Issuer considers that the proposed investment and the Restructuring will preserve value from the Issuer's combined onshore conventional and shale business, including its carry agreements, for the benefit of all stakeholders. The Issuer believes that the Restructuring will result in a sustainable capital structure in the current oil price environment.

In addition to this summons, the Issuer has today published a shareholders circular, which gives an update on the Issuer's financial and operating status, as well as the proposed plan for the Restructuring (the "**Shareholder Circular**"). The Shareholder Circular is available at the Issuer's website www.igasplc.com.

The Restructuring involves, inter alia, contributions from Kerogen Investor as the new strategic investor, from the Bondholders in each of the Bond Issues and from existing shareholders. The proposed transactions in respect of the Bonds, and in respect of which the Bondholders will be asked to vote, are described in Annex 2 hereto (the "**Bondholder Transactions**").

Bondholders are encouraged to read all these documents to obtain an understanding of the proposed Restructuring. In particular, each Bondholder is encouraged to read the Shareholder Circular, including, without limitation, the disclosures made therein with respect to:

- Fundraising statistics (page 7);
- Expected timetable and principal events (page 8);
- The following sections of the letter from the chairman:
 - Importance of resolutions being passed (page 23);
 - Current trading, trends and prospects (page 24);
- Risk factors (page 43).

2.2 Background to and reasons for the Restructuring

The Company issued the Secured Bonds in March 2013 and the Unsecured Bonds in December 2013 when the price of oil was c.USD 110/bbl. Over the course of the last two years, the Company has been de-leveraging its balance sheet through a combination of farm outs and Bond buy backs as well as through the amortisation of the Secured Bonds. As at 31 January 2016, net debt was c. USD 120 million, comprising net Bonds outstanding of c. USD 153 million and cash of USD 31 million. Despite the oil price improving considerably from lows in the first quarter of 2016 and the de-leveraging of the Company's balance sheet, the board of directors of the Company considers that significant adjustments to the Company's capital structure remain necessary to achieve a capital structure that is sustainable in the current oil price environment, as well as enabling the Company to capitalise on value accretive opportunities in the future.

As has been previously announced, the Company forecasts a breach of its liquidity covenants under the Bond Agreements in late March 2017. If the proposed Fundraising (as defined below) and Bondholder Transactions are approved, the Restructuring would be implemented and the forecast liquidity covenant breaches would be remedied or waived in full by the Bondholders.

As has also been announced, the Company's current forecasts project non-compliance with its leverage covenants as at 31 December 2016, when its financial statements are delivered. If the Fundraising and Bondholder Transactions are approved, the forecast leverage covenants breaches would be irrevocably waived by the Bondholders.

The principal purposes of the proposed Fundraising and the Bondholder Transactions are to (i) remedy the Company's breach of its daily liquidity covenants forecast to arise at the end of March 2017 when the next amortisation and interest payment is due in respect of the Secured Bond; (ii) remedy the forecast leverage covenants breaches; and (iii) significantly de-leverage the Company by significantly reducing the net debt. The Proposal (as defined below) would remove the potential risk of enforcement by Bondholders as a result of such breaches and provide a stable platform by extending the maturity of the remaining Secured Bonds.

Completion of the proposed Fundraising and Bondholder Transactions would, if they are implemented in full, result in a reduction of net debt from c. USD 122 million to not more than USD 10 million following completion.

The proposed Fundraising (including, for the avoidance of doubt, the Kerogen Subscription described below) and the Bondholder Transactions would be inter-conditional and in each case would be conditional on the approval by the requisite majority of shareholders, the holders of the Unsecured Bonds (the "**Unsecured Bondholders**"), the holders of the Secured Bonds (the "**Secured Bondholders**"), and the admission of the shares issued pursuant to the Fundraising and the Bondholder Transactions to trading on AIM pursuant to Rule 6 of the AIM Rules (as defined in Annex 2).

In structuring the Fundraising and the Bondholder Transactions, the Company has carefully considered the interests of all of its stakeholders, in light of their relative priorities in the capital structure, and the board of directors of the Company is of the view that the proposed Fundraising and Bondholder Transactions are in the best interest of the Company's stakeholders.

2.3 Key terms of the Restructuring

Capitalized terms used in this Section 2.3 and not otherwise defined shall have the meaning assigned to them in Annex 2.

Overview

The Restructuring is based on the terms on which Kerogen Investor has conditionally committed to make an USD 35 million equity investment in the Issuer, and consists of the following key elements:

- (i) a proposed new equity investment raising gross cash of a total of at least USD 35 million and up to USD 65 million (excluding the Open Offer proceeds referred to below) from:
 - (a) a subscription by Kerogen Investor, as a new investor;
 - (b) a placing of shares with other institutional investors;
 - (c) a subscription by certain of the directors of the Issuer, certain of their spouses and certain third parties;
 - (d) a subscription by existing shareholders in the Issuer under an Open Offer of up to EUR 5 million;
 - (e) a debt for equity swap in respect of all the Unsecured Bonds; and
 - (f) a debt for equity swap in respect of some of the Secured Bonds,(together the "**Fundraising**");
- (ii) the Issuer's overall net debt reduced from USD 122 million to not more than USD 10 million on the Completion Date by the measures outlined above to raise new equity and:
 - (a) the cancellation of all of the Unsecured Bonds (through a resolution by a requisite majority of Unsecured Bonds at a Bondholders' Meeting),
 - (b) a cancellation of up to USD 60 million of Secured Bonds in consideration for the issue of New Ordinary Shares (through a voluntary equity exchange and/ or a resolution by a requisite majority of Secured Bonds at a Bondholders' Meeting); and
 - (c) a cancellation of part of the Secured Bonds following a re-purchase in consideration for cash payments (through a voluntary cash offer and/or a resolution by a requisite majority of Unsecured Bonds at a Bondholders' Meeting);
- (iii) all of the New Ordinary Shares (including those offered to current shareholders) will be issued at the same price of 4.50 pence (the "**Issue Price**"); and
- (iv) all of the Unsecured Bonds will convert to equity at 62.5% of par value and any Secured Bonds converting will convert at 100% of par value;

- (v) an amendment and restatement of the Secured Bond Agreement setting out the proposed set of terms and conditions and covenants for the remaining Secured Bonds which, in the opinion of the board of directors of the Issuer, would give the Issuer capacity to operate on a sustainable basis and advance the business with lower levels of financial constraint; and
- (vi) a waiver of potential covenant breaches occurring prior to and/or as a result of the Restructuring and certain waivers in respect of accrued interest.

Kerogen Subscription

The terms of the new equity issue can be summarised as follows:

- (i) cash equity investment commitment of USD 35 million;
- (ii) subscription by Kerogen Investor for New Ordinary Shares in the Issuer resulting in it acquiring an equity interest of approximately 28% in the Issuer on a fully-diluted basis; and
- (iii) issued at the Issue Price.

Further details of the terms of the Kerogen Subscription are set out in the Shareholder Circular.

The Secured Bonds

As part of the Restructuring, the Issuer proposes a combined equitisation and repayment of the Secured Bonds, as well as certain amendments to the Secured Bond Agreement.

The key elements of the restructuring of the Secured Bonds can be summarized as follows:

- (i) Outstanding Bonds: Total outstanding principal amount of the Secured Bonds is USD 133,912,153, of which the Issuer holds USD 10,498,188.
- (ii) Voluntary Equity Exchange: On terms further described in Annex 2 the Issuer will invite the Secured Bondholders to offer for sale to the Issuer their Secured Bonds in exchange of New Ordinary Shares in the Issuer at the Issue Price at an all-in fixed price of 100% of the face value of the Secured Bonds (in full or on a pro rata basis), based on the Exchange Rate (as defined below).
- (iii) Conditional Secured Debt for Equity Swap: To the extent that the face value of the Secured Bonds accepted for sale in the Voluntary Equity Exchange referred to in (ii) above is less than USD 39,999,999, Secured Bonds with a face value equal to the shortfall shall be converted into New Ordinary Shares at the same price and on a pro rata basis among the Secured Bondholders.
- (iv) Voluntary Cash Offer: The Issuer will invite the Secured Bondholders to offer for sale to the Issuer Secured Bonds in exchange of cash consideration of USD 1.00 for each Secured Bond, which corresponds to a price of 100% of the face value of the Secured Bonds.
- (v) Conditional Cash Cancellation: If the aggregate face value of the Secured Bonds acquired under the Voluntary Cash Offer is less than the Secured Bond Cash Cancellation Minimum, the Issuer shall on terms further described in Annex 2 re-purchase Secured Bonds with a face value equal to the shortfall from the Secured Bondholders at a fixed all in price of 100% of face value of the Secured Bonds and on a pro rata basis among the Secured Bondholders.

- (vi) Cancellation of Issuer Bonds: Any Secured Bonds held by the Issuer prior to the Restructuring or acquired by the Issuer in the Voluntary Equity Exchange, the Conditional Secured Debt for Equity Swap, the Voluntary Cash Offer, the Conditional Cash Cancellation or otherwise will be cancelled in full.
- (vii) Amendments to the terms of the remaining Secured Bonds: The remaining outstanding principal amount of Secured Bonds will be subject to extended maturity until 30 June 2021, amended amortisation profile, amended covenants and certain other amendments to the Secured Bond Agreement as summarised in Annex 2 and further set out in the draft amended and restated Secured Bond Agreement (the "**Amended and Restated Secured Bond Agreement**") in the form appended to the form of amendment and restatement agreement (the "**Amendment and Restatement Agreement**") enclosed as Annex 3 to this summons.

A full description of the terms applicable to the restructuring of the Secured Bonds is set out in Annex 2 setting out the details of the Bondholder Transactions.

The Unsecured Bonds

As part of the Restructuring, the Issuer proposes a debt for equity swap whereby the total outstanding principal amount of Unsecured Bonds will be released and exchanged for New Ordinary Shares issued by the Issuer.

The key terms for the restructuring of the Unsecured Bonds can be summarized as follows:

- (i) Outstanding Bonds: Total outstanding principal amount of Unsecured Bonds is USD 30 million, of which the Issuer holds USD 2.6 million;
- (ii) Cancellation of Issuer Bonds: The Unsecured Bonds held by the Issuer will be cancelled prior to the Unsecured Debt for Equity Swap.
- (iii) Unsecured Debt for Equity Swap: Each of the Unsecured Bonds will be converted into 2,191,720 New Ordinary Shares in the Issuer, which corresponds to a conversion price of 60% of the face value of the Unsecured Bonds based on the Issue Price and the Exchange Rate. In addition, in consideration for all accrued and unpaid interest through to completion of the Restructuring, the Unsecured Bondholders will receive 91,321 New Ordinary Shares in the Issuer for each Unsecured Bond, which corresponds to 2.5% of the face value of each of the Unsecured Bonds based on the Issue Price and the Exchange Rate.

A full description of the terms of the Unsecured Debt for Equity Swap is set out Annex 2 setting out the details of the Bondholder Transactions.

Timing and implementation

The conditions for implementing the Restructuring and the Proposal are set out in Section 4 (*Conditions*) below, and completion will occur when all the conditions precedent have been satisfied or waived (the "**Completion Date**").

The time table set out below shows the key dates for implementing the Bondholder Transactions (all in 2017 unless otherwise stated):

Issue of invitations to the Voluntary Equity Exchange and the Voluntary Cash Offer:	Friday 17 March
Deadline for Secured Bondholders to submit offers under the Voluntary Equity Exchange:	Friday 24 March
Announcement of result of Voluntary Equity Exchange:	Friday 24 March
Deadline for Secured Bondholders to submit offers under the Voluntary Cash Offer:	Friday 31 March
Announcement of the result of the Voluntary Cash Offer:	Friday 31 March
General meeting of shareholders/ Bondholders' Meetings:	Monday 3 April
Admission of New Ordinary Shares to trading on AIM:	Tuesday 4 April
Settlement of the Conditional Secured Debt for Equity Swap (if any) and the Unsecured Debt for Equity Swap:	Tuesday 4 April
Settlement of the Voluntary Equity Exchange and the Voluntary Cash Offer and the Conditional Secured Debt for Equity Swap (if any):	on or about Friday 7 April
Long Stop Date	Friday 28 April
Deadline for Unsecured Bondholders / Secured Bondholders to collect New Ordinary Shares:	1 April 2020

The implementation of the Restructuring and the Proposal (as defined in Section 3 below) becoming effective, is conditional upon the Completion Date having occurred no later than 28 April 2017 (the "**Long Stop Date**"), provided that the approvals at paragraph C (Secured Bonds and Unsecured Bonds approvals) of Section 3 (Proposal) shall, subject to all the Waiver Conditions (as defined below) being satisfied, come into effect immediately upon the approval of the Proposal by the Bondholders and expire on the Expiry Date.

2.4 Actions required by Bondholders to receive New Ordinary Shares

Secured Bondholders

Voluntary Equity Exchange and Voluntary Cash Offer

For a Secured Bondholder to be entitled to participate in the Voluntary Equity Exchange and/or the Voluntary Cash Offer, subscription has to be made in accordance with the respective invitations to the Voluntary Equity Exchange and the Voluntary Cash Offer. Such invitations will be made by the Issuer separately.

Conditional Secured Debt for Equity Swap

In the event that the Conditional Secured Debt for Equity Swap set out in Section 2.3 above should occur, the New Ordinary Shares that each of the Secured Bondholders are entitled to receive will be delivered to

a custodian CREST nominee account in the name of Cooley Services Limited ("**Cooley**") as custodian. To enable the Secured Bondholders to provide evidence of their entitlement to receive New Ordinary Shares, those Secured Bonds that will be converted into New Ordinary Shares (the "**Converted Secured Bonds**") will not be deleted from the Securities Depository, but instead transferred to a separate ISIN and the redemption price and interest will be reduced to nil. In order to receive the New Ordinary Shares, a holder of such Converted Secured Bonds will have to duly complete and sign the CREST Transfer Form included in Annex 4 and deliver it to Cooley to receive its New Ordinary Shares. In addition, the holder will be required to transfer its holding of Converted Secured Bonds to the Paying Agent. The CREST Transfer Form should be delivered to Cooley at the following address:

Cooley Services Limited
Dashwood
69 Old Broad Street
London, EC2M 1QS
UK

If any Secured Bondholders has not delivered a duly completed and signed CREST Transfer Form and has transferred its Converted Secured Bonds to the Paying Agent by 1 April 2020, the New Ordinary Shares to which such Secured Bondholder is entitled will be cancelled without any consideration to such Secured Bondholder, and such Secured Bondholder will not have any further entitlement to such New Ordinary Shares.

Unsecured Bondholders

Upon completion of the Unsecured Debt for Equity Swap, all of the Unsecured Bonds (including any accrued and unpaid interest thereon) will be exchanged for New Ordinary Shares in the Issuer. The New Ordinary Shares that each of the Unsecured Bondholders are entitled to receive will be delivered to a custodian CREST nominee account in the name of Cooley as custodian. To enable the Unsecured Bondholders to provide evidence of their entitlement to receive New Ordinary Shares, the Unsecured Bonds will not be deleted from the Securities Depository, but instead the redemption price and interest will be reduced to nil. In order to receive the New Ordinary Shares, a holder of Unsecured Bonds will have to duly complete and sign the CREST Transfer Form included in Annex 4 and deliver it to Cooley to receive its New Ordinary Shares. In addition, the holder will have to transfer its holding of Unsecured Bonds to the Paying Agent. The CREST Transfer Form should be delivered to Cooley at the address set out above.

If any Unsecured Bondholders has not delivered a duly completed and signed CREST Transfer Form and has transferred its Unsecured Bonds to the Paying Agent by 1 April 2020, the New Ordinary Shares to which such Unsecured Bondholder is entitled will be cancelled without any consideration to such Unsecured Bondholder, and such Unsecured Bondholder will not have any further entitlement to such New Ordinary Shares.

3 PROPOSAL

To enable the Issuer to implement the proposed Restructuring, the Issuer has requested the Bond Trustee to summon a Bondholders' meeting for each of the Bond Issues for the Bondholders to approve the amendments to the Bond Issues contemplated by the Restructuring.

The Issuer proposes that the Bondholders' Meeting of each of the Bond Issues resolve the following (the "**Proposal**") as applicable:

A: Secured Bonds approvals

- (i) to approve the Conditional Secured Debt for Equity Swap of the Secured Bonds as contemplated by the Bondholder Transactions and described in Annex 2;
- (ii) to approve the Conditional Cash Cancellation of the Secured Bonds as contemplated by the Bondholder Transactions and described in Annex 2;
- (iii) to approve the amendments to the Secured Bond Agreement summarised in Annex 2 and set out in the form of the Amended and Restated Secured Bond Agreement; and
- (iv) to waive any interest accrued under the Secured Bonds from (and including) 22 March 2017 to the Completion Date.

B: Unsecured Bonds approvals

- (i) to approve the Unsecured Debt for Equity Swap of the Unsecured Bonds contemplated by the Bondholder Transactions and described in Annex 2; and
- (ii) to waive any accrued and unpaid interest on the Unsecured Bonds to the Completion Date in consideration for the issue by the Issuer of the New Ordinary Shares at the Issue Price to the Unsecured Bondholders which corresponds to a value equivalent to 2.5% of the face value of the Unsecured Bonds (excluding any Company Bonds), based on the Exchange Rate, as described in Annex 2.

C: Secured Bonds and Unsecured Bonds approvals

- (i) to authorise and instruct the Bond Trustee to waive conditionally any of the following Events of Default which has occurred on, or will occur in the period up until the Completion Date (each a "**Specified Default**"):
 - (1) the failure by the Issuer to comply with the Liquidity covenant set out in clause 14.4.1(a) of the Secured Bond Agreement and clause 13.4.1(a) of the Unsecured Bond Agreement;
 - (2) the failure by the Issuer to comply with the Interest Coverage Ratio covenant set out in clause 14.4.1(c) of the Secured Bond Agreement and clause 13.4.1(c) of the Unsecured Bond Agreement;

- (3) the failure by the Issuer to comply with the Leverage Ratio covenant set out in clause 14.4.1(d) of the Secured Bond Agreement and clause 13.4.1(d) of the Unsecured Bond Agreement;
 - (4) the Issuer's discussions with Bondholders or any other of its creditors with regard to its financial position, insofar as such discussions constitute the occurrence of any of the events set out in clause 16.1.5(a) of the Secured Bond Agreement and clause 15.1.5(a) of the Unsecured Bond Agreement;
 - (5) the occurrence of any of the events set out in clause 16.1.3 (*Cross-default*) of the Secured Bond Agreement in relation to Financial Indebtedness arising under the Unsecured Bond Agreement and the Unsecured Bonds or set out in clause 15.1.3 (*Cross-default*) of the Unsecured Bond Agreement in relation to Financial Indebtedness arising under the Secured Bond Agreement and/or the Secured Bonds, provided that the Issuer shall notify the Bond Trustee of any cross default, and further provided that any default arising under clause 16.1.3 (*Cross-default*) of the Secured Bond Agreement from the acceleration of the Unsecured Bonds pursuant to clause 15.2, clause 15.3 and/or clause 15.4 of the Unsecured Bond Agreement and/or any default arising under clause 15.1.3 (*Cross-default*) of the Unsecured Bond Agreement from the acceleration of the Secured Bonds pursuant to clause 16.2, clause 16.3 and/or clause 16.4 of the Secured Bond Agreement is not waived; and
 - (6) the occurrence of any event or circumstance described in clause 16.1.9 (*Material Adverse Change*) of the Secured Bond Agreement and clause 15.1.9 (*Material Adverse Change*) of the Unsecured Bond Agreement as a result of an event that has been waived under (1), (2), (3), (4) and/or (5) above.
- (ii) to authorise and instruct the Bond Trustee, in the period prior to the Completion Date, not to declare any of the Bonds in default and due for immediate payment, or take any measure to recover amounts due under the Bonds, or otherwise take any action to accelerate the Bonds or enforce payment of any amounts due thereunder or any Bond Security securing the Secured Bonds, as a result of or in connection with a Specified Default;
 - (iii) to waive any right to require a redemption of the Bonds under the Put Option pursuant to Clause 10.3 (*Change of Control*) of each of the Bond Agreements which has occurred as a result of the taking of any steps contemplated by and consistent with the Bondholder Transactions; and
 - (iv) to waive any obligation of the Issuer in any of the Bond Agreements that are reasonably necessary to waive in order to implement and complete the Restructuring on the terms set out in this summons, including Annex 2,

provided that the waivers and approvals specified in this Section 3 shall cease to have effect on the earlier of:

- (a) in the event that the Waiver Conditions have not been satisfied by either 4 April 2017 or, if the Bondholders' Meeting for either of the Bond Issues is reconvened due to lack of quorum, by the date of such reconvened Bondholders' Meeting; or

- (b) the Long Stop Date in the event that the Restructuring has not been completed on or before the Long Stop Date,

("Expiry Date") at which time the rights of each of the Bond Trustee and the Bondholders shall be reinstated in full.

4 CONDITIONS

Implementation of the Proposal shall be subject to, and will only be effective upon, the following having taken place no later than the Long Stop Date:

- (i) the Proposal having been duly approved by the necessary 2/3 majority of Voting Bonds present at the Bondholders' Meeting for the Secured Bonds, as per Clause 17.3.5 of the Secured Bond Agreement;
- (ii) the Proposal having been duly approved by the necessary 2/3 majority of Voting Bonds present at the Bondholders' Meeting for the Unsecured Bonds, as per Clause 16.3.5 of the Unsecured Bond Agreement;
- (iii) the general meeting of shareholders of the Issuer having approved the resolutions as set out in the Shareholder Circular;

(the conditions listed in (i) to (iii) above together referred to as the "**Waiver Conditions**");
- (iv) the Amendment and Restatement Agreement duly executed by the parties thereto, effective on its terms (save for Admission);
- (v) all necessary corporate resolutions of the Issuer having been duly made;
- (vi) the Kerogen Subscription Agreement (as defined in Annex 2) having been executed and having become unconditional in all respects (save for Admission);
- (vii) the Issuer providing evidence that the subscription funds from the Kerogen Subscription, in the amount of USD 35 million, are held "in escrow" (to be released automatically upon Admission (as defined in Annex 2));
- (viii) confirmation from the Issuer that neither it nor any other Group Company have sold all or any material part of its present or future undertaking, material assets, rights or revenues whether by a single transaction or a series of transactions whether related or not; and
- (ix) the occurrence of the Admission,

provided, however, that the resolutions set forth in paragraph C (*Secured Bonds and Unsecured Bonds approvals*) of Section 3 shall become effective immediately upon the approval by a 2/3 majority of Voting Bonds present at the Bondholders' Meeting for the Secured Bonds and at the Bondholders' Meeting for the Unsecured Bonds (but such paragraph C of Section 3 shall cease to be effective on the Expiry Date).

5 EVALUATION OF THE PROPOSAL

5.1 The Issuer's evaluation

The Issuer believes that the new capital structure resulting from the Restructuring would be sustainable in the current oil price environment and would enable the Issuer to capitalise on value accretive opportunities whilst also maintaining its valuable carry agreements, for the benefit of all stakeholders. In the Issuer's opinion, the Proposal represents the best alternative for the Bondholders and the Issuer's other stakeholders, given the current circumstances.

5.2 The Bond Trustee's disclaimer/non-reliance

The Proposal is 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 Proposal and vote accordingly. It is recommended that the Bondholders seek counsel from their legal, financial and tax advisors regarding the effect of the Proposal.

5.3 Bondholders' support

The Issuer has informed the Bond Trustee that all of the bondholders that the Issuer has spoken to have indicated their support to the Proposal, and that the Issuer has received signed undertakings to vote and written indications of support in favour of the Proposal from approximately 75% of the Secured Bondholders and approximately 61% of the Unsecured Bondholders.

6 FURTHER INFORMATION

Bondholders may contact the Issuer as follows for further information:

Julian Tedder
Chief Financial Officer
IGas Energy Plc
7 Down Street
London W1J 7AJ
Email: julian.tedder@igasplc.com
Telephone: +44 20 7993 9899

The Issuer has engaged KPMG LLP ("**KPMG**") and ABG Sundal Collier AS ("**ABG**") as its financial advisers in connection with its financing arrangements and capital structure, including the Proposal. Accordingly, Bondholders are invited to contact KPMG or ABG for further information:

KPMG:

Melanie Richards
+44 (0) 20 7694 6482
melanie.richards@kpmg.co.uk

Tim Nicholson
+44 (0) 20 7311 4899
tim.nicholson@kpmg.co.uk

ABG:

Harald Erichsen
ABG Sundal Collier ASA
Munkedamsveien 45 E
P.O. Box 1444 Vika

NO-0115 Oslo
Norway
+47 22 01 60 00

Each of KPMG and ABG acts solely for the Issuer and no-one else in connection herewith. No due diligence investigations have been carried out by KPMG or ABG with respect to the Issuer, and each of KPMG and ABG expressly disclaims any and all liability whatsoever in connection with the Proposal (including but not limited to the information contained herein).

For further questions to the Bond Trustee, please contact

Lars Erik Lærum
Nordic Trustee ASA
Email: laerum@nordictrustee.com
Telephone: +47 22 87 94 06

This document is not published in connection with, may not be used for and does not constitute an offer of transferable securities to the public. This document may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy any ordinary shares or other securities in the Issuer by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or would impose any unfulfilled registration, publication or approval requirements on the Issuer or any of its directors, officers, agents or advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of the ordinary shares or other securities in the Issuer in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. None of the Issuer or any of its directors, officers, agents or advisers accepts any responsibility for any violation of any of these restrictions by any person.

7 SUMMONS FOR BONDHOLDERS' MEETING

Bondholders are hereby summoned to a Bondholders' Meeting:

Time: 3 April 2017 at 09:00 Oslo time

Place: The premises of Nordic Trustee ASA

Haakon VII's gate 1 – 6th floor, Oslo, Norway

There will be separate voting procedures for each Bond Issue.

Agenda:

1. Approval of the summons
2. Approval of the agenda
3. Election of two people to co-sign the minutes together with the chairman
4. Request for adoption of the Proposal

It is proposed that the Bondholders' Meeting under agenda item 4 resolves the following (the "**Resolution**"):

The Bondholders' Meeting approves the Proposal as set out in section 3 of the summons for this Bondholders' Meeting on the conditions set out in section 4 of the summons for this Bondholders' Meeting.

The Bond Trustee is hereby authorized to:

- a. prepare, negotiate, finalize 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 amendments to the Bond Agreements and any other Finance Document necessary to implement the Proposal; and*
- b. agree to further amendments of the Bondholder Transactions, the Proposal, the Amendment and Restatement Agreement, and/or the Amended and Restated Secured Bond Agreement where such amendments (a) are of minor or technical nature, (b) are otherwise consistent with the principles of the Proposal, and (c) in the opinion of the Bond Trustee do not have a Material Adverse Effect on the rights and interests of the Bondholders*

To approve the Resolution in either Bond Issue, Bondholders representing at least 2/3 of the Voting Bonds in such Bond Issue represented in person or by proxy at the Bondholders' Meeting must vote in favour of the Resolution.

In order to form a quorum under either Bond Issue, at least 1/2 of the Voting Bonds in such Bond Issues must be represented at the Bondholders' Meeting.

Please find attached hereto a Bondholder's Form (Annex 1) from the Securities Depository (VPS), which indicates 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: (i) the owner of the Bonds; (ii) the aggregate nominal amount of the Bonds; and (iii) 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@nordictrustee.no) by 16:00 hours (4 pm) (Oslo time) the Business Day before the Bondholders' Meeting takes place.

Yours Sincerely,

Nordic Trustee ASA



Lars Erik Lærum

Enclosed:

Annex 1 – Bondholder's Form

Annex 2 – The Bondholder Transactions

Annex 3 – Form of Amendment and Restatement Agreement with appendices

Annex 4 – CREST Transfer Form

SUMMARY OF BONDHOLDER TRANSACTIONS

1. Details of the Bondholder Transactions

The Restructuring proposed by the Company includes the following transactions in respect of the Bonds, all of which are inter-conditional with the Fundraising (such that none of the below transactions occur unless all of the below are implemented (except that paragraph (b) and (d) may not be required depending on the level of tenders made in paragraphs (a) and (c) below) and the Fundraising Shares are issued and Admission occurs). Together the transactions set out at paragraphs (a) to (i) are the **"Bondholder Transactions"**.

The Restructuring is conditional upon, *inter alia*, the general meeting of shareholders of the Company having approved the shareholder resolutions required in respect of the Restructuring, the Secured Bondholder Approved Transactions being approved by the Secured Bondholders, the Unsecured Bondholder Approved Transactions being approved by the Unsecured Bondholders (as described below), the Fundraising Shares being issued and Admission occurring. If these conditions are satisfied, the Bondholder Transactions shall take place in the order set out below on the Completion Date (subject to the waivers being made on the terms set out below).

Waivers

The waivers set out in (f) and (h) below, if approved by both the requisite majority of Secured Bondholders and Unsecured Bondholders, shall take effect (on the terms set out in the Bondholder Summons which shall prevail for the purposes of the waivers) on 3 April 2017, provided that the waivers shall expire (and the Bondholders' rights shall be re-instated in full) if the general meeting of shareholders of the Company has voted not to approve the shareholder resolutions required in respect of the Fundraising or if the Restructuring has not completed on or before the Longstop Date.

Secured Bonds

In order for the Restructuring to be implemented, the requisite majority of Secured Bondholders (as further described below) shall be required to approve the transactions set out at (b), (d), (e), and (f) (the **"Secured Bondholder Approved Transactions"**) and individual Secured Bondholders may, at their discretion, take part in the transactions set out at (a) and (c) below.

- a) **Voluntary Equity Exchange:** the Company shall accept voluntary offers made by Secured Bondholders to sell part or all of their Secured Bonds to the Company and cancel them on the terms below (the **"Offered Bonds"**):
 - (i) at a fixed all-in price of 100% of face value for every \$1 of face value of the Secured Bonds based on the Exchange Rate, with no additional consideration being paid in respect of accrued interest relating to the period from and including 22 March 2017;
 - (ii) in consideration for the issue by the Company of New Ordinary Shares at the Issue Price, for up to US\$60 million of face value of the Secured Bonds (the **"Maximum Equity Conversion Amount"**);
 - (iii) only valid offers for the exchange of sufficient Offered Bonds to ensure that the aggregate value of the New Ordinary Shares to be allotted and issued to the relevant Offering Secured Bondholders (as defined below) at the Issue Price will be equal to or greater than US\$110,000 (calculated to be in excess of €100,000 on the basis of an agreed exchange rate of 1 EUR:1.0613 USD) (the **"Minimum Tendering Amount"**) shall be accepted by the Company;
 - (iv) to the extent that the aggregate face value of all the Offered Bonds of any or all of the Secured Bondholders (the **"Offering Secured Bondholders"**) is equal to or below US\$50 million less an amount equal to 50% of the proceeds of the Placing and Ancillary Subscription (the **"Secured Bond Conversion Minimum"**), the Company shall accept such offers in full (on the terms described above);

- (v) to the extent that the aggregate face value of all the Offered Bonds of any or all of the Offering Secured Bondholders exceeds the Secured Bond Conversion Minimum, the Company shall not be obliged to but may elect to accept, in part or in full, such offers (on the terms described above) up to the Maximum Equity Conversion Amount. If the Company accepts such offers in part, it will first accept Offered Bonds with a face value equal to the Minimum Tendering Amount from each Offering Secured Bondholder, and thereafter it shall accept Offered Bonds on a pro rata basis from each Offering Secured Bondholder, in the proportion borne by the balance of its Offered Bonds to the balance of the aggregate Offered Bonds of all Offering Secured Bondholders (in each case after deduction of the Minimum Tendering Amount). Notwithstanding the above, in the highly unlikely event that the Maximum Equity Conversion Amount is not sufficient to accept Offered Bonds with a face value equal to the Minimum Tendering Amount from all Offering Secured Bondholders, the Company will select those Offering Secured Bondholders from whom it will accept Offered Bonds with a face value equal to the Minimum Tendering Amount by drawing lots and only those selected by drawing lots and who have tendered the Minimum Tendering Amount shall be selected; and
 - (vi) all Secured Bonds purchased by the Company in this Voluntary Equity Exchange shall be released and cancelled in full (the “**Cancelled Offered Bonds**”).
- b) **Conditional Secured Debt for Equity Swap:** if the aggregate face value of the Cancelled Offered Bonds is less than the Secured Bond Conversion Minimum, the Company shall:
- (i) purchase and cancel in full Secured Bonds with a total aggregate face value (and waive all interest accrued thereon relating to the period from and including 22 March 2017 on such Secured Bonds) in an amount equal to the shortfall, being the difference between the face value of the Cancelled Offered Bonds and the Secured Bond Conversion Minimum,
 - (ii) in consideration for the issue by the Company of New Ordinary Shares at the Issue Price to the Secured Bondholders at a fixed all-in price of 100% of face value for every \$1 of face value of Secured Bonds purchased and cancelled, based on the Exchange Rate,
- on a pro rata basis, in respect of each such Secured Bondholder (excluding the Company as Secured Bondholder), in the proportion borne by its Secured Bonds (excluding the Cancelled Offered Bonds and the Company Bonds) to all Secured Bonds (excluding the Cancelled Offered Bonds and the Company Bonds). There shall be no Minimum Tendering Amount in respect of the Conditional Secured Debt for Equity Swap.
- c) **Voluntary Cash Offers:** the Company shall accept voluntary offers made by Secured Bondholders to sell part or all of their Secured Bonds to the Company and cancel them on the terms below (the “**Cash Offered Bonds**”):
- (i) at a fixed all-in price of 100% of face value for every \$1 of face value of the Secured Bonds, with no additional consideration being paid in respect of accrued interest relating to the period from and including 22 March 2017 on such Secured Bonds;
 - (ii) in consideration for cash;
 - (iii) to the extent that the aggregate face value of all the Cash Offered Bonds offered for purchase and cancellation by any or all of the Secured Bondholders (the “**Cash Offering Secured Bondholders**”) is equal to or below the Secured Bond Cash Cancellation Minimum the Company shall accept the Cash Offered Bonds in full (on the terms described above);
 - (iv) to the extent that the aggregate face value of the Cash Offered Bonds offered for sale by any or all of the Cash Offering Secured Bondholders exceeds the Secured Bond Cash Cancellation Minimum, and would, if accepted, not require more than the

Excess Cash Amount (as defined below) to be paid to such Offering Secured Bondholders, the Company shall accept the Cash Offered Bonds in excess of the Secured Bond Cash Cancellation Minimum in full (on the terms described above);

- (v) to the extent that the aggregate face value of the Cash Offered Bonds exceeds the Secured Bond Cash Cancellation Minimum and would, if accepted, require more than the Excess Cash Amount to be paid to such Cash Offering Secured Bondholders, the Company shall accept such Cash Offered Bonds in full (or in part) on the terms described above up to the Excess Cash Amount and shall elect, in its absolute discretion, whether to accept, in full or in part, such offers in excess of the Excess Cash Amount on the terms described above. To the extent that the Company accepts any offers in part, it shall do so on a pro rata basis, in respect of each Cash Offering Secured Bondholder, in the proportion borne by its Cash Offered Bonds to the aggregate of all Cash Offered Bonds; and
- (vi) all Secured Bonds purchased by the Company shall be released and cancelled in full (the "**Cash Cancelled Offered Bonds**").

For the purposes of the Voluntary Cash Offer described above, the **Secured Bond Cash Cancellation Minimum** shall mean:

- (A) US\$30 million (face value); or
- (B) if the amount of the Secured Bonds tendered and accepted through the Voluntary Equity Exchange exceeds the Secured Bond Conversion Minimum, \$30 million less 50% of such excess.

Excess Cash Amount means the total net proceeds of the Placing and the Ancillary Subscription.

- d) **Conditional Cash Cancellation:** if the aggregate face value of the Cash Cancelled Offered Bonds is less than the Secured Bond Cash Cancellation Minimum, the Company shall:
 - (i) purchase and cancel in full an amount of Secured Bonds (and waive all accrued interest thereon relating to the period from and including 22 March 2017) with a total aggregate face value equal to the shortfall, being the difference between the face value of the Cash Cancelled Offered Bonds and the Secured Bond Cash Cancellation Minimum,
 - (ii) in consideration for the payment (in cash) by the Company to the Secured Bondholders at a fixed all-in price of 100% of par value of the Secured Bonds purchased and cancelled,

on a pro rata basis, in respect of each such Secured Bondholder (excluding the Company as Secured Bondholder), in the proportion borne by its Secured Bonds (excluding the Cancelled Offered Bonds and the Cash Cancelled Offered Bonds) to all Secured Bonds (excluding the Cancelled Offered Bonds and Cash Cancelled Offered Bonds and the Company Bonds).

- e) **Amendments to the terms of the remaining Secured Bonds:** a resolution of at least 66⅔% of the Voting Bonds of the Secured Bonds (represented at the Bondholder Meeting) shall authorise the Bond Trustee to amend the balance of the Secured Bonds remaining following the transactions listed above and a summary of the amendments are set out below (together, the "**Bond Agreement Amendments**") (all terms below shall have the meaning given to them in the Amended Secured Bond Agreement):
 - Term extended to 30 June 2021;
 - Interest 8% p.a. (effective from and including 22 March 2017) payable each 6 months on 22 September and 22 March each year;

- Amortisation year 1: 2.5% (outstanding principal amount at the Completion Date following cancellation of the Company Bonds) payable on 22 September 2017 and 22 March 2018;
- Amortisation year 2 onwards: 5% (outstanding principal amount at the Completion Date following cancellation of the Company Bonds) payable each 6 months on 22 September and 22 March each year;
- Repayment in full at maturity: outstanding balance repayable at maturity;
- Amortisation suspended if Brent Crude oil price is less than US\$50 per barrel (calculated by reference to the average Brent Crude price in 6 months period to the interest payment date immediately preceding the amortisation payment date);
- Liquidity: maintains Liquidity of US\$7.5 million;
- Leverage Ratio: maintains a Leverage Ratio of not more than 3.5;
- No other financial covenants;
- Debt service retention account removed and amounts released to Company;
- No minimum investment requirement in hydrocarbon assets, mandatory redemption offer in respect of capital expenditure removed;
- More flexibility on disposal of business, mandatory offer in respect of disposal proceeds to be set at a threshold of US\$20 million with 50% of net proceeds in excess of this to be offered to the remaining Secured Bondholders for redemption at par;
- More flexibility in respect of the negative pledge;
- Amendments to hedging requirements;
- Amendments to change of control put option to allow the Kerogen Investor (and associates) to hold more than 30% of the Ordinary Shares/voting rights in the Company but no more than 35%; and
- All prepayment premia to be removed. Prepaid amounts to be applied in order of maturity.

- f) **Waivers:** the Secured Bondholders shall agree to the waivers on the terms set out in the Bondholder Summons (including waivers in respect of any interest accrued under the Secured Bonds from and including 22 March 2017 to the Completion Date and of certain defaults occurring under the Secured Bond Agreement on or before the Completion Date).

Interest on Secured Bonds

The accrued interest and amortisation payment due on 22 March 2017 in respect of the Secured Bonds shall be paid in cash in full (at 100% of nominal value) by the Company on its due date.

Unsecured Bonds

In order for the Restructuring to be implemented, the requisite majority of the Unsecured Bondholders (as further described below) shall be required to approve the transactions set out at (g) and (h) (the **"Unsecured Bondholder Approved Transactions"**).

- g) **Unsecured Debt for Equity Swap:** the Company shall:
- (i) purchase and cancel in full all of the Unsecured Bonds in consideration for the issue by the Company of New Ordinary Shares at the Issue Price to the Unsecured Bondholders at a fixed price of 60% of face value for every \$1 of face value of Unsecured Bonds (excluding the Company Bonds) cancelled, based on the Exchange Rate; and

- (ii) waive any accrued and unpaid interest on the Unsecured Bonds to the Completion Date in consideration for the issue by the Company of New Ordinary Shares at the Issue Price to the Unsecured Bondholders which correspond to a value equivalent to 2.5% of the face value of the Unsecured Bonds (excluding the Company Bonds), based on the Exchange Rate,

on a pro rata basis in respect of each Unsecured Bondholder (excluding the Company as an Unsecured Bondholder), in the proportion borne by its Unsecured Bonds (excluding the Company Bonds) to the aggregate of all Unsecured Bonds (excluding the Company Bonds).

- h) **Waivers:** the Unsecured Bondholders shall agree to the waivers on the terms set out in the Bondholder Summons (including waivers in respect of any interest accrued but unpaid to the Completion Date and of certain defaults occurring under the Unsecured Bond Agreement on or before the Completion Date).

Cancellation of Company held Bonds for no consideration

- i) The Secured Bonds and Unsecured Bonds held by the Company (the “**Company Bonds**”) shall be cancelled in full for nil consideration and excluded from all of the Bondholder Transactions.

Settlement of the Voluntary Cash Offer and Conditional Cash Cancellation

Save as set out in the Voluntary Cash Offer, the Company may elect, at its discretion, to fund the Voluntary Cash Offer and/or the Conditional Cash Cancellation from the proceeds of the Kerogen Subscription, the Ancillary Subscription, the Placing, the Open Offer and/or cash in the business.

Equity Ownership Limit

To the extent that any Bondholder would receive more than 24.9% of the Enlarged Share Capital, the Company will only issue New Ordinary Shares to such Bondholder to the extent that it would not result in such Bondholder holding in excess of 24.9% of the Enlarged Share Capital. Such Bondholder(s) will be entitled to nominate other entities to receive the excess New Ordinary Shares that could not be allocated to them as a consequence of the restriction set out above.

Board position

The Company has agreed that the largest holder by face value of the Secured Bonds, Trans European Oil & Gas Luxco II S.a.r.l. (“**TEOG**”), shall have the right, conditional upon Admission, to appoint one director to the Board for so long as TEOG and/or any entity or entities controlled directly or indirectly by TEOG's parent or Kohlberg Kravis Roberts, in aggregate, hold 10 per cent. or more of the Enlarged Share Capital. The exercise of the right to appoint any person as a director is subject to the Company's nominated adviser being in a position to confirm, having undertaken its customary due diligence in respect of the proposed director, that such person is suitable to be a director of a UK public company.

Approvals required for the Bondholder Approved Transactions

The Fundraising is, *inter alia*, conditional on the requisite majority of Secured Bondholders at a bondholder's meeting consenting to the Secured Bondholder Approved Transactions and the requisite majority of Unsecured Bondholders at a bondholder's meeting consenting to the Unsecured Bondholder Approved Transactions, for which separate votes will be held pursuant to the terms of the Bondholder Summons.

To approve the Bondholder Approved Transactions, Bondholders representing at least 66⅔% of the Secured Bonds (excluding the Company Bonds) represented at the Bondholder Meeting and 66⅔% of the Unsecured Bonds (excluding the Company Bonds) represented at the Bondholder Meeting must vote in favour of the Bondholder Resolutions set out in the Bondholder Summons. In order to be quorate, at least 50% of the Secured Bondholders and Unsecured Bondholders must vote in person or by proxy at the Bondholder Meeting.

The Fundraising is conditional upon and the Bondholder Transactions (as applicable) will only become effective if the Secured Bondholders consent to the Secured Bondholder Approved Transactions and the Unsecured Bondholders consent to the Unsecured Bondholder Approved Transactions and are conditional, *inter alia*, upon the completion of the Fundraising and Admission.

Completion Date

Assuming that the Bondholder Approved Transactions are duly approved by the requisite majority of Bondholders and subject to, *inter alia*, the completion of the Fundraising and Admission, the Bondholder Transactions (as applicable) will be formally implemented on the Completion Date in the order described above.

Debt structure of the Company upon completion of the Restructuring

Completion of the proposed Fundraising and Bondholder Transactions (as applicable) would, if they are implemented in full, result in a reduction of net debt from c. US\$120 million to not more than US\$20 million following Admission.

2. Definitions

Admission	the admission of the Kerogen Shares, the Ancillary Subscription Shares, Placing Shares, Open Offer Shares (if any) and the Bond Equity Exchange Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies.
AIM	a market operated by the London Stock Exchange plc.
AIM Rules for Companies	the AIM rules for companies and guidance notes, as published and amended from time to time by the London Stock Exchange plc.
Amended Secured Bond Agreement	the Secured Bond Agreement, in the form appended to this Summons and to be entered into pursuant to the Bondholder Transactions.
Ancillary Subscription	the subscription by certain directors of the Company, certain of their spouses and certain third parties for New Ordinary Shares outside of the Placing.
Ancillary Subscription Shares	the New Ordinary Shares to be issued in connection with the Ancillary Subscription.
Bond Agreement Amendments	has the meaning given to it in paragraph 1(e) above.
Bond Equity Exchange	the Voluntary Equity Exchange, the Conditional Secured Debt for Equity Swap and the Unsecured Debt for Equity Swap.
Bond Equity Exchange Shares	the New Ordinary Shares to be issued in connection with the Bond Equity Exchange.
Bondholder Approved Transactions	the Secured Bondholder Approved Transactions and the Unsecured Bondholder Approved Transactions.
Bondholder Meeting	the meeting of Bondholders convened by the Bondholder Summons to consider, and if thought fit, approve the Bondholder Resolutions.
Bondholder Resolutions	the resolutions proposed to Bondholders as set out in the Bondholder Summons seeking approvals for <i>inter alia</i> the Bondholder Approved Transactions.
Bondholders	the Unsecured Bondholders and/or the Secured Bondholders (as the context requires).
Bondholder Summons	the document dated on or around 17 March 2017 (to be posted on Stamdata), convening a meeting of the holders of the Bonds and seeking approvals from the Bondholders for the Bondholder Resolutions.
Bondholder Transactions	has the meaning given to it in paragraph 1 above.
Bond Trustee	Nordic Trustee ASA, (previously Norsk Tillitsmann ASA) as bond trustee for the Bonds.
Cancelled Offered Bonds	has the meaning given to it in paragraph 1(a)(vi) above.

Cash Cancelled Offered Bonds	has the meaning given in to it in paragraph 1(c)(vi) above.
Cash Offering Secured Bondholders	has the meaning given to it in paragraph 1(c)(iii) above.
Company or IGas	IGas Energy plc.
Company Bonds	the Secured Bonds and Unsecured Bonds held by the Company.
Completion Date	the date on which Admission occurs, which is expected to be 4 April 2017 and no later than the Longstop Date.
Conditional Cash Cancellation	has the meaning given to it in paragraph 1(d) above.
Conditional Secured Debt for Equity Swap	has the meaning given to it in paragraph 1(b) above.
Deferred Shares	the deferred shares of 9.9999 pence each in the capital of the Company created by the Subdivision.
Enlarged Share Capital	the entire issued share capital of the Company immediately following Admission.
Excess Cash Amount	has the meaning given to it in paragraph 1(c) above.
Exchange Rate	means GBP 1: USD 1.2167 being the closing exchange rate on 9 March 2017 as shown on Bloomberg.
Existing Ordinary Shares	the 303,305,534 ordinary shares of 10 pence each in the capital of the Company in issue on the date of the Shareholder Circular.
Fundraising	the Kerogen Subscription, the Ancillary Subscription, the Placing, the Open Offer and the Bond Equity Exchange, taken together.
Fundraising Shares	the Kerogen Shares, the Ancillary Subscription Shares, the Placing Shares, the Open Offer Shares and the Bond Equity Exchange Shares taken together.
Issue Price	4.5 pence per New Ordinary Share.
Joint Brokers	Investec Bank plc and Canaccord Genuity Limited.
Kerogen Capital	Kerogen Capital II Limited, the manager of Kerogen Investor.
Kerogen Investor	an affiliate of Kerogen Capital.
Kerogen Shares	the New Ordinary Shares to be issued to Kerogen Investor pursuant to the Kerogen Subscription subject to, inter alia, the Kerogen Subscription becoming unconditional in all respects and Admission of the Fundraising Shares.
Kerogen Subscription	the conditional subscription for New Ordinary Shares by Kerogen Investor pursuant to the Kerogen Subscription Agreement.
Kerogen Subscription Agreement	the agreement between the Company and Kerogen Investor in respect of the Kerogen Subscription dated 17 March 2017.
Longstop Date	28 April 2017.

Maximum Equity Conversion Amount	has the meaning given to it in paragraph 1(a)(ii) above.
Minimum Tendering Amount	has the meaning given to it in paragraph 1(a)(iii) above.
New Ordinary Shares	the ordinary shares of 0.0001p each in the capital of the Company arising from the Subdivision.
Offered Bonds	has the meaning given to it in paragraph 1(a) above.
Offering Secured Bondholders	has the meaning given to it in paragraph 1(a)(iv) above.
Open Offer	the conditional offer made to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in the Shareholder Circular.
Open Offer Shares	up to 90,911,660 New Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer.
Overseas Shareholder	a Shareholder who is resident, or who is a citizen of, or who has a registered address in a jurisdiction outside the EEA
Placing	the conditional placing of the Placing Shares, otherwise than on a pre-emptive basis, at the Issue Price by the Joint Brokers.
Placing Shares	the New Ordinary Shares to be issued pursuant to the Placing which have conditionally been placed by the Joint Brokers subject to, <i>inter alia</i> , the Placing becoming unconditional in all respects and Admission of the Fundraising Shares.
Qualifying Shareholders	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding any Overseas Shareholders who are resident in, or who are citizens of, or who have a registered address in a Restricted Jurisdiction).
Record Date	6.00 p.m. on 15 March 2017 (in respect of the Open Offer).
Restricted Jurisdiction	each and any of the United States of America, Australia, Canada, Japan, New Zealand, Russia and the Republic of South Africa and any other jurisdiction outside the EEA where extension or availability of the Placing and/or the Open Offer would breach any applicable law or regulations.
Restructuring	as defined in the Bondholder Summons.
Secured Bond Agreement	the bond agreement for the Secured Bonds between the Company and the Bond Trustee as amended and restated by an amendment and restatement agreement dated 24 September 2015.
Secured Bond Cash Cancellation Minimum	has the meaning given to it in paragraph 1(c)(vi) of above.
Secured Bond Conversion Minimum	has the meaning given to it in paragraph 1(a)(iv) above.

Secured Bondholders	the holder(s) of Secured Bond(s), as registered in the securities depository in Norway, being the Verdipapirsentralen, from time to time.
Secured Bondholder Approved Transactions	has the meaning given to it in paragraph 1 above.
Secured Bonds	the 10% Senior Secured Callable Bonds 2013/18 issued pursuant to the Secured Bond Agreement with ISIN No 001 0673791.
Shareholders	the holders of Existing Ordinary Shares or, following the Subdivision, New Ordinary Shares from time to time.
Shareholder Circular	has the meaning given to it in paragraph 2.1 of the Bondholder Summons.
Subdivision	the subdivision of the Company's entire issued ordinary share capital on the basis that each Existing Ordinary Share of 10p shall be subdivided into 1 ordinary share of 0.0001p and 1 Deferred Share of 9.9999p.
Unsecured Bond Agreement	the bond agreement for the Unsecured Bonds between the Company and the Bond Trustee dated 10 December 2013 as amended and restated by an amendment and restatement agreement dated 24 September 2015, and as further amended by the second amendment agreement dated 19 December 2016.
Unsecured Bondholder Approved Transaction	has the meaning given to it in paragraph 1 above.
Unsecured Bondholders	the holder(s) of Unsecured Bond(s), as registered in the securities depository in Norway, being the Verdipapirsentralen.
Unsecured Bonds	the 10% Senior Unsecured Callable Bonds 2013/18 issued pursuant to the Unsecured Bond Agreement with ISIN No 001 0698053.
Unsecured Debt for Equity Swap	has the meaning given to it in paragraph 1(g) above.
Voluntary Cash Offer	has the meaning given to it in paragraph 1(c) above.
Voluntary Equity Exchange	has the meaning given to it in paragraph 1(a) above.
Voting Bonds	means (i) in respect of the Secured Bonds, all of the Secured Bonds less the Secured Bonds held by the Company, any person or persons who has decisive influence over the Issuer, or any person or persons over whom the Issuer has decisive influence; or (ii) in respect of the Unsecured Bonds, all of the Unsecured Bonds less the Unsecured Bonds held by the Company, any person or persons who has decisive influence over the Issuer, or any person or persons over whom the Issuer has decisive influence.

ISIN NO 001 0673791

SECOND AMENDMENT AND RESTATEMENT AGREEMENT

to

THE BOND AGREEMENT

between

IGAS ENERGY PLC

("Issuer")

and

NORDIC TRUSTEE ASA

("Bond Trustee")

on behalf of

THE BONDHOLDERS

("Bondholders")

in the bond issue

10 per cent. IGas Energy Plc Senior Secured Callable Bond Issue 2013/2018

THIS AMENDMENT AND RESTATEMENT AGREEMENT (the "**Agreement**") is made on [●] April 2017 by and between:

- (1) **IGAS ENERGY PLC** (a company incorporated under the laws of England and Wales with registration number 04981279) as Issuer; and
- (2) the companies listed in Schedule 1 (*Guarantors*) hereto (each a "**Guarantor**"); and
- (3) **NORDIC TRUSTEE ASA**, a company existing under the laws of Norway with registration no. 963 342 624, as Bond Trustee on behalf of the Bondholders.

(the parties referred to above in (1), (2) and (3) above are jointly referred to herein as the "**Parties**").

1 BACKGROUND

- (A) Reference is made to the bond agreement dated 21 March 2013 (as amended and restated by an amendment and restatement agreement dated 24 September 2015, the "**Original Bond Agreement**"), made between the Issuer, the Guarantors and the Bond Trustee (on behalf of the Bondholders).
- (B) On 17 March 2017, the Issuer summoned a Bondholders' meeting (the "**Bondholders' Meeting**") and put forward to the Bondholders in the summons (the "**Summons**"), including a description of the bondholder transactions in Annex 2 to the Summons ("**Annex 2**") a proposal to, inter alia, make certain amendments to the Original Bond Agreement. The amendments proposed in the Summons were approved by the Bondholders' Meeting held on 3 April 2017.
- (C) This Agreement sets out the amendments to the Original Bond Agreement approved by the Bondholders at the Bondholders' Meeting.

2 DEFINITION SAND INTERPRETATION

- 2.1 In this Agreement, the following terms shall have the following meanings:

"**Admission**" means the admission of the New Ordinary Shares of the Issuer issued in connection with the Fundraising and the Ancillary Subscription (both terms as defined and applied in Annex 2), to trading on AIM (a market operated by the London Stock Exchange) becoming effective in accordance with the AIM Rules for Companies.

"**AIM Rules for Companies**" means the AIM rules for companies and guidance notes, as published and amended from time to time by the London Stock Exchange.

"**Effective Date**" means the date on which

- (1) the Issuer has (i) confirmed to the Bond Trustee in writing that Admission has occurred, and (ii) delivered to the Bond Trustee any legal opinion reasonably required by the Bond Trustee in relation to the Issuer and the Guarantors' entry into of this Agreement, and
- (2) the Bond Trustee has received, in form and substance satisfactory to it, all the documents and evidence listed in Section 4 of the Summons (save for (iv) and (ix)).

"Long Stop Date" means 28 April 2017.

"Second Amended and Restated Bond Agreement" means the Original Bond Agreement amended and restated by this Agreement in the form set out in Schedule 2 (Second Amended and Restated Bond Agreement).

- 2.2 Words and expressions used herein shall have the same meaning when used herein as set out in the Original Bond Agreement unless expressly set out herein or the context otherwise requires.
- 2.3 The provisions of Clause 1.2 (Construction) of the Original Bond Agreement apply to this Agreement as though they were set out herein in their entirety, except that references to the Original Bond Agreement shall be construed as references to this Agreement and any other logical adjustments being made.

3 AMENDMENTS TO AND RESTATEMENT OF THE ORIGINAL BOND AGREEMENT

- 3.1 Subject to Clause 3.2, the Parties agree that on and with effect from the Effective Date the Original Bond Agreement shall be supplemented and amended and restated by this Agreement so that it shall then be in effect in the form set forth in Schedule 2 (Amended and Restated Bond Agreement) to this Agreement.
- 3.2 If Admission has not occurred before the Long Stop Date, then this Agreement shall thereupon become null and void and none of the Parties shall have any rights against any other Party hereunder.
- 3.3 Following Admission, and with effect from the date the repurchase and cancellation of Bonds as contemplated by Annex 2 has been completed, Clause 13.4 (Maximum liability) of the Original Bond Agreement shall be amended to read as follows:

"The liability of each Guarantor shall be limited to USD [insert principal amount of Outstanding Bonds on the Effective Date less any Issuer Bonds and Bonds to be acquired in the Voluntary Exchange Offer], plus interest, fees, costs and expenses as set out in this Agreement and the other Finance Documents."

4 REPRESENTATIONS

The Issuer and each of the Guarantors represents and warrants to the Bond Trustee that on the date of this Agreement and on the Effective Date:

- a) **Powers and authority:** it has the power to enter into, perform and deliver, and has taken all necessary action to authorise the entry into, performance and delivery of this Agreement and the transactions contemplated hereby;
- b) **Consents:** all authorisations, approvals, consents, licenses, exemptions, filings, registrations and other matters required by law for or in consequence of the entry into and performance by it of and/or the validity of this Agreement or the transactions to be implemented pursuant hereto have been obtained or effected or will be obtained or effected prior to the date required by law;
- c) **Legal validity:** subject to any Legal Reservations, this Agreement constitutes its legal, valid, binding and enforceable obligations in accordance with its terms; and
- d) **Non-conflict:** the entry into and performance of this Agreement and the transactions contemplated hereby do not and will not conflict with:
 - (i) any applicable law or regulation or any applicable official or judicial order in any respect; or
 - (ii) its constitutional documents or any of its resolutions (having current effect) or the constitutional document or any other resolution of any of its Subsidiaries.
- e) **No misleading information:** Any factual information provided by it to the Bondholders or the Bond Trustee for the purpose of the Bondholder Transactions 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.

5 AFFIRMATION OF SECURITY AND GUARANTEES

- 5.1 The Issuer and each of the Guarantors confirms that, notwithstanding the amendments effected by this Agreement (i) each Security Document (save for the Debt Service Retention Account Pledge or any floating charge over the Debt Service Retention Account (both as defined in the Original Bond Agreement)) to which it is a party shall continue in full force and effect and shall extend to the liabilities and the obligations of such Issuer and the Guarantors, respectively, under the Original Bond Agreement as amended by this Agreement and the other Finance Documents (as applicable and subject to such limitations as are agreed in each Security Document), and (ii) any reference in any Finance Document to the Original Bond Agreement shall be construed as a reference to the Original Bond Agreement as amended by this Agreement.
- 5.2 Each of the Guarantors confirms that, notwithstanding the amendments effected by this Agreement, its obligations as Guarantor under the Original Bond Agreement shall continue in full force and effect and shall extend to the liabilities and the obligations of the Issuer under the Bond Agreement as amended by this Agreement and the other Finance Documents (as

applicable and subject to such limitations as set out in the Second Amended and Restated Bond Agreement or such Finance Documents).

- 5.3 As expressly modified by this Agreement, all terms and provisions of the Original Bond Agreement shall remain in full force and effect and are hereby ratified and confirmed in all respects by the Parties as if herein set forth in their entirety. All references in the Original Bond Agreement to "this Agreement", "hereof", "hereby", "hereto", and the like shall, from the Effective Date, mean the Original Bond Agreement as hereby amended.
- 5.4 The Issuer and each of the Guarantors undertakes that it shall, within 15 Business Days of written request by the Bond Trustee, execute and deliver any further instruments or documents and do all such acts and things as the Bond Trustee may reasonably require in connection with making any amendments to the Security Documents to reflect the amendments to the Original Bond Agreement effected by this Agreement and the extension and affirmation of the liabilities and obligations subject to the Security pursuant to Clause 5.1 above.

6 MISCELLANEOUS

- 6.1 This Agreement is a Finance Document.
- 6.2 This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
- 6.3 The provisions of Clause 19.7 (*Dispute Resolution and Legal Venue*) of the Original Bond Agreement shall apply mutatis mutandis to this Agreement.

[Signatories are on the next page.]

SIGNATORIES

The Issuer:

IGas Energy Plc.

By: _____

Name:

Title:

The Bond Trustee:

Nordic Trustee ASA

By: _____

Name:

Title:

The Guarantors:

Island Gas Limited

Island Gas Operations Limited

IGas Exploration UK Limited

Star Energy Group Limited

Star Energy Limited

Star Energy Weald Basin Limited

Star Energy Oil & Gas Limited

Star Energy (East Midlands) Limited

Island Gas (Singleton) Limited (formerly P.R. Singleton)

IGas Energy (Caithness) Limited

Dart Energy (Europe) Limited

Dart Energy (Forth Valley) Limited

Dart Energy (East England) Limited

Dart Energy (West England) Limited

GP Energy Limited

By: _____

Name:

Title:

This Agreement has been executed in - 2 - two - copies (originals), of which the Issuer and the Bond Trustee keep one each.

SCHEDULE 1**GUARANTORS**

Company Name:	Jurisdiction:	Company Number:
Island Gas Limited	England and Wales	04962079
Island Gas Operations Limited	England and Wales	03999194
IGas Exploration UK Limited	England and Wales	04323945
Star Energy Group Limited	England and Wales	05054503
Star Energy Limited	England and Wales	03806814
Star Energy Weald Basin Limited	England and Wales	06293763
Star Energy Oil & Gas Limited	England and Wales	02275006
Star Energy (East Midlands) Limited	England and Wales	03966330
Island Gas (Singleton) Limited (formerly P.R. Singleton)	England and Wales	01021095
IGas Energy (Caithness) Limited	England and Wales	05457589
Dart Energy (Europe) Limited	Scotland	SC259898
Dart Energy (Forth Valley) Limited	Scotland	SC298739
Dart Energy (East England) Limited	England and Wales	06760546
Dart Energy (West England) Limited	England and Wales	06760557
GP Energy Limited	England and Wales	07240286

SCHEDULE 2

SECOND AMENDED AND RESTATED BOND AGREEMENT

SECOND AMENDED AND RESTATED BOND AGREEMENT

originally dated 21 March 2013, as amended and restated by an amendment agreement dated 24 September 2015 and as amended and restated by an amendment and restatement agreement dated [3] April 2017

between

IGas Energy Plc
(Issuer)

and

Nordic Trustee ASA

(Bond Trustee)

on behalf of

the Bondholders

in the bond issue

10 per cent. IGas Energy Plc Senior Secured Callable Bond Issue
2013/2018

TABLE OF CONTENTS

1	INTERPRETATION	3
2	THE BONDS	10
3	LISTING	11
4	REGISTRATION IN THE SECURITIES DEPOSITORY	11
5	PURCHASE AND TRANSFER OF BONDS	12
6	CONDITIONS PRECEDENT	12
7	REPRESENTATION AND WARRANTIES	12
8	STATUS OF THE BONDS AND SECURITY	12
9	INTEREST	13
10	MATURITY OF THE BONDS AND REDEMPTION	13
11	PAYMENTS	15
12	ISSUER'S ACQUISITION OF BONDS	17
13	GUARANTEE AND INDEMNITY	17
14	COVENANTS	20
15	FEES AND EXPENSES	28
16	EVENTS OF DEFAULT	29
17	BONDHOLDERS' MEETING	31
18	THE BOND TRUSTEE	34
19	MISCELLANEOUS	41

This agreement, originally entered into on 21 March, 2013, and as amended and restated by the amendment and restatement agreement dated 24 September 2015, and as amended and restated by the Second Amendment and Restatement Agreement, has been entered into on [3] April 2017 between:

- (1) IGas Energy Plc (a company incorporated under the laws of England and Wales with registration number 04981279 as issuer) (the “**Issuer**”),
- (2) The companies listed in Attachment 2 hereto (each a “**Guarantor**”), and
- (3) 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 a Bondholder’s account manager in the Securities Depository.

“**Attachments**” means the attachments to this Bond Agreement.

“**Bond Agreement**” means this bond agreement, including any Attachment to it, each as amended from time to time.

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

“**Bond Security**” means:

- (a) fixed charge over all shares in the Subsidiaries;
- (b) fixed charge over all Material Contracts;
- (c) fixed charge over all Hydrocarbon Licenses;
- (d) fixed charge over Hydrocarbon Machinery and Plant;
- (e) fixed charge over claims under Insurances related to Hydrocarbon Licenses, Hydrocarbon Real Estate or other material assets;
- (f) fixed charge over Earnings Accounts;
- (g) fixed charge over Hydrocarbon Real Estate;
- (h) floating charge over any Earnings;
- (i) fixed charge over all claims under intercompany loans between Group Companies; and
- (j) floating charge over each of the assets listed at (a) to (h) and (i) above and all other assets.

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

“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.

“Business Day” means any day on which Norwegian banks are open for general business, and when Norwegian banks can settle foreign currency transactions and the Norwegian Central Bank’s Settlement System is open.

“Business Day Convention” means that no adjustment will be made, notwithstanding the Payment Date occurs on a day that is not a Business Day, and if such date is not a Business Day, payments of interest and/or principal (as the case may be) 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.

“Change of Control Event” means:

- (a) if and when any person or a group of persons acting in concert (as defined in the UK Code on Takeovers and Mergers), save for [Kerogen Capital] and/or any of its parallel funds, becomes the owner, directly or indirectly, of 30% or more of the outstanding shares and/or voting rights of the Issuer; or
- (b) if and when [Kerogen Capital] in aggregate with any of its parallel funds, becomes the owner of 35% or more of the outstanding shares and/or voting rights of the Issuer.

“Charged Property” means all assets of the Obligors which from time to time are, or are expressed to be, the subject of the Bond Security.

“Decisive Influence” means a person having, as a result of an agreement or through the ownership of shares or 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.

“Delegate” means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

“**Earnings**” means all moneys whatsoever which are now, or later become, payable (actually or contingently) to any Group Company in respect of the production, sale or any other kind of transfer of hydrocarbons.

“**Earnings Account**” means any account of any Group Company to which the Earnings of that Group Company are to be paid.

“**Effective Date**” has the meaning given to it in the Second Amendment and Restatement Agreement.

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

“**Excess Amount**” shall have the meaning given to it in Clause 14.3.5.

“**Exchange**” means Oslo Stock Exchange or Oslo Alternative Bond Market.

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

“**Finance Documents**” means (i) this Bond Agreement, (ii) the agreement between the Bond Trustee and the Issuer referred to in Clause 15.2, (iii) the Security Documents (including any notice, acknowledgement and other ancillary documentation relating thereto), (iv) any document executed in relation to the granting of any Security to the Bond Trustee under the Finance Documents, and (v) any other document (whether creating a Security or not) which is executed at any time by the Issuer or any other person in relation to any amount payable under this Bond Agreement.

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

- (a) moneys borrowed;
- (b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (c) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as finance or capital lease;
- (d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (e) 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);
- (f) any amount of any liability under an advance or deferred purchase agreement if:

- (i) one of the primary reasons for entering into the agreement is to raise funds or to finance the acquisition or construction of the assets or service in question; or
- (ii) the purpose of the agreement is the supply of assets or services and payment is due more than 90 days after the date of supply;
- (g) any amount raised under any other transaction (including forward sale or purchase, sale and sale back or leaseback agreement) having the commercial effect of borrowing or otherwise classified as borrowings under GAAP; 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 consolidated annual financial statements of the Issuer for any financial year, including the audited annual financial statements of the Issuer on a stand-alone basis, drawn up according to GAAP, such accounts to include a profit and loss account, balance sheet, cash flow statement and report from the Board of Directors.

“Fixed Rate” shall have the meaning given to it in Clause 9.1.

“GAAP” means the generally accepted accounting practice and principles in the country in which the Issuer is incorporated including, if applicable, the International Financial Reporting Standards (IFRS) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

“Group” means the Issuer and its Subsidiaries, and a **“Group Company”** means the Issuer or any of its Subsidiaries.

“Guarantee” means an unconditional on-demand guarantee on a joint and several basis from the Guarantors pursuant to Clause 13, securing the Issuer’s obligations under this Bond Agreement and any other Finance Document, including interest, costs and expenses.

“Guarantors” means all of the entities as listed in Attachment 2 (*List of Guarantors*) and any other company subsequently becoming a Subsidiary and acceding to this Agreement in accordance with Clause 8.3.

“Hedging Agreements” means any master agreement, confirmation, schedule or other agreement entered into or to be entered into by any Group Company pursuant to Clause 14.5.7.

“Hydrocarbon Assets” means, at any time, all hydrocarbon (oil and/or gas) fields owned or held by any Group Company. Hydrocarbon Assets at the date of the Original Bond Agreement are listed under “Field Assets” in Attachment 4 (*Fields and Hydrocarbon Licences*).

“Hydrocarbon Licenses” means all permits, licenses, authorisations, consent, registrations, exemptions, certificates, notifications or other documents issued by any regulatory authority in United Kingdom and/or required by any applicable law or

regulation in any part of the United Kingdom in connection with the exploration and exploitation of any Hydrocarbon Assets, in valid form, duly issued under the relevant law by the relevant regulatory authority. Hydrocarbon Licenses held by any Group Company at the date of the Original Bond Agreement are listed under “License Number” in Attachment 4 (*Fields and Hydrocarbon Licences*).

“**Hydrocarbon Machinery and Plant**” means any machinery, equipment, movable property, pipelines and facilities owned by any Group Company and utilised in connection with the development, production, generation, processing, treatment, storage and transportation of hydrocarbons from a Hydrocarbon Asset.

“**Hydrocarbon Real Estate**” means any land, building or structure, including any item permanently attached to such land, building or structure, which contains Hydrocarbon Assets or is intended for the development, production, generation, processing, treatment and storage of hydrocarbons and is owned by any Group Company.

“**Insurances**” means any insurance from time to time taken out by or on behalf of any Group Company in respect of its assets and activities.

“**Interest Payment Date**” means 22 March and 22 September each year and the Maturity Date. Any adjustment will be made according to the Business Day Convention.

“**Interim Accounts**” means the unaudited consolidated semi-annual financial statements of the Issuer for the semi-annual period ending on 30 June each year, drawn up according to GAAP.

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

“**Issue Date**” means March 22, 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.

“**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.

“**Manager**” means the manager for the Bond Issue, ABG Sundal Collier Norge ASA.

“**Material Adverse Effect**” means a material adverse effect on: (a) the business, financial condition or operations of the Issuer or the Obligors (if Obligors, taken as a whole), (b) the Issuer’s or the Obligors’ (if Obligors, taken as a whole) ability to perform and comply with its or their obligations under any of the Finance Documents; or (c) subject to Legal Reservations, the validity or enforceability of any of the Finance Documents.

“Material Contracts” means the agreements listed in Attachment 3 (*Material Contracts*).

“Maturity Date” means 30 June, 2021. Any adjustment will be made according to the Business Day Convention.

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

“Obligor” means the Issuer and any Guarantor.

“Obligors’ Agent” means the Issuer, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 1.3.

“Ordinary Course of Business” means the exploration, development and production of Hydrocarbon Assets.

“Original Bond Agreement” means the bond agreement originally dated 21 March 2013 between the Issuer as issuer, the Guarantors as guarantors and the Bond Trustee as bond trustee on behalf of the bondholders.

“Outstanding Bonds” means the 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 acts as its paying agent in the Securities Registry with respect to the Bonds.

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

“Perfection Requirements” means the making or the procuring of the required registrations, filings, endorsements, notarisation, stampings and/or notifications of the Bond Security and/or the Security created thereunder.

“Permitted Disposal” means any disposal permitted pursuant to Clause 14.3.5.

“Permitted Disposal Mandatory Redemption Offer” shall have the meaning given to it in Clause 14.3.5 (b).

“Permitted Hedging Counterparty” means any counterparty to a hedging agreement which at the date of entering into such hedging agreement has a rating of Baa2 with Moody's or BBB with Standard & Poor's or Fitch.

“Permitted Hedging” shall have the meaning given to it in Clause 14.5.7.

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

“Scheduled Instalments” shall have the meaning given to it in Clause 10.1.1.

“Second Amendment and Restatement Agreement” means the amendment and restatement agreement to this Bond Agreement dated [3] April, 2017 entered into between the Issuer, the Guarantors and the Bond Trustee.

“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 Agreement” means a security agreement governed by English law to be entered into on or about the date of this Agreement, between the Issuer and certain Guarantors, as chargors and the Bond Trustee as chargee.

“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 the documents evidencing, creating or granting the Bond Security.

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

“Subsidiary” has the meaning given by section 1159 of the United Kingdom Companies Act 2006.

“Unconventional Hydrocarbon Assets” means, at any time, the Hydrocarbon Assets held by any Group Company covering onshore UK coal methane and shale gas activities, at the date of the Original Bond Agreement being the Hydrocarbon Assets in licenses PEDL 184, PEDL 190, PEDL 145, PEDL193, SPPL 1481, PEDL 107, PEDL 116, and any other such license subsequently granted or acquired, unless the Bond Trustee in writing agrees otherwise.

“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).

1.3 *Obligors’ Agent*

- (a) Each Obligor (other than the Issuer) by its execution of this Agreement or an Accession Statement irrevocably appoints the Issuer to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
 - (i) the Issuer on its behalf to supply all information concerning itself contemplated by this Agreement to the Bond Trustee and any Bondholder and to give all notices and instructions, to execute on its behalf any Accession Statement, other agreement or deed, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
 - (ii) the Bond Trustee and any Bondholder to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Issuer,

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions or executed or made the agreements or deeds, or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, deed, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors’ Agent or given to the Obligors’ Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors’ Agent and any other Obligor, those of the Obligors’ Agent shall prevail.

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*

The Issuer has issued Bonds in the maximum amount of USD 165,000,000 (U.S. Dollar one hundred and sixty-five million) pursuant to the Original Bond Agreement (as amended from time to time).

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

The Bonds are described as “10% IGas Energy Plc Senior Secured Callable Bond Issue 2013/2018”.

The ISIN for the Bond Issue will be NO 0010673791.

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

2.3 *Purpose and utilisation*

The net proceeds of the Bonds shall be applied towards:

- (a) refinancing certain of the Issuer’s existing Financial Indebtedness; and
- (b) general corporate purposes of the Group.

3 **Listing**

- 3.1 The Bonds are listed on Oslo Stock Exchange.
- 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 are and shall remain 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 utilise its rights (including, but not limited to, voting rights) under this Bond Agreement.

6 **Conditions Precedent**

The net proceeds of the Bonds were disbursed to the Issuer on the Issue Date pursuant to the Original Bond Agreement.

7 **Representation and warranties**

The net proceeds of the Bonds were disbursed to the Issuer on the Issue Date subject to certain representations and warranties set out in the Original Bond Agreement.

8 **Status of the Bonds and security**

- 8.1 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 similar laws of general application) and shall rank ahead of subordinated debt.
- 8.2 The Bonds, including accrued but unpaid interest, costs and expenses, shall be secured by the Bond Security and the Guarantees.
- 8.3 The Issuer shall ensure that:
- (a) any company that becomes a Subsidiary after the date of this Agreement shall, as soon as reasonably practicable and without undue delay, accede to this Agreement as a Guarantor by executing an Accession Statement substantially in the form set out in Attachment 5 (*Form of Accession Statement*) (an “**Accession Statement**”);
 - (b) Star Energy Oil UK Ltd. is without any assets, revenue and/or activities or, if any assets are acquired or transferred to Star Energy Oil UK Ltd. or it starts to generate any revenue, then Star Energy Oil UK Ltd. shall immediately accede to this Agreement as a Guarantor by way of an Accession Statement; and

- (c) the Bond Security be expanded to cover all Subsidiaries (including Star Energy Oil UK Ltd., if applicable under paragraph (b) above) and/or assets acquired or otherwise obtained after the date of this Agreement, as soon as reasonably practicable and without undue delay.

9 Interest

- 9.1 The Issuer shall pay interest on the par value of the Bonds from, and including, the Interest Payment Date on 22 March, 2017 at a fixed rate of eight per cent. (8%) per annum (the “**Fixed Rate**”).
- 9.2 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)).
- 9.3 The payable interest amount per Bond for a relevant calculation period shall be calculated as follows:
- $$\text{Interest Amount} = \text{Face Value} \times \text{Fixed Rate} \times \text{Fixed Rate Day Count Fraction}$$
- 9.4 Interest payments shall be made in arrears on the Interest Payment Dates each year, the first Interest Payment Date being September 2017.
- 9.5 The relevant interest payable amount shall be calculated based on a period from, and including, the Issue Date or one Interest Payment Date to, but excluding, the next following applicable Interest Payment Date.

10 Maturity of the Bonds and Redemption

10.1 *Maturity and instalments*

- 10.1.1 Subject to Clause 10.1.4 below the Bonds shall be repaid by the Issuer by the following semi-annual instalments (the “**Scheduled Instalments**”):

Payment Date	Amount (USD) ¹
Interest Payment Date in September 2017	[2.5% of the principal amount of Outstanding Bonds on the Effective Date]
Interest Payment Date in March 2018	[2.5% of the principal amount of Outstanding

¹ Note: To be inserted once determined and to exclude any Bonds that have been tendered to the Issuer but not yet cancelled and any Issuer Bonds.

	Bonds on the Effective Date]
Interest Payment Date in September 2018	[5% of the principal amount of Outstanding Bonds on the Effective Date]
Interest Payment Date in March 2019	[5% of the principal amount of Outstanding Bonds on the Effective Date]
Interest Payment Date in September 2019	[5% of the principal amount of Outstanding Bonds on the Effective Date]
Interest Payment Date in March 2020	[5% of the principal amount of Outstanding Bonds on the Effective Date]
Interest Payment Date in September 2020	[5% of the principal amount of Outstanding Bonds on the Effective Date]
Interest Payment Date in March 2021	[5% of the principal amount of Outstanding Bonds on the Effective Date]
Maturity Date	The balance of the Outstanding Bonds
Sum	[•]

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

10.1.3 All the Scheduled Instalments shall be repaid at 100% of par value, plus accrued interest on the repaid Bonds.

Any redemption made according to Clause 10.2 and/or 10.3 will reduce the Scheduled Instalments in the order of maturity.

10.1.4 Notwithstanding Clause 10.1, the Issuer shall not be required to make such Scheduled Instalment on any Interest Payment Date if the arithmetic average price per barrel for dated brent crude oil as published by ICE, during the six-months period through to and including the immediately preceding Interest Payment Date was below USD 50.

The Issuer shall notify the Paying Agent and the Bond Trustee no later than 10 Business Days following an Interest Payment Date if any Scheduled Instalment is to be suspended in respect of the next Interest Payment Date in accordance with this Clause 10.1.4.

10.2 *Call Option*

- 10.2.1 The Issuer may at any time redeem the Bond Issue (in full or in part) at par (100%) plus accrued interests on the redeemed amount (such right being the “**Call Option**”).
- 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 thirty Business Days prior to the settlement date of the Call Option.
- 10.2.3 Partial redemption must be carried out *pro rata* (in accordance with the procedures of the Securities Depository).
- 10.2.4 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.
- 10.2.5 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 100% of par plus accrued interest.
- 10.3.2 The Put Option must be exercised within one month 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 one month 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.

11 **Payments**

11.1 *Covenant to pay*

- 11.1.1 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.
- 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 (through the Paying Agent) 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 the Issuer or 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 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 accrued interest 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 principal 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 (other than as set out below), jointly and severally:

- (a) guarantees to the Bond Trustee (on behalf of the Bondholders) as and for its own debt and not merely as surety the due and punctual performance by each of the Obligors of all of their respective obligations under the Finance Documents (the "**Guaranteed Obligations**") in accordance with the terms of such Finance Documents;
- (b) undertakes with the Bond Trustee (on behalf of the Bondholders) that whenever an Obligor does not pay any amount when due under or in connection with the Guaranteed Obligations, it shall immediately on demand (No: "*påkravsgaranti*") pay that amount as if it was the principal obligor; and

- (c) if any of the Guaranteed Obligations is or becomes unenforceable, invalid or illegal, it will indemnify the Bond Trustee (on behalf of the Bondholders) immediately on demand against any cost, loss or liability suffered by the Bond Trustee (on behalf of the Bondholders). The amount of the cost, loss or liability shall be equal to the amount which the Bond Trustee (on behalf of the Bondholders) would otherwise have been entitled to recover. The amount payable by the Guarantors under this indemnity shall in no event exceed the amount it would have had to pay under this Clause 13 if the amount claimed had been recoverable on the basis of the guarantee granted pursuant hereto.

13.2 *Continuing guarantee*

The obligations of each Guarantor hereunder (the “**Guarantor Obligations**”) are continuing guarantee obligations and will extend to the ultimate balance of all amounts payable by the Issuer under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

13.3 *Waivers*

Each Guarantor hereby waives:

- (a) any requirement that the Bond Trustee or any of the Bondholders in case of an Event of Default first have to make demand upon or seek to enforce remedies against the Issuer;
- (b) any and all defences based on underlying relationships, agreements and transactions whatsoever, including, without limitation, any such relationships, agreements or transactions with any third party for security or otherwise, and right to limit the liability under the guarantee provided hereunder resulting from any failure to give notice of any kind;
- (c) any right to exercise any right of subrogation into the rights of the Bond Trustee or the Bondholders under this Bond Agreement or any Finance Document, without the prior written consent of the Bond Trustee until such time that no amounts are outstanding under this Bond Agreement and any other Finance Document; and
- (d) any right to claim reimbursement from the Issuer and/or any other Obligor for payment made hereunder until such time that no amounts are outstanding under this Bond Agreement and any other Finance Document.

13.4 *Maximum liability*

The liability of each Guarantor shall be limited to USD 165,000,000, plus interest, fees, costs and expenses as set out in this Agreement and the other Finance Documents.

13.5 *Number of claims*

There is no limit on the number of claims that may be made by the Bond Trustee (on behalf of the Bondholders) under this Agreement.

13.6 *Survival of the Guarantors' liability*

The Guarantors' liability to the Bond Trustee (on behalf of the Bondholders) under this Clause 13 shall not be discharged, impaired or otherwise affected by reason of any of the following events or circumstances (regardless of whether any such event or circumstance occurs with or without the Guarantors' knowledge or consent):

- (a) any time, waiver, consent, forbearance or other indulgence given or agreed by the Bond Trustee (on behalf of the Bondholders) with the Issuer in respect of any of the Obligor's obligations under the Finance Documents;
- (b) any legal limitation, disability or incapacity of any of the Issuer related to the Finance Documents;
- (c) any unenforceability, illegality or invalidity of any Finance Document or any terms contained therein;
- (d) any amendments to or variations (however fundamental and whether or not more onerous) of the Finance Documents agreed by the Bond Trustee (on behalf of the Bondholders) with the Issuer;
- (e) the liquidation, bankruptcy or dissolution (or proceedings analogous thereto) of the Issuer; or
- (f) any other circumstances which might otherwise constitute a defence available to, or discharge of, each Guarantor.

13.7 *Deferral of Guarantors' rights*

The Guarantors undertake to the Bond Trustee (on behalf of the Bondholders) that as long as any of the Finance Documents is effective:

- (a) following receipt by it of a notice from the Bond Trustee of the occurrence of any Event of Default which is unremedied, the Guarantors will not make demand for or claim payment of any moneys due from the Issuer, or exercise any other right or remedy to which each of them is entitled in respect of such moneys unless and until all moneys owing or due and payable by the Issuer to the Bond Trustee (on behalf of the Bondholders) under the Finance Documents have been irrevocably paid in full;
- (b) if the Issuer shall become the subject of an insolvency proceeding or shall be wound up or liquidated, the Guarantors shall not (unless so instructed by the Bond Trustee and then only on condition that the guarantor holds the benefit of any claim in such insolvency or liquidation to pay any amounts recovered thereunder to the Bond Trustee) make any claim in such insolvency, winding-up or liquidation until all moneys or due and payable by the Issuer to the Bond Trustee (on behalf of the Bondholders) under the Finance Documents have been irrevocably paid in full;
- (c) if the Guarantors, in breach of paragraphs (a) and/or (b) above receive or recover any money pursuant to any such exercise, claim or proof as therein referred to, such money shall be held by the Guarantors in custody for the

Bond Trustee and immediately be paid to the Bond Trustee so as for the Bond Trustee to apply the same as if they were moneys received or recovered by the Bond Trustee under this Agreement; and

- (d) the Guarantors have not taken nor will they take from the Issuer any Security whatsoever for the moneys hereby guaranteed.

13.8 *Enforcement*

13.8.1 The Bond Trustee (on behalf of the Bondholders) shall not be obliged before taking steps to enforce this guarantee against any Guarantor:

- (a) to obtain 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 action whatsoever against any Obligor or any third party under the Finance Documents, except giving notice of payment of the relevant part of the amounts outstanding hereunder;

and each Guarantor hereby waives all such formalities or rights to which it would otherwise be entitled or which the Bond Trustee (on behalf of the Bondholders) would otherwise first be required to satisfy or fulfil before proceeding or making demand against any Guarantor hereunder, except as required hereunder or by mandatory law.

13.8.2 Without affecting the obligations of the Guarantors hereunder, the Bond Trustee (on behalf of the Bondholders) may take such action as they in their own discretion may consider appropriate against any other person or parties and securities to recover moneys due and payable in respect of the Guaranteed Obligations.

13.8.3 Any release, discharge or settlement between the Guarantors and the Bond Trustee (on behalf of the Bondholders) or any of them in relation to this guarantee shall be conditional upon no right, security, disposition or payment to the Bond Trustee (on behalf of the Bondholders) by the Obligors or any other person being void, set aside or ordered to be refunded pursuant to any enactment or law relating to breach of duty by any person, bankruptcy, liquidation, administration, protection from creditors generally or insolvency or for any reason. If any such right, security, disposition or payment is void or at any time so set aside or ordered to be refunded, the Bond Trustee (on behalf of the Bondholders) shall be entitled subsequently to enforce this guarantee against the Guarantors as if such release, discharge or settlement had not occurred and any such security, disposition or payment had not been made.

13.9 *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 The Issuer 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, and the Bondholders through the Norwegian Central Securities Depository (VPS) in writing of any Event of Default, any event or circumstance which could reasonably be expected to lead to an Event of Default and any other event which could reasonably be expected to have a Material Adverse Effect;
- (b) without being requested to do so, inform the Bond Trustee, and Bondholders through the Norwegian Central Securities Depository (VPS), in writing if the Issuer 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 make them available on its website in the English language (alternatively by arranging for publication at Stamdata), as well as inform the Bond Trustee, 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 make them available on its website in the English language (alternatively by arranging for publication on Stamdata) as soon as they become available, and not later than 90 days after the end of each financial half-year;
- (e) at the request of the Bond Trustee, report the balance of the Issuer's Bonds;
- (f) without being requested to do so, send the Bond Trustee copies of any statutory creditors' 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;
- (g) 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;
- (h) 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;
- (i) without being requested to do so, inform the Bond Trustee of changes in the registration of the Bonds in the Securities Depository; and

- (j) within a reasonable time, provide such information about the Issuer's 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.

14.3 *General Covenants*

14.3.1 *Pari passu ranking*

The Issuer 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*

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganisation involving a consolidation of the assets and obligations of the Issuer or any of the Subsidiaries with any other companies or entities if such transaction would have a Material Adverse Effect.

14.3.3 *De-mergers*

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganisation involving a split of the Issuer or any of the Subsidiaries into two or more separate companies or entities, if such transaction would have a Material Adverse Effect.

14.3.4 *Continuation of business*

The Issuer shall not cease to carry on its business, and shall ensure that no substantial change is made to the general nature of the business of the Issuer 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 business*

The Issuer shall not, and shall procure that no other Group Company shall, sell or otherwise dispose of all or a substantial part of the Group's assets or operations, unless:

- (a) the transaction is carried out at fair market value, on terms and conditions customary for such transactions and is a farm-down of any of its interests in the Unconventional Hydrocarbon Assets against a consideration to carry costs of further development for such projects by the buyer; or

- (b) the transaction:
 - (i) is carried out at fair market value, on terms and conditions customary for such transactions;
 - (ii) does not have a Material Adverse Effect; and
 - (iii) does not result in the aggregate of the net sale proceeds from the transaction and the amount of net sale proceeds in any consecutive period of 12 months to exceed USD 20 million.

In the event that the aggregate of the net sale proceeds from the transaction and the amount of net sale proceeds in any consecutive period of 12 months exceeds USD 20 million (or its equivalent in other currencies), the Issuer shall apply an amount equal to 50% of the amount in excess of USD 20 million (the "**Excess Amount**") to offer the Bondholders to redeem Bonds at par value (100%), plus accrued interests up to and including the settlement date for such offer (the "**Permitted Disposal Mandatory Redemption Offer**"). Each Bondholder must declare whether it wishes to sell its Bonds within 30 days after the Issuer has made the Permitted Disposal Mandatory Redemption Offer. The Issuer shall redeem Bonds pro rata between the Bondholders that have decided to sell and limited to the Excess Amount. Bonds redeemed by the Issuer pursuant to a Permitted Disposal Mandatory Redemption Offer shall immediately be discharged, and the redemption amount shall reduce the outstanding amount under the Outstanding Bonds in order of maturity.

14.3.6 *Arm's length transactions and affiliated parties*

The Issuer shall not, and the Issuer shall ensure that no other Group Company shall:

- (a) enter into any transaction with any person except on arm's length terms and for fair market value (save as otherwise permitted under this Bond Agreement, including intercompany loans between Guarantors in accordance with Clause 14.5.6 or other intra-group transactions between Guarantors, provided it does not result in assets being removed from Security in favour of the Bond Trustee); or
- (b) enter into any transaction with entities where any of the management of any Group Company holds an equity ownership share exceeding 5% of the equity share capital in such entity (except for any equity ownership share holdings in the Issuer).

14.3.7 *Corporate status*

The Issuer shall not change its type of organisation or jurisdiction of incorporation.

14.3.8 *Compliance with laws*

The Issuer shall, and shall ensure that all other Group Companies shall, carry on its business in accordance with acknowledged, careful and sound practices in all material aspects and comply in all material respects with all laws and regulations it

or they may be subject to from time to time where failure to do so is reasonably likely to have a Material Adverse Effect.

14.4 *Financial Covenants*

14.4.1 The Issuer shall ensure that the Group, on a consolidated basis, at any time maintains:

- (a) Liquidity of minimum USD 7.5 million; and
- (b) Leverage Ratio of not more than 3.5.

14.4.2 Compliance with the financial covenants in Clause 14.4.1 shall be measured on each Reporting Date by reference to the applicable interim or annual financial statements, commencing with the Relevant Period ending on 30 June, 2017.

14.4.3 *Equity cure*

If the Issuer fails (or would otherwise fail) to comply with the Leverage Ratio set out in paragraph (b) of Clause 14.4.1 for any Relevant Period, and within 25 Business Days of delivery of the compliance certificate for that Relevant Period, the Issuer receives net cash proceeds from any New Shareholder Injections (a “**Cure Amount**”), then the Leverage Ratio shall be recalculated giving effect to a pro forma adjustment by reducing Total Interest Bearing Debt by the Cure Amount.

If, after giving effect to the foregoing recalculation, the Issuer is in compliance with the Leverage Ratio, the Issuer shall be deemed to have satisfied the requirements of the Leverage Ratio covenant as of the relevant original date of determination as though there had been no failure to comply with such requirement, and the breach of the Leverage Ratio covenant which had occurred shall be deemed to have been cured.

14.4.4 *Financial Definitions*

In this Clause 14.4:

“**Cash and Cash Equivalents**” means, on any date, cash and cash equivalents, as determined in accordance with GAAP, and to which a Group Company has free and unrestricted access and which is not subject to any Security, except for any restrictions or Security constituted by the Bond Security or a netting or set-off arrangement entered into by any Group Company in the ordinary course of its banking arrangements.

“**EBITDA**” means, for any Relevant Period, the aggregate earnings before interest, taxes, depreciation and amortisation and:

- (a) excluding any ‘non-cash’ items, including mark to market of oil price swaps (or similar derivatives), interest rate swaps, currency swaps, impairment of accounts receivables or fixed assets and warrant revaluations and the charge to profit by the expensing of stock options and warrants;

- (b) including EBITDA of a member of the Group for the Relevant Period (or attributable to a business or assets acquired during the Relevant Period) prior to it becoming a member of the Group or as the case may be prior to the acquisition of the business or assets;
- (c) excluding EBITDA attributable to any member of the Group (or to any business or assets) disposed of during the Relevant Period;
- (d) excluding any fees, costs and expenses of redundancies or reorganisations incurred in the Relevant Period; and
- (e) excluding any fees, costs and expenses, stamp, registration and other taxes incurred in connection with any acquisition, sale, winding-down, liquidation, financial restructuring or any amendment process for the Bonds or the Unsecured Bonds, limited to an aggregate amount of USD 3,000,000 (or the equivalent thereof in any other currency) in any Relevant Period.

“Liquidity” means the aggregate book value of the Cash and Cash Equivalents.

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

“New Shareholder Injections” means the aggregate amount of equity contributed and paid in by any person (other than a member of the Group) for new shares.

“Relevant Period” means each period of twelve months ending on a Reporting Date.

“Reporting Date” means each 30 June and 31 December.

“Total Interest Bearing Debt” means, at any time, the outstanding principal amount of any interest bearing Financial Indebtedness less the aggregate amount of Cash and Cash Equivalents.

14.5 *Special covenants*

14.5.1 *Ownership of Subsidiaries*

The Issuer shall not sell, or otherwise dispose of any of its equity ownership in the Guarantors, other than by a Permitted Disposal.

14.5.2 *Dividends and other distributions*

The Issuer shall not make any dividend payments, repurchase of shares or make other distributions to its shareholders.

14.5.3 *Subsidiaries’ distributions*

The Issuer shall ensure that no Subsidiary creates or permits to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to pay dividends or make other distributions to its shareholders.

14.5.4 *Negative pledge*

The Issuer shall not, and shall ensure that no Group Company shall, create, permit to subsist or allow to exist any mortgage, pledge, lien or any other encumbrance over any of its present or future respective assets (including shares in the Subsidiaries) or its revenues, other than;

- (a) the Security for the Bonds;
- (b) any lien arising by operation of law or in the Ordinary Course of Business;
- (c) any netting or set-off arrangement entered into by a member of the Group in the ordinary course of its banking arrangement for the purpose of netting debit and credit balances of members of the Group;
- (d) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group;
- (e) any Security for any performance bonds, advance payment bonds or documentary letters of credit issued in respect of the obligations of any Group Company arising in the Ordinary Course of Business in an amount not exceeding USD 5,000,000 in aggregate at any time;
- (f) any Security over cash balances securing Financial Indebtedness incurred in the Ordinary Course of Business, not exceeding in aggregate USD 1,500,000 (or its equivalent in other currencies); and
- (g) any cash collateral in respect of any Permitted Hedging.

14.5.5 *Financial Indebtedness restrictions*

The Issuer shall not, and shall ensure that no Group Company shall, incur or permit to remain outstanding any Financial Indebtedness from any third party not being a member of the Group, other than:

- (a) the Bonds;
- (b) any Permitted Hedging; and
- (c) any Financial Indebtedness arising in the Ordinary Course of Business (including, without limitation, in respect of finance or capital leases) not exceeding USD 20,000,000 (or the corresponding amount in other currencies).

14.5.6 *Financial Support restrictions*

The Issuer shall not, and shall ensure that no Subsidiary shall, make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any other person or otherwise voluntarily assume any liability, whether actual or contingent, for the benefit of any other person ("**Financial Support**"), save for Financial support made, granted or given:

- (a) in the Ordinary Course of Business; or
- (b) by any Group Company to or for the benefit of any Group Company provided that any rights or receivables thereunder are subject to Security in favour of the Bond Trustee.

14.5.7 *Hedging*

The Issuer undertakes to enter into hedging arrangements with a Permitted Hedging Counterparty, based on the following hedging principles; hedging of between 60% and 75% of its budgeted production of hydrocarbons for the next 12 months at each Quarter Date on a rolling basis (“**Permitted Hedging**”). Such new Permitted Hedging to be notified in writing to the Bond Trustee and to be secured by cash collateral only.

14.5.8 *Hydrocarbon Assets*

The Issuer undertakes to ensure compliance in all material respects with the terms of any material Hydrocarbon License, any Material Contract, and to comply in all material respects with all applicable environmental laws or licenses relevant to the Hydrocarbon Assets and the exploration, development, processing, storage and transportation of hydrocarbons.

14.5.9 *Insurances*

The Issuer shall ensure that all Group Companies at all times maintain such insurances related to Hydrocarbon Licenses, Hydrocarbon Real Estate and other material assets to the extent as is usual for companies carrying out the same or substantially similar business.

14.6 *Covenants regarding the Guarantors*

14.6.1 *Pari passu ranking*

The Issuer shall ensure that the obligations of each Guarantor under any Finance Document to which it is a party shall at all time rank at least *pari passu* with all other obligations of the Guarantor (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt.

14.6.2 *Continuation of business*

The Issuer shall ensure that each Guarantor shall not cease to carry on its business (other than in respect of a Permitted Disposal), and shall that no substantial change is made to the general nature or scope of the business of the Guarantor from that carried on at the date of this Bond Agreement, and/or as set out in this Bond Agreement.

14.6.3 *Corporate status*

The Issuer shall ensure that no Guarantor shall change its type of organisation or jurisdiction of incorporation.

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. 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 Documents, 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.
- 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 and such withholding tax cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer shall have the right to call all but not some of the Bonds at a price equal to the next call price under the Call Option 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, provided that no such notice shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

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 (10) Business Days after notice thereof is given to the Issuer by the Bond Trustee.

16.1.3 *Cross default*

If for any Obligor:

- (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),

always provided that a threshold in the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above of a total of USD 5 million, or the equivalent thereof in other currencies, shall apply.

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.

16.1.5 *Insolvency*

- (a) Any Obligor is unable or admits inability to pay its debts as they fall due, or 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 (other than the Bond Trustee or the Bondholders) with a view to rescheduling any of its indebtedness.
- (b) A moratorium is declared in respect of any indebtedness of Obligor.

16.1.6 *Insolvency proceedings and dissolution*

If for any Obligor, any corporate action, legal proceedings or other procedural 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 reorganisation;
- (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.

This Clause 16.1.6 shall not apply to any winding-up petition or analogous action or procedure which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of its commencement.

16.1.7 *Creditors' process*

Any Obligor has assets exceeding USD 1 million in value 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 Obligor to fulfil or perform any of the terms of any Finance Document to which it is a party.

16.1.9 *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.

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 regarding the altering of 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 ten 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, provided, however, that the Issuer shall always have the right to be present when the votes are cast.

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 in order to make decisions regarding 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 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 *The Security Agent*

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

18.4.2 *Trust*

The Security Agent declares that it shall hold the Bond Security on trust for the Bondholders on the terms contained in this Agreement.

Each of the parties to this Agreement agrees that the Security Agent shall have only those duties, obligations and responsibilities expressly specified in this Agreement or in the Security Documents to which the Security Agent is expressed to be a party (and no others shall be implied).

The secured parties shall not have any independent power to enforce, or have recourse to, any of the Bond Security or to exercise any rights or powers arising under the Security Documents except through the Security Agent.

18.4.3 *Role of the Security Agent*

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, to the extent required in order to give effect to the Security Documents and the transactions intended to be effected by them or the appointment of the Security Agent under any Security Document.

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.

Without prejudice to the provisions of this clause 18.4, the Security Agent may (but shall not be obliged to), in the absence of any instructions to the contrary, take such

action in the exercise of any of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.

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.

18.4.4 *Security Agent's Discretions*

The Security Agent may:

- (a) assume (unless it has received actual notice to the contrary from the Bond Trustee) that (i) no Event of Default has occurred and no Obligor is in breach of or default under its obligations under any of the Finance Documents and (ii) any right, power, authority or discretion vested by any Finance Document in any person has not been exercised;
- (b) if it receives any instructions or directions to take any action in relation to the Bond Security, assume that all applicable conditions under the Finance Documents for taking that action have been satisfied;
- (c) engage, pay for and rely on the advice or services of any legal advisers, accountants, tax advisers, surveyors or other experts (whether obtained by the Security Agent or by any Bondholder) whose advice or services may at any time seem necessary, expedient or desirable;
- (d) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of a Secured Party or an Obligor, upon a certificate signed by or on behalf of that person; and
- (e) refrain from acting in accordance with the instructions of any Party (including bringing any legal action or proceeding arising out of or in connection with the Finance Documents) until it has received any indemnification and/or security that it may in its discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in so acting.

18.4.5 *Security Agent's Obligations*

The Security Agent shall promptly:

- (a) copy to the Bond Trustee the contents of any notice or document received by it from any Obligor under any Finance Document;
- (b) forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party provided that, except where a Finance Document expressly provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party; and

- (c) inform the Bond Trustee of the occurrence of any Event of Default or any default by an Obligor in the due performance of or compliance with its obligations under any Finance Document of which the Security Agent has received notice from any other party to this agreement.

18.4.6 *Excluded Obligations*

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Security Agent shall not:

- (a) be bound to enquire as to (i) whether or not any Event of Default has occurred or (ii) the performance, default or any breach by an Obligor of its obligations under any of the Finance Documents;
- (b) be bound to account to any other Party for any sum or the profit element of any sum received by it for its own account;
- (c) be bound to disclose to any other person (including but not limited to any secured party) (i) any confidential information or (ii) any other information if disclosure would, or might in its reasonable opinion, constitute a breach of any law or be a breach of fiduciary duty; or
- (d) have or be deemed to have any relationship of trust or agency with, any Obligor.

18.4.7 *Exclusion of Liability*

None of the Security Agent nor any Delegate shall accept responsibility or be liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Security Agent or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Bond Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Bond Security;
- (c) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Finance Documents, the Bond Security or otherwise, whether in accordance with an instruction from the Bond Trustee or otherwise unless directly caused by its gross negligence or wilful misconduct;
- (d) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Finance Documents, the Bond Security or any other agreement, arrangement or document entered into,

made or executed in anticipation of, under or in connection with, the Finance Documents or the Bond Security; or

- (e) any shortfall which arises on the enforcement or realisation of the Bond Security.

18.4.8 *No Proceedings*

No Party (other than the Security Agent or that Delegate) may take any proceedings against any officer, employee or agent of the Security Agent or a Delegate in respect of any claim it might have against the Security Agent or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Charged Property and any officer, employee or agent of the Security Agent or a Delegate may rely on this clause.

18.4.9 *No Responsibility to Perfect Bond Security*

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Charged Property;
- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Finance Documents or the Bond Security;
- (c) register, file or record or otherwise protect any of the Bond Security (or the priority of any of the Bond Security) under any applicable laws in any jurisdiction or to give notice to any person of the execution of any of the Finance Documents or of the Bond Security;
- (d) take, or to require any of the Obligors to take, any steps to perfect its title to any of the Charged Property or to render the Bond Security effective or to secure the creation of any ancillary Security under the laws of any jurisdiction; or
- (e) require any further assurances in relation to any of the Security Documents.

18.4.10 *Insurance by Security Agent*

- (a) The Security Agent shall not be under any obligation to insure any of the Charged Property, to require any other person to maintain any insurance or to verify any obligation to arrange or maintain insurance contained in the Finance Documents. The Security Agent shall not be responsible for any loss which may be suffered by any person as a result of the lack of or inadequacy of any such insurance.
- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be responsible for any loss which may be suffered by reason of, directly or indirectly, its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind.

18.4.11 *Custodians and Nominees*

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any assets of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this agreement or any document relating to the trust created under this agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this agreement or be bound to supervise the proceedings or acts of any person.

18.4.12 *Acceptance of Title*

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any of the Obligors may have to any of the Charged Property and shall not be liable for or bound to require any Obligor to remedy any defect in its right or title.

18.4.13 *Refrain from Illegality*

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Security Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction and the Security Agent may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

18.4.14 *Business with the Obligors*

The Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with any of the Obligors.

18.4.15 *Obligors' Indemnity*

Each Obligor shall promptly indemnify the Security Agent and every Delegate against any cost, loss or liability (together with any applicable tax) incurred by any of them:

- (a) in relation to or as a result of:
 - (i) the taking, holding, protection or enforcement of the Bond Security;
 - (ii) the exercise of any of the rights, powers, discretions and remedies vested in the Security Agent, each Delegate by the Finance Documents or by law; or
 - (iii) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or
- (b) which otherwise relates to any of the Charged Property or the performance of the terms of this Bond Agreement (otherwise than as a result of its gross negligence or wilful misconduct).

18.4.16 *Bondholders' Indemnity*

Each Bondholder shall (in proportion to its share of the Bonds or, if the Bonds are then zero, to its share of the Bonds immediately prior to their reduction to zero), indemnify the Security Agent and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the Security Agent's or Delegate's gross negligence or wilful misconduct) in acting as Security Agent or Delegate under the Finance Documents (unless the Security Agent or Delegate has been reimbursed by an Obligor pursuant to a Finance Document) and the Obligors shall jointly and severally indemnify each Bondholder against any payment made by it under this clause.

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 *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.

19.3 *Access to information*

- 19.3.1 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.
- 19.3.2 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.

19.4 *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.

19.5 *Notices, contact information*

- 19.5.1 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.
- 19.5.2 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.
- 19.5.3 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;
 - (b) if by e-mail, when received; and
 - (c) if by fax, when received.
- 19.5.4 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.
- 19.5.5 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.
- (c) If a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Date.

19.6 *Dispute resolution and legal venue*

- 19.6.1 This Bond Agreement and all disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and any Obligor, shall be governed by Norwegian law.
- 19.6.2 All disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and any Obligor, shall, subject to Clause 19.6.3 below, be exclusively resolved by the courts of Norway, with the District Court of Oslo as sole legal venue.
- 19.6.3 Clause 19.6.2 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.

19.7 *Process Agent*

The Issuer shall, prior to the Issue Date, nominate a process agent 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, or any notices as set out in this Bond Agreement.

This Bond Agreement has been executed in two originals, of which the Issuer and the Bond Trustee retain one each.

Issuer

Bond Trustee

.....
By:
Position:

.....
By:
Position:

Guarantors

Island Gas Limited
Island Gas Operations Limited
IGas Exploration UK Limited
Star Energy Group Limited
Star Energy Limited
Star Energy Weald Basin Limited
Star Energy Oil & Gas Limited
Star Energy (East Midlands) Limited
Island Gas (Singleton) Limited (formerly P.R. Singleton)
IGas Energy (Caithness) Limited
Dart Energy (Europe) Limited
Dart Energy (Forth Valley) Limited
Dart Energy (East England) Limited
Dart Energy (West England) Limited
GP Energy Limited

.....
By:
Position:

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@nordictrustee.com

[date]

Dear Sirs,

10 per cent Senior Secured Callable Bond Issue 2013/2018

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,
4. in accordance with Clause 14.2.2, as of [date]:

Clause 14.4.1	Test	Numbers	Compliance
(a)	Liquidity		
	freely available and unrestricted Cash and Cash Equivalents	[tbi]	
	Requirement: minimum USD 7.5 million		[yes/no]
(b)	Leverage Ratio		
	A: Total Interest Bearing Debt	[tbi]	
	B: EBITDA	[tbi]	
	Requirement: the ratio of A to B to be not more than 3.5	[tbi]	[yes/no]

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

Yours faithfully,
IGas Energy Plc

Name of authorised person

Enclosure: [copy of any written documentation]

Attachment 2**List of Guarantors:**

<u>Company Name:</u>	<u>Jurisdiction:</u>	<u>Company Number:</u>
Island Gas Limited	England and Wales	04962079
Island Gas Operations Limited	England and Wales	03999194
IGas Exploration UK Limited	England and Wales	04323945
Star Energy Group Limited	England and Wales	05054503
Star Energy Limited	England and Wales	03806814
Star Energy Weald Basin Limited	England and Wales	06293763
Star Energy Oil & Gas Limited	England and Wales	02275006
Star Energy (East Midlands) Limited	England and Wales	03966330
Island Gas (Singleton) Limited (formerly P.R. Singleton)	England and Wales	01021095
IGas Energy (Caithness) Limited	England and Wales	05457589
Dart Energy (Europe) Limited	Scotland	SC259898
Dart Energy (Forth Valley) Limited	Scotland	SC298739
Dart Energy (East England) Limited	England and Wales	06760546
Dart Energy (West England) Limited	England and Wales	06760557
GP Energy Limited	England and Wales	07240286

Attachment 3**Material Contracts**

- (a) the joint operating agreement dated 20 June 2001 relating to Hydrocarbon Licence PEDL 070 (Block No. SU52) between Pentex Oil UK Limited, Sterling Resources UK Ltd, Egdon Resources (U.K.) Limited and YCI Resources Limited as novated by deed of amendment and novation dated 27 April 2012 between Island Gas Limited, Star Weald Basin Limited, Aurora Production (UK) Limited, Egdon Resources U.K. Limited, Egdon Resources Avington Limited, Northern Petroleum (GB) Limited, Brigantes Energy Limited and Corfe Energy Limited;
- (b) the joint operating agreement dated 14 March 1984 relating to Hydrocarbon Licence PL 211 between Carless Exploration Limited, Marinex Petroleum Plc, Hadson Oil U.K. Onshore Limited, St. Joe Petroleum (U.K.) Corporation and Sulpetro (UK) Limited as novated by novation and amendment of operating agreement relating to petroleum production licence PL 211 dated 18 April 2012 between Star Energy Weald Basin Limited, Island Gas Limited, Northern Petroleum (GB) Limited, Northern Petroleum (UK) Limited and NP Oil & Gas Holdings Limited;
- (c) the agreement in relation to UK onshore petroleum exploration and development licences 139 & 140 dated 30 July 2010 between Star Energy Oil & Gas Limited, Egdon Resources U.K. Limited, Greenpark Energy Limited and eCORP Oil & Gas UK Limited as novated by deed of novation of Farm-In Agreement in respect of PEDL 139 and PEDL 140 dated 26 April 2012 between Greenpark Energy Limited, eCORP Oil & gas UK Limited, Egdon Resources U.K. Limited, Star Energy Oil & Gas Limited, GP Energy Limited and Island Gas Limited.
- (d) the Offtake Agreement dated 1 January 2009 between Star Energy Weald Basin Limited and Esso Petroleum Company Limited;
- (e) the Offtake Agreement dated 15 January 2008 between Island Gas Limited and Conoco Phillips Limited as amended from time to time;
- (f) each of (i) the distribution services agreement dated 1 February 2008 between Island Gas Limited to Clayton Industrial Services Limited as amended from time to time (ii) the traffic agreement dated 1 March 1991 between Tullow UK Gas Limited (formerly Kelt UK Ltd.) and the British Railways Board, (iii) Network Rail sidings agreement dated 26 September 1986 between British Railways Board and BP Petroleum Development Limited and (iv) the transport services agreement dated 10 November 2011 between Star Energy Weald Basin Limited and BKP Liquid Waste Services Limited;
- (g) the gas sales and marketing deed dated 16 September 2011 in the agreed form and entered into between IGas Energy Plc, Petronas and Energy Trading Limited;

- (h) the oil sale and purchase agreement in the agreed form to be entered into between Star Energy HG Gas Storage Limited and Star Energy Weald Basin Limited;
- (i) the sale and purchase agreement dated 15 January 2013 relating to the sale and purchase of the Singleton Target Shares and made between Island Gas Limited, the Parent, Providence Resources PLC and P.R. UK Holdings Limited;
- (j) any contract from time to time entered into in order to effect a an acquisition or a joint venture;
- (k) any joint operating or operating agreements or farm-out or farm-in agreements; and
- (l) Hydrocarbon purchase, sales, exchange, processing, gathering, treatment, compression storage or transportation agreements, purchase or acquisition agreements, area of mutual interest agreements, drilling contracts, servicing contracts, pooling agreements, surface leases, permits, licences, servitudes or any other similar material commercial arrangements appertaining to any Hydrocarbon Asset.

Attachment 4

Fields and Hydrocarbon Licences

Field Asset	Field Status	License Number	Licence Holder	Interest held by Obligors	Licence Expiry Date
Point of Ayr	Exploration	PEDL 107	Island Gas Limited	100.00%	January 2015
		SPPL 1481	Island Gas Limited	100.00%	March 2014
Swallowcroft	Exploration/ Production	PEDL 40-1	Island Gas Limited	100.00%	March 2029
		PEDL 56-1	Island Gas Limited	100.00%	March 2029
		PEDL 78-1	Island Gas Limited	100.00%	September 2029
		PEDL 78-2	Island Gas Limited	100.00%	September 2029
Swallowcroft - Potteries		PEDL 056, 40,	Island Gas Limited	100.00%	March 2029
		PEDL 78	Island Gas Limited	100.00%	September 2029
Four Oaks	Exploration/ Production	PEDL 145	Island Gas Limited	100.00%	September 2015

Field Asset	Field Status	License Number	Licence Holder	Interest held by Obligers	Licence Expiry Date
		PEDL 116	Island Gas Limited	100.00%	January 2014
Four Oaks - Doe Green		PEDL 145	Island Gas Limited	100.00%	September 2015
North Dee	Exploration	PEDL 184	Island Gas Limited	100.00%	June 2014
North Dee - Ellesmere Port		PEDL 184	Island Gas Limited	100.00%	June 2014
North Dee - Ince Marshes		PEDL 190	Island Gas Limited	100.00%	June 2014
Parkside		PEDL 193	Island Gas Limited	100.00%	June 2014
Parkside - Barton Moss (Irlam)		PEDL 193	Island Gas Limited	100.00%	June 2014
Bothamsall	Producing	ML6	Island Gas Limited	100.00%	March 2015
Cold Hanworth	Producing	PEDL006	Island Gas Limited	100.00%	April 2027
Glentworth	Producing	ML4 (3)	Island Gas Limited	100.00%	March 2015
Corringham	Producing	ML4 (3)	Island Gas Limited	100.00%	March 2015
East Glenworth	Producing	PL179 (a)	Island Gas Limited	100.00%	November 2014
Dunholme	Exploration	AL009	Island Gas Limited	100.00%	April 2025
Egmanton	Producing	ML003	Island Gas Limited	100.00%	December 2033
Gainsborough/Beckingham	Producing	ML4 (1); ML4 (2)	Island Gas Limited	100.00%	March 2015
Long Clawson	Producing	PL220 (c)	Island Gas Limited	100.00%	August 2016
Near Nettleham	Producing	PL199-1	Island Gas Limited	100.00%	October 2015

Field Asset	Field Status	License Number	Licence Holder	Interest held by Obligors	Licence Expiry Date
Nettleham	Producing	PL 179 B	Island Gas Limited	100.00%	November 2014
Rempstone	Producing	PL220 (d)	Island Gas Limited	100.00%	August 2016
Scampton South	Producing	PL179 B	Island Gas Limited	100.00%	November 2014
Scampton North	Producing	PL179 B	Island Gas Limited	100.00%	November 2014
South Leverton	Producing	ML7	Island Gas Limited	100.00%	March 2015
Stainton	Producing	PL179 B	Island Gas Limited	100.00%	November 2014
Welton	Producing	PL179 B	Island Gas Limited	100.00%	November 2014
West Beckingham	Producing	PL178	Island Gas Limited	100.00%	November 2014
Albury	Producing	DL004	Island Gas Limited	100.00%	November 2013
Avington	Producing	PEDL070	Island Gas Limited	50.00%	September 2031
Bletchingley	Producing	ML018	Island Gas Limited	100.00%	January 2017
ditto		ML021	Island Gas Limited	100.00%	April 2017
Godley Bridge	Exploration	PEDL235	Island Gas Limited	100.00%	July 2039
Goodworth	Producing	PEDL021	Island Gas Limited	100.00%	April 2027
Horndean	Producing	PL211	Island Gas Limited	90.00%	April 2016
Palmers Wood	Producing	PL182	Island Gas Limited	100.00%	November 2014
Stockbridge (including Larkwhistle, Hill Farm and Folly Farm)	Producing	DL002	Island Gas Limited	100.00%	December 2019
ditto		PL233	Island Gas Limited	100.00%	October 2017

Field Asset	Field Status	License Number	Licence Holder	Interest held by Obligors	Licence Expiry Date
ditto		PL249	Island Gas Limited	100.00%	December 2017
Storrington	Producing	PL205	Island Gas Limited	100.00%	February 2016
Singleton	Producing	PL240	P.R. Singleton	100.00%	December 2017
Baxter's Corpse and Burton Down	Exploration	PEDL233	P.R. Singleton	50.00%	1 July 2014

Attachment 5

Form of Accession Statement

To: Nordic Trustee ASA
 From: [Subsidiary] and IGas Energy Plc.

Dated:

Dear Sirs

10 per cent Senior Secured Callable Bond Issue 2013/2018

1. We refer to the Bond Agreement. This deed (the "**Accession Statement**") shall take effect as an Accession Statement for the purposes of the Bond Agreement. Terms defined in the Bond Agreement have the same meaning in this Accession Statement unless given a different meaning in this Accession Statement.
2. [Subsidiary] agrees to become a Guarantor and to be bound by the terms of the Bond Agreement and the other Finance Documents as a Guarantor pursuant to Clauses 8.3 of the Bond Agreement, including becoming a Guarantor pursuant to Clause 13 (*Guarantee and Indemnity*).
3. [Subsidiary] is a company duly incorporated under the laws of [tbi] and is a limited liability company with company number [].

[Subsidiary's] administrative details for the purposes of the Bond Agreement are as follows:

Address:

Fax No.:

Attention:

4. The following are attached to this Statement Letter:
 - (a) A copy of the constitutional documents of [Subsidiary].
 - (b) A copy of a resolution of the board or, if applicable, a committee of the board of directors of [Subsidiary] approving the entry into of this Accession Statement;
 - (c) If applicable, a copy of a resolution of the board of directors of [Subsidiary] establishing the committee referred to above.
 - (d) A copy of a resolution signed by all the holders of the issued shares in [Subsidiary], approving the terms of, and the transactions contemplated by, the Accession Statement.
 - (e) A copy of a resolution of the board of directors of each corporate shareholder of [Subsidiary] approving the terms of the resolution referred to above.

- (f) Evidence that the Bond Security has been expanded to include the shares of [Subsidiary], including Share certificates in relation to the entire issued share capital of [Subsidiary] together with executed blank stock transfer forms.
- (g) A legal opinion of [Bond Trustee's English legal counsel] as to matters of English law in relation to the Accession Statement.

This Accession Statement is governed by Norwegian law.

THIS ACCESSION LETTER has been signed on behalf of the Issuer and [Subsidiary] and is delivered on the date stated above.

[Subsidiary]

By: [Subsidiary]

)

Director

Director/Secretary

The Issuer
IGas Energy Plc.

By:

The Bond Trustee
Nordic Trustee ASA

By:

PLEASE READ BEFORE COMPLETING THE FORM

- .
- If you hold bonds in **more than one securities account** for the same company you only need to complete **ONE** Crest Transfer Form for all of the bonds held in your name.
- If the bonds are in different account holder's names, then **ONE** Crest Transfer Form will need to be filled out **per** account holder.
- Please state your current holding of shares in IGas Energy plc (excluding the shares that are being transferred): _____

****Only fill out the fields listed below in the corresponding rows on the following page****

Name of Undertaking	This is the name of the Company who issued the shares (i.e. IGas Energy plc)
Description of Security	Full name of shares as written on certificate including share class (e.g. Ordinary Shares GBP 0.1)
Amount of Shares or other security in words	Enter the number of shares to be transferred into your stockbroker's CREST Nominee a/c, in words (e.g. Three Thousand Ninety Four)
Figures	Enter the numeric number of shares to be transferred into your stockbroker's CREST Nominee a/c (e.g. 3,094)
In the name(s) of	Please follow the written instructions on the form. Note: the address listed in this space must match the address that is on file with the Registrar. If not, the Registrar will reject the deposit.
Please Sign Here	Signature(s) of person(s) transferring the shares into CREST.

If you have any questions, please call us at 020 7583 4055 from 9 a.m. to 5 p.m. and ask for Ed Lukins or Tom Adams or email CRESTenquiries@cooley.com

Continued on next page

**CREST
TRANSFER**

Above this line for Registrar's use

Counter Location Stamp	Barcode or Reference
	SDRN

Above this line for completion by the depositing system-user only.

Name of Undertaking.

Description of Security

Please complete form in type or in block capitals.

Name(s) of registered holder(s) should be given in full: the address should be given where there is only holder.

If the transfer is not made by the registered holders) insert also the name(s) and capacity (e.g. executor(s) of the person(s) making the transfer

Please Sign
Here →

Full name(s) of the person(s) to whom the security is transferred

Such person(s) must be a system member.

Reference to the Registrar in this form means the registrar of registration agent of the undertaking, not the Registrar of Companies at Companies House.

Consideration Money	Certificate(s) lodged with Registrar (To be completed by Registrar)

Amount of shares or other security in words	Figures

In the name(s) of	Designation (if any)

	Balance certificate(s) required

I/We hereby transfer the above security out of the name(s) aforesaid into the name(s) of the system-member set out below and request that the necessary entries be made in the undertaking's own register of members. Signature(s) of transferor(s) 1. _____ 2. _____ 3. _____ 4. _____ A body corporate should execute this transfer under its common seal or otherwise in accordance with applicable statutory requirements.	Stamp of depositing system-user Date
--	---

	Participant ID
	Member Account ID

Euroclear UK & Ireland Limited ('EUI') is delivering this transfer at the direction and on behalf of the depositing system-user whose stamp appears herein and does not in any manner or to any extent warrant or represent the validity, genuine ness or correctness of the transfer instructions contained herein or the genuineness of the signature(s) of the transferor(s). The depositing system-user by delivering this transfer to EUI authorises EUI to deliver this transfer to registration and agrees to be deemed for all purposes to be the person(s) actually so delivering this transfer for registration.

This form should be used only for a transfer of a certificated unit of a security to a CREST member to be held by a CREST member in uncertificated form. It should not be used for conversion of a unit held by a CREST member into uncertificated form.

The CREST rules requires that this form be used for the transfer of a unit of a certificated security to a CREST member to be held by that member in uncertificated form. Any such transfer on this form is exempt from stamp duty.