



PREMIER OIL PLC

£500 million
Euro Medium Term Note Programme

Arranger and Dealer

Lloyds Bank

Dealers

Barclays

DBS Bank Ltd.

Deutsche Bank

HSBC

Mitsubishi UFJ Securities

RBC Capital Markets

BASE PROSPECTUS DATED 18 November 2013

IMPORTANT NOTICES

AN INVESTMENT IN NOTES ISSUED UNDER THE PROGRAMME INVOLVES CERTAIN RISKS. YOU SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN THE SECTION HEADED “RISK FACTORS” OF THIS BASE PROSPECTUS. YOU SHOULD ALSO READ CAREFULLY THE “IMPORTANT LEGAL INFORMATION” SECTION.

About this document

This document does not constitute an offer to subscribe for any Notes.

This document (the “**Base Prospectus**”) constitutes a base prospectus prepared in accordance with the Prospectus Rules of the United Kingdom Financial Conduct Authority (the “**FCA**”) and relates to Premier Oil plc’s £500 million Euro Medium Term Note Programme, under which Premier Oil plc (the “**Issuer**”) may from time to time issue notes denominated in any currency agreed between it and the relevant Dealer(s) (the “**Notes**”). The Issuer’s payment obligations under the Notes will be guaranteed (the “**Guarantee**”) by the Subsidiary Guarantors (as defined in “*Terms and Conditions of the Notes*” from time to time).

The nominal amount (being the amount which is used to calculate payments made on each Note) of all the Notes for the time being outstanding under the Programme will not exceed £500 million, subject to any increase that may be agreed between the Issuer and the permanent Dealers.

This Base Prospectus is valid for one year, and may be supplemented or replaced from time to time to reflect any significant new factor, material mistake or inaccuracy relating to the information for the time being included in it.

The specific terms of each series or tranche of Notes to be issued under the Programme will be specified in the relevant final terms issued by the Issuer and published via Regulatory Information Service (the “**Final Terms**”) at the relevant time.

You should read and understand fully the contents of this Base Prospectus and the relevant Final Terms before making any investment decisions relating to any Notes.

Responsibility for the information contained in this Base Prospectus

The Issuer accepts responsibility for the information contained in this Base Prospectus and, in relation to each Tranche of Notes, the applicable Final Terms for such Tranche of Notes. To the best of the knowledge of the Issuer having taken all reasonable care to ensure that such is the case the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the initial Subsidiary Guarantors named in this Base Prospectus, accepts responsibility for the information in relation to itself set out in this Base Prospectus, including the section headed “*Description of the Initial Subsidiary Guarantors*” and in relation to the Guarantee set out in the section headed “*Terms and Conditions of the Notes*”. Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Use of defined terms in this Base Prospectus

Certain terms or phrases in this Base Prospectus are defined in double quotation marks and subsequent references to that term are designated with initial capital letters. See also the section headed “*Glossary of Terms*” in this Base Prospectus.

In this Base Prospectus, references to the Issuer are to Premier Oil plc, which is the issuer of the Notes to be issued under the Programme. The Subsidiary Guarantors are all, directly or indirectly, wholly-owned subsidiaries of the Issuer, which is the ultimate holding company of

the Group. All references to the “**Group**” are to Premier Oil plc and its subsidiaries taken as a whole. All references to the “**Group members**” and/or a “**member of the Group**” are to Premier Oil plc and/or any of its subsidiaries. See the section headed “*Description of the Issuer and the Group*” for further details.

Information incorporated by reference in this Base Prospectus

This Base Prospectus must be read together with all information which is deemed to be incorporated in this Base Prospectus by reference. See “*Information Incorporated by Reference*”.

The Notes to be issued under the Programme are not protected by the Financial Services Compensation Scheme

The Notes to be issued under the Programme are not protected by the Financial Services Compensation Scheme (the “**FSCS**”). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer, the Subsidiary Guarantors or the Group as a whole.

Questions relating to this Base Prospectus and the Notes to be issued under the Programme

See the section starting on the following page entitled “*How do I use this Prospectus?*” If you have any questions regarding the content of this Base Prospectus, any Final Terms and/or any Notes or the actions you should take, you should seek advice from your independent financial adviser, tax adviser or other professional adviser before making any investment decisions.

HOW DO I USE THIS PROSPECTUS?

You should read and understand fully the contents of this Base Prospectus and the relevant Final Terms before making any investment decisions relating to any Notes. This Base Prospectus contains important information about the Issuer, the Subsidiary Guarantors, the Group, the terms of the Notes and the terms of the Guarantee; as well as describing certain risks relevant to the Issuer, the Subsidiary Guarantors, the Group and their businesses and also other risks relating to an investment in the Notes generally. An overview of the various sections comprising this Base Prospectus is set out below:

The “**SUMMARY**” section sets out in tabular format standard information which is arranged under standard headings and which the Issuer is required, for regulatory reasons, to include in a prospectus summary for a base prospectus of this type. This section also provides the form of the “issue specific summary” information, which will be completed and attached to Final Terms relating to any Notes which are to be offered under the Programme.

The “**RISK FACTORS**” section describes the principal risks and uncertainties which may affect the Issuer’s and/or Subsidiary Guarantors’ respective abilities to fulfil their obligations under the Notes and/or the Guarantee, as the case may be.

The “**INFORMATION ABOUT THE PROGRAMME**” section provides a synopsis of the Programme in order to assist the reader.

The “**DESCRIPTION OF THE ISSUER AND THE GROUP**” section describes certain information relating to the Issuer and its group structure, as well as the business that the Group conducts.

The “**DESCRIPTION OF THE INITIAL SUBSIDIARY GUARANTORS**” section briefly sets out information relating to the subsidiaries of the Issuer who are initial Subsidiary Guarantors under the Programme.

The “**INFORMATION INCORPORATED BY REFERENCE**” section contains a description of the information that is deemed to be incorporated by reference into this Base Prospectus.

The “**SUBSCRIPTION AND SALE**” section contains a description of the material provisions of the Dealer Agreement, which includes the selling restrictions applicable to any Notes that may be issued under the Programme.

The “**CLEARING AND SETTLEMENT**” section briefly sets out certain information relating to the clearing systems and settlement of securities in CREST.

The “**TAXATION**” section provides a brief outline of certain United Kingdom taxation implications regarding Notes that may be issued under the Programme.

The “**IMPORTANT LEGAL INFORMATION**” section contains some important legal information regarding the basis on which this Base Prospectus may be used, forward-looking statements and other important matters.

The “**TERMS AND CONDITIONS OF THE NOTES**” section sets out the terms and conditions which apply to any Notes that may be issued under the Programme. The relevant Final Terms relating to any offer of Notes will complete the terms and conditions of those Notes.

The “**SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM**” section is a summary of certain parts of those provisions of the Global Notes which apply to the Notes while they are held

in global form by the clearing systems, some of which include minor and/or technical modifications to the terms and conditions of the Notes as set out in this Base Prospectus.

The “**FORM OF FINAL TERMS (RETAIL)**” and “**FORM OF FINAL TERMS (WHOLESALE)**” sections set out the respective forms of Final Terms that the Issuer will publish if it offers any Notes under the Programme. Any such completed Final Terms will detail the relevant information applicable to each respective offer, adjusted to be relevant only to the specific Notes being offered.

The “**ADDITIONAL INFORMATION**” section sets out further information on the Issuer, the Subsidiary Guarantors and the Programme which the Issuer is required to include under applicable rules. These include the availability of certain relevant documents for inspection, confirmations from the Issuer and details relating to application for listing and application for admission to trading on the London Stock Exchange plc.

The “**GLOSSARY OF TERMS**” section provides an explanation of technical terms used in this Base Prospectus.

A “**TABLE OF CONTENTS**” section, with corresponding page references, is set out on the following page.

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SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘Not applicable’.

| Section A - Introduction and warnings | |
|---------------------------------------|--|
| A.1 | <p>This summary must be read as an introduction to this Base Prospectus. Any decision to invest in Notes should be based on consideration of this Base Prospectus as a whole by the investor. Where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EU Member States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in such Notes.</p> |
| A.2 | <p>Certain Tranches of Notes may be offered within an exemption from the requirement to publish a prospectus under Article 3.2 of the Prospectus Directive. Other Tranches of Notes with a denomination of less than €100,000 (or its equivalent) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus.</p> <p>Issue specific summary:</p> <p>[Not Applicable[, the Notes are issued in denominations of at least €100,000 (or its equivalent)][, there will be no Public Offer (as defined below) of the Notes in any jurisdiction].]</p> <p>[<i>Consent:</i> Subject to the conditions set out below, the Issuer and the Subsidiary Guarantors each consent to use of this Base Prospectus in connection with any Public Offer (as defined below) of Notes in [<i>Member State(s)</i>] during the period commencing from, and including, [<i>date</i>] until [<i>time/date</i>], or such earlier date as may be published by the Issuer (the “Offer Period”), by [(a) the relevant Dealer(s)[, (b) the Initial Authorised Offerors named in the Final Terms and (c) any other financial intermediary [whose name is published [on the Issuer’s website (<i>www.premier-oil.com</i>)] identifying such intermediary as being so appointed as an Authorised Offeror][which satisfies the conditions set out below]. The Issuer accepts responsibility for the content of the Base Prospectus (and each Subsidiary Guarantor accepts responsibility for the information in relation to itself set out in this Base Prospectus) with respect to any subsequent resale or final placement of Notes by any financial intermediary which has consent to use the Base Prospectus.]</p> |

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|--|--|
| | <p>Those persons to whom the Issuer and the Subsidiary Guarantors give their consent in accordance with the foregoing provisions are, the “Authorised Offerors”.</p> <p>[<i>Conditions to consent</i>: The conditions to the Issuer’s and Subsidiary Guarantors’ consent are that[(a)] such consent: (i) is only valid in respect of the Notes; (ii) is only valid during the Offer Period; [and] (iii) only extends to the use of the Base Prospectus to make Public Offers in [Member State(s)] [and (iv) [●]]]; and [●]]</p> <p>A Public Offer may only be made, subject to the conditions set out above, during the Offer Period by the Issuer, the relevant Dealer(s) and/or the other Authorised Offerors.</p> <p>[A “Public Offer” for these purposes means any offer of Notes that does not fall within an exemption from the requirement to publish a prospectus under Article 3.2 of the Prospectus Directive.]</p> <p>In the event of any Public Offer being made by an Authorised Offeror, such Authorised Offeror will provide information to potential investors on the terms and conditions of the Public Offer at the time that the Public Offer is made.</p> <p>Other than as set out above, none of the Issuer, any Subsidiary Guarantor nor any Dealer has authorised the making of any offer of Notes by any person in any circumstances and any such person is not permitted to use this Base Prospectus in connection with any offer of Notes. Any such offers are not made on behalf of the Issuer, the Subsidiary Guarantors or by or on behalf of any Dealer or any other Authorised Offeror and none of the Issuer, the Subsidiary Guarantors nor any Dealer nor any other Authorised Offeror has any responsibility or liability for the actions of any person making such unauthorised offers.</p> <p>None of the Issuer, any Subsidiary Guarantor nor any Dealer has any responsibility for any of the actions of any other Authorised Offeror at any time, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer or sale.</p> <p>If you intend to acquire or do acquire any Notes from an Authorised Offeror, you will do so, and offers and sales of the relevant Notes to you by such an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and you including as to price, allocations and settlement arrangements. Neither the Issuer nor any Subsidiary Guarantor will be a party to any such arrangements with you in connection with the offer or sale of Notes and, accordingly, this Base Prospectus does not contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to you at the relevant time. None of the Issuer, any Subsidiary Guarantor nor any Dealer nor any other Authorised Offeror have any responsibility or liability for such information.</p> |
|--|--|

| Section B – Issuer and Subsidiary Guarantors | | |
|--|---|--|
| B.1 | Issuer’s legal and commercial Name | Premier Oil plc |
| B.2 | Domicile and legal form | The Issuer is a public limited company incorporated and registered in Scotland under the Companies Act 1985 with registered number 234781. |
| B.4b | Known trends affecting the Issuer | The Issuer operates in the oil and gas industry, which tends to be affected by various changes and fluctuations. These include fluctuations in |

| | | commodity prices, changes in government regulations and industry standards, fluctuations in the cost of obtaining capital and changes in the cost of operations (including equipment, field development and regulatory requirements). However, there are no known and specific trends currently affecting the Issuer or the industry in which it operates. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|---------------------|-----------------------|--|---------------------|--|--|------|------|------|------|--|-----------|--|---------|--|--|--------------------------|--|--|--|----------------------|-------|-------|---------|-------|--------------------|---------|---------|---------|---------|--------------------------------------|--------|---------|---------|---------|-------------------------------|-------|-------|-------|-------|--|--------|--------|--------|--------|--------------------------------|-------|-------|-------|-------|-----------|--------|--------|---------|------|-----------------------|-------|-------|-------|-------|
| B.5 | Description of the group | The Issuer is the ultimate holding company of the Subsidiary Guarantors and the other members of the Group. The Group's operations are generally conducted through the Issuer and the Issuer's direct and indirect subsidiaries, including the Subsidiary Guarantors. Accordingly, the Issuer is dependent on the performance of such members of the Group and the subsequent receipt of funds by way of distributions from members of the Group to the Issuer for its principal source of funds. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.9 | Profit forecast or estimates | Not applicable; the Issuer has not made any public profit forecast or profit estimate. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.10 | Any qualifications in the audit report | Not applicable; neither of the audit reports on the Issuer's consolidated financial statements for the financial years ended 31 December 2011 and 2012 included any qualifications. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.12 | Selected historical key financial information regarding the Issuer | <p>The following summary financial data as of, and for each of the financial years ended, 31 December 2011 and 2012 and as of, and for the six months ended, 30 June 2013 has been extracted, without material adjustment, from the Issuer's consolidated financial statements in respect of those dates or relevant periods, as applicable.</p> <p>There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2013 and there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2012.</p> <p>Consolidated Income Statement</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">Six months to 30 June</th> <th colspan="2">Year to 31 December</th> </tr> <tr> <th></th> <th>2013</th> <th>2012</th> <th>2012</th> <th>2011</th> </tr> <tr> <th></th> <th colspan="2">Unaudited</th> <th colspan="2">Audited</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="4" style="text-align: center;"><i>(U.S. \$ million)</i></td> </tr> <tr> <td>Sales revenues</td> <td>757.8</td> <td>744.3</td> <td>1,408.7</td> <td>826.8</td> </tr> <tr> <td>Cost of sales.....</td> <td>(472.2)</td> <td>(393.9)</td> <td>(742.4)</td> <td>(414.9)</td> </tr> <tr> <td>Exploration and other expenses</td> <td>(30.5)</td> <td>(105.2)</td> <td>(211.1)</td> <td>(236.3)</td> </tr> <tr> <td>Operating profit</td> <td>255.1</td> <td>245.2</td> <td>455.2</td> <td>175.6</td> </tr> <tr> <td>Interest revenue/finance costs, finance and other gains and losses</td> <td>(40.5)</td> <td>(50.6)</td> <td>(95.3)</td> <td>(34.1)</td> </tr> <tr> <td>Profit before tax</td> <td>214.6</td> <td>194.6</td> <td>359.9</td> <td>141.5</td> </tr> <tr> <td>Tax</td> <td>(53.5)</td> <td>(48.8)</td> <td>(107.9)</td> <td>29.7</td> </tr> <tr> <td>Profit for the</td> <td>161.1</td> <td>145.8</td> <td>252.0</td> <td>171.2</td> </tr> </tbody> </table> | | Six months to 30 June | | Year to 31 December | | | 2013 | 2012 | 2012 | 2011 | | Unaudited | | Audited | | | <i>(U.S. \$ million)</i> | | | | Sales revenues | 757.8 | 744.3 | 1,408.7 | 826.8 | Cost of sales..... | (472.2) | (393.9) | (742.4) | (414.9) | Exploration and other expenses | (30.5) | (105.2) | (211.1) | (236.3) | Operating profit | 255.1 | 245.2 | 455.2 | 175.6 | Interest revenue/finance costs, finance and other gains and losses | (40.5) | (50.6) | (95.3) | (34.1) | Profit before tax | 214.6 | 194.6 | 359.9 | 141.5 | Tax | (53.5) | (48.8) | (107.9) | 29.7 | Profit for the | 161.1 | 145.8 | 252.0 | 171.2 |
| | Six months to 30 June | | Year to 31 December | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2013 | 2012 | 2012 | 2011 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Unaudited | | Audited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <i>(U.S. \$ million)</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales revenues | 757.8 | 744.3 | 1,408.7 | 826.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales..... | (472.2) | (393.9) | (742.4) | (414.9) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exploration and other expenses | (30.5) | (105.2) | (211.1) | (236.3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating profit | 255.1 | 245.2 | 455.2 | 175.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest revenue/finance costs, finance and other gains and losses | (40.5) | (50.6) | (95.3) | (34.1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit before tax | 214.6 | 194.6 | 359.9 | 141.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax | (53.5) | (48.8) | (107.9) | 29.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the | 161.1 | 145.8 | 252.0 | 171.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | period/year | | | |
|--|---|---|-----------|---------------------|---------------------|
| | | Consolidated Balance Sheet | | | |
| | | At 30 June | | At 31 December | |
| | | 2013 | 2012 | 2012 | 2011 |
| | | Unaudited | | Audited | |
| | | <i>(U.S.\$ million)</i> | | | |
| | Non-current assets: | 4,295.3 | 3,641.3 | 4,173.4 | 3,074.1 |
| | Current assets: | 862.1 | 806.9 | 670.2 | 815.3 |
| | Total assets | 5,157.4 | 4,448.2 | 4,843.6 | 3,889.4 |
| | Current liabilities: | (659.1) | (665.9) | (677.5) | (909.7) |
| | Net current assets/ (liabilities) | 203.0 | 141.0 | (7.3) | (94.4) |
| | Non-current liabilities: | (2,427.0) | (1,953.4) | (2,212.6) | (1,656.1) |
| | Total liabilities | (3,086.1) | (2,619.3) | (2,890.1) | (2,565.8) |
| | Net assets | 2,071.3 | 1,828.9 | 1,953.5 | 1,323.6 |
| | Equity and reserves: | 2,071.3 | 1,828.9 | 1,953.5 | 1,323.6 |
| | | Consolidated Cash Flow Statement | | | |
| | | Six months to 30 June | | Year to 31 December | Year to 31 December |
| | | 2013 | 2012 | 2012 | 2011 |
| | | Unaudited | | Audited | Audited |
| | | <i>(U.S.\$ million)</i> | | | |
| | Net cash from operating activities | 384.9 | 325.5 | 808.2 | 485.9 |
| | Net cash used in investing activities | (449.6) | (307.3) | (1,011.3) | (773.4) |
| | Net cash from/(used in) financing activities | 60.0 | (34.9) | 83.4 | 295.1 |
| | <i>Currency translation differences relating to cash and cash equivalents</i> | (0.4) | (2.2) | (2.0) | 1.8 |
| | Net decrease in cash and cash equivalents | (5.1) | (18.9) | (121.7) | 9.4 |
| | Cash and cash equivalents at the beginning of the period/year | 187.4 | 309.1 | 309.1 | 299.7 |

| | | |
|-------------|--|--|
| | | <p>Cash and cash equivalents at the end of the period/year</p> <p style="text-align: right;">182.3 290.2 187.4 309.1</p> |
| B.13 | Recent events relevant to the evaluation of the Issuer's solvency | Not applicable; there have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency. |
| B.14 | Description of the group | The Issuer is the ultimate holding company of the Subsidiary Guarantors and the other members of the Group. The Group's operations are generally conducted through the Issuer and the Issuer's direct and indirect subsidiaries, including the Subsidiary Guarantors. Accordingly, the Issuer is dependent on the performance of such members of the Group and the subsequent receipt of funds by way of distributions from members of the Group to the Issuer for its principal source of funds. |
| B.15 | Issuer's principal activities | The Issuer is the holding company of the Group, whose principal activities are oil and gas exploration and production. The Group has a portfolio of production and development assets together with appraisal and exploration activities. |
| B.16 | To the extent known to the Issuer | As at 18 November 2013, the Issuer is not aware of any person or entity who, directly or indirectly, exercises or could exercise control over the Issuer, nor is the Issuer aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Issuer. |
| B.17 | Credit ratings | <p>Not applicable; neither the Issuer nor any of its debt securities has been assigned any credit ratings.</p> <p>Programme Summary: Notes issued under the Programme may be rated or unrated. Any such ratings will not necessarily be the same as any rating assigned to the Issuer or any other Notes.</p> <p>Issue specific summary: [The Notes [are not/have been/are expected to be] rated.]:</p> <p>[rating agency]: [•]]</p> <p>[[rating agency] [is established in the EU and registered under the CRA Regulation (Regulation (EC) No 1060/2009).]</p> |
| B.18 | Nature and scope of the guarantee | <p>The guarantors will guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes.</p> <p>Under the Terms and Conditions of the Notes, if any subsidiary of the Issuer becomes a borrower or accedes as a guarantor under the principal banking facilities of the Group, the Issuer will procure that such subsidiary will accede as a guarantor in respect of any Notes issued under the Programme.</p> <p>Similarly, if any subsidiary of the Issuer ceases to be a borrower or a guarantor under the Group's principal banking facilities, such guarantor will in certain circumstances cease to be a guarantor in respect of any Notes.</p> |
| B.19 | Information about the | Information about the initial guarantors (as applicable) is set out below. |

| | guarantors | | | | | | | |
|-----------------------|--|--|--|-------------------------------|-------------------------------|--|--|--|
| B.19/ B.1 | Guarantors' legal and commercial names | Initial guarantors are: Premier Oil Group Limited, Premier Oil UK Limited, Premier Oil Holdings Limited, Premier Oil Exploration and Production Limited, PKP Exploration Limited, Premier Oil Finance (Jersey) Limited, Premier Oil Overseas B.V., Premier Oil Vietnam Offshore B.V., Premier Oil Kakap B.V., Premier Oil Natuna Sea B.V., Premier Oil Pakistan Holdings B.V., Premier Oil Sumatra (North) B.V., PKP Kirthar 2 B.V., Premier Oil (Vietnam) Limited and PKP Kadanwari 2 Limited. | | | | | | |
| B.19/ B.2 | Domicile and legal form | The initial guarantors are variously incorporated in Scotland, England & Wales, Jersey, The Netherlands, British Virgin Islands and Cayman Islands. | | | | | | |
| B.19/ B.4b | Known trends affecting the guarantors (on a Group basis) | The guarantors operate in the oil and gas industry, which tends to be affected by various changes and fluctuations. These include fluctuations in commodity prices, changes in government regulations and industry standards, fluctuations in the cost of obtaining capital and changes in the cost of operations (including equipment, field development and regulatory requirements). However, there are no known and specific trends currently affecting the guarantors or the industry in which they operate. | | | | | | |
| B.19/ B.5 | Description of the group | The Issuer is the ultimate parent company of the Group and the initial guarantors are all directly or indirectly wholly owned by the Issuer. | | | | | | |
| B.19/ B.9 | Profit forecast or estimates | Not applicable; no profit forecasts or estimates have been made by any guarantor. | | | | | | |
| B.19/ B.10 | Any qualifications in the audit report | See paragraph B.10 above. Not applicable; no qualifications were made in the audit report on the historical financial information of the Issuer (on a consolidated basis). | | | | | | |
| B.19/ B.12 | Selected historical key financial information regarding the Group | See paragraph B.12 above. Financial data as of, and for the two financial years ended, 31 December 2011 and 2012 and as of, and for the six months ended, 30 June 2013 has been extracted, without any adjustment, from the Issuer's consolidated financial statements in respect of those dates and periods, as applicable. There has been no significant change in the financial or trading position of the Issuer, the guarantors or the Group since 30 June 2013 and there has been no material adverse change in the prospects of the Issuer, the guarantors or the Group since 31 December 2012. The financial information in relation to the guarantors is consolidated in the audited financial statements of the Issuer. The table below shows the position of the Subsidiary Guarantors (taken as a whole) compared to the consolidated position of the Group in respect of EBITDAX*, proven and probable reserves, property/plant/equipment (being net assets), gross assets, turnover and profit before tax for the years ended 31 December 2011 and 31 December 2012: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;"><u>Year ended 31 December</u></th> <th style="width: 20%; text-align: center;"><u>Year ended 31 December</u></th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | <u>Year ended 31 December</u> | <u>Year ended 31 December</u> | | | |
| | <u>Year ended 31 December</u> | <u>Year ended 31 December</u> | | | | | | |
| | | | | | | | | |

| | | 2012 | | 2011 | |
|-----------------------|---|---|----------------|--------------------------|----------------|
| | | Subsidiary Guarantors | Group Total | Subsidiary Guarantors | Group Total |
| | | 988.7 | 995.8 | 542.6 | 551.7 |
| | | 99.3% | | 98.4% | |
| | Proven and probable reserves (MMBOE)..... | 291.4 | 291.9 | 284.0 | 284.8 |
| | | 99.8% | | 99.7% | |
| | Property, plant and equipment (being net assets) (U.S.\$m) | 2,671.7 | 2,692.9 | 2,240.8 | 2,257.8 |
| | | 99.2% | | 99.2% | |
| | Gross assets (U.S.\$m)..... | 3,916.1 | 4,221.7 | 3,138.4 | 3,413.3 |
| | | 92.8% | | 91.9% | |
| | Turnover (U.S.\$m) | 1,390.4 | 1,408.7 | 811.8 | 826.8 |
| | | 98.7% | | 98.2% | |
| | Profit before tax (U.S.\$m)..... | 403.5 | 359.9 | 255.5 | 141.5 |
| | | 112.1% | | 180.6% | |
| | | * Operating profit adjusted in accordance with the provisions of the Group's principal bank facility. | | | |
| B.19/ B.13 | Events relevant to the evaluation of the guarantors' solvency | Not applicable; there have been no recent events particular to the guarantors (on a Group basis) which are to a material extent relevant to the evaluation of the solvency of the guarantors (on a Group basis). | | | |
| B.19/ B.14 | Extent to which the guarantors are dependent upon other Group entities | The Issuer is the ultimate parent company of the Group, and so is dependent on the performance of the Group for the satisfaction of its obligations. The guarantors are dependent on Group management for their financing and business activities. | | | |
| B.19/ B.15 | Guarantors' principal activities | The principal activities of the guarantors are oil and gas exploration and production. The Group has a portfolio of production and development assets together with appraisal and exploration opportunities. | | | |
| B.19/ B.16 | Control of the guarantors | Each guarantor is, directly or indirectly, owned and controlled by the Issuer. | | | |
| B.19/ B.17 | Credit ratings | <p>Not applicable; none of the guarantors nor any of their debt securities have been assigned any rating.</p> <p>Programme Summary: Notes issued under the Programme may be rated or unrated. Any such ratings will not necessarily be the same as a rating assigned to the Issuer or to any other Notes.</p> <p>Issue specific summary: [The Notes[are not/have been/are expected to be] rated.]:</p> <p>[rating agency]: [●]</p> <p>[[rating agency] [is established in the EU and registered under the CRA Regulation (Regulation (EC) No 1060/2009).]</p> | | | |

Section C – Securities

| | | |
|-------------------|----------------------------------|--|
| <p>C.1</p> | <p>Type and the class</p> | <p><i>Programme summary:</i></p> <p>The Notes described in this summary are debt securities which may be issued under the £500,000,000 Euro Medium Term Note programme of Premier Oil plc arranged by Lloyds Bank plc, Barclays Bank PLC, Deutsche Bank AG, London Branch, DBS Bank Ltd., HSBC Bank plc, Lloyds Bank plc, Mitsubishi UFJ Securities International plc and RBC Europe Limited also act as dealers under the Programme.</p> <p>The Issuer may from time to time terminate the appointment of any dealer or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Summary and Base Prospectus to “Dealers” are to all persons appointed as a dealer in respect of one or more Tranches by the Issuer from time to time.</p> <p>The Notes may be issued on a syndicated or a non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Final Terms.</p> <p>The Notes may be Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes, as specified below. Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The Issue Price of the relevant Notes will be determined by the Issuer before filing of the relevant Final Terms of each Tranche based on the prevailing market conditions. Notes will be in such denominations as may be specified below.</p> <p>The Notes may be issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) only.</p> <p><i>Issue specific summary:</i></p> <p>Series Number: [●]</p> <p>Tranche Number: [●]</p> <p>Aggregate Nominal Amount</p> <p>(i) Series: [●]</p> <p>(ii) Tranche: [●]</p> <p>Issue Price: [●]% of the Aggregate Nominal Amount [plus accrued interest from [●]]</p> <p>Specified Denomination: [●]</p> |
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| | | <p>Form of Notes: [Bearer Notes:]</p> <p>[Temporary Global Note]./[Permanent Global Note].]</p> <p>[Registered Notes:]</p> <p>[Global Certificate]</p> <p>ISIN Code: [•]</p> <p>Common Code: [•]</p> |
| C.2 | Currency of the issue | <p>Programme summary:</p> <p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer or Dealers.</p> <p>Issue specific summary:</p> <p>[•]</p> |
| C.5 | Restrictions on the free transferability | <p>Programme summary:</p> <p>The Notes will be freely transferable. However, the primary offering of any Notes will be subject to offer restrictions in the United States, Japan, Singapore, Hong Kong, the European Economic Area (including the United Kingdom), Jersey, Guernsey and the Isle of Man and to any applicable offer restrictions in any other jurisdiction in which such Notes are offered or sold. The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act 1933.</p> <p>Issue specific summary:</p> <p>U.S. selling restrictions: Regulation S Compliance Category 2; [C Rules/D Rules/Excluded Note]</p> |
| C.8 | Rights attached to the Notes | <p>Status of the Notes and the Guarantee</p> <p>The Notes constitute (subject to the negative pledge described below) unsecured debt obligations of the Issuer. The Notes will rank <i>pari passu</i> (i.e. equally in right of payment), without any preference between themselves. The Guarantee will constitute (also subject to the negative pledge) unsecured obligations of the Subsidiary Guarantors. The payment obligations of the Issuer under the Notes and of each Subsidiary Guarantor under the Guarantee shall, save as provided by applicable law and subject to the negative pledge, rank at least equally with their respective other present and future unsecured and unsubordinated obligations.</p> <p>Negative Pledge</p> <p>The Notes contain a negative pledge provision. In general terms, a negative pledge provision restricts an entity from granting security over certain of its indebtedness which diminishes the priority of Noteholder’s claims against any of that entity’s other rights, interest and assets. Therefore, under the negative pledge provision set out in the Terms and Conditions of the Notes (the “Conditions”), subject to certain</p> |

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| | | <p>exceptions, neither the Issuer nor any of its subsidiaries may create or at any time have outstanding any security interest over any of its present or future undertakings, assets or revenues to secure any guarantee or indemnity in respect of any bond type debt and/or any debt raised under the principal banking facilities of the Group without equally and at the same time securing the Notes and/or the Guarantee, as the case may be.</p> <p>Events of default</p> <p>An event of default generally refers to a breach by the Issuer, any Subsidiary Guarantor or any of their respective material subsidiaries of certain provisions described in the Conditions. Events of default under the Notes include and arise out of non-payment of principal or interest; breach of other obligations under the Notes or the Trust Deed; defaults under other debt agreements for borrowed money; certain events related to enforcement, insolvency or winding up proceedings; or any events under foreign laws that have a similar effect to any of the events described above. Customary thresholds and grace periods are applicable before certain of the events described above will be deemed to constitute ‘events of default’ under the Conditions.</p> <p>Meetings of Noteholders</p> <p>The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting the interests of the Noteholders. These provisions permit certain majorities to bind all Noteholders, including Noteholders who did not vote on the relevant resolution and Noteholders who did not attend and/or vote in the same way as the majority.</p> <p>Governing Law</p> <p>English law.</p> |
| C.9 | Rights attached to the Notes | <p>Interest</p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate. Interest will be payable on such date or dates as may be specified below.</p> <p><i>Fixed Rate Notes</i></p> <p>Issue specific summary:</p> <p>[The Notes are not Fixed Rate Notes.]</p> <p>[Rate(s) of Interest: [●] per cent. per annum</p> <p>Interest Payment Date(s): [●] and [●] in each year</p> <p><i>Floating Rate Notes</i></p> <p>Floating Rate Notes will have interest determined separately for each Series; either determined on the basis of the applicable 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc) or else by reference to</p> |

LIBOR, EURIBOR, SIBOR or SOR, as adjusted for any applicable margin.

Issue specific summary:

[The Notes are not Floating Rate Notes.]

[Interest Period(s): [●]]

[Specified Interest Payment Dates: [●] and [●] in each year, subject to adjustment in accordance with the Business Day Convention set out below]

First Interest Payment Date: [●]

Interest Period Date: [●]

Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

Determination of Rate(s) of Interest: [Screen Rate Determination/ISDA Determination]

Margin(s): [+/-][●]% per annum

Minimum Rate of Interest: [●]

Maximum Rate of Interest: [●]

Zero Coupon Notes:

Zero Coupon Notes will be issued at a discount to their nominal amount and will not bear interest.

Issue specific summary:

[The Notes are not Zero Coupon Notes.]

[Amortisation Yield: [●]]

Redemption

Maturity

The relevant Maturity Date for a Series of Notes is specified below. Unless repaid or purchased earlier, the Issuer will repay the Notes on the Maturity Date at [100]% of their nominal amount.

Issue specific summary:

Maturity Date: [[●]/Interest Payment Date falling in or nearest to [●]].

Early redemption

The Issuer may elect to repay the Notes prior to their maturity date in certain circumstances for tax reasons. In addition, if so specified below, the Notes (or some only of them) may be redeemed prior to their maturity date in certain circumstances, including pursuant to an Issuer call option and/or an investor put

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| | | <p>option. Certain Series of Notes may be redeemed early at the Issuer’s option at an amount (a “Make-whole Amount”) linked to the relevant UK Government Stock or such other government debt as specified (the “Reference Bond”) plus any margin. Certain Series of Notes may be redeemed early at the Noteholders’ option following a Change of Control of the Issuer.</p> <p>Issue specific summary:</p> <p><i>Call Option</i> [Applicable/Not Applicable]</p> <p>Optional Redemption Date(s): [●]</p> <p>Optional Redemption Amount(s): [[●] per Calculation Amount][Make-whole Amount]: [<i>Reference Bond</i>][plus margin: [●]%)</p> <p>If redeemable in part:</p> <p>(a) Minimum Redemption Amount: [●] per Calculation Amount</p> <p>(b) Maximum Redemption Amount: [●] per Calculation Amount</p> <p><i>Put Option</i> [Applicable/Not Applicable]</p> <p>Optional Redemption Date(s): [●]</p> <p>Optional Redemption Amount(s): [●] per Calculation Amount</p> <p>Notice period: [●]</p> <p>Final Redemption Amount of each Note: [●] per Calculation Amount</p> <p>Early Redemption Amount: [●] per Calculation Amount</p> <p><i>Change of Control Put Option</i> [Applicable/Not Applicable]</p> <p>Change of Control Redemption Amount: [●]%</p> <p>Indication of yield</p> <p>Yield will be calculated on the basis of the Issue Price and is set out below. This is not an indication of future yield.</p> <p>Issue specific summary:</p> <p>Yield on the Issue Date: [●]% per annum</p> |
| | | <p>Trustee</p> <p>Deutsche Trustee Company Limited</p> |
| C.10 | Whether the Notes have a derivative component in the interest payment | Not applicable; there will be no derivative component in any interest payments made in respect of the Notes. Hence payments are not linked to specific market references, such as a formula, index or inflation. |

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| C.11 | Admission to trading | <p>Programme summary:</p> <p>Application has been made to admit Notes issued during the period of 12 months from the date of this Base Prospectus to trading on London Stock Exchange's regulated market.</p> <p>Issue specific summary:</p> <p>[The London Stock Exchange's regulated market [and through its order book for retail bonds] with effect from [●].]</p> |
| C.21 | M where the securities will be traded and for which prospectus has been published | <p>Programme summary:</p> <p>The London Stock Exchange's regulated market.</p> <p>Issue specific summary:</p> <p>[The London Stock Exchange's regulated market and through its order book for retail bonds.]</p> |

| Section D – Risks | | |
|--------------------------|---|---|
| D.2 | Key information on the key risks that are specific to the Issuer and the Group | <p>Summary of key risks that may affect the Issuer and the Group</p> <ul style="list-style-type: none"> • Future oil and gas production will depend on the Group's access to new reserves through exploration, negotiations with governments and other owners of known reserves, and acquisitions and farm ins. Failures in exploration or in identifying and finalising transactions to access potential reserves could slow the Group's oil and gas production growth and replacement of reserves. • The estimation of oil and gas reserves, and their anticipated production profiles, involves subjective judgements and determinations based on available geological, technical, contractual and economic information. If the assumptions upon which the estimates of the Group's hydrocarbon reserves, resources or production profiles have been based prove to be incorrect, the Group may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this Prospectus. • The Group operates in a very challenging business environment and competition for access to exploration acreage, gas markets, oil services and rigs, technology and processes, and human resources is intense. Competitors include companies with, in many cases, greater financial resources, local contacts, staff and facilities than those of the Group. Competition for exploration and production licences as well as other regional investment or acquisition opportunities may increase in the future. • The Group contracts or leases services and capital equipment (including all the drilling rigs used by the Group) from third party contractors and providers. Such services and equipment can be scarce and may not be readily available at the times and places required. In addition, the costs of third party services and equipment have increased significantly over |

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| | | <p>recent years and may continue to rise.</p> <ul style="list-style-type: none"> • The delivery of the Group's production plans depends on the successful continuation of existing field production operations, the development of key projects and the availability of infrastructure. These involve risks normally incidental to such activities including blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations, abnormal pressures, availability of technology and engineering capacity, availability of skilled resources, maintaining project schedules and managing costs, as well as technical, fiscal, regulatory, political and other conditions. • The Group's HSES risks cover a wide spectrum including major process safety incidents or operational accidents; failure to comply with approved policies; effects of natural disasters and pandemics; social unrest; civil war and terrorism; exposure to general operational hazards; personal health and safety; and crime. • Historically, hydrocarbon prices have been subject to large fluctuations in response to a variety of factors beyond the Group's control including operational issues, natural disasters, weather, political instability or conflicts, economic conditions or actions by major oil-exporting countries. Price fluctuations can affect the Group's business assumptions, investment decisions and financial position. • The Group operates in some countries where political, economic and social transition is taking place. Changes in politics, laws and regulations could affect the Group's operations and earnings. • The governments of countries in which the Group currently operates or may operate exercise significant influence over many aspects of their respective economies, including the oil and gas industry. There can be no assurance that these governments will not postpone or review projects, make any changes to laws, rules, regulations or policies or take other actions, in each case, which could materially adversely affect the Group's business, prospects, financial position or results of operations. • Inherently, oil and gas operations globally are conducted in a joint venture environment. Some of the Group's major projects are operated by a partner in the relevant joint venture. The ability of the Group to influence its partners will sometimes be limited due to its percentage ownership in non-operated development and production operations. Non-alignment on various strategic decisions in joint ventures may result in operational or production inefficiencies or delay. |
| D.3 | Key information on the key risks that are specific to the Notes | <ul style="list-style-type: none"> • The Notes are not protected by the Financial Services Compensation Scheme. As a result, neither the FSCS nor anyone else will pay compensation to investors upon the failure of the Issuer, the Subsidiary Guarantors or the Group as a whole. • The Notes may be repaid early at the Issuer's option in certain circumstances. The Issuer may be expected to repay the Notes, given the option, if its cost of borrowing is ever significantly lower than the interest rate on the Notes. At such time, an investor may not be able to |

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| | | <p>reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being repaid early.</p> <ul style="list-style-type: none"> • Defined majorities may be permitted to bind all Noteholders with respect to modification and waivers of the Conditions of the Notes, even if some Noteholders did not attend or vote. • A market for the Note may not develop, or may not be very liquid and such illiquidity may have an adverse effect on the market value of the Notes. <p>Issue specific summary:</p> <ul style="list-style-type: none"> • [Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.] • [The market price of Notes issued at a substantial [discount/premium] may experience greater fluctuations in certain circumstances.] |
|--|--|---|

| Section E – Offer | | |
|-------------------|---|--|
| E.2b | Reasons for the offer and use of proceeds | <p>Programme summary:</p> <p>The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue there is a particular identified use of proceeds, this will be stated below.</p> <p>Issue specific summary:</p> <p>Reasons for the offer: [•]</p> <p>Use of proceeds: [•]</p> |
| E.3 | Terms and conditions of the offer | <p>Programme summary:</p> <p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the applicable Final Terms prior to any offers of such Notes being made. If you intend to acquire or do acquire any Notes in a Public Offer from an offeror other than the Issuer, you will do so and offers and sales of such Notes to you by such offeror will be made in accordance with any terms and other arrangements in place between such offeror and you including as to price, allocations, expenses, payment and delivery arrangements. You must look to the relevant offeror for the provision of such information and the offeror will be responsible for such information. The Issuer, the Subsidiary Guarantors and the Dealers will have no responsibility or liability to you in respect of such information.</p> <p>Issue specific summary:</p> <p>[•]</p> |
| E.4 | Description of interests material to the issue/offer | <p>Programme summary:</p> <p>The relevant Dealer(s) may be paid fees in relation to any issue of Notes. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in</p> |

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| | including conflicting interests | <p>investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.</p> <p><i>Issue specific summary:</i></p> <p>[Save for [●],] so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. [There are no conflicts of interest which are material to the offer of the Notes.]</p> |
| E.7 | Estimated expenses charged to the investor by the Issuer or the offerors | <p><i>Programme summary:</i></p> <p>If you intend to acquire or do acquire any Notes in a Public Offer from an offeror other than the Issuer or a Dealer in its capacity as an Authorised Offeror, you will do so in accordance with any terms and other arrangements in place between such offeror and you including as to price, allocations, expenses, payment and delivery arrangements. Neither the Issuer, the Subsidiary Guarantors nor any of the Dealers are party to such terms or other arrangements.</p> <p><i>Issue specific summary:</i></p> <p>[The Issuer will not charge you any expenses relating to an application for or purchase of any Notes./The following expenses are to be charged to you by the Issuer: [●]] [The expenses to be charged by those offerors known to the Issuer as of the date of the Final Terms are unknown.]</p> |

RISK FACTORS

The Issuer and the Subsidiary Guarantors believe that the following factors may affect their ability to fulfil their respective obligations under the Notes or the Guarantee, as the case may be. Most of these factors are contingencies which may or may not occur and neither the Issuer nor any Subsidiary Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer and the Subsidiary Guarantors believe may be material for the purpose of assessing the market risks associated with the Notes are described below.

Each of the Issuer and the Subsidiary Guarantors believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer or the Subsidiary Guarantors to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and, none of the Issuer or the Subsidiary Guarantors represents that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Risks relating to the Group

Reserves replacement

Future oil and gas production will depend on the Group's access to new reserves through exploration, negotiations with governments and other owners of known reserves, and acquisitions and farm ins. Failures in exploration or in identifying and finalising transactions to access potential reserves could slow the Group's oil and gas production growth and replacement of reserves. This, in turn, could have an adverse effect on the business, prospects, results of operations and financial position of the Group.

In addition, the results of appraisal of discoveries are uncertain and may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but uneconomic to develop and it may not be possible to convert petroleum resources into oil and gas reserves. Appraisal and development activities may be subject to delays in obtaining governmental approvals or consents, shut-ins of connected wells, insufficient storage or transportation capacity or other geological and mechanical conditions all of which may variously increase the Group's costs of operations.

For example, if the Group was unable to take the interests in the offshore production licences in the Falkland Islands that it has acquired from Rockhopper Exploration plc ("**Rockhopper**") and which include the Sea Lion development into production and economic development this would be likely to slow the Group's oil and gas production growth and replacement of reserves and could have an adverse effect on the business, prospects, results of operations and financial position of the Group.

The Group has approximately 100 exploration licences worldwide and within these there is an ongoing evaluation process whereby identified exploration opportunities are progressed. In particular exploration activities are currently underway in Norway (Luno and Myrhauk), Indonesia (Natuna Sea Block A and Tuna), Pakistan (near-field exploration on all licences), Mauritania (Tapendar), Kenya, Brazil, Iraq and the Falkland Islands. Exploration activities are capital intensive and inherently uncertain in their outcome. There is therefore a risk that the Group will undertake exploration activities and incur significant costs in so doing with no assurance that such expenditure will result in the discovery of hydrocarbons, whether or not in commercially viable quantities. If exploration activities prove unsuccessful over a prolonged period of time, the Group may have to reduce the number of its exploration programmes, which could adversely impact on the Group's oil and gas production growth and replacement of reserves. This, in turn, could have an adverse effect on the business, prospects, results of operations and financial position of the Group.

Estimation of reserves, resources and production profiles

The estimation of oil and gas reserves, and their anticipated production profiles, involves subjective judgments and determinations based on available geological, technical, contractual and economic information. They are not exact determinations. In addition, these judgments may change based on new information from production or drilling activities or changes in economic factors, as well as from developments such as acquisitions and dispositions, new discoveries and extensions of existing fields and the application of improved recovery techniques. Published reserve estimates are also subject to correction for errors in the application of published rules and guidance.

The reserves, resources and production profile data contained in this Prospectus are estimates only and should not be construed as representing exact quantities. They are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group. The estimates may prove to be incorrect and potential investors should not place undue reliance on the forward-looking statements contained in this Prospectus concerning the Group's reserves and resources or production levels.

If the assumptions upon which the estimates of the Group's hydrocarbon reserves, resources or production profiles have been based prove to be incorrect, the Group may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this Prospectus and the Group's business, prospects, financial condition or results of operations could be materially adversely affected.

Competition

The Group operates in a very challenging business environment and competition for access to exploration acreage, gas markets, oil services and rigs, technology and processes, and human resources is intense. Competitors include companies with, in many cases, greater financial resources, local contacts, staff and facilities than those of the Group. Competition for exploration and production licences as well as other regional investment or acquisition opportunities may increase in the future. This may lead to increased costs in the carrying on of the Group's activities and reduced available growth opportunities. Any failure by the Group to compete effectively could adversely affect the Group's business, prospects, results of operations and financial condition.

Third Party contractors and providers of capital equipment

The Group contracts or leases, services and capital equipment (including all the drilling rigs used by the Group) from third party contractors and providers. Such services and equipment can be scarce and may not be readily available at the times and places required. In addition, the costs of third party services and equipment have increased significantly over recent years and may continue to rise. Scarcity of equipment and services and increased prices may, in particular, result from any significant increase in regional exploration and development activities which in turn may be the consequence of increased or continued high prices for oil or gas. The scarcity of such equipment and services, as well as their potentially high cost, could delay, restrict or lower the profitability and viability of the Group's projects and therefore have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

Production

The delivery of the Group's production plans depends on the successful continuation of existing field production operations and the development of key projects. Both of these involve risks normally incidental to such activities including blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations, abnormal pressures, availability of technology and engineering capacity, availability of skilled resources, maintaining project schedules and managing costs, as well as technical, fiscal, regulatory, political and other conditions. Such potential obstacles may impair the Group's continuation of existing field production and delivery of key projects and, in turn, the

Group's operational performance and financial position (including the financial impact from failure to fulfil contractual commitments related to project delivery).

The Group may face interruptions or delays in the availability of infrastructure, including pipelines and storage tanks, on which exploration and production activities are dependent. In particular, the gas production activities of the Group's Indonesia unit are dependent upon the continued availability of the 650km cross-border sub-sea gas pipeline known as the West Natuna Transportation System ("WNTS"). Gas produced from the offshore gas fields in the adjacent Natuna Sea Block A and Kakap areas in which the Group has interests is exported to Singapore through the WNTS, which is the only means of exporting gas from these fields. The production performance of the reservoirs and wells may also be different from that forecast due to normal geological or mechanical uncertainties. Such interruptions, or delays (including interruptions or delays in the availability of the WNTS) or performance differences could result in disruptions or changes to the Group's existing production and projects, lower production and increased costs, and may have an adverse effect on the Group's business, prospects, results of operations and financial condition.

In addition, marketing demands, which tend to be seasonal, may reduce or delay production from wells. The marketability and price of oil and gas that may be acquired or discovered by the Group will be affected by numerous factors beyond the control of the Group. The ability of the Group to market its oil or gas may also depend upon its ability to acquire space in pipelines that deliver oil or gas to commercial markets. Such factors could result in disruptions or changes to the Group's existing production and projects and, in turn, the Group's operational performance and financial position.

Furthermore, the explosion and sinking in April 2010 of the Deepwater Horizon oil rig during operations on the Macondo exploration well in the Gulf of Mexico, and the resulting oil spill, may have increased certain of the risks faced by those drilling for oil in deepwater regions, including the following: increased industry standards, governmental regulation and enforcement of the operations of the Group and those of the Group's industry in a number of areas, including health and safety, financial responsibility, environmental, licensing, taxation, equipment specifications and training requirements; increased difficulty or delays in obtaining rights to drill wells in deepwater regions; higher operating costs; higher insurance costs and increased potential liability thresholds under environmental laws; decreased access to appropriate equipment, personnel and infrastructure in a timely manner; higher capital costs as a result of any increase to the risks the Group or the oil and gas industry face; and less favourable investor perception of the risk-adjusted benefits of deepwater offshore drilling. In common with other participants in the oil and gas industry, the Group has seen its business affected by the events in the Gulf of Mexico including by way of increases in insurance costs, more extensive requirements for the testing of equipment, more complex procurement processes and increased safety vigilance. The occurrence of any of the factors mentioned in this paragraph, or the continuation thereof, could have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

Health, Safety, Environment and Security "HSES"

The range of the Group's operated and joint venture production operations globally means that the Group's HSES risks cover a wide spectrum. These risks include major process safety incidents or operational accidents; failure to comply with approved policies; effects of natural disasters and pandemics; social unrest; civil war and terrorism; exposure to general operational hazards; personal health and safety; and crime. The consequences of such risks materialising can be injuries, loss of life, environmental harm and disruption to business activities. Depending on cause and severity, the materialisation of such risks may materially affect the Group's reputation, business, prospects, results of operations and financial condition.

In addition, failure by the Group to comply with applicable legal requirements or recognised international standards may give rise to significant liabilities. HSES laws and regulations may over time become more

complex and stringent or the subject of increasingly strict interpretation or enforcement. The terms of licences may include more stringent HSES requirements. The obtaining of exploration, development or production licences and permits may become more difficult or be the subject of delay by reason of governmental, regional or local environmental consultation, approvals or other considerations or requirements. These factors may lead to delayed or reduced exploration, development or production activity as well as to increased costs.

Human resources

The Group's key human resources are essential for the successful delivery of projects and continuing operations. Loss of personnel to competitors or inability to attract quality human resources could affect the Group's operational performance, business, prospects, results of operations and financial condition.

Hydrocarbon prices

Historically, hydrocarbon prices have been subject to large fluctuations in response to a variety of factors beyond the Group's control. Factors that influence these fluctuations include operational issues, natural disasters, weather, political instability or conflicts, economic conditions or actions by major oil-exporting countries. Price fluctuations can affect the Group's business assumptions, investment decisions and financial position. In particular, lower hydrocarbon prices may reduce the economic viability of the Group's projects, result in a reduction in revenues or net income, impair the Group's ability to make planned expenditures and could materially adversely affect the Group's business, prospects, results of operations and financial condition.

Current and future financing

Some of the Group's existing credit facilities mature in 2015. As at 30 September 2013, the facilities which mature in 2015 had an aggregate principal amount of the equivalent of approximately £938,000,000. The Group will require new financing to refinance these facilities during or before 2015. The Group may also require additional financing to fund future exploration and development plans to which the Group is not currently committed.

The financing required for the purposes described above may not be available or, if available, may not be available on favourable terms. The ability of the Group to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as the business performance of the Group. There can be no assurance that the Group will be successful in its efforts to raise additional financing on acceptable terms. If adequate funds are not available, or are not available on acceptable terms, the Group may not be able to take advantage of some exploration and/or development opportunities.

The Group's credit facilities contain certain covenants including financial covenants and restrictions on the Group's ability to incur additional financial indebtedness, grant security, make acquisitions or disposals or enter into mergers. These covenants could restrict the Group's business activities, flexibility or ability to undertake strategic or significant transactions.

The breach by the Group of the covenants or warranties contained in its credit facilities, if not remedied or waived within specified periods, could result in the cancellation of credit facilities which are available to the Group or the acceleration of debt repayment under the credit facilities. If such an event occurred it may affect the Group's ability to obtain alternative financing in the longer term or to obtain financing on favourable terms and the Group's ability to pursue its strategic business plans. This could have a material adverse effect on the Group's financial condition and prospects.

Political, economic, legal, regulatory and social uncertainties

The Group operates and may in the future operate in some countries where political, economic and social transition is taking place. Specifically, the Group has interests in Indonesia, Iraq, Kenya, Mauritania, Pakistan,

Vietnam and the Falkland Islands. In each of these countries, changes in politics, laws and regulations could affect the Group's operations and earnings. Such circumstances include forced divestment of assets; limits on production or cost recovery; import and export restrictions; international conflicts including war; civil unrest and local security concerns that threaten the safe operation of the Group's facilities; price controls, tax increases and other retroactive tax claims; expropriation and nationalisation of property; terrorism; outbreaks of infectious diseases; cancellation of contract rights; and environmental regulations. It is difficult to predict the timing or severity of these occurrences or their potential effect. If such risks materialise they could affect the employees, reputation, business, prospects, operational performance and financial condition of the Group.

Those countries in Africa, the Middle East, the South Atlantic and South East Asia in which the Group has, or may in the future have, operations also have potential issues relating to transportation, telecommunications and financial services infrastructures that may present logistical challenges not usually present whilst doing business in more developed countries.

The Group may have difficulty ascertaining its legal obligations and enforcing any rights which it may have, not only in developing countries, but also in countries such as Norway and the UK. Certain governments have in the past expropriated or nationalised property of hydrocarbon production companies operating within their jurisdictions. Sovereign or regional governments could require the Group to grant to them larger shares of hydrocarbons or revenues than previously agreed to. Furthermore, it may be expensive and logistically burdensome to discontinue hydrocarbon exploration and/or production operations in a particular country should economic, political, physical or other conditions subsequently deteriorate. All of these factors could materially adversely affect the Group's business, prospects, results of operations, and financial condition.

The Group may also have difficulty ascertaining its legal obligations and enforcing any rights which it may have in the Falkland Islands. The Falkland Islands were, in 1982, the subject of armed hostilities between the UK and Argentina and Argentina has not relinquished its claims to sovereignty in relation to the Falkland Islands. One consequence of this is that the Argentinean government views the Group's operations in the Falkland Islands as a contravention of Argentinean law. It stated in a letter to the Group in July 2012 that it intends to initiate administrative, civil and penal action against the Group in relation to these activities. The Group understands that similar statements have been made to other companies with oil and gas interests in the Falkland Islands. The Argentinean government has not yet commenced any proceedings against the Group and the UK government has made clear that it has no doubts about its sovereignty over the Falkland Islands and will not negotiate on the sovereignty of the Falkland Islands unless and until such time as the Falkland islanders so wish. However, any border or other disputes arising in respect of the Falkland Islands may affect the Group's operations in the Falkland Islands which could in turn affect the Group. If such risks materialise they could affect the business, employees, reputation, operational performance and financial condition of the Group.

The Group may in the future acquire interests in other countries which may be subject to or affected by similar risks to those set out above.

Governmental involvement in the oil and gas industry

The governments of countries in which the Group currently operates or may operate have exercised and continue to exercise significant influence over many aspects of their respective economies, including the oil and gas industry. Any government action concerning the economy, including the oil and gas industry (such as a change in oil or gas pricing policy or taxation rules or practice, or renegotiation or nullification of existing concession contracts), could have a material adverse effect on the Group. Furthermore, there can be no assurance that these governments will not postpone or review projects or will not make any changes to laws, rules, regulations or policies, in each case, which could materially adversely affect the Group's business, prospects, financial position or results of operations.

Joint ventures and partners

Inherently, oil and gas operations globally are conducted in a joint venture environment. Some of the Group's major projects are operated by a partner in the relevant joint venture. The ability of the Group to influence its partners will sometimes be limited due to its percentage ownership in non-operated development and production operations. Non-alignment on various strategic decisions in joint ventures may result in operational or production inefficiencies or delay.

Business acquisitions and farm-ins - integration and other issues

Part of the Group's strategy is to increase oil and gas reserves through strategic business acquisitions and farm-ins. Risks commonly associated with acquisitions of companies or businesses or farm-ins include the potential difficulty and/or delay in procuring third party consents required, the difficulty of integrating the operations and personnel of the acquired business, problems with minority shareholders in acquired companies or with other field participants or co-venturers, the difficulty of securing the services of suitably qualified personnel to manage the acquired businesses or interests, the potential disruption of the Group's own business, the possibility that indemnification agreements with the sellers may be unenforceable or insufficient to cover potential liabilities and difficulties arising out of integration. Furthermore, the value of any business the Group acquires or invests in or farm-in that it makes may be less than the amount it pays. Any of these matters could have a material adverse impact on the Group's business, prospects, financial condition or results of operations.

The Group has been able to successfully integrate previous acquisitions that it has made such as the acquisition of Oilexco North Sea Limited in 2009 which included the acquisition of a number of operated and non-operated interests in the North Sea.

Currency fluctuations and exchange controls

The Group operates in a number of different countries and territories throughout the world and currently has interests in ten countries. The Group is subject to risks from changes in currency values and exchange controls. Changes in currency values and exchange controls could have an adverse effect on the Group's results of operations and financial position.

Reputation

It is important for maintaining the Group's licences to operate and ability to secure new resources that the Group should maintain strong and positive relationships with the governments and communities in the countries where its business is conducted. The Group's business principles govern how the Group conducts its affairs. Failure, real or perceived, to follow these principles, or the materialisation of any of the risk factors described in this Prospectus, could harm the Group's reputation, which could, in turn, impact the Group's licence to operate, financing and access to new opportunities.

Insurance adequacy and uninsured hazards

The Group may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of subcontractors, operators or joint venture partners. Any indemnities the Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. Some potential risks (such as terrorism risks in some jurisdictions) are not readily insurable or insurance against such risks is not available to the Group at an acceptable price. There can be no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage.

Licensing and other regulatory requirements

Countries in which the Group currently operates or may operate are subject to licences, regulations and approvals of governmental authorities, including those relating to the exploration, development, operation, production, marketing, pricing, transportation and storage of oil and gas, taxation, environmental, and health and safety matters.

The Group has limited control over whether or not necessary approvals or licences (or renewals thereof) are granted, the timing of obtaining (or renewing) such licences or approvals, the terms on which they are granted or the tax regime to which the Group or the assets in which the Group has interests will be subject. As a result, the Group may have limited control over the nature and timing of exploration and development of oil and gas fields in which the Group has or seeks interests. There can be no assurance that the Group will not in the future incur decommissioning charges since local or national governments may require decommissioning to be carried out in circumstances where there is no express obligation to do so, particularly in case of future licence renewals.

Licence withdrawal and renewal

It is possible that in the future the Group may be unable or unwilling to comply with the terms or requirements of a licence in circumstances that entitle the relevant authority to suspend or withdraw the terms of such licence. Moreover, some of the exploration and production licences which are held by the Group may expire before the end of what the Group estimates to be the productive life of the licensed fields. There can be no assurance that extensions will be granted in relation to such licences. Any failure to receive such extensions or any premature termination, suspension or withdrawal of licences may have a material adverse effect on the Group's reserves, business, results of operations and prospects.

Decommissioning security arrangements

The Group has certain obligations in respect of the decommissioning of some of the fields in which the Group has licence interests and related infrastructure. The Group is expected to assume additional decommissioning obligations in relation to its future operations. These obligations derive from legislation and regulatory requirements concerning the decommissioning of wells and production facilities. The oil and gas industry currently has little experience of decommissioning petroleum infrastructure on the UKCS and it is difficult to forecast accurately the costs that the Group will incur in satisfying its decommissioning obligations. The Group's accounts make provision for decommissioning costs but there can be no assurance that the cost of decommissioning will not exceed the value of such provision. When decommissioning liabilities for a field crystallise, the Group will be severally liable for them with other former or current partners in the field. If other partners default on their obligations, the Group's liabilities could be increased significantly. Any significant increase in the actual or estimated decommissioning costs that the Group incurs may adversely affect its financial condition and prospects.

The Group is party to various decommissioning security arrangements relating to certain oil and gas fields in the United Kingdom (including the Balmoral, Stirling, Glamis, Scott, Nelson and Wytch Farm fields) which require the Group, among other things, to make provision for its share of the anticipated future decommissioning costs relating to these fields. The various decommissioning security arrangements to which the Group is party typically permit the Group to make provision in the form of cash or alternative security (including letters of credit and bank guarantees) provided by banks which meet certain credit rating thresholds. Market and other developments affecting the credit ratings of banks over the last few years have reduced the number of banks which meet these applicable credit rating requirements. Further developments of this sort may mean that banks which have issued letters of credit to satisfy the Group's decommissioning security obligations in the past may cease to meet the applicable credit rating requirements and that those banks that continue to meet these requirements may not be willing to continue to issue letters of credit or bank

guarantees for greater amounts or to take on the letter of credit and/or bank guarantee commitments of banks who no longer meet these requirements or may only be willing to do so on more onerous terms for the Group. If these developments continue or worsen, it may be more difficult and/or costly for the Group to obtain or maintain letters of credit or bank guarantees which meet the requirements of these decommissioning security arrangements or to obtain new letters of credit or bank guarantees to replace letters of credit or bank guarantees from banks which have ceased to meet the requirements of the decommissioning security arrangements and in these circumstances the Group may be required to make provision for some or all of its decommissioning liabilities using cash. If such risks materialise they would affect the Group's business, prospects, financial position and results of operations.

Macroeconomic risks

One of the principal uncertainties for the Group at present is the extent to which the global economic slowdown currently being experienced may feed through into the Group's major operations, and the timing of that impact. The links between economic activities in different markets and sectors are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to address macroeconomic conditions.

The Group may not be able to implement successfully its business strategy

There can be no certainty that the Group will be able to implement successfully the business strategy set out in this Prospectus. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives. The Group's ability to implement its business strategy may be adversely affected by factors that the Issuer cannot currently foresee, such as unanticipated costs and expenses, technological change, severe economic downturn, the level of interest rates, foreign exchange risks, governmental policy, inflation rates, industry conditions, fluctuations in oil and gas prices or other changes in economic, political, judicial, administrative, taxation or regulatory factors (some of which are discussed in more detail in this section). All of these factors may necessitate changes to the business strategy described in this Prospectus or adversely affect the Group's business, its results of operations and financial condition.

Potential litigation may adversely affect the Group's activities

The Group faces the risk of potential litigation in connection with its business. By way of example the Argentinean government has stated that it intends to initiate administrative, civil and penal action against the Group in relation to its activities in the Falkland Islands (see paragraph entitled "*Political, economic, legal, regulatory and social uncertainties*" above). Recovery may be sought against the Group for very large and/or indeterminate amounts and the existence and scope of liability may remain unknown for substantial periods of time. Substantial legal liability in the future could have a material adverse affect on the Group's business, its results of operations and financial condition.

Risks relating to the Issuer

Holding company structure; dependence on subsidiaries

The Issuer's results of operations and financial condition are dependent on the trading performance of members of the Group and upon the level of distributions, interest payments and loan repayments, if any, received from the Group's operating subsidiaries, any amounts received on asset disposals and the level of cash balances. Certain of the Group's operating subsidiaries are and may, from time to time, be subject to restrictions on their ability to make distributions and loans including as a result of restrictive covenants in loan agreements, foreign exchange and other regulatory restrictions and agreements with the other shareholders of such subsidiaries.

Factors which are material for the purpose of assessing the market risks associated with the Notes

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The Notes are subject to optional repayment by the Issuer

An optional repayment feature is likely to limit the market value of Notes. During any period when the Issuer may elect to repay Notes, the market value of those Notes generally will not rise substantially above the price at which they can be repaid. This also may be true prior to any repayment period.

The Issuer may be expected to repay Notes, if it has the option to, when its cost of borrowing is lower than the interest rate on the Notes. Upon repayment of the Notes, you may not be able to reinvest the repayment proceeds at an effective interest rate as high as the interest rate on the Notes being repaid and may only be able to do so at a significantly lower rate. You should consider investment risk in light of other investments available at that time.

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate or from a floating rate to a fixed rate

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The market price of Notes issued at a substantial discount or premium may experience greater fluctuations in certain circumstances

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Notes are not protected by the Financial Services Compensation Scheme (FSCS)

Unlike a bank deposit, Notes issued under the Programme are not protected by the FSCS. As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer, Subsidiary Guarantors or the Group. If the Issuer or Subsidiary Guarantors go out of business or become insolvent, you may lose all or part of your investment in Notes issued under the Programme.

Defined voting majorities bind all Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a different manner than the majority did.

The Trustee may agree to certain modifications, waivers and substitutions without the consent of Noteholders

The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders, agree to (a) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (b) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

The EU Directive on the taxation of savings income may result in the imposition of withholding taxes in certain jurisdictions

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident or certain limited types of entities established in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment to an individual were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, neither the Issuer, the Subsidiary Guarantors nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer has agreed that, other than in respect of Notes cleared through CDP, it will maintain a Paying Agent with a specified office in an EU Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 (provided there is such a Member State).

If definitive Notes are issued, such Notes may be illiquid and difficult to trade

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denominations (as defined in the Conditions). In such a case, if you, as a result of trading such amounts, hold a nominal amount of less than the minimum Specified Denomination in your account with the relevant clearing system at the relevant time, you will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and you would need to purchase a nominal amount of Notes such that you hold an amount equal to one or more Specified Denominations.

If definitive Notes are issued, you should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

*The Foreign Account Tax Compliance Act (“**FATCA**”) may lead to the imposition of withholding taxes on the Notes*

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. or Clearstream, Luxembourg or CDP (together, the “**ICSDs**”), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see “*TAXATION – U.S. Foreign Account Tax Compliance Withholding*”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg or CDP) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any IGA legislation, if applicable), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

Holding CREST depository interests

You may hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”) through the issuance of dematerialised depository interests, held, settled and transferred through CREST (“**CDIs**”), representing the interests in the relevant Notes underlying the CDIs (the “**Underlying Notes**”). Holders of CDIs (the “**CDI Holders**”) will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Notes. The rights of CDI Holders to the Underlying Notes are represented by the relevant entitlements against CREST Depository Limited (the “**CREST Depository**”) which through CREST International Nominees Limited (the “**CREST Nominee**”) holds interests in the Underlying Notes. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Underlying Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”), Euroclear Bank S.A./N.V. (“**Euroclear**”) and the Issuer, including the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (“**CREST Deed Poll**”). You should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”) and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service (the “**CREST Rules**”) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the “**CREST International Settlement Links Service**”). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.

You should note that none of the Issuer, the Dealers, the Trustee or the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Base Prospectus.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

There may not be a liquid secondary market for the Notes and their market price may be volatile

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, neither the Dealers nor any other person is under an obligation to maintain such a market for the life of the Notes and the market may not be liquid. Therefore, you may not be able to sell your Notes easily or at prices that will provide you with a yield comparable to similar investments that have a developed secondary market. The Notes are sensitive to interest rate, currency or market risks and are designed to meet the investment requirements of limited categories of investors. For these reasons, the Notes generally will have a limited secondary market. This lack of liquidity may have a severely adverse effect on the market value of Notes.

In the case of Notes issued under the Programme which are tradable on London Stock Exchange plc’s order book for retail bonds, a registered market-maker on the order book for retail bonds will be appointed in respect of the relevant Notes from the date of admission of those Notes to trading. Market-making means that a person will quote prices for buying and selling securities during trading hours. However, the market-maker may not continue to act as a market-maker for the life of the relevant Notes. If a replacement market-maker was not appointed in such circumstances, this could have an adverse impact on your ability to sell the relevant Notes.

Exchange rate fluctuations and exchange controls may adversely affect your return on your investments in the Notes and/or the market value of the Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if your financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (a) the Investor’s Currency-equivalent yield on the Notes, (b) the Investor’s Currency equivalent value of the principal payable on the Notes and (c) the Investor’s Currency equivalent market value of the Notes.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, you may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. At the date of this Base Prospectus, neither the Programme, nor the Issuer's debt generally, has been assigned any credit rating.

A13.7.5(A)

Changes in interest rates or inflation rates may adversely affect the value of Fixed Rate Notes

Fixed Rate Notes bear interest at a fixed rate rather than by reference to an underlying index. Accordingly, you should note that if interest rates rise, then the income payable on the Fixed Rate Notes might become less attractive and the price that you could realise on a sale of the Fixed Rate Notes may fall. However, the market price of Notes issued under the Programme from time to time has no effect on the total income you receive on maturity of the Notes if you hold the Notes until the relevant maturity date.

Further, inflation will reduce the real value of the Fixed Rate Notes over time, which may affect what you could buy with your investment in the future and may make the fixed rate payable on the Fixed Rate Notes less attractive in the future, again affecting the price that you could realise on a sale of the Fixed Rate Notes.

Yield

Any indication of yield (i.e. the income return on the Notes) stated within the applicable Final Terms applies only to investments made at (as opposed to above or below) the issue price of the relevant Notes. If you invest in the Notes at a price other than the issue price of the Notes, the yield on the investment will be different from any indication of yield on the Notes as set out in the relevant Final Terms.

Realisation from sale of Notes

If you choose to sell Notes at any time prior to their maturity, the price received from such sale could be less than the original investment you made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Issuer and the Group.

The clearing systems

Because the Global Note relating to each Series may be held by or on behalf of Euroclear, Clearstream, Luxembourg and CDP you will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes in each Series will be represented by a temporary or permanent Global Note. Such Global Note may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or CDP, as the case may be. Except in the circumstances described in the Global Note, you will not be entitled to receive Definitive Notes. Euroclear, Clearstream, Luxembourg and CDP will maintain records of the interests in the relevant Global Note. While any Notes issued under the Programme are represented by a Global Note, you will be able to trade your interests only through Euroclear or Clearstream, Luxembourg or CDP.

While Notes are represented by a Global Note, the Issuer will discharge its payment obligations under such Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg or to CDP for distribution to the relevant account holders. A holder of an interest in the Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg or CDP, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in any Global Note.

Holders of interests in a Global Note will not have a direct right to vote in respect of the Notes represented by such Global Note. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg or CDP.




Trustee indemnity

In certain circumstances, the Noteholders may be dependent on the Trustee to take certain actions in respect of the Notes. Prior to taking such action, pursuant to the Conditions the Trustee may require to be indemnified and/or secured and or pre-funded to its satisfaction. If so, and the Trustee is not indemnified and/or secured and/or pre-funded to its satisfaction, it may decide not to take any action and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Noteholders would have to either provide such indemnity and/or security and/or pre-funding or accept the consequences of such inaction by the Trustee. Noteholders should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any potential inaction by the Trustee. Such inaction by the Trustee will not entitle Noteholders to take action directly against the Issuer or any Subsidiary Guarantor to pursue remedies for any breach by any of them of terms of the Trust Deed or the Notes unless the Trustee has failed within a reasonable time to do so.

INFORMATION ABOUT THE PROGRAMME

| | | Refer to |
|--|---|--|
| What is the Programme? | <p>The Programme is a debt issuance programme under which Premier Oil plc as the issuer may, from time to time, issue debt instruments which are referred to in this Base Prospectus as the Notes. Notes are also commonly referred to as bonds.</p> <p>The Programme is constituted by a set of master documents containing standard terms and conditions and other contractual provisions that can be used by the Issuer to undertake any number of issues of Notes from time to time in the future, subject to a maximum limit of £500,000,000 (or its equivalent in other currencies) outstanding at any time under the Programme. These terms and conditions are set out later in this Base Prospectus.</p> <p>The Programme was established on 18 November 2013.</p> | Terms and Conditions of the Notes beginning on page 123 |
| How are Notes issued under the Programme? | <p>Whenever the Issuer decides to issue Notes, it undertakes what is commonly referred to as a “drawdown”. On a drawdown, documents which are supplementary to the Programme master documents are produced, indicating which provisions in the master documents are relevant to that particular drawdown and setting out the terms of the Notes to be issued under the drawdown. The key supplementary documents of which you will need to be aware when deciding whether to invest in Notes issued as part of a drawdown over the 12 month period from the date of this Base Prospectus are: (a) any supplement to this Base Prospectus published after the date of this Base Prospectus and (b) the applicable Final Terms for such Notes.</p> <p>In the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group, and the rights attaching to the Notes, the Issuer will prepare and publish a supplement to this Base Prospectus or prepare and publish a new Base Prospectus, in each case, for use in connection with such Notes and any subsequent issue of Notes.</p> <p>Each Final Terms is a pricing supplement to this Base Prospectus (as supplemented or replaced from time to time) which sets out the specific terms of each issue of Notes under the Programme. Each Final Terms is intended to be read alongside the Terms and Conditions of the Notes, and the two together provide the specific terms of the Notes relevant to a specific drawdown.</p> | Terms and Conditions of the Notes beginning on page 123 and the Forms of Final Terms beginning on page 167 |
| What types of Notes may be issued under the | <p>Three types of Notes may be issued under the Programme: Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes.</p> <p>Fixed Rate Notes are Notes where the interest rate payable by the Issuer on the Notes is fixed, for the life of the Notes, as a set percentage at the time of</p> | Terms and Conditions of the Notes beginning on |


| | | |
|--|---|--|
| Programme? | <p>issue.</p> <p>Floating Rate Notes are Notes where the interest rate is calculated by reference to a fluctuating benchmark rate. Under the Programme, that benchmark rate will be either an ISDA defined rate, the Euro Interbank Offered Rate (EURIBOR), the London Interbank Offered Rate (LIBOR), the Singapore Interbank Offered Rate (SIBOR) or the Singapore Swap Offer Rate (SOR). The floating interest rate is calculated on or about the start of each new interest period and applies for the length of that interest period. Therefore, Floating Rate Notes in effect have a succession of fixed interest rates which are recalculated on or about the start of each new interest period. Although the floating interest rate will be based on the benchmark rate, it will typically also include a fixed percentage margin which is added to the benchmark rate.</p> <p>Zero Coupon Notes are Notes which do not carry any interest but are generally issued at a deep discount to their nominal amount. Zero Coupon Notes are repaid at their full amount. Therefore, if you purchase Zero Coupon Notes on their issue date and hold them to maturity, your return will be the difference between the issue price and the nominal amount of the Zero Coupon Notes paid on maturity. Alternatively, you might realise a return on Zero Coupon Notes through a sale prior to their maturity.</p> <p>The specific details of each Note issued will be specified in the applicable Final Terms.</p> | page 123 and the Forms of Final Terms beginning on page 167 |
| How will the price of the Notes be determined? | Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer or Dealers at the time of “pricing” of the Notes in accordance with prevailing market conditions. The issue price for each Tranche will be specified in the applicable Final Terms. | N/A |
| What is the yield on Fixed Rate Notes? | The yield in respect of each issue of Fixed Rate Notes will be calculated on the basis of the Issue Price and specified in the applicable Final Terms. Yield is not an indication of future price. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield. | N/A |
| Will the Notes issued under the Programme have a credit rating? | A Series of Notes issued under the Programme may be rated by a credit rating agency or unrated. Any such ratings will not necessarily be the same as the rating assigned to the Issuer or to any other Series of Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Programme is not currently rated however. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA regulation.. | N/A |
| Will I be able to trade the Notes issued under the Programme? | Application has been made to admit Notes issued during the period of 12 months from the date of this Base Prospectus to the Official List of the UK Listing Authority and to admit them to trading on London Stock Exchange plc’s regulated market. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been | <i>Additional Information - 1. Listing and admission to trading of the</i> |

| | <p>admitted to the Official List and have been admitted to trading on the London Stock Exchange's regulated market.</p> <p>Once listed, the Notes may be purchased or sold through a broker. The market price of the Notes may be higher or lower than their issue price depending on, among other things, the level of supply and demand for the Notes, movements in interest rates and the financial performance of the Issuer and the Group. (See “<i>Risk Factors – Risks related to the market generally – There may not be a liquid secondary market for the Notes and their market price may be volatile</i>”).</p> | Notes on page 185 | | | | | | | | | | | | | | | | | | |
|--|---|--|--------------------|-------------------------|----------------|----------------------------------|----------------|---|--|----------------|------------------------|---|------------------------------------|----------------|--|--|--|--------------|-----------------------|-----|
| <p>What will Noteholders receive in a winding-up of the Issuer and the Group?</p> | <p>If the Issuer or a Subsidiary Guarantor becomes insolvent and is unable to pay its debts, an administrator or liquidator would be expected to make distributions to its creditors in accordance with a statutory order of priority. Your claim as a Noteholder would be expected to rank after the claims of any creditors that are given preferential treatment by applicable laws of mandatory application relating to creditors, but ahead of any shareholder of the Issuer or Subsidiary Guarantor, as applicable. A simplified diagram illustrating the expected ranking of the Notes compared to other creditors of the Issuer and the Subsidiary Guarantors, as the case may be, is set out below:</p> <table border="1" data-bbox="435 913 1217 1825"> <thead> <tr> <th></th> <th>Type of obligation</th> <th>Examples of obligations</th> </tr> </thead> <tbody> <tr> <td>Higher ranking</td> <td>Proceeds of fixed charged assets</td> <td>Currently none</td> </tr> <tr> <td rowspan="4" style="text-align: center; vertical-align: middle;">  </td> <td>Expenses of the liquidation/administration</td> <td>Currently none</td> </tr> <tr> <td>Preferential creditors</td> <td>Including remuneration due to employees</td> </tr> <tr> <td>Proceeds of floating charge assets</td> <td>Currently none</td> </tr> <tr> <td>Unsecured obligations, including guarantees in respect of them</td> <td>Including any Notes of the Issuer to be issued under the Programme and the Guarantee of the Subsidiary Guarantors. Also includes unsecured obligations (including guarantee obligations) in respect of various Group banking facilities and other financings.</td> </tr> <tr> <td></td> <td>Shareholders</td> <td>Ordinary shareholders</td> </tr> </tbody> </table> <p>However, as well as being aware of the ranking of the Notes issued under the Programme compared to the other categories of creditor, and the shareholders, of the Issuer, you should note that the Issuer holds a</p> | | Type of obligation | Examples of obligations | Higher ranking | Proceeds of fixed charged assets | Currently none |  | Expenses of the liquidation/administration | Currently none | Preferential creditors | Including remuneration due to employees | Proceeds of floating charge assets | Currently none | Unsecured obligations, including guarantees in respect of them | Including any Notes of the Issuer to be issued under the Programme and the Guarantee of the Subsidiary Guarantors. Also includes unsecured obligations (including guarantee obligations) in respect of various Group banking facilities and other financings. | | Shareholders | Ordinary shareholders | N/A |
| | Type of obligation | Examples of obligations | | | | | | | | | | | | | | | | | | |
| Higher ranking | Proceeds of fixed charged assets | Currently none | | | | | | | | | | | | | | | | | | |
|  | Expenses of the liquidation/administration | Currently none | | | | | | | | | | | | | | | | | | |
| | Preferential creditors | Including remuneration due to employees | | | | | | | | | | | | | | | | | | |
| | Proceeds of floating charge assets | Currently none | | | | | | | | | | | | | | | | | | |
| | Unsecured obligations, including guarantees in respect of them | Including any Notes of the Issuer to be issued under the Programme and the Guarantee of the Subsidiary Guarantors. Also includes unsecured obligations (including guarantee obligations) in respect of various Group banking facilities and other financings. | | | | | | | | | | | | | | | | | | |
| | Shareholders | Ordinary shareholders | | | | | | | | | | | | | | | | | | |

substantial majority of its assets in its subsidiaries. (See *Description of the Issuer and the Group – Organisational structure* on page 43) **for details of the Issuer’s principal subsidiaries.)**

The Issuer’s right to participate in a distribution of its subsidiaries’ assets upon their liquidation, re-organisation or insolvency is generally subject to any claims made against the subsidiaries, including creditors such as any lending bank and trade creditors. The obligations of the Issuer under the Notes are therefore structurally subordinated to any liabilities of the Issuer’s subsidiaries. Structural subordination in this context means that, in the event of a winding up or insolvency of the Issuer’s subsidiaries, any creditors of that subsidiary (which may include the Noteholders if that subsidiary is a Subsidiary Guarantor) would have preferential claims to the assets of that subsidiary ahead of any creditors of the Issuer (i.e. including Noteholders).

A simplified diagram illustrating the structural subordination of the Issuer’s obligations under the Notes to any liabilities of the Issuer’s subsidiaries referred to above is set out below by way of example by reference to an indirect subsidiary of the Issuer, Premier Oil UK Limited (“**POUKL**”):

| | Type of obligation | Examples of obligations |
|---|--|---|
| | Higher ranking | Proceeds of fixed charged assets |
| | | Currently none |
|  | Expenses of the liquidation/administration | Currently none |
| | Preferential creditors | Including remuneration due to POUKL’s employees |
| | Proceeds of floating charge assets | Currently none |
| | Unsecured obligations, including guarantees in respect of them | E.g. trade creditors and unsecured obligations (including obligations as borrower or guarantor) in respect of various Group banking facilities and other financings. Also includes the Guarantee of the obligations under the Notes for so long as POUKL is a Subsidiary Guarantor. |
| | Shareholders | POUKL’s sole shareholder, Premier Oil Group Limited, which is a direct subsidiary of Premier Oil |

| | plc | |
|--|--|---|
| Do the Notes have voting rights? | <p>Noteholders have certain rights to vote at meetings of the Noteholders, but are not entitled to vote at any meeting of shareholders of the Issuer, the Subsidiary Guarantors or any other member of the Group.</p> <p>The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a different manner than the majority did.</p> | <i>Terms and Conditions of the Notes - Meetings of Noteholders, Modification, Waiver and Substitution beginning on page 156</i> |
| Can the Terms and Conditions of the Notes be amended? | <p>The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to: (a) any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee in each following case, of a formal, minor or technical nature or is made to correct a manifest error; (b) waive, modify or authorise any other modification of the Trust Deed or any proposed breach or breach by the Issuer of a provision of the Trust Deed if, in the opinion of the Trustee, such modification, proposed breach or breach is not prejudicial to the interests of the Noteholders; or (c) the substitution of another company as principal debtor under the Notes in place of the Issuer or a Subsidiary Guarantor in certain circumstances and subject to the satisfaction of certain conditions.</p> <p>Noteholders may also sanction a modification of the Terms and Conditions of the Notes by passing an Extraordinary Resolution.</p> | <i>Terms and Conditions of the Notes - Meetings of Noteholders, Modification, Waiver and Substitution beginning on page 156</i> |
| Can Subsidiary Guarantors be added, or removed, after any Notes have been issued? | <p>Pursuant to the Terms and Conditions of the Notes, if any subsidiary of the Issuer becomes a borrower or accedes as a guarantor under the principal banking facilities of the Group, they will (within 45 days) become a Subsidiary Guarantor in respect of any Notes issued under the Programme.</p> <p>In the same way, pursuant to the Terms and Conditions of the Notes, if any Subsidiary Guarantor ceases to be a borrower or a guarantor under the principal banking facilities of the Group, such guarantor will in certain circumstances cease to be a Subsidiary Guarantor in respect of any Notes issued under the Programme. In either event the Issuer will, as soon as possible, announce the addition or removal of any Subsidiary Guarantor on a RIS (expected to be the Regulated News Service (“RNS”) of the London Stock Exchange plc.)</p> | Terms and Conditions of the Notes beginning on page 123 |
| What if I have further questions? | If you are unclear in relation to any matter, or uncertain if any Notes offered under the Programme are a suitable investment, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether or not to invest. | N/A |

DESCRIPTION OF THE ISSUER AND THE GROUP

For technical terms used in this section- See "Glossary of Technical Terms".

Overview

The Issuer is an international oil and gas exploration and production company headquartered in London. The principal legislation under which the Issuer acts is the Companies Act 2006. The registered office of the Issuer is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN. The Issuer's head office is 23 Lower Belgrave Street, London SW1W 0NR (Tel: +44 (0)20 7730 1111).

The Issuer was incorporated and registered in Scotland on 31 July 2002 with registered number SC234781. It acquired Premier Oil Group Limited ("POGL") as part of a restructuring in 2003. POGL was originally incorporated and registered in Scotland on 10 April 1934.

The Group has current interests in ten countries around the world, with significant assets in the North Sea, both UK and Norway, Indonesia, Vietnam, Pakistan and the Falkland Islands. The portfolio consists of oil and gas fields which are already producing, discovered fields not yet producing which are undergoing development planning and execution, and licences to explore for new oil and gas fields in prospective areas. Fields which are already producing or for which the decision to invest in the development has already been made are classified as '2P reserves' and other undeveloped discoveries are classified as '2C contingent resources', consistent with the definitions set out by the Society of Petroleum Engineers and known as the Petroleum Resources Management System (PRMS). This system subcategorises discovered volumes of hydrocarbons according to likelihood of reaching commercial producing status..

As at 31 December 2012, the Group had a reserves and contingent resource base of 772.7 MMBOE, based on its own appraisal of its assets. Production for the year ended 31 December 2012 was 57.7 KBOEPD and production for the first half of 2013 was 58.6 KBOEPD. Based on these rates of production, the average remaining life span of the fields that are currently producing would be 13 years, but the Group expects to extend the longevity of the portfolio by bringing as yet undeveloped discoveries on to production and with future exploration success.

In the financial year ended 31 December 2012, the Group achieved revenues of U.S.\$1,408.7 million and a profit after tax of U.S.\$252.0 million. In the six months to 30 June 2013, the Group achieved revenues of U.S.\$757.8 million and a profit after tax of U.S.\$161.1 million.

The Group's reserves and production by country



Strategy

The Group's strategy is comprised of five main elements:

- Increasing near-term production to 75,000 BOEPD from its existing proven and probable reserves base;
- Promoting further growth through commercialising the Group's contingent resources;
- Adding 200 MMBLS of reserves through exploration by focusing on core geologies, in order to underpin the Group's medium term production target of 100,000 BOEPD;
- Making value-adding acquisitions in the Group's six business units (UK, Norway, Pakistan/Mauritania, Indonesia, Vietnam and the Falkland Islands); and
- Maintaining financial strength and access to capital markets.

History and development of the Group

The Group was founded 79 years ago in Scotland to pursue oil and gas exploration and production activities in Trinidad. In 1936, the Group's holding company was publicly listed in London as Premier (Trinidad) Oilfields Limited, and for the next two decades the Group focussed on oil production in Trinidad.

The Group acquired its first interest in the North Sea in 1971. It expanded its presence on the UK continental shelf ("UKCS") when it merged with the Ball and Collins North Sea Consortium in 1977, gaining significant interests in the North Sea as well as properties in Sudan and West Africa.

In 1984, the Group purchased a 12.38 per cent. interest in the onshore oilfield at Wytch Farm in Dorset. This acquisition had a significant impact on the Group's reserve base and cash flow and continues today to make an important contribution to the Group's revenues. In December 2011, the Group acquired an additional 17.715 per cent. interest in the onshore oilfield at Wytch Farm taking the Group's total interest in Wytch Farm to 30.1 per cent.

In the late 1980s and early 1990s, the Group enjoyed a series of exploration successes, notably the discovery of the Qadirpur gas field in Pakistan in 1990, the Angus and Fife fields in the UKCS in 1983 and 1991 respectively and the Yetagun gas field in Myanmar in 1992.

In 1995, the Group acquired Pict Petroleum plc ("**Pict**"). Hess Corporation ("**Hess**"), which already had a substantial interest in Pict, became a 25 per cent. shareholder of the Group. As a result of the Pict acquisition, the Group participated in numerous further North Sea oil and gas fields, including the Fife, Fergus, Galahad and Scott fields. Supported by production revenue from the UKCS, the Group turned its attention to South East Asia with a view to developing energy resources to serve the region's rapidly expanding economies. In 1996, the Group acquired Sumatra Gulf Oil which gave it a majority interest in Natuna Sea Block A offshore Indonesia, comprising the Anoa oil field and substantial gas reserves, as well as exploration prospects. The Group also acquired Discovery Petroleum NL of Australia, thereby obtaining an interest in the Kakap licence, also in the Natuna Sea, which added oil and gas reserves and provided access to further prospective exploration acreage. The Group was the original licensee of concessions M13 and M14 in Myanmar, when they were awarded in 1990. Shortly afterwards, the Group farmed out its interests to a subsidiary of Texaco, which became the operator, and a subsidiary of Nippon Oil Corporation, whilst retaining a 30 per cent. interest. The Yetagun field was discovered in 1992 and development began in 1996. In late 1997, Texaco sold its entire interest of 30 per cent. and transferred the role of operator to the Group. At the same time the Group sold a 30 per cent. interest to Petronas. Construction of the pipeline and facilities for this field took place during 1998 and 1999. The field started production in May 2000.

In 1998, the Group and Shell brought together their exploration and production interests in Pakistan to form a joint venture company, Premier & Shell Pakistan B.V. ("**PSP**"). In May 2001, the Group announced an asset swap with Shell which dismantled the partnership and, in September 2001, a new joint venture company was formed with Kufpec to hold the interests in Pakistan, Premier-Kufpec Pakistan B.V. ("**PKP**"). This joint venture was unwound in 2007 with each of the co-venturers now owning its share of the assets directly.

To consolidate its position as a leading independent production company in the South East Asian energy markets, the Group formed a strategic alliance with Petronas and Hess in 1999. As part of the strategic alliance, each of Petronas and Hess owned a 25 per cent. equity interest in the Group. In September 2002, the Group agreed to transfer its entire Myanmar business to Petronas and part of the Indonesian West Natuna asset to subsidiaries of Petronas and Hess. In consideration for these transfers, Petronas and Hess cancelled their combined 50 per cent. shareholding in the Group and contributed U.S.\$376 million in cash and debt repayment. As part of the reorganisation, in 2003 the Issuer acquired POGI and as a result became the holding company of the Group.

In 2005, the Group reorganised into four regional units: Asia, Middle East-Pakistan, North Sea and West Africa. This reorganisation took into account the successful entry into a number of new countries including Vietnam, Norway and Mauritania.

In 2006, Premier made two discoveries in Vietnam on Block 12W – Dua and Chim Sáo (previously known as Blackbird).

In 2007, the Group purchased an additional 20.05 per cent. interest in the Scott field for U.S.\$52.6 million, which increased its equity in the project to 21.83 per cent.

In 2009, the Group acquired Oilexco North Sea Limited (“**Oilexco**”) from administration, for U.S.\$500.1 million, funded with a combination of new debt facilities and a rights issue to shareholders of £171 million. This added production, reserves and resources to the Group’s North Sea unit. The acquisition provided the Group with a greater presence in the North Sea and strengthened its existing operations in the area by adding a material package of assets comprising existing producing fields, development projects of existing discovered reserves and a portfolio of exploration prospects, together with UK operatorship capabilities. The Group also acquired Delek Energy (Vietnam) LLC which owned 25 per cent. equity in Block 12W in Vietnam, increasing the Group’s interest in the block to 53.125 per cent.

In 2010 and early 2011, the Group made a series of discoveries at Catcher, Bonneville, Varadero and Burgman in the UK North Sea. In October 2011, the Group announced the acquisition of EnCore Oil plc, an AIM listed independent exploration and appraisal company. This transaction increased the Group’s interest in the UK Catcher area to 50 per cent., providing the Group with the operatorship of the Catcher development and added to the Group’s exploration position in the Central North Sea. This transaction completed in January 2012.

In July 2012, the Group announced the acquisition of 60 per cent. of Rockhopper’s interests in certain offshore production licences in the Falkland Islands. This includes an interest in the Sea Lion development project which is expected to significantly enhance the Group’s resource base and future growth potential. This acquisition completed on 19 October 2012.

The Group today is independent and pursues its strategy of low-risk development of existing discovered reserves whilst maintaining shareholder leverage to material exploration upside. The Group is pre-funded for its committed development and exploration programmes.

As at 30 June 2013, the Group had cash resources and undrawn bank facilities of approximately U.S.\$1 billion and a gearing of 39 per cent. Net debt was U.S.\$1,315.8 million including cash resources of U.S.\$182.3 million.

Key strengths

Long-life production profile

The Group’s current producing portfolio generated an average production rate of 58,600 BOEPD in the first half of 2013 (full year 2012: 57,700 BOEPD) from a spread of world class assets. The Group has a strong reserve base with over 290 MMBOE of 2P reserves (as of the financial year ended 31 December 2012) which at current production rates implies a reserve life of around 13 years. Because of the quality of the assets, the Group’s existing producing fields generate significant cash flow even at lower oil and gas prices.

Good quality long-term gas contracts

Substantially all of the Group’s gas production is sold under profitable long-term contracts to government-backed customers in Singapore and Pakistan. Revenues are denominated in US Dollars and funds are remitted directly to London bank accounts.

Substantial reserve backing, conservatively booked

The Group's production and development portfolio is supported by booked 2P reserves of 292 MMBOE and contingent resources (not yet booked) of 481 MMBOE (as of the financial year ended 31 December 2012).

Significant growth profile

The Group's current level of production is expected to increase to over 100,000 BOEPD in the medium term as a result of projects currently under development.

Experienced production and development operator of medium-sized oil projects

The Group has a good track record of operatorships in world class operations starting in 1998 when it operated the Yetagun gas project, offshore Myanmar. Subsequently, the Group has brought on-stream several other operated development projects, including Chim Sáo (Vietnam) and Gajah Baru (Indonesia) in 2011.

Development project operatorships and high equity interests

The Group is the operator of and holds high equity interests in the main development projects which are expected to deliver growth over the medium term – Solan, Bream, Catcher and Sea Lion. This allows the Group to exert significant influence over the planning and execution of these projects.

Balance sheet strength

The Group has a strong current balance sheet with cash balances of around U.S.\$182 million and undrawn bank facilities of U.S.\$830 million as at 30 June 2013. Combined with current cash flows, this effectively pre-finances the Group's planned investment programme. The Group is committed to maintaining a disciplined exploration spending target each year and where necessary will seek farm-in partners for drilling programmes to maintain this discipline.

Experienced management team with deep oil and gas industry knowledge

The Group's senior management team has a wide range of experience throughout the industry and across the business. Simon Lockett, Chief Executive, joined the Group in 1994 and worked in a variety of roles within the Group before becoming Chief Executive in 2005. Tony Durrant, Finance Director, joined the Group in 2005 having been Head of the European Natural Resources Group of Lehman Brothers since 1997. Operationally, Neil Hawkings and Robin Allan both have significant experience having spent more than 20 years each working within the industry (with ConocoPhillips and the Group respectively). Andrew Lodge, Director of Exploration, joined the Group in 2009 after more than 20 years of experience with BP, BHP and Hess. This management team collectively has already delivered rapid growth. Current production levels – 58,600 BOEPD in the first half of 2013 – from reserves of 290 MMBOE at the end of 2012 compare to a production rate of 33,000 BOEPD and a reserve base of 152 MMBOE in 2006.

Organisational structure

The Issuer has three principal wholly-owned subsidiaries – POGL, Premier Oil Finance (Jersey) Limited (“**POFJL**”) and EnCore Oil Limited (“**EOL**”). POGL holds the majority of the Group's licence interests through its subsidiaries and is registered in Scotland. POGL itself has four principal wholly-owned subsidiaries: Premier Oil Holdings Limited (“**POHL**”), Premier Oil UK Limited (“**POUKL**”), Premier Oil Overseas B.V. (“**POOBV**”) and Premier Oil (Vietnam) Limited (“**POVL**”).

POHL, a company registered in England and Wales, is the immediate holding company of several specially formed entities which hold the Group's interest in two PSCs in Mauritania (“**PSC A**” and “**PSC B**”), including the Group's interest in the Chinguetti field and also hold the Group's interests in Norway. It also holds the Group's wholly-owned subsidiary Premier Oil Exploration and Production Limited (“**POEPL**”).

which holds the Group's assets in the Falkland Islands, and other wholly-owned subsidiaries which hold exploration assets including in Brazil and Iraq.

POUKL, a Scottish registered company, and its wholly-owned subsidiaries hold the majority of the Group's UK assets.

POOBV, a Dutch registered company, holds the Group's wholly-owned subsidiaries, Premier Oil Kakap B.V. and Premier Oil Natuna Sea B.V., which hold, respectively, the Group's interests in Kakap and Natuna Sea Block A, both of which are in Indonesia.

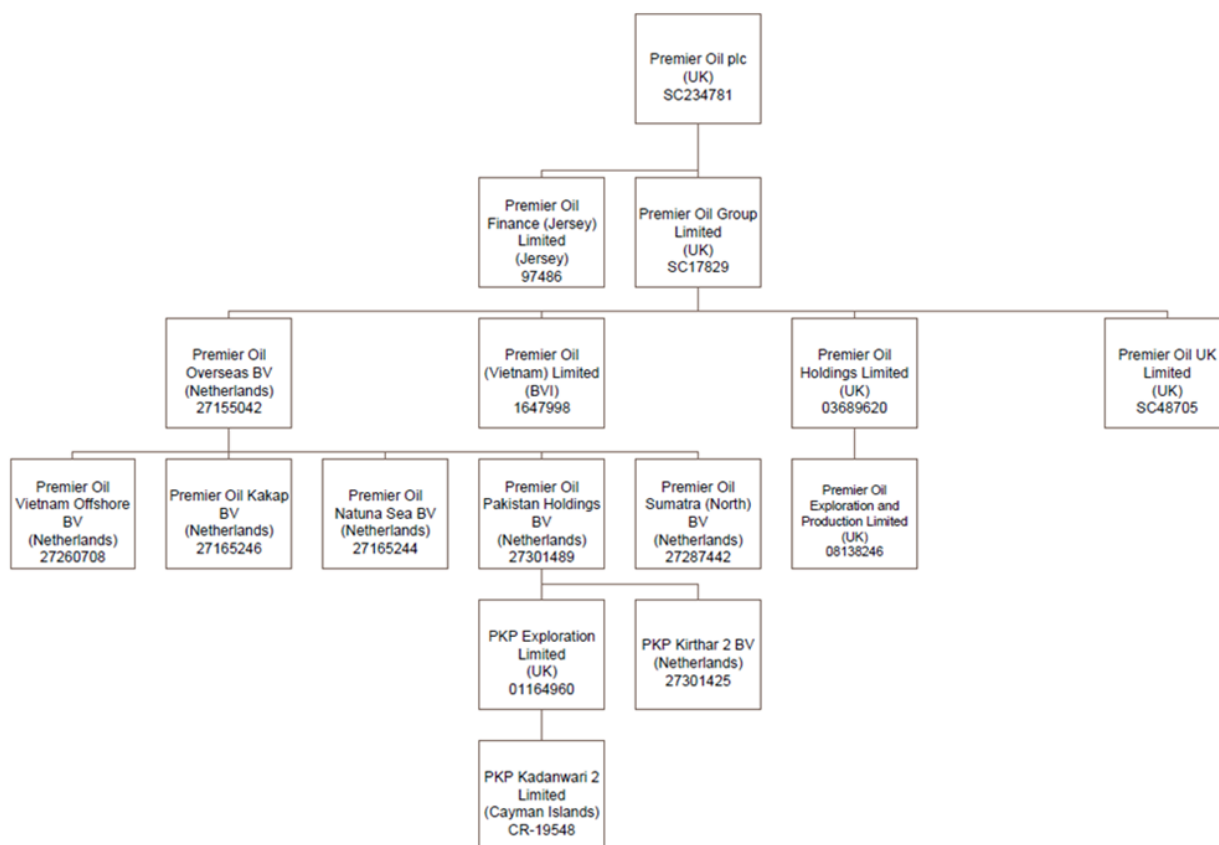
POOBV also holds the Group's wholly owned subsidiary Premier Oil Pakistan Holdings B.V. which has three wholly-owned subsidiaries, PKP Exploration Limited, PKP Kadanwari 2 Limited and PKP Kirthar 2 B.V., which hold, respectively, the Group's interests in Qadirpur and Zamzama, Kadanwari, and Bhit fields, all of which are located in Pakistan. Furthermore, POOBV holds the Group's wholly owned subsidiary Premier Oil Vietnam Offshore B.V. ("**POVO**") which holds part of the Group's interests in Block 12W in Vietnam.

POVL, a company registered in the British Virgin Islands, holds the part of the Group's interest in Block 12W in Vietnam not held by POVO.

Regarding the Issuer's other two wholly-owned subsidiaries, EOL (formerly EnCore Oil plc) holds two exploration licences and a 29.52 per cent holding in Egdon Resources plc that were all acquired by the Group with the acquisition of EnCore Oil plc in early 2012. POFJL is a Jersey-registered company incorporated for the purpose of issuing convertible bonds and to be a party to various financial arrangements supporting the convertible bonds.

Summary of the Group's Guarantor Structure

The Issuer is the ultimate holding company of all of the Subsidiary Guarantors which guarantee the Notes as at the date of this Prospectus, as shown in the diagram below:



The table below shows the position of the Subsidiary Guarantors (taken as a whole) compared to the consolidated position of the Group in respect of EBITDAX⁽¹⁾, proven and probable reserves, property/plant/equipment (being net assets), gross assets, turnover and profit before tax for the years ended 31 December 2011 and 31 December 2012:

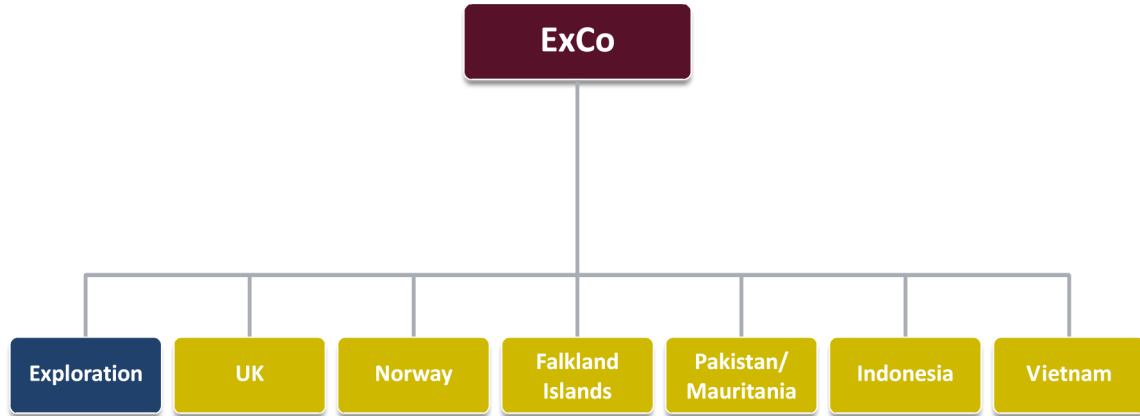
| | Year ended 31 December 2012 | | Year ended 31 December 2011 | |
|---|-----------------------------|-------------|-----------------------------|-------------|
| | Subsidiary Guarantors | Group Total | Subsidiary Guarantors | Group Total |
| EBITDAX ⁽¹⁾ (U.S.\$m)..... | 988.7 | 995.8 | 542.6 | 551.7 |
| | 99.3% | | 98.4% | |
| Proven and probable reserves (MMBOE).... | 291.4 | 291.9 | 284.0 | 284.8 |
| | 99.8% | | 99.7% | |
| Property, plant and equipment (being net assets) (U.S.\$m)..... | 2671.7 | 2692.9 | 2240.8 | 2257.8 |
| | 99.2% | | 99.2% | |
| Gross assets (U.S.\$m)..... | 3,916.1 | 4,221.7 | 3,138.4 | 3,413.3 |
| | 92.8% | | 91.9% | |
| Turnover (U.S.\$m)..... | 1,390.4 | 1,408.7 | 811.8 | 826.8 |
| | 98.7% | | 98.2% | |
| Profit before tax (U.S.\$m) | 403.5 | 359.9 | 255.5 | 141.5 |
| | 112.1% | | 180.6% | |

Note:

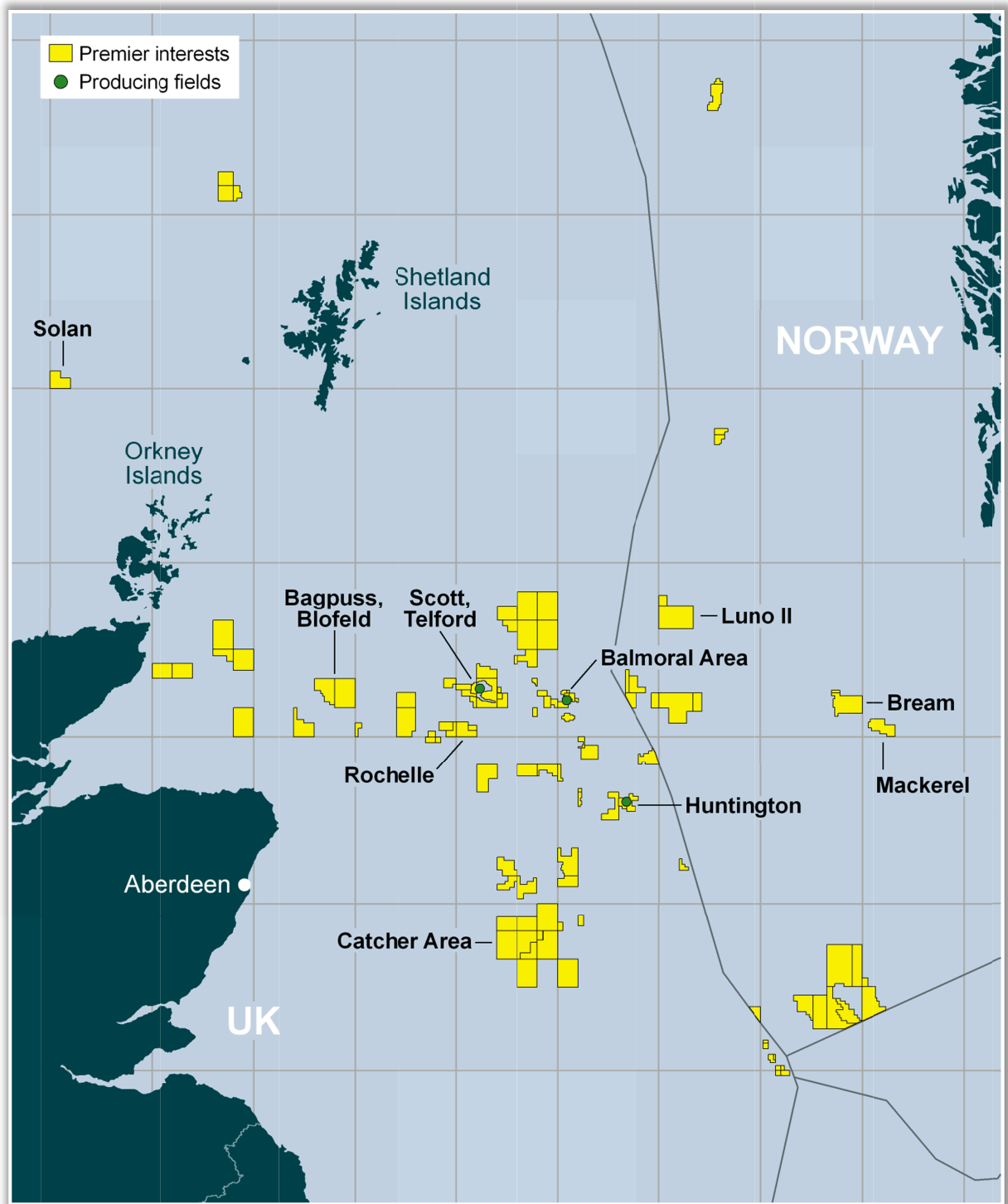
(1) Operating profit adjusted in accordance with the provisions of the Group's principal bank facility.

Description of Businesses and Operations

The Group is organised into six business units: UK; Norway; Pakistan and Mauritania; Indonesia; Vietnam and Falkland Islands, with the exploration teams reporting directly to a central exploration function.



The Group's licence interests in the North Sea



United Kingdom Business Unit

Headquarters: Aberdeen.

The Group has a portfolio of licences in the UK which comprises a mixture of producing assets (remaining life ranges from 5 to 24 years), development assets which are yet to begin producing and exploration acreage.

Estimated 2P reserves and 2C contingent resources in the United Kingdom were 173.3 MMBOE as at 31 December 2012, representing 22 per cent. of the Group's global total. With 13,400 BOEPD produced in the region in the first half of 2013, the UK accounted for 23 per cent. of the Group's total production.

Balmoral Area (Balmoral, Glamis, Stirling, Brenda & Nicol fields) – producing asset, various operated interests

The Balmoral, Glamis, Stirling, Brenda & Nicol fields are located in Blocks 16/21a and 16/21b in the UK Central North Sea, 200 kilometres northeast of Aberdeen. The Group acquired its interest in the Balmoral area fields through its acquisition of Oilexco in 2009. The Balmoral area fields produce via a floating production facility located on the Balmoral field. Oil is transported via the Brae-Forties link to Cruden Bay and overland to Hound Point.

Net to the Group, estimated remaining 2P reserves and 2C contingent resources in the Balmoral area fields were 14.4 MMBOE as at 31 December 2012 and production for the first half of 2013 was 2,700 BOEPD. Production is being maintained largely on plateau and is forecast to continue until 2020.

Wytch Farm – producing asset, 30.1 per cent., non-operated interest

The Group acquired a 12.38 per cent. interest in Wytch Farm in 1984. Wytch Farm is one of the largest onshore oilfields in Western Europe with over a billion barrels of oil-in-place. Development is entirely land-based but includes two well sites in Furzey Island which are serviced by boat. Production is routed from remote well sites to the mainland gathering station process plant, and then evacuated via pipeline to the Hamble terminal near Southampton for tanker loading. The field development has been in three main phases, commencing with first oil in 1979. In 1990 the second phase increased production to over 60,000 BOPD to allow development of the major Sherwood reservoir and the third phase extended the Sherwood development offshore and increased production to over 100,000 BOPD.

In December 2011, the Group completed the acquisition of an additional 17.715 per cent. in the field for an initial cash consideration of U.S.\$96 million bringing the Group's total interest in Wytch Farm to 30.1 per cent.

A programme of infill drilling is currently ongoing. Most recently two wells were drilled this year into the Frome reservoir and are now producing. Water injection is carried out at nearby Furzey Island in order to help maintain production, which is currently forecast to continue until 2037.

Net to the Group, estimated remaining 2P reserves and 2C contingent resources in the Wytch Farm area were 29.0 MMBOE as at 31 December 2012 and production was 5,100 BOEPD in the first half of 2013. Partners in Wytch Farm are Perenco UK Limited (operator, 50.1 per cent.), Maersk (7.43 per cent.), Talisman Energy Inc. (4.95 per cent.), and Summit Petroleum (7.42 per cent.).

Kyle – producing field, 40 per cent. non-operated interest

In 1995, the Group acquired a 20 per cent. interest in the P748 licence, which contains the Kyle oil field, through its acquisition of Pict. In 1997, the Group increased its equity interest in this oilfield from 20 per cent. to 35 per cent. by acquiring Mobil's remaining equity interest. In 2002, the Group purchased a further 5 per cent. interest from ROC Oil Company Limited.

Following a successful extended well test with the Petrojarl-1 FPSO in 2000, the Kyle field was developed via sub-sea wells connected to two manifolds (North and South) tied back 18 kilometres to the Maersk-operated Maersk Curlew FPSO. Oil and gas production via the Maersk Curlew FPSO began in 2001 and switched in 2005 to the Petrojarl Banff host processing facility.

In December 2011, exceptionally adverse weather conditions caused the Banff FPSO to lose its anchors resulting in severe damage to the subsea risers. It was taken off location and is currently anchored in Scapa

Flow, Orkney Islands, pending reinstatement. The Kyle field stopped production as a result of the damage to the FPSO and is expected to be back on-stream in 2014. The lost production from the Kyle field is the subject of a business interruption and property damage insurance claim which is nearing final agreement.

Estimated remaining 2P reserves and 2C contingent resources were 5.4 MMBOE as at 31 December 2012 net to the Group. When production comes back on stream it is expected to be in natural decline for another five years. Partners in Kyle are CNR (operator, 45.71 per cent.) and Dana Petroleum (14.29 per cent.).

Scott and Telford – producing fields, 21.83 per cent. and 1.59 per cent. non-operated interests

The Scott field is offshore eastern Scotland about 186 km northeast of Aberdeen in 140m of water. It began production in 1993 and the Group acquired a 1.798 per cent. equity stake in the 15/21 licence as part of its acquisition of Pict in 1995. Oil is exported via the Forties pipeline and gas via the Sage pipeline. The nearby Telford field also produces oil and gas via the Scott platform.

In May 2007, the Group announced the successful completion of a transaction to pre-empt Hess's proposed sale of its interest in part of the Scott field. Specifically, the Group increased its existing 1.798 per cent. holding to 21.83 per cent. for a net consideration of U.S.\$52.6 million.

Net to the Group, estimated remaining 2P reserves and 2C contingent resources were 9.9 MMBOE as at 31 December 2012 and production from Scott and Telford in the first half of 2013 averaged 4,200 BOEPD. Production is expected to continue in gentle decline until 2021. Partners in Scott are CNOOC (operator, 45.71 per cent.), KNOC (20.64 per cent.), Apache Corporation (10.47 per cent.) and A.P. Moller Group (5.16 per cent.).

Huntington – producing asset, 40 per cent. non-operated interest

Huntington is an oil and gas field in the Central North Sea area, 230km north-east of Aberdeen which was discovered in 2007 by Oilexco. The Group acquired Oilexco and its 40 per cent. non-operated interest in the field in 2009 and a field development plan was sanctioned in November 2010, utilising the Sevan Marine-owned Voyageur FPSO.

Teekay acquired the Voyageur FPSO from Sevan Marine, and financed the completion of the upgrade of the vessel. First oil was achieved in April 2013.

Net to the Group, 2P reserves and 2C contingent resources were estimated at 13.1 MMBOE as at 31 December 2012 and production averaged 2,700 BOEPD in the period between first oil and the end of the first half of 2013. The production profile is expected to produce a plateau of around 12,000 BOEPD net to the Group and is modelled to cease in 2017. Partners in Huntington are E.ON (operator, 25 per cent.), Noreco (20 per cent.) and Iona Energy (15 per cent.).

Nelson – producing asset, 1.65 per cent. non-operated interest

The large Nelson oil and gas field, discovered in 1987, is located to the south east of the Forties field. Following an extensive appraisal drilling programme in the late 1980s, estimates of recoverable reserves were significantly increased. The field was subsequently developed using a conventional stand-alone fixed steel platform with one subsea template located six kilometres to the south. First oil was achieved in February 1994. Oil is exported via a spurline to the Forties Pipeline System and onwards to the BP-operated terminal facilities at Cruden Bay. Gas export is via the Fulmar pipeline to the Shell-operated terminal facilities at St Fergus. The Group acquired its 1.65 per cent. interest in the Nelson field when it acquired Oilexco in 2009.

Net to the Group, estimated remaining 2P reserves and 2C contingent resources were 0.8 MMBOE as at 31 December 2012 and production was 200 BOEPD in the first half of 2013. Production is in slow decline and is expected to continue until 2026. Partners in Nelson are Shell (operator, 58.11 per cent.), Exxon Mobil (21.23 per cent.), Apache (11.54 per cent.), and Idemitsu Corporation (7.47 per cent.).

Rochelle – producing asset, 15 per cent. non-operated interest

The interest in the Rochelle project was acquired by the Group as part of the Oilexco acquisition in 2009. The project comprises two oil and gas fields, East Rochelle and West Rochelle, which were discovered in 2000 and 2010 respectively. They are located in the Central North Sea, about 170km north-east of Aberdeen and will be produced via the Scott platform.

The required modifications were made to the Scott platform during 2011 and 2012, and development drilling is in progress, with the West Rochelle well having been completed and tested in June 2013. Production commenced in October from this well. The East Rochelle well is expected to complete and be tied in shortly. Production is expected to continue for four or five years.

Rochelle was estimated to have 4.0 MMBOE of 2P reserves and 2C contingent resources as at 31 December 2012 net to the Group. Partners in Rochelle are Nexen (operator, 41 per cent.) and Endeavour (44 per cent.).

Solan – development project, 60 per cent. operated interest

The Solan oil field, 140km west of the Shetland Islands, was discovered in 1991 by Hess and later relinquished. The discovery was then further appraised by Chrysaor Limited (“Chrysaor”) with two wells in 2008 and 2009. In May 2011, the Group signed a sale and purchase agreement with Chrysaor under which it acquired a 60 per cent. equity interest in the Solan field and also agreed to provide Chrysaor with a carry and loan package to secure funding for the project, with the loan to be repaid by a cash sweep from a share of Chrysaor’s revenue.

In April 2012, the DECC approved the Solan Field Development Plan which consists of one platform with subsea storage and an offloading system, and the Group became the development operator for the project. Construction of the platform started in June 2012 and development drilling in April 2013. The subsea storage tank is targeted for completion and installation in the first quarter of 2014, and the topsides and jacket in the second quarter of 2014. First oil is targeted for the fourth quarter of 2014, with an expected production rate of 24,000 BOPD. Production is expected to continue for around 20 years.

Estimated 2P reserves and 2C contingent resources for the Solan field were 25.7 MMBOE as at 31 December 2012 net to the Group. Chrysaor Limited is the Group’s partner in the field with an equity stake of 40 per cent.

The Catcher Block – development project, 50 per cent. operated interest

The Group acquired an interest in the Catcher area as part of its 2009 Oilexco acquisition. The initial discovery wells on the block, drilled in 2010, encountered much lighter oil than anticipated and proved that hydrocarbons have migrated to the western margins of the Central North Sea. Follow up wells were drilled between January and March 2011 discovering the Varadero and Burgman fields and appraising the Catcher North discovery. As a result of the acquisition of EnCore Oil plc in the first quarter of 2012, the Group increased its interest in the Catcher area by 15 per cent., taking the overall interest of the Group to 50 per cent. and giving the Group operatorship.

An initial development concept for the area, comprising subsea tie-backs of the Catcher, Varadero and Burgman fields to a FPSO, was agreed between the partners in December 2012. Tender bids for the well equipment were received in July and for the FPSO and for a drilling rig in August – these are being evaluated. Subsea FEED was completed in the first half of 2013, and EPCI bids for the subsea facilities were received in October. Submission of the Field Development Plan (“FDP”) to DECC is expected by year end and development drilling, of up to 15 producing wells and eight water injection wells, is planned to commence in 2015. Once the field comes on stream it is expected to produce for at least 10 years.

The Group currently forecasts first oil from the Catcher fields in 2017. Additional discoveries on the block were made in June 2012 at Carnaby on the Western edge of the block and April 2013 at Bonneville, 4km south of Burgman. The Bonneville discoveries will be tied back to the Catcher facilities later in field life.

Estimated 2P reserves and 2C contingent resources for the Catcher block were 53.7 MMBOE as at 31 December 2012 net to the Group. The partners in the Catcher area are Wintershall (20 per cent.) and Cairn (30 per cent.).

Additional reserves and resources in the UK

The Group has additional interests in the Caledonia, Moth, Blackhorse, Ptarmigan and Kildare discoveries. Together these accounted for 15.71 MMBOE of 2P reserves and 2C contingent resources as at 31 December 2012.

UK Exploration Assets

In addition to the producing assets and assets under development described above, the Group has a significant portfolio of UK exploration acreage largely focused on the western margins of the Central North Sea in similar play types to the Catcher area discoveries. A roster of leads and prospects in this acreage is under evaluation for future drilling. Elsewhere, a recent discovery was made at Lacewing in July 2013, located at the eastern margin of the UK Central North Sea in high pressure high temperature drilling conditions, when a gas column of greater than 100 feet was encountered. The commerciality of the discovery is still being evaluated. This well was operated by Conoco Phillips with the Group having a 20.2 per cent. interest.

In August 2013, the Group successfully farmed in for a 37.5 per cent. interest in Blocks 13/24c and 13/25, which contain the Bagpuss and Blofeld prospects. The prospects, which the Group evaluates to be heavy oil targets, are located on the Halibut Horst which is a well-defined basement high within the Moray Firth. Analysis of the 1981 discovery well result suggests that the Bagpuss and Blofeld prospects together could contain up to 2 billion barrels of oil in place. An initial well on one of these features is planned for 2015.

Summary of regulatory regime and licence terms in the UK

The Petroleum Act 1998 (the “**Petroleum Act**”) governs oil and gas exploration and production activities in the UK. The Petroleum Act provides for a licensing regime, whereby exploration and production licences are granted to private oil and gas companies. The Petroleum Act is supplemented by various environmental and health and safety laws and regulations.

The main type of licence which the Group holds is a Seaward Production Licence, which is granted in relation to offshore fields. Seaward Production Licences are valid for a sequence of terms. Each licence expires automatically at the end of each term, unless the licensee can demonstrate that sufficient progress has been made under the licence to warrant moving into the next term. The exploration period (the initial term) is usually set at four years. The licence expires at the end of the initial term unless the licensee has completed the work programme. At this stage, the licensee must also relinquish a fixed amount of acreage. The appraisal and development period is four years for Seaward Production Licences. The licence expires at the end of the second term unless the Secretary of State has approved a development plan. The production period is usually 18 years for Seaward Production Licences unless extended by the Secretary of State in exceptional circumstances (such as continuing production).

The terms and conditions of every licence are prescribed in a series of “**Model Clauses**”, which are set out in statutory instruments deriving from the Petroleum Act (for Seaward Production Licences, the Petroleum Licensing (Production) (Seaward Areas) Regulations 2008). The Model Clauses applicable to a particular licence are those which are in force at the time it was granted. The Model Clauses govern the operation of the licence and deal with matters such as: the exploration, appraisal, development and production periods; extension of the licence by agreement; the licensee’s obligations to carry out the work programme during the

initial term, to obtain approval for a development and production programme and to obtain consent before drilling a well; an indemnity by licensees for the benefit of the Secretary of State for any third party claims; joint and several liability of licensees; restrictions on and consent for assignment; consent for change of control; and a power to revoke the licence in certain circumstances including insolvency of a licensee, a transfer of the licence or change of control without approval or breach of any of the licence terms.

The Secretary of State may serve a notice under the Petroleum Act to the operator of the field and each of the licensees (and potentially a holding or associated company) requiring them to prepare, submit and (once approved) carry out a decommissioning programme in relation to offshore oil and gas installations and pipelines (a “**Decommissioning Notice**”). Each licensee remains liable for decommissioning obligations until the Decommissioning Notice is withdrawn. When an interest in a licence changes hands, the Secretary of State typically releases a former licensee from its decommissioning obligations once the Secretary of State is satisfied that adequate arrangements are in place in relation to the decommissioning liabilities. These arrangements typically require the provision of financial security to ensure that existing and incoming licensees can discharge their decommissioning liabilities.

Summary of economic and fiscal regime in the UK

The primary amounts which the Group must pay to the UK government comprise taxation arising from the production of oil and gas. There are currently three main elements of taxation to which UK oil companies may be subject: petroleum revenue tax (“**PRT**”), ring fence corporation tax (“**RFCT**”) and a supplementary charge (the “**Supplementary Charge**”). There are currently no tax stabilisation measures in place. Royalties are no longer payable under licences. Licences carry a small annual rental charge which is calculated at an escalating rate on each square kilometre the licence covers at that date. There are no signature or production bonuses or other fiscal terms.

PRT is a field-based tax charged on the profits made by each participant from the production of oil under a licence. It only applies to fields which received development consent prior to 16 March 1993 (including three of the Group’s fields). The current PRT tax rate is 50 per cent. on profits after certain deductions and allowances.

RFCT applies to profits (after deduction of PRT) from oil and gas extraction activities and rights in the UK and UKCS instead of normal Corporation Tax. It applies regardless of when development consent was given and is intended to prevent profits from these activities being reduced for tax purposes by the setting off of losses from other trading activities. The current RFCT rate is 30 per cent. The profits from oil and gas extraction activities are “ring fenced” for RFCT purposes so that only losses derived from these activities can be set off against profits from these activities. However, it is possible to carry forward or back ring fence losses against other activities. RFCT is charged on taxable profits, which are profits after certain deductions for items such as capital expenditure, plant and machinery allowances, research and development, expenditure on mineral exploration and access and decommissioning. However, there are restrictions on the use of interest on borrowings to reduce ring fence profits.

The Supplementary Charge is also imposed on profits arising from any ring fenced activities (calculated in the same way as RFCT). The current rate is 32 per cent. In addition, field allowances for certain oil and gas fields are available to offset against the Supplementary Charge on profits from those qualifying fields. The current aggregate marginal rate of UK tax in respect of profits from fields subject to PRT, RFCT and the Supplementary Charge is therefore 81 per cent., or 62 per cent. for profits from fields subject to RFCT and Supplementary Charge only.

As part of the Oilexco acquisition in 2009, the Group acquired U.S.\$1.2bn of allowable UK tax losses. At 31 December 2012 these tax losses had increased to an estimated U.S.\$1.9bn, available indefinitely for offset against future profits. The Group currently does not pay UK corporation tax due to the ability to set these tax

losses off against corporation tax. Based on the current UK portfolio, there is an expected future tax benefit to the Group resulting from the small field allowance. The allowance is available on small fields and reduces profits subject to the Supplementary Charge. It is expected to apply to all of the accumulations in the Catcher Block and to the Solan field. The Group also benefits significantly from the ring fence expenditure supplement, which, under current legislation, uplifts tax losses by 10 per cent. each year for six years.

Norway Business Unit

Headquarters: Stavanger

The Group entered the Norwegian sector in 2005 and has built a portfolio of exploration and pre-development projects through licence rounds and drilling success. It is qualified as an operator in the Norwegian North Sea.

Estimated 2C contingent resources in Norway were 73.9 MMBOE as at 31 December 2012, representing 10 per cent. of the Group's global 2P and 2C total.

Bream/Mackerel – development project, 50 per cent. operated interest

Bream is an offshore oil field located 140km south west of Stavanger which was originally discovered in the 1970s. The nearby discovery, Mackerel, lies 14km south east of Bream. The Group was awarded interests in licences PL407 (20 per cent.) and PL406 (40 per cent.) which contain the fields in the 2006 APA licensing round, and the Bream discovery was appraised during 2009.

Since the award, the Group has modified its stake on two separate occasions. In August 2012 it purchased an additional 20 per cent. equity interest in Bream and 40 per cent. in Mackerel from Skeie Energy for an upfront consideration of \$10 million with further payments to Skeie of up to \$17.5 million contingent upon certain milestones being reached. Then in July 2013, it acquired an aggregate 40 per cent. interest in the Bream project with Kufpec from BG, and subject to Governmental approval took over operatorship. Under a separate agreement the Group sold a 30 per cent. interest in the adjacent PL406 licence which contains the Mackerel discovery to Kufpec thus equalizing the stakes across the two licences, PL406 and PL407.

The Group now holds an operated 50 per cent. interest, Kufpec a 30 per cent. interest and Tullow a 20 per cent. interest.

It is envisaged that the Bream development will entail three production and two water injection wells tied back to an FPSO while the Mackerel discovery will be developed as a subsea tie-back to the Bream facility. Submission of a PDO for the Bream area development is targeted for the first half of 2014 following optimisation of subsea layout, well design and FPSO contracting strategy. Once the fields are on stream it is expected that production will continue for around 12 years.

On PL406 there is a low-risk prospect called Herring which is being evaluated for future drilling. If successful this would be tied back to the Bream facility.

Estimated 2C contingent resources were 34.1 MMBBLS as at 31 December 2012 net to the Group. With the current development plan, economically recoverable reserves are estimated to be 50 MMBOE (gross).

Frøy – development project, 50 per cent. non-operated interest

The Frøy oil field was abandoned in 2001 by a previous operator due to the imminent abandonment of the nearby Frigg field to which it was tied back. The Group was awarded a 50 per cent. non-operated interest in licence PL364 which contains the Frøy field in the 2005 APA licensing round.

Evaluation of the development options for the Frøy field is ongoing. Technical studies for a joint processing hub to receive production from Frøy and other fields in the area were completed during the first half of 2013.

Work continues on the evaluation of an alternative standalone development with an initial focus on the Horst area of the field. A decision on whether to pursue a joint or standalone development solution is expected to be made in 2014.

Estimated 2C contingent resources were 37.5 MMBOE as at 31 December 2012 net to the Group. Det Norske Oljeselskap is the current operator of Frøy with a 50 per cent. interest.

Exploration

Since the initial award of interests in five licences in the 2005 APA Licensing Round, the Group has continued to add to its licensed portfolio via subsequent APA Licensing Rounds and through acquisition. Notably, it acquired three licences around the Mandal High in the Norwegian North Sea from Nexen Norway for a consideration of U.S.\$5.5 million in 2011.

Luno II – appraisal project (30 per cent. non-operated interest)

The Group spudded the potentially high impact exploration well 16/4-6s on the Luno II prospect on the south west margin of the Greater Luno High in March 2013. The well encountered a significant oil discovery and was successfully tested, achieving a flow rate of 2,044 BOPD. The operator plans to appraise the Luno II discovery with two further wells planned for the first half of 2014 and further exploration potential remains on PL359.

Myrhauk – exploration project (40 per cent. operated interest)

The Myrhauk prospect, on the eastern flank of the Mandal High, is on Licence PL539, one of the licences acquired from Nexen in 2011. Responses to an invitation to tender for a jack-up drilling rig to drill the prospect have been received and the well is currently expected to spud in the fourth quarter of 2014.

The Group was awarded a 20 per cent. non-operated interest in the Skåla prospective exploration licence in the Norwegian APA 2012 Licensing Round, which is north of the Myrhauk prospect. The commitment involved is geological and geophysical studies followed by a drill or drop decision to be made in early 2015.

Blåbaer – appraisal project, 15 per cent. non-operated interest

The Group has an interest in Licence PL374S which contains the Blåbaer discovery, discovered in 2010, which accounted for 2.3 MMBOE of 2C contingent resources as at 31 December 2012.

Summary of regulatory regime and licence terms in Norway

The Norwegian Petroleum Act (of 29 November 1996 no.72) (the “NPA”) governs oil and gas exploration and production activities in Norway. Under the NPA, the rights to the petroleum resources on the Norwegian continental shelf are vested in the Norwegian State. The regulatory regime for the Norwegian petroleum activities is based on a licensing system, under which companies are granted rights to explore for and produce petroleum. The NPA is supplemented by further petroleum regulations specific to health, safety and the environment.

The Group holds interests in production licences. Each production licence is initially for a period of up to 10 years. During this period, the licensees must complete the work obligations contained in the licence. If these work obligations have been satisfied by the end of the initial term, the licensees are entitled to apply for an extension. The extension period is stipulated in each individual licence. As a general rule the extension period is typically up to 30 years, but in certain specific cases it may be up to 50 years.

The licence supplements the requirements in the NPA and sets out the terms and conditions for each individual licence. The terms and conditions of each licence are stipulated by the Ministry of Petroleum and Energy (“MPE”) and, read together with the NPA, generally include provisions dealing with matters such as: the exploration, appraisal and production periods; extension of the licence by agreement with the MPE; the

licensee's obligations to carry out the work programme during the initial term, to obtain approval for its development and production programme and to obtain consent before drilling a well; a requirement for the appointment of the operator to be approved by the MPE; joint and several liability of licensees; restrictions on and government consent for assignment of a licence or change of control of a licensee; and a power of revocation of the licence in certain circumstances including where there have been serious or repeated violations of the legislation, if the application for the licence contained incorrect information or significant information was withheld, where the security a licensee has provided becomes significantly weaker or if the licensee enters into bankruptcy proceedings.

Under the current legislation, licensees must submit a decommissioning plan to the MPE between two and five years before a production licence expires or is relinquished, consent for installation and operation of a facility expires or is relinquished and use of the facility is terminated permanently. The licensees and owners of the installation, facilities and pipelines are liable for the costs related to decommissioning. If a licensee has transferred an interest in a licence to another entity, it will continue to be secondarily liable for the decommissioning obligations to the state and the other licensees.

Summary of economic and fiscal regime in Norway

All licences in Norway are governed by a concession based fiscal regime. The key components of the regime are the special tax and corporation tax. The normal corporation tax rate for oil and gas activities is currently 78 per cent. This is made up of the general corporation tax rate of 28 per cent. and the special petroleum tax rate which is currently 50 per cent. As of 1 January 2014, the special petroleum tax will be increased to 51 per cent. However the corporation tax rate will be reduced to 27 per cent. which leaves the marginal rate of tax at 78 per cent. In calculating these taxes, deductions are available for costs relating to exploration, research, development, financing, operations and removal. In relation to exploration, all exploration costs may be expensed, and for companies making a loss, the Norwegian Government makes a cash refund of the tax value (i.e. 78 per cent) of the exploration costs. In addition, to shield normal returns from the special petroleum tax rate, an extra deduction, called uplift, is available. This currently amounts to 22 per cent. of the investment. There are no tax stabilisation measures in place.

The Group currently has no producing assets in Norway, and therefore pays no tax. As most of the Group's assets in Norway are in the exploration phase, current activities generate a tax refund each year. Post-exploration expenditures which are tax-deductible are added to a pool of tax losses which will be available for offset against future profits.

Licensees are also required to pay an area fee, which is regarded as “**rent**” for the licence area and is intended to ensure that awarded areas are explored efficiently. No royalty is charged for petroleum activities.

The Group's licence interests in South-East Asia



Indonesia Business Unit

Headquarters: Jakarta

Reserves and contingent resources in Indonesia were estimated to be 170.1 MMBOE as at 31 December 2012, representing 22 per cent. of the Group's global total. With 14,100 BOEPD produced in the region in the first half of 2013, Indonesia accounted for 24 per cent. of the Group's total production.

Natuna Sea Block A – producing asset, development projects & exploration, 28.67 per cent. operated interest

The Natuna Sea Block A licence was obtained by Sumatra Gulf Oil in 1979. Oil production from the Anoa field began in November 1990 from nine platform wells located in the East Lobe. Following the Group's

acquisition of Sumatra Gulf Oil in 1996, additional development was undertaken with the installation of the Anoa Gas Export platform for processing and compression and the West Natuna Transportation System (“WNTS”) pipeline for gas export to Singapore.

Gas is currently produced from the Anoa and Gajah Baru gas fields in Natuna Sea Block A PSC and from fields in the Kakap PSC in which the Group also has an interest (see below). The two PSCs are located adjacent to each other some 500 kilometres north east of Singapore in the West Natuna Sea. Gas from the fields is exported to Singapore through the 650 kilometre WNTS pipeline.

The Anoa field reserves are covered by a ‘life-of-field’ US Dollar gas sales contract (“GSA1”) with SembCorp, a government-controlled Singaporean utility, under which deliveries commenced in January 2001. SembCorp sells the gas to various end users including Sembcorp Utilities and Terminals (SUT) Co-Gen, Tuas Power and ExxonMobil Chemical.

In April 2008, the Group signed three further fully termed GSAs (“GSA2”, “GSA3” and “GSA4”) with SembCorp for additional gas sales into the Singapore market, and with PLN and UBE for gas sales to be used in power generation in Batam, Indonesia. Gajah Baru is the first of a number of fields to be developed to supply the additional gas. Under GSA2, Gajah Baru is contracted to ship 90 BBTud to Singapore. An additional 40 BBTud of production is dedicated to Batam Island, Indonesia. Export of gas to Singapore from the Gajah Baru facilities commenced on 24 October 2011.

In 2012, an additional regional play was opened up with a discovery in the deeper Lama formation underneath the Anoa field. Five more leads and prospects have consequently been identified across Natuna Sea Block A, including the Ratu Gajah prospect which will be drilled in early 2014. The initial discovery is planned to be appraised in the fourth quarter of 2014.

A series of engineering projects to upgrade the Anoa gas facility and deliver additional compression began in July 2012. These projects, which were designed to develop around 200 BCF of undeveloped proven reserves in Natuna Sea Block A and increase the capacity of the Anoa gas facility to approximately 200 BBTud, were completed in August 2013.

Development work under way on the Pelikan and Naga fields is targeting first gas in the second half of 2014. These fields, which will be dedicated to maintaining the gas profiles of GSA1 and GSA2 respectively, contain 150 BCF of reserves and will be tied in to the new Gajah Baru central processing platform for export via the WNTS. The pipe lay work was completed in June 2013 and the wellhead platforms were in the third quarter of 2013. Subsea installation and tie-in is in progress. Work is then expected to commence on the next development project, the tie-in of the Gajah Puteri field, to maintain gas deliverability in the future.

Gas pricing is directly related to HSFO pricing which moves broadly in line with international crude prices. Average price for H1 2013 was U.S.\$17.4/MSCF across all contracts.

Net to the Group, estimated 2P reserves and 2C contingent resources for the block as at 31 December 2012 were 77.5 MMBOE and average production for the first half of 2013 was 12,100 BOEPD. Production is on plateau and is expected to continue until 2029, declining after 2022. Partners in Natuna Sea Block A are Kufpec (33.33 per cent.), Hess (23 per cent.) and Petronas (15 per cent.).

Kakap field – producing asset, 18.75 per cent. non-operated interest

The Kakap field was discovered by a subsidiary of Marathon Oil in 1978, with well KG-IX, and production commenced in March 1986. Kakap consists of 10 separate fields, which have been developed with a combination of platforms and subsea tie-backs to the Kakap FPSO, where the oil is stabilised and exported via tankers.

The Group acquired its interest in the Kakap field in December 1996 through the acquisition of Discovery Petroleum NL. Gas production started in 2001 and is sold under GSA1 to Singapore (SembCorp) as described above.

Net to the Group, estimated 2P reserves and 2C contingent resources for the block were 5.2 MMBOE as at 31 December 2012 and average production from Kakap for the first half of 2013 was 2,000 BOEPD. Production is expected to continue until 2021, in natural decline. Partners in the Kakap field are Star Energy (operator, 56.25 per cent.), PetroChina (15 per cent.), and Pertamina (10 per cent.).

Block A Aceh – development project and exploration, 41.67 per cent. non-operated interest

In April 2006, the Group acquired a 16.67 per cent. equity share in Block A Aceh (formerly North Sumatra PSC Block A) onshore Indonesia from a subsidiary of ExxonMobil. This equity interest was subsequently increased to 41.67 per cent. with a further acquisition of 25% from ConocoPhillips for U.S.\$36 million in January 2007. The block contained three undeveloped discoveries (Alur Siwah, Alur Rambong, and Julu Rayeu) and the operator of Block A Aceh, MedcoEnergi (“**Medco**”), with its partners, secured approval from the Indonesian regulator, BPMIGAS, for a development plan of the block. A fully termed extension to the Block A Aceh PSC was executed with the Government of Indonesia and provincial Government of Aceh on 28 October 2010, with the extended PSC effective from 1 September 2011. In May 2013 an additional discovery was made at Matang which contains better quality hydrocarbons than the three original discoveries so an alternative development scenario is now being considered combining all four discoveries.

A gas contract with PT Pupuk Iskander Muda (“**PIM**”) has been agreed for minimum sales of 223 TBtu with ultimate sales expected of over 400 TBtu. Gas will be delivered through a new 20 kilometre pipeline to a delivery point at an existing pipeline which will transport the gas to the PIM plant, approximately 70 kilometres away. Gas pricing negotiations are substantially advanced, and in the meantime EPCI bids have been received. Agreement on the preferred development plan is expected in the fourth quarter of 2013.

Estimated 2P reserves and 2C contingent resources for Block A Aceh were 87.4 MMBOE as at 31 December 2012 net to the Group. Partners in the field are Medco (operator, 41.67 per cent.) and Japex (16.66 per cent.).

Exploration

In March 2007, the Group was awarded a 65 per cent. operated interest in the Natuna “**Tuna**” offshore block by the Indonesian Government.

The Group drilled two wells – Gajah Laut Utara and Belut Laut – on the Tuna acreage in 2011. Both wells encountered oil shows but the reservoirs were of poor quality. Post-well studies from these wells led to the identification of two further prospects, Kuda Laut and Singa Laut. These prospects will be drilled in early 2014.

The partners in Tuna are Mitsui Oil Exploration Company Limited (20 per cent.) and GS Caltex (15 per cent.)

Summary of regulatory regime and licence terms in Indonesia

Oil and gas exploration and production activities in Indonesia are mainly regulated by the Oil and Gas Law, Law No.22 of 2001, and its subordinate legislation and regulations. In addition, various environmental and health and safety laws and regulations apply.

The Group’s activities in Indonesia are governed by the production sharing contract regime. The Group is party to five production sharing contracts with differing terms. Under the PSCs, the maximum total term is 30 years (subject to a possible extension approved by the Minister of Energy and Mineral Resources). The exploration period is six years (subject to possible extensions approved by the Special Task Force For Upstream Oil and Gas Business Activities Republic of Indonesia (“**SKKMIGAS**”)). The development and

production period begins after the declaration of commercial discovery with no specific duration stipulated for this period.

The PSCs deal with matters such as: the exploration, development and production periods; obligations to carry out the work programme during the initial term and to obtain approval for its development and production programme; the automatic transfer of assets acquired by the contractor in connection with the PSC to SKKMIGAS if charged as petroleum costs upon import into Indonesia; requirement to offer a regionally-owned business a 10 per cent. participating interest in a PSC upon the declaration of commercial discovery; restrictions on, and government consent for, assignment of the PSC or change of control of a contractor; and the power of the contractor and SKKMIGAS to revoke the PSC where a party fails to remedy a major breach of the PSC.

PSCs signed after 1995 require contractors to include budget provisions for clearing, cleaning and restoring sites upon completion of work. PSCs signed from 2008 onwards require an abandonment and site restoration programme, including a funding procedure, to be included within a plan of development. Contractors are required to establish a decommissioning fund and start contributing to such decommissioning fund from first production. Such financial funding shall be made annually in accordance with the annual work programme and budget, and such funding costs are recoverable.

Summary of economic and fiscal regime in Indonesia

The contractual structure in Indonesia is one of production-sharing so each asset is the subject of an individual contract with a unique formula for calculating the production split between the Indonesian Government and the PSC contractor.

Some PSCs require first tranche petroleum, up to 20 per cent. of the production each year (before any deduction for cost recovery), to be allocated either to the Government of Indonesia, or between the Government and the contractor based on the profit allocation percentage split prescribed in the PSC. Under the PSCs, a share of net oil production in each quarter up to a maximum percentage of net production (known as cost recovery oil) is allocated to cover certain permitted petroleum costs incurred by the contractors. Petroleum costs which are not recovered from the allocation of cost recovery oil in a quarter may be carried forward to the next succeeding quarters without interest until fully recovered. Only petroleum costs defined in the relevant PSC and, for PSCs signed after 2010, Government Regulation 79/2010, are eligible for cost recovery. In certain circumstances the contractor is permitted an investment credit of 8.8 per cent. net after tax on the capital investment cost directly required for field development. Investment credit is treated as taxable income as it is considered to be additional contractor lifting. Profit petroleum (being net production after the deduction of cost recovery oil) is allocated between the Government of Indonesia and contractors after deductions for royalties and income tax in accordance with production on a sliding scale as prescribed in the PSC. A bonus or commission is paid as a lump-sum by the contractor on signing the PSC, and upon cumulative production reaching certain thresholds.

The income tax rate applicable to a PSC is the rate prevailing when the PSC was signed, and rates range from 25 per cent. to 45 per cent. The after tax profits of a PSC contractor are subject to a further tax of 20 per cent. on Branch Profits Remittances, which may be reduced by a tax treaty. The PSCs include tax stabilisation clauses.

A contractor is required to supply a specific portion of profit oil allocation to the domestic market at a defined percentage market price. Contractors are required to give preference to Indonesian goods and services in accordance with competitive standards. No specific percentage of local content is prescribed.

Vietnam Business Unit

Headquarters: Ho Chi Minh City

Estimated 2P reserves and 2C contingent resources in Vietnam were 56.8 MMBOE as at 31 December 2012, representing 7 per cent. of the Group's global total. With 15,200 BOEPD produced in the region in the first half of 2013, Vietnam accounted for 26 per cent. of the Group's total production.

Block 12W – producing asset, development project and exploration, 53.125 per cent. operated interest

The Group acquired a 75 per cent. interest in Block 12W located in the Nam Con Son Basin from Delek Energy Systems Limited (“**Delek**”) in 2004, and subsequently farmed-out part of its interest to Santos Limited leaving the Group with a 37.5 per cent. operated interest. In 2009, the Group acquired Delek's remaining 25 per cent. interest in Block 12W and PetroVietnam subsequently exercised its back-in-right to acquire a 15 per cent. interest. As a result, the Group holds a 53.125 per cent. interest in Block 12W, while Santos and PetroVietnam hold 31.875 per cent. and 15 per cent. respectively.

The area has similar geology to the West Natuna Sea area, approximately 300 kilometres to the south west. The Group announced two discoveries – Dua and Chim Sáo – on the block in 2006. Chim Sáo was successfully appraised in 2008. A field development plan for Chim Sáo was submitted to the Vietnamese Government and approved in 2008 and the field was successfully brought on stream in mid-October 2011. A two-well supplementary drilling programme, which was initiated to develop additional reservoirs identified during development drilling, was also successfully completed in June 2012. Additional water injection wells to support production are planned to be drilled in the first half of 2014.

The development of the Group-operated Dua oil field as a near field tie-back to the Chim Sáo facilities received sanction from its partners in Block 12W in the second quarter of 2012 and approval from the Vietnamese Government in August 2012. Installation of the main pipeline commenced in February 2013. Construction of the subsea structures and equipment was recently completed and installation is under way. Development drilling of three production wells will begin shortly. The field is expected to start production in the first half of 2014 and it is expected to be able to produce around 10,000 BOEPD, which will maintain and extend plateau production from Chim Sáo.

Net to the Group, estimated remaining 2P reserves and 2C contingent resources for Block 12W were 40.4 MMBOE as at 31 December 2012 and production for the first half of 2013 was 15,200 BOEPD. Production is expected to decline steadily until cessation in 2022.

Exploration

Block 121 – 40 per cent. non-operated interest

In the second quarter of 2012, the Group farmed into Block 121 for a non-operated participating interest of 40 per cent. This block is in the northern part of the Phu Khanh Basin, offshore central Vietnam, and centres on an Oligocene play fairway which is geologically similar to the Cau formation that has been successfully explored in Block 12W in the Nam Con Son Basin. In June 2013, a frontier exploration well targeting the Ca Voi prospect was drilled, targeting prospects at two horizons. The well encountered a gas-bearing interval at one target and source and reservoir rocks at the other, proving the presence of a working petroleum system on the block. The results of the well are being incorporated into the Group's understanding of the reservoir and source distribution across the block.

Partners in Block 121 are Origin Energy (operator, 45 per cent.) and Pan Pacific Petroleum (15 per cent.)

Block 07/03

Block 07/03 is located in the Nam Con Son Basin, immediately to the south east of Block 12W which contains the Chim Sáo and Dua fields. It contains the 2009 Cá Rồng Đỏ discovery and the Ca Duc prospect. At the end of 2012, 16.4 MMBOE of remaining 2C contingent resources was attributable net to the Group.

In July 2013, the Group sold its 30 per cent. operated interest for a consideration of up to U.S.\$100 million, including an immediate cash payment of U.S.\$45 million. The balance is made up of contingent payments dependent on success at the CRD-3X appraisal and Ca Duc exploration wells, as well as upon certain development milestones being reached. The CRD-3X appraisal well has been drilled and the partnership group is studying future development possibilities. While the Group provided drilling support, it did not participate in the capital cost of this well.

Summary of regulatory regime and licence terms in Vietnam

Oil and gas exploration and production activities in Vietnam are mainly regulated by the Law on Petroleum No. 18-L/CTN dated 6 July 1993, as amended and supplemented in 2000 and 2008 and its subordinate legislation and regulations.

The Group is party to two production sharing contracts in Vietnam. Under the PSCs, the maximum total term is between 25 and 30 years. The exploration period is five to seven years. The development and production period begins after the declaration of commercial discovery with no specific time period stipulated for such period. The PSCs include provision for the PSC to be extended by agreement with the national oil company PetroVietnam.

The PSCs deal with matters such as: the exploration, development and production periods; extension of the PSC by agreement with PetroVietnam; the contractor's obligations to carry out the work programme during the initial term, to obtain approval for its development and production programme and to obtain consent before drilling a well; the automatic transfer of assets acquired and/or provided by the contractor in connection with the PSC to PetroVietnam if charged as petroleum costs upon full cost recovery or upon termination of the PSC; an option for PetroVietnam to hold a participating interest in a PSC upon the declaration of commercial discovery; joint and several liability of the contractors; an indemnity by the contractors for the benefit of PetroVietnam for any third party claims arising in relation to the PSC or anything done pursuant to it; restrictions on and government consent for assignment of the PSC or change of control of a contractor; and the power of the contractor and PetroVietnam to terminate the PSC where a party fails to remedy a material breach of the PSC.

Within 12 months from first oil production, contractors are required to prepare a decommissioning plan which also includes a decommissioning work programme and budget ("**Decommissioning Plan**") for PetroVietnam's endorsement and approval by the Ministry of Industry and Trade ("**MOIT**"). Contractors are required to establish a decommissioning fund and start contributing to it once the Decommissioning Plan is approved by the MOIT. Such financial funding is made annually in accordance with petroleum production and the funding costs are recoverable as petroleum costs. Contractors remain liable for decommissioning all facilities and assets used for petroleum operations under the PSC until decommissioning is completed to the MOIT's satisfaction.

Summary of economic and fiscal terms in Vietnam

The contractual regime in Vietnam is one of production-sharing so each asset is the subject of an individual contract with a unique formula for calculating the production split between the Vietnamese Government and the contractors.

Contractors are required to pay royalties to PetroVietnam progressively in accordance with production on a sliding scale. Under the PSCs, a share of net oil production in each quarter up to a maximum percentage of

net production (known as cost recovery oil) is allocated to cover certain permitted petroleum costs incurred by the contractors. Petroleum costs which are not recovered from the allocation of cost recovery oil in a quarter may be carried forward to the next succeeding quarters without interest until fully recovered. Profit petroleum (being net production after the deduction of cost recovery oil) is allocated between PetroVietnam and contractors after deductions for royalties and income tax in accordance with production on a sliding scale as prescribed in the PSC. A bonus or commission is paid as a lump-sum by the contractor on signing the PSC, on commercial discovery and upon first oil and commercial production reaching certain targets.

The corporate income tax rate is 32 per cent. The PSCs have differing stabilisation clauses ranging from a very comprehensive stabilisation clause to a pure tax stabilisation clause.

In the event of an emergency, PetroVietnam may require contractors to supply oil to PetroVietnam on a pro-rata basis with other producers in Vietnam in order to meet the needs of domestic consumption in the country. Contractors are required to give preference to Vietnamese goods and services in accordance with competitive standards. No specific percentage of local content is prescribed.

Pakistan Business Unit



Headquarters: Islamabad

The Group has four non-operated producing assets and one development asset in Pakistan. Staff in this business unit also manage the Group's non-operated interest in Mauritania.

Estimated 2P reserves and 2C contingent resources in these areas were 66.0 MMBOE as at 31 December 2012, which represents 9 per cent. of the Group's total. With 15,900 BOEPD produced in the first half of 2013, Africa and Pakistan accounted for 27 per cent. of the Group's total production.

Pakistan

The Group has been present in Pakistan since 1988, discovering the Qadirpur field in 1990. Since then, the Group has acquired interests in five other fields, all located in agricultural lowlands in the Indus basin. These

fields are long-life gas projects with relatively low operating costs. All production is sold at the wellhead to the government-owned gas utilities, SSGCL and SNGPL. Revenues are denominated in US Dollars and funds are remitted directly to London bank accounts. No production has been lost as a result of political disturbances.

Average production in Pakistan during the first half of 2013 was 15,300 BOEPD net to the Group (being 26 per cent. of the Group's total production for that period) and the average price realised was \$4.30/mcf. Production has been maintained by maximising output from existing gas fields through infill drilling and the implementation of front end compression projects.

Estimated 2P reserves and 2C contingent resources in Pakistan were 52.2 MMBOE as at 31 December 2012 net to the Group.

Qadirpur – producing asset, 4.75 per cent. non-operated interest

The Qadirpur gas field was discovered in 1990 and is the one of the largest gas fields in Pakistan. The field was declared commercial in 1992 and production commenced in October 1995. The field operator is the state-owned oil and gas company, Oil and Gas Development Company (“**OGDCL**”).

Phase I of the Qadirpur development was completed with gas supplies to SNGPL initially at the rate of 100 MMCFD from four wells. Shortly thereafter, gas sales were increased to 200 MMCFD and were maintained at that level until late 1999. In addition, in December 2000, raw gas supply started to the nearby Liberty power plant at 40 MMCFD.

A supply of 60 MMCFD permeate gas (a side stream of low heating value gas from process facilities) to local power plants commenced in February 2010.

Production has been maintained against the field's natural decline as a result of the successful installation of wellhead compressors and extended reach wells during 2011 and 2012 which are expected to maintain production plateau from the Qadirpur gas field during 2013 and 2014.

Net to the Group, 2P reserves and 2C contingent resources were estimated at 13.3 MMBOE as at 31 December 2012 and average production from the Qadirpur gas field during the first half of 2013 was 3,600 BOEPD. Production is currently forecast to continue until 2022. The partners in the Qadirpur field are OGDCL (operator, 75 per cent.), Kufpec Pakistan B.V. (13.25 per cent.) and Pakistan Petroleum Ltd (7 per cent.).

Bhit and Badhra – producing asset, 6.00 per cent. non-operated interest

The Bhit gas field was discovered in 1997. The partners signed a GSPA with SSGCL in November 2000 for 270 MMCFD and initial gas sales were achieved in late December 2002. A supplemental GSPA to increase the Bhit annual contract quantity from 270 MMCFD to 300 MMCFD has since been signed by the gas buyer SSGCL and joint venture partners.

The nearby Badhra field (which was discovered in 1998) was appraised in 2003 and approved for development by the Pakistan Government in January 2004. First gas was in January 2008.

A near field exploration well, BBN-1, was spudded in May 2012 and discovered a better than expected reservoir in the Kirthar Foldbelt with over 55 metres of net gas pay penetrated. This was tied in to production, which along with an ongoing programme of additional development wells, is helping to offset the natural decline from the existing wells.

The BBN-2 well was spudded in May 2013, and confirmed the extent of the newly discovered gas pool. Testing has recently completed and the well is expected to be tied in to production by year end.

Net to the Group, 2P reserves and 2C contingent resources were estimated at 5.1 MMBOE as at 31 December 2012 and production in the first half of 2013 from fields averaged 3,300 BOEPD. Production is in steady natural decline and is currently forecast to continue until 2022, notwithstanding any further exploration success. Partners in the Bhit/Badhra field are ENI (operator, 40 per cent.), OGDCL (20 per cent.) and Kufpec (34 per cent.).

Kadanwari – producing asset, 15.79 per cent. non-operated interest

The Kadanwari gas field was discovered in 1989 and brought on-stream in May 1995. The Group acquired its initial interest in the Kadanwari gas field in 1996. The gas is processed in a central processing facility, originally designed for gas sales capacity of 175 MMCFD.

In the first half of 2012, Kadanwari achieved record production of 130 MMSCFD (gross) due to the tie-in of additional new exploration wells. More recently, the successful K-32 exploration well, which was drilled in May 2013, was successfully tied in to the production facilities and commissioned in July 2013.

Net to the Group, reserves and 2C contingent resources were estimated at 19.9 MMBOE as at 31 December 2012 and production from the field averaged 2,700 BOEPD in the first half of 2013. Production is in steady natural decline and is currently forecast to continue until 2022, notwithstanding any further exploration success. Partners in the Kadanwari field are ENI (operator, 18.42 per cent.), OGDCL (50 per cent.) and Kufpec (15.79 per cent.).

Zamzama – producing asset, 9.375 per cent. non-operated interest

The Zamzama gas field was discovered in May 1998 and five further appraisal and development wells were drilled in 2002 and 2003 which all proved successful with commercial gas flow at surface.

Gas contracts were signed in the fourth quarter of 2001 with SSGCL and SNGPL covering the supply of up to 320 MMCFD. Another gas supply contract was signed with SSGCL for an additional supply of 150 MMCFD in 2005. In 2012 a front end compression project and an infill well drilling programme have helped maintain production levels. Further development wells are under consideration for 2014.

Net to the Group, 2P reserves and 2C contingent resources were estimated at 13.5 MMBOE as at 31 December 2012 and average production from the field was 5,700 BOEPD during the first half of 2013. Production is in steady natural decline and is currently forecast to continue until 2026. Partners in the Zamzama field are BHP Billiton (operator, 38.5 per cent.), Government Holdings (Private) Limited (25 per cent.), ENI (17.75 per cent.) and Kufpec (9.375 per cent.).

Zarghun South – development asset, 3.75 per cent. non-operated interest

The Zarghun South field was discovered in 1998. An initial field development plan was approved by the Pakistan government and a development and production lease was issued in January 2004. A gas sales contract was negotiated with SSGCL. The field development planning commenced, but was delayed following higher than expected facilities bids in 2010. The joint venture then decided to wait for the passing of the ‘Tight Gas Policy’ in Pakistan, to take advantage of higher gas prices. A revised development plan was submitted in May 2012 and development work on the revised basis started early in 2013 with first gas scheduled for the second half of 2014. All of the Group’s capital and operating costs pertaining to its 3.75 per cent. are carried by the operator.

Total 2P reserves were estimated at 0.5 MMBOE net to the Group as at 31 December 2012. Partners in the Zarghun South field are MGCL (operator, 35 per cent.), Spud Energy (40 per cent.), GHPL (17.50 per cent.) and Kufpec (3.75 per cent.). Once the field comes on stream, it is expected to produce for around 19 years.

Summary of regulatory regime and licence terms in Pakistan

Oil and gas exploration and production activities in Pakistan are regulated by various acts, ordinances, rules, regulations and policies enacted to amend and supplement the Regulation of Mines and Oilfields and Mineral Development (Government Control) Act 1948 (as amended by the Oilfields (Regulation and Development) Amendment Acts 1969, 1976 and 1984). In addition, various environmental and health and safety laws and regulations apply.

The Group's activities in Pakistan are governed by a concession contract regime. The Group is party to five development and production leases ("DPL") and related petroleum concession agreements ("PCA"). Under the PCAs, the exploration period is three to six years. The maximum total term of the DPL is between 20 and 25 years. The PCAs include provision for the PCA to be extended by agreement with the Government of Pakistan for another five years.

The PCA terms deal with matters such: the exploration, development and production periods; extension of the PCA by agreement with the Government of Pakistan; the working interest owner's ("WIO") obligations to carry out the work programme during the initial term, to obtain approval for its development and production programme and to obtain consent before drilling a well; the Government of Pakistan's right to take over assets acquired and/or provided by the WIO in connection with the PCA; a national oil company's (OGDC or Government Holdings (as applicable)) carry during the exploration period and its option to increase its participating interest upon a declaration of commercial discovery; joint and several liability of the WIOs; an indemnity by the WIO for the benefit of the Government of Pakistan for any third party claims arising in relation to the PCA or anything done pursuant to it; restrictions on and government consent for assignment of the PCA and change of control of the WIO; and the power of the Government of Pakistan to terminate the PCA if regular commercial production has not commenced within five years from the grant of a DPL or in the event of prolonged interruptions of commercial production which are not justified as force majeure, where a party fails to remedy a material breach of the PCA, misrepresentation by a WIO at the time of PCA grant, insolvency, failure to obtain Government consent on a change of control of the licensee and (to the extent specified in the relevant PCA/applicable laws) failure to make a payment under the applicable laws.

A licensee is required to submit to the Government of Pakistan a plan for the closing down of operations and for the removal of facilities or their transfer to the Government of Pakistan at least one year prior to termination of the PCA. The underlying principle is that the concession area must be reinstated to its original condition. Where this is not practicable, the WIO is required to pay compensation to the Government of Pakistan.

Summary of economic and fiscal regime in Pakistan

WIOs are required to pay royalties to the Government of Pakistan at a percentage of the wellhead value (as defined by applicable law). The rate of corporate income tax is 40 per cent.(after royalty) and 52.5 to 55 per cent. (before royalty).A bonus or commission is paid as a lump-sum by the WIO on commencement of commercial production and commercial production reaching certain targets. A windfall levy applies to crude oil and condensate. Workers' Welfare Fund contribution which is 2 per cent of pre-tax income is also payable. Depletion allowance is a special deduction which reduces taxable profits and is normally 15 per cent of wellhead value.

The Government of Pakistan may require WIOs to sell oil on a pro-rata basis with other producers in Pakistan to the Government of Pakistan. WIOs are required to give preference to Pakistani goods and services in accordance with competitive standards. No specific percentage of local content is prescribed.

Mauritania

The Group acquired its interests in offshore Mauritania through acquisitions in May and December 2003.

Chinguetti – producing asset, 8.123 per cent. non-operated interest/Banda – development asset, 5.301 per cent. non-operated interest

Chinguetti was discovered in 2001 and Banda in 2002. The Chinguetti oil field came on-stream in February 2006 and is in natural decline. It generated 600 BOEPD during the first half of 2013. The Government of Mauritania approved the grant of an Exclusive Exploitation Authorisation (EEA) and a gas field development plan (FDP) along with a Declaration of Commerciality for the Banda gas field in January 2013. The Environmental Impact Assessment (EIA) and FEED were completed in the first half of 2013. ITT documents for major contracts, including those for drilling, production systems, umbilical and pipeline, were issued in July 2013, and responses are being evaluated. Gas sales arrangements and payment guarantees for the future production are planned to be completed during the second half of 2013 ahead of project sanction.

In May 2013, the partners submitted a conditional Declaration of Commerciality and a FDP to the Mauritanian Government for an undeveloped discovery called Tevet which is on the same block as Chinguetti. A response has not yet been received.

Net to the Group, estimated remaining 2P reserves and 2C contingent resources were 13.8 MMBOE as at 31 December 2012. Production is expected to continue until 2016. Partners in the Chinguetti field are Petronas (operator, 47.385 per cent.), Tullow Oil (22.258 per cent.), Societe Mauritanienne des Hydrocarbures (12 per cent.), Kufpec (10.234 per cent.). The partners in the Banda field development are Tullow Oil (operator, 67.301 per cent.), Petronas (15 per cent.) and Kufpec (13.084 per cent.).

Exploration

The Group's interests in explorations licences offshore Mauritania were consolidated into licence PSC C10 in 2011, with a commitment to drill two wells. The Group's interest is 6.23 per cent. Geological studies to determine the optimum locations for the wells were completed in the first half of the year. It is expected that the first well, which will target the Tapendar prospect, will spud shortly.

Summary of regulatory regime and licence terms in Mauritania

Depending on when a production sharing contract was signed, the legislation applicable to the oil and gas upstream industry is either governed by the 2010 Crude Hydrocarbons Code (which has not been issued in the Official Gazette) or the Ordinance No. 88.151 of 1988. In addition, various environmental and health and safety laws and regulations apply.

The Group is a party to three PSCs in Mauritania. Under the PSCs, an exclusive exploration permit is granted to the contractor. This allows the contractor the exclusive right to explore for petroleum within the licensed area for a period of three to nine years. In the event of a commercial discovery, and provided all contractual obligations have been fulfilled, the Minister for Crude Hydrocarbons may (on application) grant an exclusive exploitation permit. The maximum duration of this permit is 25 years (with one possible extension of 10 years subject to government consent).

The PSCs deal with matters such as: the exploration and exploitation periods; extension of the PSC; the contractor's obligations to carry out the work obligations during the exploration period and any extension period granted, to obtain approval for its annual work programmes and to notify the Directorate for the Exploration and Development of Crude Hydrocarbons prior to drilling a well; the acquisition by the Government (upon request by the Minister for Crude Hydrocarbons) of the assets acquired and/or provided by the contractor in connection with the PSC upon expiry, relinquishment or cancellation of the PSC (or, if specified in the PSC, renunciation of the exploitation authorisation) if charged as petroleum costs; an option

for the Mauritanian Government to hold a participating interest in the PSC on the date of granting the first exclusive exploitation permit; joint and several liability of the contractors; an indemnity from the contractors for the benefit of any person (including the Government) for any loss or damage the contractor may cause to a person, caused by or resulting from petroleum operations; restrictions on and government consent for assignment of the PSC; obligations to notify the Minister of any change of control of the contractor; and rights of termination in the event of material breach or recurrent breach of the applicable legislation by the contractor, delay in making payments due to Government, suspension of a development, suspension of exploitation, failure to comply with an arbitral award and bankruptcy, composition with creditors or liquidation of assets by the contractor or its parent company.

The operator is required to provide an abandonment and decommissioning plan to the Minister for approval at times specified in the relevant PSC. At a point in time specified in the relevant PSC, the parties to the PSC are required to deposit an amount calculated by reference to the contractor's estimate of the abandonment and decommissioning costs into an escrow account (or, if relevant, a different amount negotiated with the Minister for Crude Hydrocarbons). If the balance in the escrow account is insufficient to cover all decommissioning costs, the contractors are required to fund the shortfall.

Summary of economic and fiscal terms in Mauritania

The contractual regime in Mauritania is one of production-sharing so each asset is the subject of an individual contract with a unique formula for calculating the production split between the Mauritanian Government and contractors.

Under the PSCs, a share of net oil production in each calendar year up to a specified percentage of net oil production (known as cost recovery oil) is allocated to cover certain permitted costs incurred by the contractors. Petroleum costs which are not recovered from the allocation of cost recovery oil in a calendar year may be carried forward to the next succeeding calendar year until fully recovered. Profit petroleum (being net production after the deduction of cost recovery oil) is allocated between the Mauritanian Government and contractors in accordance with production on a sliding scale. The contractor must pay an annual surface fee, which is a fee per square kilometre. A bonus or commission is paid as a lump-sum by the contractor on signing the PSC and on commercial production reaching certain targets. A contractor's net profits from all petroleum operations are subject to income tax. In calculating net profit, a number of deductions may be made including any losses or charges directly related to the petroleum operations. The rate of tax levied and available deductions are specified in each PSC. Based on future production profile and the availability of historical tax losses, the Chinguetti field is not expected to ever pay taxes. The PSCs include a comprehensive stabilisation clause.

The Government of Mauritania may require contractors to sell oil to the Government of Mauritania in order to meet the needs of domestic consumption in the country. A contractor is required to give preference to Mauritanian goods and services in accordance with competitive standards.

Falkland Islands Business Unit

The Falkland Islands is a British Overseas Territory with formal British diplomatic representation provided by the Governor of the Falklands. The Legislative Assembly enjoys a substantial measure of responsibility for the conduct of affairs concerning the Falkland Islands, although the Governor retains responsibility for foreign affairs and defence.

In July 2012, the Group agreed to farm in, with an upfront consideration of U.S.\$231 million, for 60 per cent. of Rockhopper's licence interests in the Falkland Islands, which include the Sea Lion development and Casper and Casper South discoveries. The transaction completed on 19 October 2012. The Group will pay an

exploration carry of up to U.S.\$48 million and, subject to field development plan approval, a development carry of up to U.S.\$722 million. These are fully-funded from a combination of existing cash resources, facilities and cash flow from operations. The Group has also offered Rockhopper additional standby financing available at Rockhopper's option for their further share of development expenditure to secure certainty of financing for the development project. As part of the transaction, the Group and Rockhopper also agreed to pursue exploration opportunities in the Falkland Islands (and analogous plays in selected areas offshore Southern Africa) jointly.

Sea Lion, Casper, Casper South – exploration and development assets, 60 per cent. operated interest in Block PL032

The Sea Lion field is located on the Falklands Plateau, 220 kilometres north of the Falkland Islands, and lies in 450 metres of water. The geological setting is a north-south Atlantic failed rift with primarily early Cretaceous to Tertiary fill in a typical half graben structure with a large bounding fault in the east. The Sea Lion accumulation is close to the eastern margin. Stacked Early Cretaceous lacustrine fan reservoirs contain waxy 29 degree API crude oil. Oil-in-place is estimated to be over 1.1 billion barrels with 394 million barrels (gross) recoverable.

The Sea Lion field is fully appraised and development planning commenced in 2011. The initial development plan anticipated that the field would be developed by drilling and completing subsea wells in manifold clusters tied back via flexible risers to an anchored FPSO. Water injection and gas and produced water handling facilities would be provided on the FPSO. Gas would be used for fuel or re-injected to boost recovery.

On 1 November 2012, the Group formally became operator of all the licence interests previously operated by Rockhopper, thereby becoming operator of the Sea Lion project. A dedicated project team has been undertaking detailed planning of development drilling and the specification and sourcing of production facilities prior to commencing front-end engineering design and this is nearly complete. An FPSO market enquiry, has been undertaken to assess the option of conversions of new builds to meet the design life criteria and this has confirmed the viability of the concept. Technical reviews have also been undertaken to study the option of gas lift instead of hydraulic submersible pumps while design studies of flow line systems have been completed. Health, safety and environmental management plans are being set to safeguard the development and operations phases.

A phased approach to development drilling has been selected. It is envisaged that drilling will initially target the northern part of the field, and is estimated to recover 284 MMBBLS, with the southern area subsequently tied back to the host facilities and estimated to recover a further 110 MMBBLS. The second phase of development will be optimised to incorporate any additional exploration or appraisal success. The Group is working to participate in a multi-operator exploration programme starting in the second half of 2014 which will include a well to confirm the presence of a gas cap in the west of Sea Lion.

Further conceptual studies have indicated that a Tension Leg Platform (“TLP”), rather than an FPSO, with an integral drilling rig may offer significant cost savings while providing better motion characteristics and flow assurance options. A contract to study this alternative concept in more detail was let recently and is progressing. A final decision between the two is expected to be made at the end of 2013 with project sanction targeted for the end of 2014. The timing of first oil will depend on the final scheme configuration. Once on-stream, the Sea Lion development is expected to add 50,000 BOPD of production net to the Group.

2C contingent resources were estimated at 232.6 MMBOE as at 31 December 2012 net to the Group. The Group's partner in these assets is Rockhopper (40 per cent.). Once the fields are on stream, production is forecast to continue for 25 years.

Exploration

Since July 2012, the Group has been working closely with Rockhopper to define the prospect inventory within its acreage in the North Falklands Basin. More recently the Group signed a Heads of Agreement to farm in to two licences adjacent to the Sea Lion project, PL004a and PL004c, increasing the Group's equities in these licences to 36% each. Agreement has been reached on a programme of at least three exploration wells which is planned to begin towards the end of 2014, subject to rig availability. Negotiations for a shared drilling programme are progressing well and are expected to reach a conclusion by year-end. Wells currently included in the proposed programme include play-opening wells targeting prospects beneath the existing Sea Lion sands, including the Zebedee well which will test the extent of the proven F2 sequence towards the south as well as the older F3 sequence, and wells on the Isobel/Elaine and Jayne East prospects on PL004a and PL004c. Prospects from independent feeder systems along the east flank of the basin, as well as Sea Lion look alike prospects, will also be explored.

Regulatory regime and licence terms in the Falkland Islands

The Offshore Mineral Ordinance 1994, as amended, (the “**Mineral Ordinance**”) governs oil and gas exploration and production activities in the Falkland Islands. The Mineral Ordinance provides for a licensing regime, whereby exploration and production licences are granted to private oil and gas companies. The Mineral Ordinance is supplemented by various environmental and health and safety laws and regulations.

Licences are valid for a sequence of terms. Each licence expires automatically at the end of each term, unless the licensee can demonstrate that sufficient progress has been made under the licence to warrant moving into the next term. The first phase of the exploration period is set between three to eight years. Licensees may enter additional phases, but the licence expires at the end of the first phase if the work programme is not completed. The appraisal period is five years, and the licence expires at the end of the appraisal period unless the Governor has approved a development plan. The production period is 35 years, or longer if needed to complete production.

The terms and conditions of every licence are prescribed in a series of “**Model Clauses**”, which are set out in statutory instruments deriving from the Mineral Ordinance. The Model Clauses applicable to a particular licence are those which are in force at the time it was granted. For the purposes of the following summary, the Model Clauses applicable to the Group's licences are materially the same. The Model Clauses govern the operation of the licence and deal with matters such as: the exploration, appraisal and production periods; extension of the licence by agreement; the licensee's obligations to carry out the work programme during the initial term, to obtain approval for a development and production programme and to obtain consent before drilling a well; an indemnity by licensees for the benefit of the Governor for any third party claims; joint and several liability of licensees; restrictions on and consent for assignment; consent for change of control; and a power to revoke the licence in certain circumstances including insolvency of a licensee, a transfer of the licence without approval, change of control, or breach of any of the licence terms. Licensees are responsible for preparing, submitting and (once approved) carry out a decommissioning programme in relation to offshore oil and gas installations and pipelines in the licence area.

Economic and fiscal regime in the Falkland Islands

The fiscal regime in the Falkland Islands is expected to undergo reform as the government is believed to have commissioned an external consultation on certain aspects of the regime.

A 9 per cent. royalty is payable under the licences. Each licence also carries an annual rental charge which is calculated at an escalating rate on each square kilometre the licence covers at that date.

Corporation tax is currently 26 per cent. on all profits from exploration and extraction activities. A lower rate of 21 per cent. may be available, for other activities, on the first £1,000,000 of profits. Tax Depreciation

Allowance will be available in the amount of U.S.\$231 million relating to consideration paid by the Group when farming-in to Rockhopper's licence interests. A 100 per cent. depreciation allowance is available on intangible expenditures. There are no tax stabilisation measures in place.

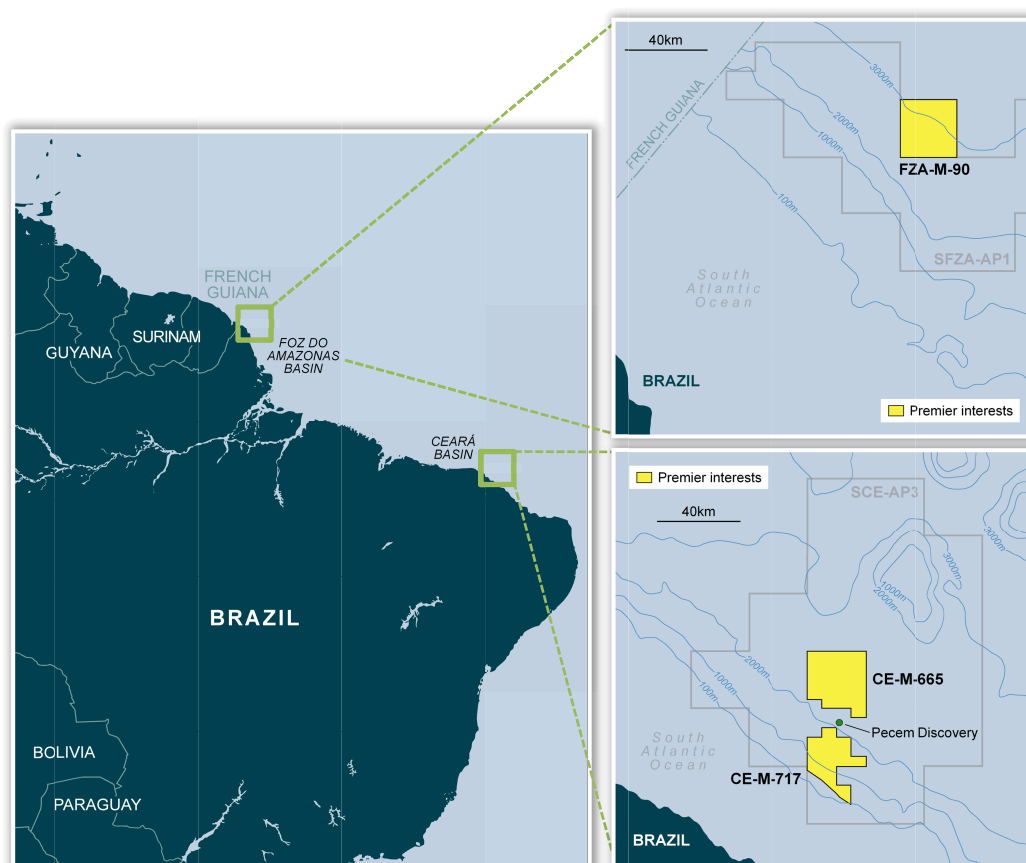
Summary of the Group's reserves and resources as at 31 December 2012

| | UK | Falkland Islands | Indonesia | Norway | Pakistan & Mauri- tania | Vietnam | Total |
|--|-------|---------------------|-----------|--------|-------------------------------|---------|-------|
| 2P Reserves | | | | | | | |
| On production | 29.7 | — | 36.2 | — | 28.2 | 28.0 | 122.1 |
| Approved for development | 19.8 | — | 36.0 | — | 5.6 | 7.0 | 68.4 |
| Justified for development | 74.3 | — | 25.0 | — | 0.8 | 1.4 | 101.4 |
| Total Reserves | 123.7 | — | 97.2 | — | 34.6 | 36.4 | 291.9 |
| % of total | 42% | — | 33% | — | 12% | 12% | 100% |
| 2C Contingent Resources | | | | | | | |
| Development pending | 4.2 | 193.7 | — | 71.5 | 2.5 | — | 271.9 |
| Development un- clarified/on hold | 16.7 | 32.7 | 68.0 | 0.1 | 16.2 | 13.2 | 146.9 |
| Development not currently viable | 28.7 | 6.2 | 4.9 | 2.3 | 12.8 | 7.2 | 62.0 |
| Total Contingent Resources | 49.6 | 232.6 | 72.9 | 73.9 | 31.5 | 20.3 | 480.7 |

New Country Entry/Exploration Unit

The Group aims to add early stage exploration acreage in targeted new countries where the geology is assessed to be similar to that of existing business units and where success has the potential to transform the resource base of the company.

Brazil



The Group was awarded three blocks in Brazil's 11th Round held in Rio de Janeiro on 14 May 2013. The blocks are located in deep water basins offshore North East Brazil in largely under-explored areas and contain prospects and leads capable of delivering between 250 MMBBLS and 1 BNBBLs each.

The Group was awarded a 50 per cent. operated equity stake in Blocks 717 and 665 in the Ceara basin, a Cretaceous rift basin with a proven oil source rock. In Block 717, two plays will be pursued: a potential extension of the Pecem discovery south into the block and a slope channel play which will require additional 3D seismic to mature to drillable status. In Block 665 a large Cretaceous onlap play has been identified. A block-wide 3D seismic survey will be acquired to assess this opportunity in 2014.

The Group was also awarded a 35 per cent. non-operated equity stake in Block 90 in the Foz do Amazonas basin. This block provides access to a high impact Cretaceous exploration play proven across the border in French Guiana. Specifically, stratigraphic traps onlapping a rift basin high will be targeted. Acquisition of 3D seismic is planned for 2014, ahead of drilling three wells (two operated) within the initial five year licence terms.

In respect of the licence awards, the Group has paid a total of U.S.\$24.5 million in signature bonuses and expects to invest approximately U.S.\$25 million in 3D seismic data acquisition. Well commitments include one exploration well in Block 90 and two exploration wells in Block 717. The Group will fund the cost of the work programme (estimated to be around U.S.\$150 million) from within its planned exploration spend.

Summary of regulatory regime and licence terms in Brazil

Oil and gas exploration and production activities in Brazil are regulated by the Brazilian Federal Constitution, Federal Laws Nos. 9,478/1997 (known as the Petroleum Law), 11,909/2009 (known as the Gas Law) and

12,351/2010 (known as the Pre-Salt Law). In addition, various environmental and health and safety laws and regulations apply.

The Group's concession contracts are in the form of the model contract prescribed by the National Agency of Petroleum, Natural Gas and Biofuels ("ANP") for the 11th Bid Round and are regulated by the wider concession contract regime under the Petroleum Law and the Pre-Salt Law. Under the concession contracts, the exploration period is set at five years. In general terms, the concession expires at the end of the initial term unless the concessionaire has completed the work programme and there has been a discovery. The production period begins on the date of the declaration of commerciality by the concessionaire and may last up to 27 years from the declaration of commerciality. The concession contracts include provision for the concession to be extended by agreement between the concessionaire and the ANP.

The concession contracts deal with matters such as: the exploration, development and production periods; extension of the concession by agreement with the ANP; the concessionaire's obligations to carry out the work programme during the initial term, to obtain approval for its development and production programme and to obtain consent before drilling a well; a requirement for the appointment of the operator to be approved by the ANP; local content requirements; joint and several liability of concessionaires; an indemnity by concessionaires for the benefit of the Brazilian federal government for any third party claims arising in relation to the concession or anything done pursuant to it; restrictions on and government consent for assignment of a concession or change of control of a concessionaire; and a power of revocation of the concession in circumstances including insolvency of the concessionaire or failure to remedy a breach of any of the concession terms within a period of no less than ninety days following notice from the ANP.

Concessionaires are required to submit a decommissioning plan and decommissioning work programme and budget to the ANP together with the development plan for a field. Upon request by the ANP, the concessionaire must present security for decommissioning costs which can take the form of insurance, letter of credit, contingency fund or other security acceptable to the ANP. The amount of the security is based on the field's development plan.

Summary of economic and fiscal regime in Brazil

Under the Group's concession contracts, the concessionaire is required to pay royalties to the ANP monthly in an amount equal to 10 per cent. of sales revenue calculated on the basis of the ANP price reference. Extraordinary financial compensation may be payable by concessionaires in the event that high volumes of oil or natural gas are produced or a certain field is highly profitable in other ways. This compensation is known as the 'special participation percentage' and varies from 10 per cent. to 40 per cent. It is applied on sales revenue calculated on the basis of the ANP reference price and adjusted by deductions allowed by the law. In addition, concessionaires must pay an annual fee for the occupation or retention of the concession area throughout the exploration, development and production periods. Additionally, concessionaires must pay to the owners of the land of participation a fee of one per cent. applied on sales revenue calculated on the basis of the ANP reference price. The current combined corporate income tax rate is approximately 34 per cent. Brazil does not apply ring-fencing in the determination of the corporate income tax liability. There are no tax stabilisation measures in place.

In the event of an emergency, the ANP may require concessionaires to restrict exports and supply oil to the Brazilian market or a national strategic inventory on a pro-rata basis with other producers in Brazil in order to meet the needs of domestic consumption in the country. Under Brazilian national content rules, a certain percentage of goods, equipment and services must be purchased from Brazilian suppliers. The minimum national content for the Group's blocks is 37 per cent. for the exploration period and between 55 per cent. and 65 per cent. for the production period.

Kenya

In May 2011, the Group entered Kenya with the signing of two PSCs for offshore exploration blocks L10A and L10B. The Group holds a 20 per cent. equity interest in L10A and a 25 per cent. equity interest in L10B. Fast track 3D data and inboard 2D seismic data were acquired and processed in 2012. Initial results of the survey data being encouraging, a new 3D seismic survey was then acquired over the inboard play to further evaluate leads identified on the previous data. Processing of the data led to 15 prospects and leads being identified across the play. These are being evaluated by the operator.

The partners in L10A are BG (operator, 40 per cent.), PTT Exploration and Production (25 per cent.) and Pancontinental (15 per cent.).

The partners in L10B are BG (operator, 45 per cent.), PTT Exploration and Production (15 per cent.) and Pancontinental (15 per cent.).

In October 2013, the Group signed a farm-in for 55 per cent. of Block 2B, onshore Kenya. The block lies in the Southern Anza basin, a Cretaceous rift basin with a proven source rock, and contains several prospects and leads. The Pearl prospect with an estimated gross prospective resource of 100 MMBBLS will be targeted by an initial well at the end of 2014.

The partner in Block 2B is Taipan Resources (operator, 45 per cent.)

Summary of regulatory regime and licence terms in Kenya

The Petroleum (Exploration and Production) Act (cap 308) 1986 governs upstream activities in Kenya. The Act provides for a licensing regime whereby petroleum agreements are entered into between the Government of Kenya and private oil and gas companies. In addition, various environmental and health and safety laws and regulations apply.

The Group holds licence interests in Kenya under petroleum sharing contracts. The PSCs are valid for a sequence of periods. The exploration period is for a duration of two to six years. The development and production period is for a duration of 25 years (for crude oil) and 35 years (for natural gas). The PSCs include provision for extension by agreement between the contractor and the Kenyan Government.

The PSCs deal with matters such as: extension of the licence by agreement with the Minister of Energy; the contractor's obligation to carry out the work programme during the initial term, to obtain approval for a development and production programme and to notify the Minister of Energy before drilling a well; a government carry during the exploration period and the Government's option to acquire a participating interest in a development area; the automatic transfer of assets acquired and/or provided by the contractor in connection with the PSC to the Kenyan Government upon full cost recovery (if charged as petroleum costs); an indemnity by contractors for the benefit of the Kenyan Government for any third party claims arising in relation to the PSC or anything done pursuant to it; joint and several liability of contractors; restrictions on and consent for assignment of the PSC; a requirement to notify the Kenyan Government upon a change of control of a contractor; and a power to terminate the PSC upon notice from the Minister of Energy if the contractor fails to make any payment to the Kenyan Government required under the PSC or fails to remedy a material breach of the PSC. When submitting a development plan, the contractor must also produce a decommissioning plan which includes a schedule setting out the amortization of costs and recovery of costs estimated to be incurred when the development is decommissioned after it reaches its economic limits.

Summary of economic and fiscal regime in Kenya

The contractual regime in Kenya is one of production-sharing so each asset is the subject of an individual contract with a unique formula for calculating the production split between the Kenyan Government and the contractor. Under the PSCs, a share of net oil production in each quarter up to a maximum percentage of net

production (known as cost recovery oil) is allocated to cover certain permitted petroleum costs incurred by the contractors. Petroleum costs which are not recovered from the allocation of cost recovery oil in a quarter may be carried forward to the next succeeding quarters without interest until fully recovered. Profit petroleum (being net production after the deduction of cost recovery oil) is allocated between the Kenyan Government and contractors in accordance with production on a sliding scale. A signature bonus is paid as a lump-sum by the contractor on signing the PSC. Surface fees are payable on an annual basis per square kilometre of the relevant block during exploration and production. The income tax rate applicable to a branch of a foreign company in Kenya is 37.5 per cent. A windfall tax is payable by the contractor if the price of crude oil for any quarter exceeds a PSC-specific threshold price. The PSC has a soft stabilisation clause which provides that the parties will agree to make the necessary adjustments to the PSC to restore the status quo observing the principle of mutual economic benefits of the parties.

The Government of Kenya may require contractors to sell oil to the Government of Kenya on a pro-rata basis with other producers in Kenya in order to meet the needs of domestic consumption in the country. A contractor is required to give preference to Kenyan goods and services in accordance with competitive standards. No specific percentage of local content is prescribed.

Iraq

In November 2012, the Group was awarded a 30 per cent. non-operated interest in Block 12, an 8,000 square kilometre block in the under-explored Salman Zone in southern Iraq, in the foreland of the Zagros fold belt updip from producing fields. The block contains a variety of leads at various stratigraphic levels with estimated gross prospective resources in excess of 1 BNBBLS. Existing seismic data is being reprocessed, with a view to acquiring new seismic data in 2014. Subject to the interpretation of the new seismic data an exploration well will be drilled in 2015 or 2016.

The Group's partner in Block 12 is Bashneft (operator, 70 per cent.).

Summary of regulatory regime and licence terms in Iraq

A draft hydrocarbon law was proposed in 2007 but agreement on the draft has been stalled. In its absence, the Iraqi constitution and several laws enacted prior to 2003 regulate the oil and gas sector in Iraq. In addition, various environmental and health and safety laws and regulations apply.

In Iraq, the Group is party to an exploration, development and production service contract with the South Oil Company of the Iraqi Ministry of Oil ("SOC"). Under the service contract, the exploration period is five years with provision for a two-year extension and a further two-year appraisal period. The development period is twenty years from development approval with the possibility of a five-year extension. The service contract has a maximum term of thirty years.

The service contract deals with matters such as: the exploration, appraisal and development periods; extension of the service contract by agreement with the SOC; the contractor's obligations to carry out the work programme during the initial term, to obtain approval for its development and production programme and to obtain consent before drilling a well; a requirement for the appointment of the operator to be approved by the SOC; assets acquired and/or provided by the contractor in connection with the service contract becoming the property of the SOC; joint and several liability of the contractors; an indemnity by the contractors for the benefit of the SOC for any third party claims arising in relation to the service contract or anything done pursuant to it; restrictions on and government consent for assignment of the service contract or change of control of a contractor; a power of revocation of the service contract upon not less than three months' notice by the SOC in certain circumstances including insolvency of the contractor, failure to remedy a breach of any of the service contract terms or applicable law, failure to execute in any material respect the minimum work programme, approved exploration, appraisal plans, development plans or related work programs and budgets

or the assignment of any interest, right or obligation under the service contract in contravention of the terms of the service contract. Contractors are required to prepare a decommissioning plan midway through the development period.

Summary of economic and fiscal terms in Iraq

The fiscal regime in Iraq is a service contract-based one, where the oil companies fund all activity in return for a recovery of their costs plus a fixed fee per barrel of production as remuneration. The remuneration is a fee per barrel which is set following competitive bidding between companies. The remuneration level for Block 12 is U.S.\$5 per barrel of oil equivalent under the service contract subject to adjustments depending on the level of production. In addition, the SOC reimburses the costs and expenditures incurred by the contractors (known as petroleum cost) either in export oil or cash. The corporate income tax liability does not exceed 35 per cent. of remuneration. The service contract includes a wide stabilisation clause.

The Group's exploration programme 2013-2014

| Country | Block | Well | 2014 | | | | | P50 gross unrisks resources (mmboe) | Risk | Equity (%) |
|------------------|------------------------|----------------------------|------|----|----|-----------------|------------|-------------------------------------|----------|------------|
| | | | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| Indonesia | Tuna Block | Kuda Laut & Singa Laut | | | | Ocean General | | 50 | High | 65 |
| | NSBA | Anoa Deep Appraisal | | | | | Hakuryu 11 | 13 | Low | 28.67 |
| | NSBA | Ratu Gajah | | | | | | 37 | Low | 28.67 |
| Norway | PL359 | Luno II Appraisal Drilling | | | | | | 95 | Low | 30 |
| | PL539 | Myrhauk | | | | | | 60 | Moderate | 40 |
| Pakistan | Kadanwari | K-36 | | | | Weatherford 812 | | 5 | Low | 15.79 |
| | Badhra | Badhra South Deepening-1 | | | | SLB Rig-23 | | 38 | High | 6 |
| | Badhra | Badhra BBN-3 Appraisal | | | | SLB Rig-23 | | 19 | Moderate | 6 |
| | Bhit | Bhit Deep Mughalkot-1 | | | | | | 49 | High | 6 |
| | Qadirpur | QPD-2 | | | | | | 36 | High | 4.75 |
| Kenya | L10A | Exploration well | | | | (Inboard) | | TBC | High | 20 |
| | 2B | Pearl-1 | | | | | | 105 | High | 55 |
| Mauritania | PSC C-10 | Tapendar | | | | Sena DrillMax | | 32 | High | 6.23 |
| Falkland Islands | PL004a/ PL004b/ PL004c | Exploration well | | | | | | TBC | Moderate | 36 |
| Brazil | Blocks 90, 665, 717 | | | | | | | N/A | High | 35/50 |
| Iraq | Block 12 | | | | | | | N/A | High | 30 |

Contingent upside with no cost exposure to Ca Duc and CRD appraisal wells (Vietnam)

All well timings are subject to revision for operational reasons

- Firm Wells: Rig Contracted
- Firm Wells: Rig TBC
- Contingent Wells
- Wells to Watch
- Offshore Seismic Acquisition
- Onshore Seismic Acquisition

The Group's licence interests

| Country | Licence | Block | Operator | Group Equity % | Field/ Discovery |
|------------------|-----------------------|-----------------------------|----------|----------------------|------------------|
| Egypt | North Red Sea Block 1 | Block 1 | Hess | 20.00 ⁽¹⁾ | |
| Brazil | Block CE-M-665 | CE-M-665 | Premier | 50.00 ⁽²⁾ | |
| | Block CE-M-717 | CE-M-717 | Premier | 50.00 ⁽²⁾ | |
| | Block FZA-M-90 | FZA-M-90 | QGEP | 35.00 ⁽²⁾ | |
| Falkland Islands | PL003a | 14/14 (part) & 14/19 (part) | Desire | 4.50 | |

| Country | Licence | Block | Operator | Group Equity % | Field/ Discovery |
|------------|--------------------|---|----------------------|----------------------|--|
| | PL003b | 14/14 (part) & 14/19 (part) | Desire | 4.50 | |
| | PL004a | 14/15 (part), 14/20, 15/11 (part) & 15/16 (part) | Desire | 4.50 ⁽³⁾ | |
| | PL004b | 14/15 (part) | Premier | 36.00 | |
| | PL004c | 14/15 (part) | Desire | 15.00 ⁽³⁾ | |
| | PL023 | 25/14 (part), 25/19, 25/24 (part) & 25/30 (part) | Premier | 60.00 | |
| | PL024 | 26/1, 26/6, 26/21, 26/22 (part), 26/26 (part) & 26/27 | Premier | 60.00 | |
| | PL032 | 14/5, 14/10 | Premier | 60.00 | Sea Lion |
| | PL033 | 15/1 (part) & 15/6 (part) | Premier | 60.00 | |
| Indonesia | Block A Aceh | Block A Aceh | Medco | 41.67 | Alur Siwah, Alur Rambong, Julu Rayeu, Matang |
| | Buton Block | Buton Block | Japex | 30.00 ⁽¹⁾ | |
| | Kakap Block | Kakap Block | Star Energy | 18.75 | Kakap |
| | Natuna Sea Block A | Natuna Sea Block A | Premier | 28.67 | Anoa, Gajah Baru, Pelikan, Naga |
| | Tuna Block | Tuna Block | Premier | 65.00 | |
| Iraq | Block 12 | Block 12 | JSOC Bashneft | 30.00 | |
| Ireland | PEL 4/05 | ⁽⁴⁾ 49/17 (part), 49/22 (part) & 49/23 (part) | Island Expro | 15.00 | Old Head of Kinsale |
| | PEL 5/05 | ⁽⁴⁾ 48/26 (part), 48/27 (part), 57/1 (part) & 57/2 | Island Expro | 12.50 | Schull |
| Kenya | Block L10A | L10A | BG | 20.00 | |
| | Block L10B | L10B | BG | 25.00 | |
| | Block 2B | 2B | Taipan Resources Inc | 55.00 ⁽⁵⁾ | |
| Mauritania | PSC A | (Banda area EEA) | Tullow | 5.30 | Banda ⁽⁶⁾ |
| | PSC B | | Tullow | 9.23 | Tevet |
| | PSC B | Chinguetti | Petronas | 8.12 | Chinguetti |

| Country | Licence | Block | Operator | Group Equity % | Field/ Discovery |
|-----------------------------------|----------------------|---|----------------------|----------------------|------------------|
| | | EEA | | | |
| Norway | PSC C-10 | C-10 | Tullow | 6.23 | |
| | PL359 | 16/1 (part) & 16/4 (part) | Lundin | 30.00 | |
| | PL364 | 25/2 (part) & 25/5 (part) | Det Norske | 50.00 | Frøy |
| | PL374S | 34/2 (part) & 34/5 (part) | BG | 15.00 | Blåbaer |
| | PL406 | 18/10 (part) | Premier | 80.00 ⁽⁷⁾ | Mackerel |
| | PL407 | 17/9 (part) & 17/12 (part) | BG | 40.00 ⁽⁷⁾ | Bream |
| | PL539 | 3/7 (part) | Premier | 40.00 | |
| | PL566S | 2/8 (part), 2/9 (part) & 2/11 (part) | Premier | 50.00 | |
| | PL567 | 2/6 (part) | Premier | 60.00 | |
| | PL617 | 2/9 (part) | Valiant | 35.00 | |
| | PL622 | 15/12 (part), 16/10 (part) & 16/11 (part) | Premier | 60.00 | |
| | PL623 | 15/8 (part), 15/9 (part), 15/11 (part) & 15/12 (part) | Talisman | 20.00 | |
| | PL647 | 6507/4 (part) & 6507/5 (part) | Maersk | 30.00 | |
| | PL663 | 2/6 (part) & 3/4 (part) | Det Norske | 20.00 | |
| Pakistan | D&PL No.140/PAK/2000 | Kirthar | ENI | 6.00 | Bhit |
| | D&PL No.150/PAK/2002 | 2667-1 (Dadu) | BHP | 9.38 | Zamzama |
| | D&PL No.160/PAK/2003 | Kirthar | ENI | 6.00 | Badhra |
| | D&PL No.161/PAK/2003 | Bolan | Mari Gas | 3.75 | Zarghun South |
| | D&PL No.84/PAK/92 | Tajjal | ENI | 15.79 | Kadanwari |
| | D&PL No.85/PAK/93 | Qadirpur | OGDL | 4.75 | Qadirpur |
| Saharawi Arab Democratic Republic | SADR Daora | Daora | ⁽⁸⁾ Ophir | 50.00 | |

| Country | Licence | Block | Operator | Group Equity % | Field/ Discovery |
|----------------|-----------------------|--|------------------------|----------------|--|
| | SADR Haouza | Haouza | ⁽⁸⁾ Ophir | 50.00 | |
| | SADR Mahbes | Mahbes | ⁽⁸⁾ Ophir | 50.00 | |
| | SADR Mijek | Mijek | ⁽⁸⁾ Ophir | 50.00 | |
| | SADR Offshore Laguera | Offshore Laguera | Premier ⁽⁸⁾ | 100.00 | |
| United Kingdom | P077 | 22/12a | Shell | 50.00 | Nelson ⁽⁹⁾ |
| | PL089 | SY87b, SY88b, SY89b, SY97b, SY98a, SY99a, SZ/7 & SZ/8a | Perenco | 30.39 | Wyтч Farm ⁽¹⁰⁾ |
| | P087 | 22/7a | Premier | 46.50 | Nelson ⁽¹¹⁾ |
| | P101 | 23/21 North Moth | BG | 25.00 | |
| | P101 | 23/21 South Moth | BG | 25.00 | |
| | P110 | 22/14a (non-Everest - deep) | BG | 27.24 | Mallory |
| | P110 | 22/14a (non-Everest - shallow) | Premier | 25.04 | Huntington East |
| | P119 | 15/29a (area P) | Premier | 100.00 | Ptarmigan |
| | P164 | 205/26a | Premier | 60.00 | Solan |
| | P185 | 15/22 (rest of block, non-Palaeocene formation) | Nexen | 50.00 | |
| | P201 | 16/21a | Premier | 85.00 | Balmoral ⁽¹²⁾ , Stirling ⁽¹³⁾ & Glamis |
| | P201 | 16/21a (Brenda field area) | Premier | 100.00 | Brenda (above 7500 feet) |
| | P213 | 16/26 (area P) | Premier | 100.00 | Caledonia |
| | P218 | 15/21a (Scott Field) | Nexen | 45.83 | Scott ⁽¹⁴⁾ |
| | P218 | 15/21a (Telford field area) | Nexen | 7.30 | Telford ⁽¹⁵⁾ |
| | P218 | 15/21a (Gamma sub-area) | Premier | 28.00 | |

| Country | Licence | Block | Operator | Group Equity % | Field/ Discovery |
|---------|---------|-------------------------------------|----------------|-----------------------|--|
| | P233 | 15/25a | Premier | 70.00 | Nicol |
| | P257 | 14/25a | Talisman | 1.52 | |
| | P300 | 14/26a (Oddjob Area) | Nexen | 25.00 | |
| | P344 | 16/21b & 16/21c | Premier | 44.20 | Balmoral ⁽¹²⁾ & Stirling ⁽¹³⁾ |
| | P344 | 16/21b (Northern Area) | Premier | 55.00 | |
| | P354 | 22/2a (non- Chestnut feild area) | Premier | 30.00 | |
| | P489 | 15/23b | Nexen | 50.00 | |
| | P534 | 98/6a & 98/7a | Perenco | 30.39 | Wytch Farm ⁽¹⁶⁾ (offshore) |
| | P640 | 15/24b (area b) | ConocoPhillips | 50.00 | |
| | P748 | 29/2c | CNR | 40.00 | Kyle |
| | P1042 | 15/25b | Premier | 100.00 | Brenda |
| | P1114 | 22/14b & 22/19b | E.ON | 40.00 | Huntington |
| | P1181 | 23/22b | Premier | 20.20 | |
| | P1260 | 22/2b | Premier | 100.00 ⁽¹⁾ | Shelley |
| | P1298 | 15/26b | Nexen | 50.00 | Kildare & ⁽¹⁷⁾ West Rochelle |
| | P1335 | 43/13a | Premier | 100.00 ⁽¹⁾ | Esmond |
| | P1420 | 22/13b | Premier | 72.73 | |
| | P1430 | 28/9a & 28/10c | Premier | 50.00 | Catcher/Varadero |
| | P1463 | 14/30a | Premier | 40.00 | Tudor Rose |
| | P1475 | 113/29c & 113/30 | Nautical | 50.00 | |
| | P1615 | 15/26c | Endeavour | 25.00 | West ⁽¹⁸⁾ Rochelle |
| | P1655 | 15/21g | Premier | 28.00 | |
| | P1770 | 14/30b | Nexen | 50.00 | |
| | P1771 | 15/9, 15/10, 15/14 & 15/15 | Nexen | 50.00 | |
| | P1804 | 22/21c & 22/26d | Maersk | 30.00 | |
| | P1812 | 28/5, 28/10a & 29/1d | Premier | 50.00 | |
| | P1875 | 21/29d | Antrim | 50.00 | |

| Country | Licence | Block | Operator | Group Equity % | Field/ Discovery |
|---------|-----------------------|----------------------------|-----------|-----------------------|------------------|
| | P1886 | 12/14, 12/19a & 12/20a | Premier | 100.00 | |
| | P1887 | 12/16b & 12/17b | First Oil | 25.00 | |
| | P1920 | 12/30 | Echo | 50.00 | |
| | P1943 | 13/24c & 13/25 | Premier | 37.50 ⁽¹⁹⁾ | |
| | P1990 | 14/23a & 14/28a | Endeavour | 50.00 | |
| | P1992 | 15/8b | Nexen | 50.00 | |
| | P1994 | 15/17b | Ithaca | 50.00 | |
| | P1998 | 21/9b & 21/10b | Apache | 40.00 | |
| | P2001 | 22/6e | Apache | 40.00 | |
| | P2018 | 214/24b, 214/29a & 214/30c | RWE | 33.33 | |
| | P2028 | 15/18d & 15/19d | Premier | 50.00 | |
| | P2040 | 29/11 | Premier | 35.00 | |
| | P2063 | 28/3a | Premier | 100.00 | |
| | P2070 | 26/4a | Premier | 54.00 | |
| | P2077 ⁽²⁰⁾ | 28/8 | Premier | 54.00 | |
| | P2086 ⁽¹⁹⁾ | 28/14 & 28/9b | Premier | 35.00 | |
| Vietnam | Block 104-109/05 | 104-109/05 | Premier | 50.00 ⁽¹⁾ | |
| | Block 121 | Block 121 | Origin | 40.00 | |
| | Block 12W | 12W | Premier | 53.13 | Chim Sáo & Dua |

Notes:

- (1) Premier has decided to relinquish its equity share in this licence. The relinquishment is subject to government approval.
- (2) This licence was awarded in the 11th Bid Round in May 2013 and is subject to government approval.
- (3) Premier has signed a Heads of Agreement with Falkland Oil and Gas Limited (“FOGL”) to increase its equity in this licence to 36.00 per cent., subject to government approval, and the completion of the combination of FOGL and Desire Petroleum plc.
- (4) A two year lease undertaking is being sought for this licence, which expired in October 2011.
- (5) This farm-in agreement was signed in October 2013. Completion of the farm-in is subject to satisfactory completion of financial audits and confirmation of the terms of the PSC from the Kenyan government.
- (6) Unitised share of 4.671 per cent.
- (7) In July 2013 Premier signed agreements with BG and Kufpec aligning equity interests across PL406 and PL407 (Premier 50% and operatorship of both)
- (8) These PSCs were signed in 2006 and will be ratified by the SADR Government once the SADR has been internationally recognised as an independent state.
- (9) Unitised share of 1.31404 per cent.
- (10) Unitised share of 30.09625 per cent.
- (11) Unitised share of 0.348750 per cent.

- (12) Unitised share of 78.115421 per cent.
- (13) Unitised share of 68.68 per cent.
- (14) Unitised share of 21.83458 per cent.
- (15) Unitised share of 1.58677 per cent.
- (16) Unitised share of 30.09625 per cent.
- (17) Unitised share of 9.89175 per cent.
- (18) Unitised share of 5.710825 per cent.
- (19) Farm in, August 2013, subject to government approval

Hedging Policy

Commodity prices

Historically, the Group's commodity hedging policy was to lock in oil and gas price floors for a proportion of expected future production at a level which ensures that investment programmes for sanctioned projects are adequately funded. Floors were purchased for cash or via collars, funded by selling caps at a ceiling price. This policy provided downside protection for the Group over the period from 2008 to 2012. During this period, over U.S.\$1 billion was invested in new development projects and the policy ensured that adequate support was in place, however, higher commodity prices during that period meant the floor was not breached. As Group production has grown significantly over the last few years the Group now has stronger cash flows and therefore is in a position to approach hedging on a more opportunistic basis. Current policy guidelines are to sell forward a proportion of production on a rolling 18 month basis taking benefit of short term strengths in the commodity markets.

Foreign exchange

The Group's functional and reporting currency is US dollars. However, the Group has exposure to GBP as a number of its upcoming projects are located in the UK North Sea. The Group policy is to sell US dollars and purchase GBP forward up to six months based on forecast expenditure. The Group currently has relatively small exposures to Norwegian Kroner and Euros, these are covered by selling US dollars on a spot basis.

Selected Financial Information

Consolidated Income Statement

| | Six months to 30 June 2013 (Unaudited) | Six months to 30 June 2012 (Unaudited) | Year to 31 December 2012 (Audited) | Year to 31 December 2011 (Audited) |
|--|---|---|---|---|
| | <i>U.S.\$m</i> | | | |
| Sales revenues | 757.8 | 744.3 | 1,408.7 | 826.8 |
| Cost of sales | (472.2) | (393.9) | (742.4) | (414.9) |
| Exploration expense | (7.7) | (77.9) | (157.7) | (187.5) |
| Pre-licence exploration costs..... | (13.9) | (14.5) | (29.2) | (23.0) |
| General and administration costs | (8.9) | (12.8) | (24.2) | (25.8) |
| Operating profit | 255.1 | 245.2 | 455.2 | 175.6 |

| | Six months to 30 June 2013 (Unaudited) | Six months to 30 June 2012 (Unaudited) | Year to 31 December 2012 (Audited) | Year to 31 December 2011 (Audited) |
|---|---|---|---|---|
| | <i>U.S.\$m</i> | | | |
| Share of loss in associate..... | — | — | (1.9) | - |
| Interest revenue, finance and other gains | 5.3 | 0.7 | 3.2 | 5.5 |
| Finance costs and other finance expenses | (44.6) | (57.3) | (110.8) | (73.6) |
| (Loss)/gain on derivative financial instruments | (1.2) | 6.0 | 14.2 | 34.0 |
| Profit before tax | 214.6 | 194.6 | 359.9 | 141.5 |
| Tax..... | (53.5) | (48.8) | (107.9) | 29.7 |
| Profit for the period/year | 161.1 | 145.8 | 252.0 | 171.2 |
| Earnings per share (cents): | | | | |
| Basic..... | 30.5 | 27.8 | 47.9 | 36.6 |
| Diluted..... | 29.1 | 26.9 | 46.9 | 31.5 |

Consolidated Balance Sheet

| | At 30 June 2013 (Unaudited) | At 30 June 2012 (Unaudited) | At 31 December 2012 (Audited) | At 31 December 2011 (Audited) |
|---|--|--|--|--|
| | <i>U.S.\$m</i> | | | |
| Non-current assets: | | | | |
| Goodwill | 240.8 | 188.1 | 240.8 | 315.5 |
| Intangible exploration and evaluation assets..... | 681.0 | 407.8 | 658.0 | 2,257.8 |
| Property, plant and equipment..... | 2,685.2 | 2,661.4 | 2,692.9 | — |
| Investments | 5.5 | 7.7 | 6.1 | — |
| Long-term employee benefit plan surplus..... | 4.8 | — | 4.2 | — |
| Other receivables..... | 55.0 | 3.2 | 2.5 | — |
| Deferred tax assets | 623.0 | 373.1 | 568.9 | 500.8 |
| | 4,295.3 | 3,641.3 | 4,173.4 | 3,074.1 |
| Current assets: | | | | |
| Inventories..... | 31.7 | 34.5 | 34.6 | 27.7 |
| Trade and other receivables..... | 448.2 | 355.7 | 351.3 | 389.9 |
| Tax recoverable | 78.2 | 95.8 | 87.1 | 39.5 |
| Derivative financial instruments | 23.8 | 30.7 | 9.8 | 49.1 |
| Cash and cash equivalents..... | 182.3 | 290.2 | 187.4 | 309.1 |
| Assets held for sale..... | 97.9 | — | — | — |
| | 862.1 | 806.9 | 670.2 | 815.3 |

| | At 30 June 2013 (Unaudited) | At 30 June 2012 (Unaudited) | At 31 December 2012 (Audited) | At 31 December 2011 (Audited) |
|--|-----------------------------------|-----------------------------------|--|--|
| | <i>U.S.\$m</i> | | | |
| Total assets | 5,157.4 | 4,448.2 | 4,843.6 | 3,889.4 |
| Current liabilities: | | | | |
| Trade and other payables..... | (474.8) | (431.6) | (450.0) | (381.2) |
| Current tax payable | (93.3) | (102.3) | (114.9) | (146.5) |
| Short-term borrowings | — | (16.3) | — | (183.7) |
| Provisions..... | (43.5) | (37.9) | (68.8) | (35.1) |
| Derivative financial instruments | (21.4) | (73.6) | (43.8) | (154.8) |
| Deferred revenue..... | — | (4.2) | — | (8.4) |
| Liabilities directly associated with assets held for sale | (26.1) | — | — | — |
| | (659.1) | (665.9) | (677.5) | (909.7) |
| Net current assets/(liabilities) | 203.0 | 141.0 | (7.3) | (94.4) |
| Non-current liabilities: | | | | |
| Convertible bonds | (221.7) | (230.9) | (219.6) | (226.5) |
| Other long-term debt..... | (1,265.6) | (856.4) | (1,064.4) | (626.5) |
| Deferred tax liabilities..... | (302.9) | (256.2) | (297.1) | (219.1) |
| Long-term provisions | (618.9) | (591.1) | (613.3) | (565.4) |
| Long-term employee benefit plan deficit | (17.9) | (18.8) | (18.2) | (18.6) |
| | (2,427.0) | (1,953.4) | (2,212.6) | (1,656.1) |
| Total liabilities | (3,086.1) | (2,619.3) | (2,890.1) | (2,565.8) |
| Net assets | 2,071.3 | 1,828.9 | 1,953.5 | 1,323.6 |
| Equity and reserves: | | | | |
| Share capital..... | 110.5 | 110.5 | 110.5 | 98.8 |
| Share premium account..... | 649.5 | 649.0 | 649.2 | 274.5 |
| Retained earnings..... | 1,287.6 | 1,043.5 | 1,150.1 | 922.9 |
| Other reserves | 23.7 | 25.9 | 43.7 | 27.4 |
| | 2,071.3 | 1,828.9 | 1,953.5 | 1323.6 |

Consolidated Cash Flow Statement

| | Six months to 30 June 2013 (Unaudited) | Six months to 30 June 2012 (Unaudited) | Year to 31 December 2012 (Audited) | Year to 31 December 2011 (Audited) |
|--|---|---|---|---|
| | <i>U.S.\$m</i> | | | |
| Net cash from operating activities | 384.9 | 325.5 | 808.2 | 485.9 |
| Investing activities: | | | | |
| Capital expenditure | (435.7) | (318.2) | (771.6) | (660.5) |
| Pre-licence exploration costs..... | (13.9) | (14.5) | (29.2) | (23.0) |
| Net cash inflow from acquisition of subsidiaries | — | 4.6 | 4.6 | — |
| Acquisition of oil and gas properties..... | — | (31.9) | (267.5) | — |
| Proceeds from disposal of oil and gas properties | — | 52.7 | 52.4 | (89.9) |
| Net cash used in investing activities | (449.6) | (307.3) | (1,011.3) | (773.4) |
| Financing activities: | | | | |
| Proceeds from issuance of Ordinary Shares..... | 0.3 | 0.2 | 0.4 | 0.2 |
| Purchases of ESOP Trust shares..... | (12.1) | (65.8) | (89.3) | 2.6 |
| Proceeds from drawdown of bank loans | 200.0 | 7.6 | 217.6 | 33.8 |
| Proceeds from issuance of senior loan notes..... | — | 235.2 | 235.2 | 350.7 |
| Debt arrangement fees..... | (0.9) | (4.8) | (5.0) | (2.5) |
| Repayment of bank loans | — | (175.0) | (202.0) | (35.1) |
| Convertible bonds partial repayment/arrangement fee – new bonds..... | — | — | — | — |
| Partner funding for development project..... | (51.4) | — | — | — |
| Dividends paid | (40.2) | — | — | — |
| Interest paid..... | (35.7) | (32.3) | (65.6) | (54.6) |
| Net cash from/(used in) financing activities | 60.0 | (34.9) | 83.4 | 295.1 |
| Currency translation differences relating to cash and cash | (0.4) | (2.2) | (2.0) | 1.8 |
| Net decrease in cash and cash equivalents | (5.1) | (18.9) | (121.7) | 9.4 |
| Cash and cash equivalents at the beginning of the period/year | 187.4 | 309.1 | 309.1 | 299.7 |
| Cash and cash equivalents at the end of the period/year | 182.3 | 290.2 | 187.4 | 309.1 |

Balance Sheet and Funding

The Group's net debt position as at 30 June 2013 was U.S.\$1,315.8 million (31 December 2012: U.S.\$1,110.4 million) including cash resources of U.S.\$182.3 million (31 December 2012: U.S.\$187.4 million).

| | 30 June 2013 | 31 December 2012 |
|--------------------------------|-------------------------|-----------------------------|
| | <i>(U.S.\$m)</i> | |
| Cash and cash equivalents..... | 182.3 | 187.4 |
| Convertible bonds | (222.2) | (220.2) |
| Other long-term debt..... | (1,275.9) | (1,077.6) |
| Net debt..... | (1,315.8) | (1,110.4) |

The Group's drawn debt position as at 30 June 2013 was as follows:

| Type of borrowing | Total amount | Drawn amount | |
|--|-------------------------|-------------------------|-----------------------------|
| | | 30 June 2013 | 31 December 2012 |
| | | <i>(m)</i> | |
| Principal Credit Facility ⁽¹⁾ | U.S.\$695 | U.S.\$285 | U.S.\$85 |
| | £316 | £198 | £169 |
| Term Loan ⁽²⁾ | U.S.\$300 | U.S.\$300 | U.S.\$300 |
| Revolving Credit Facility ⁽³⁾ | U.S.\$350 | U.S.\$115 | U.S.\$115 |
| Convertible Bond ⁽⁴⁾ | U.S.\$245 | U.S.\$245 | U.S.\$245 |
| U.S. Private Placements ⁽⁵⁾ | €75 | €75 | €75 |
| | U.S.\$70 | US \$70 | U.S.\$70 |
| | US \$174 | US \$174 | U.S.\$174 |
| | €25 | €25 | €25 |
| | U.S.\$70 | U.S.\$70 | U.S.\$70 |
| | U.S.\$94 | U.S.\$94 | U.S.\$94 |
| | U.S.\$38 | U.S.\$38 | U.S.\$38 |
| | U.S.\$38 | U.S.\$38 | U.S.\$38 |

Notes:

- (1) The Principal Credit Facility is provided by a syndicate comprising 18 financial institutions and contains a revolving credit facility and two letter of credit facilities. The revolving credit facility has a total facility amount of U.S.\$695 million and can be drawn in several currencies. The letter of credit facilities are denominated in sterling and have a facility amount of £316 million in aggregate. The Group uses the letter of credit facilities to obtain letters of credit in connection with requirements to post security for the Group's UK North Sea decommissioning liabilities. The financial institutions which provide the letter of credit facilities must have a minimum credit rating of AA- by Standard & Poor or Aa3 by Moodys in order to be acceptable as letter of credit issuers under the terms of the decommissioning security arrangements to which members of the Group are party. The interest rate payable on loans is LIBOR plus a margin and a fee is payable for letters of credit. The interest rate margin payable on loans and the fee payable for letters of credit vary depending upon the Group's leverage ratio (with the margin and fee increasing as the leverage ratio increases). The margin for loans ranges between 1.75 per cent. and 3.00 per cent. per annum. The fee payable for letters of credit ranges between 1.50 per cent. and 2.75 per cent. per annum. The Group's leverage ratio is determined as at 30 June and 31 December each year and the loan margin and letter of credit fee are adjusted accordingly. In addition, a commitment fee is payable on the undrawn commitments at the rate of 40 per cent. of the applicable margin (in the case of the revolving facility) and 40 per cent. of the applicable letter of credit fee (in the case of the letter of credit facilities). The Principal Credit Facility matures in March 2015.
- (2) The U.S.\$300 million term loan is provided by Lloyds Bank plc and Mediobanca – Banca Di Credito Finanziario S.p.A, with each bank having a commitment of U.S.\$150 million. The Term Loan is denominated in US dollars and is fully drawn. The interest payable on the Term Loan is a fixed rate of 5.20 per cent. per annum. The Term Loan matures in April 2015.
- (3) The U.S.\$350 million revolving credit facility is provided by a syndicate of 13 banks and can be drawn in several currencies. The interest rate payable on loans is LIBOR plus a margin. The margin varies depending upon the Group's leverage ratio (with the margin increasing as the leverage ratio increases). The margin ranges between 1.50 per cent. and 2.75 per cent. per annum. The Group's leverage ratio is determined as at 30 June and 31 December each year and the loan margin is adjusted accordingly. The loans also carry a utilisation fee which is nil if the facility is less than 33.33 per cent. utilised, 0.25 per cent. per annum if the facility is between 33.33 and 66.66 per cent. utilised and 0.50 per cent. per annum if the facility is more than 66.66 per cent. utilised. In addition, a commitment fee is payable on the undrawn commitments at the rate of 40 per cent. per annum of the applicable margin. The Revolving Credit Facility matures in March 2017.
- (4) The Group has an outstanding Guaranteed Convertible Bond (GCB) with a principal amount of U.S.\$245.3 million. On 5 October 2012, the Group invited holders of the original GCB of U.S.\$250 million to exchange their existing bonds (due in 2014) for new bonds due in 2018 (new bonds). The new bonds have a coupon of 2.50 per cent. per annum. Bondholders representing 98.13 per cent. of the total aggregate principal amount of the U.S.\$250 million (approx U.S.\$245.3 million) elected to exchange their old bonds for new bonds. The new bonds were issued on 1 November 2012 with a par value of U.S.\$245.3 million and are exchangeable for ordinary shares of the Issuer at any time from 11 August 2016 until six days before their maturity date of 27 July 2018. The new bonds are adjusted for dividends and after the adjustment for the last dividend declared in June 2013, the new conversion price is £4.28 (U.S.\$6.92 at a fixed exchange rate) per share. If the bonds have not been previously purchased and cancelled, redeemed or converted they will be redeemed at par value on 27 July 2018.
- (5) The Group has issued Private Placement notes to insurance companies and funds predominantly based in the USA. The first issuance took place in June 2011, with the Group issuing notes in three tranches: €75 million seven-year notes with a fixed coupon of 5.32 per cent. per annum, U.S.\$70 million seven-year notes with a fixed coupon of 5.11 per cent. per annum and U.S.\$174 million ten-year notes with a fixed coupon of 5.78 per cent. per annum. These notes are repayable at par on their maturity. Interest is paid semi-annually on the notes. The Group made a second issuance of Private Placement notes in March 2012. There were four tranches: €25 million seven-year notes with a fixed coupon of 4.58 per cent. per annum, U.S.\$ 70 million seven-year notes with a fixed coupon of 4.67 per cent. per annum, U.S.\$94 million ten-year notes with a fixed coupon of 5.29 per cent. per annum and U.S.\$38 million twelve-year notes with a fixed coupon of 5.44 per cent. per annum. The notes are repayable at par upon maturity. Interest is paid semi-annually on the notes.

The Principal Credit Facility, the Term Loan, the Revolving Credit Facility and the Private Placements all constitute senior unsecured debt of the Group and are available for general corporate purposes.

In addition, the Group has various bilateral letter of credit facilities with a number of banks. These facilities are used for issuing letters of credit which are provided as security for the Group's UK decommissioning liabilities and for issuing various performance guarantees. These bilateral facilities are provided on an uncommitted basis and can be drawn in various currencies.

In September 2013, additional loan funding of U.S.\$130 million and €20 million was negotiated and finalised. The issuance comprises a U.S.\$80m five-year loan with a floating interest rate of 2.55 per cent. per annum over LIBOR, a U.S.\$50 million seven-year loan with a floating interest rate of 2.75 per cent. per annum over LIBOR and a €20 million seven-year loan which the Group has swapped into US dollars with an effective fixed interest rate of 5.42 per cent. per annum. The Group is also in advanced negotiations with two UK banks for a new term loan amounting to approximately £200 million in total. It is anticipated that the facility will have a term of at least 4 years.

Administrative, Management and Supervisory Bodies

The principal activity of the Issuer is to act as the parent company to a group of companies engaged in the international exploration and production of oil and gas.

The directors of the Issuer are as follows:

| Name | Age | Position |
|--------------------------------|------------|--------------------------|
| Executive Directors | | |
| Simon Lockett..... | 49 | Chief Executive |
| Robin Allan..... | 53 | Director, Business Units |
| Tony Durrant..... | 55 | Finance Director |
| Neil Hawkings..... | 52 | Operations Director |
| Andrew Lodge..... | 57 | Exploration Director |
| Non-Executive Directors | | |
| Mike Welton..... | 67 | Chairman |
| Joe Darby..... | 65 | Non-Executive Director |
| Jane Hinkley..... | 63 | Non-Executive Director |
| David Lindsell..... | 66 | Non-Executive Director |
| Michel Romieu..... | 74 | Non-Executive Director |

The business address of each of the directors is 23 Lower Belgrave Street, London SW1W 0NR.

There are no potential conflicts of interests between any duties to the Issuer of the directors referred to above and their respective private interests and/or other duties.

Audit Committee

The Committee is comprised solely of non-executive directors. Its members are David Lindsell (Chairman), Joe Darby and Michel Romieu.

The Board has determined that David Lindsell, a chartered accountant with expertise in accounting and auditing, has recent and relevant financial experience as required by the UK Corporate Governance Code (the Code).

All members of the Committee are deemed to be independent and the Committee has concluded that its membership meets the requirements of the Code.

The meetings of the Committee are normally attended by the Finance Director, the Group Financial Controller, the Group Audit and Risk Manager and representatives of the external auditors. Stephen Huddle, the Company Secretary, acts as secretary to the Committee. Other executive directors or senior managers are required to attend when significant risk management or control issues relating to their area of responsibility are considered by the Committee.

Role of the Committee

Committee's main responsibilities:

- monitoring the integrity of the financial statements of the company and formal announcements relating to the company's financial performance and reviewing any significant financial reporting judgements contained therein
- reviewing the company's internal financial and operational control and risk management systems, including the results of management system reviews
- overseeing the company's relationship with its external auditor, including making recommendations as to the appointment or reappointment of the external auditor, reviewing the terms of their engagement, monitoring their independence and developing and implementing policy governing any engagement of the external auditor to supply non-audit services. A copy of Premier's Policy on provision of non-audit services can be found on the website www.premier-oil.com.
- reviewing the effectiveness of the company's code of conduct, with particular reference to systems and controls for the prevention of bribery and the prevention and detection of fraud, and receiving reports on any non-compliance.

The Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The Committee may engage the services of external advisers as it deems necessary in the furtherance of its duties, at the company's expense. No external advisers materially assisted the Committee during the year. The Committee's terms of reference include all matters indicated by the Disclosure and Transparency Rule 7.1 and the Code.

Meetings

The Committee is required to meet at least three times per year and has an agenda linked to events in the company's financial calendar.

Corporate Governance

The Issuer complied with the UK Corporate Governance Code throughout 2012.

Major Shareholders

So far as the Issuer is aware, as at the date of this prospectus, the following persons had notifiable interests of 3 per cent. or more of the issued share capital of the Issuer:

| | Number of notified voting rights | Notified percentage of voting rights |
|---------------------------------|---|---|
| Schroders..... | 38,806,647 | 7.33% |
| AXA Group | 34,456,508 | 6.51% |
| BlackRock Inc | 26,883,086 | 5.08% |
| Affiliated Managers Group | 26,484,339 | 5.00% |
| UBS..... | 22,689,294 | 4.29% |
| Norges Bank..... | 18,116,748 | 3.42% |
| Legal & General Group | 17,571,326 | 3.32% |

DESCRIPTION OF THE INITIAL SUBSIDIARY GUARANTORS

PKP Exploration Limited

Introduction

PKP Exploration Limited is a private limited company incorporated and registered in England and Wales on 29 March 1974 as a company limited by shares with registered number 01164960. Its registered office is at 23 Lower Belgrave Street, London SW1W 0NR and the telephone number of its registered office is +44 (0) 20 7730 1111.

PKP Exploration Limited is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Pakistan Holdings B.V. Its principal business activity is that of oil and gas exploration and production.

The principal objects of PKP Exploration Limited are set out in clause 3 of its memorandum of association.

Administrative, Management and Supervisory Bodies

The directors of PKP Exploration Limited are as follows:

| Name | Position |
|-----------------------|-----------------|
| Simon Charles Lockett | Director |
| Andrew Geoffrey Lodge | Director |
| Mehran Inayat Mirza | Director |

The business address of each of the directors listed above is 23 Lower Belgrave Street, London SW1W 0NR.

There are no potential conflicts of interests between any duties to PKP Exploration Limited of the directors referred to above and their respective private interests and/or other duties.

PKP Kadanwari 2 Limited

Introduction

PKP Kadanwari 2 Limited is an exempted limited company incorporated and registered in the Cayman Islands on 30 November 1983 as a company limited by shares with registered number 19548. Its registered office is at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands and the telephone number of its registered office is +1 345 943 3100.

PKP Kadanwari 2 Limited is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company PKP Exploration Limited. Its principal business activity is that of exploration oil and gas production.

The principal objects of PKP Kadanwari 2 Limited are set out in clause 4 of its memorandum of association.

Administrative, Management and Supervisory Bodies

The directors of PKP Kadanwari 2 Limited are as follows:

| Name | Position |
|-----------------------------|-----------------|
| Thomas Alton Clarence-Smith | Director |
| Mehran Inayat Mirza | Director |
| Munir Malik | Director |

The business address of Mr Clarence-Smith is 23 Lower Belgrave Street, London SW1W 0NR and the business address for each of Mr Mirza and Mr Malik is 90, Margalla Road, F-6/2, PO Box 2438, Islamabad, Pakistan.

There are no potential conflicts of interests between any duties to PKP Kadanwari 2 Limited of the directors referred to above and their respective private interests and/or other duties.

PKP Kirthar 2 B.V.

Introduction

PKP Kirthar 2 B.V. is a private limited company incorporated and registered in the Netherlands on 31 May 2007 as a company limited by shares with registered number 27301425. Its registered office is at Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands and the telephone number of its registered office is +31 70 3633 555.

PKP Kirthar 2 B.V. is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Pakistan Holdings B.V. Its principal business activity is that of oil and gas exploration and production.

The principal objects of PKP Kirthar 2 B.V. are set out in article 3 of its articles of association.

Administrative, Management and Supervisory Bodies

The directors of PKP Kirthar 2 B.V. are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Anthony Richard Charles Durrant | Director |
| Ruig + Partners Trust B.V. | Director |

The business address of Mr Durrant is 23 Lower Belgrave Street, London SW1W 0NR and the business address of Ruig + Partners Trust B.V. is Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands.

There are no potential conflicts of interests between any duties to PKP Kirthar 2 B.V. of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Exploration and Production Limited

Introduction

Premier Oil Exploration and Production Limited is a private limited company incorporated and registered in England and Wales on 11 July 2012 as a company limited by shares with registered number 08138246. Its registered office is at 23 Lower Belgrave Street, London SW1W 0NR and the telephone number of its registered office is +44 (0)20 7730 1111.

Premier Oil Exploration and Production Limited is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Holdings Limited. Its principal business activity is that of oil and gas exploration and production.

There are no restrictions on the objects of Premier Oil Exploration and Production Limited in its constitutional documents.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Exploration and Production Limited are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Simon Charles Lockett | Director |
| Anthony Richard Charles Durrant | Director |
| Robert Andrew Allan | Director |
| Neil Hawkings | Director |
| Andrew Geoffrey Lodge | Director |
| Stephen Charles Huddle | Director |
| Jon Hendrik Boot | Director |

The business address of each of the directors listed above is 23 Lower Belgrave Street, London SW1W 0NR.

There are no potential conflicts of interests between any duties to Premier Oil Exploration and Production Limited of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Finance (Jersey) Limited

Introduction

Premier Oil Finance (Jersey) Limited is a public limited company incorporated and registered in Jersey on 18 May 2007 as a company limited by shares with registered number 97486. Its registered office is at Lime Grove House, Green Street, St Helier, Jersey JE1 2ST and the telephone number of its registered office is 011 44 1534 609000.

Premier Oil Finance (Jersey) Limited is a wholly owned subsidiary of the Issuer. Its principal business activity is that of a finance company.

There are no restrictions on the objects of Premier Oil Finance (Jersey) Limited in its constitutional documents.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Finance (Jersey) Limited are as follows:

| Name | Position |
|---------------------------------|----------|
| Simon Charles Lockett | Director |
| Anthony Richard Charles Durrant | Director |
| Robert Andrew Allan | Director |
| Neil Hawkings | Director |
| Andrew Geoffrey Lodge | Director |

The business address of each of the directors listed above is 23 Lower Belgrave Street, London SW1W 0NR.

There are no potential conflicts of interests between any duties to Premier Oil Finance (Jersey) Limited of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Group Limited

Introduction

Premier Oil Group Limited is a private limited company incorporated and registered in Scotland on 10 April 1934 as a company limited by shares with registered number SC17829. Its registered office is at 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN Scotland and the telephone number of its registered office is +44 (0)131 228 8000.

Premier Oil Group Limited is a wholly owned subsidiary of the Issuer. Its principal business activity is that of an intermediate holding company.

The principal objects of Premier Oil Group Limited are set out in clause 4 of its memorandum of association.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Group Limited are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Simon Charles Lockett | Director |
| Anthony Richard Charles Durrant | Director |
| Robert Andrew Allan | Director |
| Neil Hawkings | Director |
| Andrew Geoffrey Lodge | Director |

The business address of each of the directors listed above is 23 Lower Belgrave Street, London SW1W 0NR.

There are no potential conflicts of interests between any duties to Premier Oil Group Limited of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Holdings Limited

Introduction

Premier Oil Holdings Limited is a private limited company incorporated and registered in England and Wales on 29 December 1998 as a company limited by shares with registered number 03689620. Its registered office is at 23 Lower Belgrave Street, London SW1W 0NR and the telephone number of its registered office is +44 (0)20 7730 1111.

Premier Oil Holdings Limited is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Group Limited. Its principal business activity is that of an intermediate holding company and a treasury company of the Premier Oil plc group.

The principal objects of Premier Oil Holdings Limited are set out in clause 3 of its memorandum of association.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Holdings Limited are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Simon Charles Lockett | Director |
| Anthony Richard Charles Durrant | Director |
| Robert Andrew Allan | Director |
| Neil Hawkings | Director |
| Andrew Geoffrey Lodge | Director |

The business address of each of the directors listed above is 23 Lower Belgrave Street, London SW1W 0NR.

There are no potential conflicts of interests between any duties to Premier Oil Holdings Limited of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Kakap B.V.

Introduction

Premier Oil Kakap B.V. is a private limited company incorporated and registered in the Netherlands on 11 December 1997 as a company limited by shares with registered number 27165246. Its registered office is at Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands and the telephone number of its registered office is +31 70 3633 555.

Premier Oil Kakap B.V. is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Overseas B.V. Its principal business activity is that of oil and gas exploration and production.

The principal objects of Premier Oil Kakap B.V. are set out in article 2 of its articles of association.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Kakap B.V. are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Anthony Richard Charles Durrant | Director |
| Ruig + Partners Trust B.V. | Director |

The business address of Mr Durrant is 23 Lower Belgrave Street, London SW1W 0NR and the business address of Ruig + Partners Trust B.V. is Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands.

There are no potential conflicts of interests between any duties to Premier Oil Kakap B.V. of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Natuna Sea B.V.

Introduction

Premier Oil Natuna Sea B.V. is a private limited company incorporated and registered in the Netherlands on 11 December 1997 as a company limited by shares with registered number 27165244. Its registered office is at Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands and the telephone number of its registered office is +31 70 3633 555.

Premier Oil Natuna Sea B.V. is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Overseas B.V. Its principal business activity is that of oil and gas exploration and production.

The principal objects of Premier Oil Natuna Sea B.V. are set out in article 2 of its articles of association.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Natuna Sea B.V. are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Anthony Richard Charles Durrant | Director |
| Ruig + Partners Trust B.V. | Director |

The business address of Mr Durrant is 23 Lower Belgrave Street, London SW1W 0NR and the business address of Ruig + Partners Trust B.V. is Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands.

There are no potential conflicts of interests between any duties to Premier Oil Natuna Sea B.V. of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Overseas B.V.

Introduction

Premier Oil Overseas B.V. is a private limited company incorporated and registered in the Netherlands on 9 May 1995 as a company limited by shares with registered number 27155042. Its registered office is at Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands and the telephone number of its registered office is +31 70 3633 555.

Premier Oil Overseas B.V. is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Group Limited. Its principal business activity is that of an intermediate holding company.

The principal objects of Premier Oil Overseas B.V. are set out in article 2 of its articles of association.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Overseas B.V. are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Anthony Richard Charles Durrant | Director |
| Ruig + Partners Trust B.V. | Director |

The business address of Mr Durrant is 23 Lower Belgrave Street, London SW1W 0NR and the business address of Ruig + Partners Trust B.V. is Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands.

There are no potential conflicts of interests between any duties to Premier Oil Overseas B.V. of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Pakistan Holdings B.V.

Introduction

Premier Oil Pakistan Holdings B.V. is a private limited company incorporated and registered in the Netherlands on 31 May 2007 as a company limited by shares with registered number 27301489. Its registered office is at Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands and the telephone number of its registered office is +31 70 3633 555.

Premier Oil Pakistan Holdings B.V. is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Overseas B.V. Its principal business activity is that of an intermediate holding company.

The principal objects of Premier Oil Pakistan Holdings B.V. are set out in article 3 of its articles of association.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Pakistan Holdings B.V. are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Anthony Richard Charles Durrant | Director |
| Ruig + Partners Trust B.V. | Director |

The business address of Mr Durrant is 23 Lower Belgrave Street, London SW1W 0NR and the business address of Ruig + Partners Trust B.V. is Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands.

There are no potential conflicts of interests between any duties to Premier Oil Pakistan Holdings B.V. of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Sumatra (North) B.V.

Introduction

Premier Oil Sumatra (North) B.V. is a private limited company incorporated and registered in the Netherlands on 12 April 2006 as a company limited by shares with registered number 27287442. Its registered office is at Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands and the telephone number of its registered office is +31 70 3633 555.

Premier Oil Sumatra (North) B.V. is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Overseas B.V. Its principal business activity is that of oil and gas exploration and production.

The principal objects of Premier Oil Sumatra (North) B.V. are set out in article 2 of its articles of association.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Sumatra (North) B.V. are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Anthony Richard Charles Durrant | Director |
| Ruig + Partners Trust B.V. | Director |

The business address of Mr Durrant is 23 Lower Belgrave Street, London SW1W 0NR and the business address of Ruig + Partners Trust B.V. is Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands.

There are no potential conflicts of interests between any duties to Premier Oil Sumatra (North) B.V. of the directors referred to above and their respective private interests and/or other duties.

Premier Oil UK Limited

Introduction

Premier Oil UK Limited is a private limited company incorporated and registered in Scotland on 14 May 1971 as a company limited by shares with registered number SC48705. Its registered office is at 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN Scotland and the telephone number of its registered office is +44 (0)131 228 8000.

Premier Oil UK Limited is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Group Limited. Its principal business activity is that of oil and gas exploration and production.

The principal objects of Premier Oil UK Limited are set out in clause 3 of its memorandum of association.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil UK Limited are as follows:

| Name | Position |
|---------------------------------|----------|
| Simon Charles Lockett | Director |
| Anthony Richard Charles Durrant | Director |
| Robert Andrew Allan | Director |
| Neil Hawkings | Director |
| Andrew Geoffrey Lodge | Director |
| Stephen Charles Huddle | Director |
| Michael James Skitmore | Director |
| Nigel John Wilson | Director |
| Angela Dinsmore-Wilson | Director |

The business address of each of the directors listed above is 23 Lower Belgrave Street, London SW1W 0NR.

There are no potential conflicts of interests between any duties to Premier Oil UK Limited of the directors referred to above and their respective private interests and/or other duties.

Premier Oil (Vietnam) Limited

Introduction

Premier Oil (Vietnam) Limited is a private limited company which was incorporated on 12 February 2001 in the State of Delaware (United States of America) and continued to the British Virgin Islands as a BVI business company limited by shares on 6 May 2011 with registered number 1647998. Its registered office is at Commerce House, Wickhams Cay 1, Road Town, Tortola, VG1110, British Virgin Islands and the telephone number of its registered office is +1 (284) 852 1010.

Premier Oil (Vietnam) Limited is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Group Limited. Its principal business activity is that of oil and gas exploration and production.

There are no restrictions on the objects of Premier Oil (Vietnam) Limited in its constitutional documents.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil (Vietnam) Limited are as follows:

| Name | Position |
|-----------------------|-----------------|
| Simon Charles Lockett | Director |
| Philip John MacLaurin | Director |

The business address of Mr Lockett is 23 Lower Belgrave Street, London SW1W 0NR and for Mr MacLaurin it is 18th Floor, Kumho Asiana Plaza, No.39 Le Duan Street, Ward Ben Nghe, District 1, Ho Chi Minh City. S.R. Vietnam.

There are no potential conflicts of interests between any duties to Premier Oil (Vietnam) Limited of the directors referred to above and their respective private interests and/or other duties.

Premier Oil Vietnam Offshore B.V.

Introduction

Premier Oil Vietnam Offshore B.V. is a private limited company incorporated and registered in the Netherlands on 8 August 2003 as a company limited by shares with registered number 27260708. Its registered office is at Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands and the telephone number of its registered office is +31 70 3633 555.

Premier Oil Vietnam Offshore B.V. is an indirect wholly owned subsidiary of the Issuer and is directly held by the intermediate holding company Premier Oil Overseas B.V. Its principal business activity is that of oil and gas exploration and production.

The principal objects of Premier Oil Vietnam Offshore B.V. are set out in article 2 of its articles of association.

Administrative, Management and Supervisory Bodies

The directors of Premier Oil Vietnam Offshore B.V. are as follows:

| Name | Position |
|---------------------------------|-----------------|
| Anthony Richard Charles Durrant | Director |
| Ruig + Partners Trust B.V. | Director |

The business address of Mr Durrant is 23 Lower Belgrave Street, London SW1W 0NR and the business address of Ruig + Partners Trust B.V. is Prinsenhof Building 19th Floor, Prinses Margrietplantsoen 76, 2595 BR, The Hague, The Netherlands.

There are no potential conflicts of interests between any duties to Premier Oil Vietnam Offshore B.V. of the directors referred to above and their respective private interests and/or other duties.

INFORMATION INCORPORATED BY REFERENCE

The following documents have been filed with the FCA:

- 1 the annual report and audited consolidated financial statements of the Issuer for the financial year ended 31 December 2011 (the “**Issuer’s Annual Report and Financial Statements 2011**”);
- 2 the annual report and audited consolidated financial statements of the Issuer for the financial year ended 31 December 2012 (the “**Issuer’s Annual Report and Financial Statements 2012**”); and
- 3 the unaudited condensed interim consolidated financial statements of the Issuer for the six-month period ended 30 June 2013 (the “**Issuer’s 2013 Half-Yearly Report**”).

The tables below set out the page number references for certain sections of the documents incorporated by reference in this Base Prospectus. The sections denoted by those page number references shall be deemed to be incorporated in, and to form part of, this Base Prospectus (“**Information Incorporated by Reference**”).

Audited and consolidated financial statements of the Issuer for the financial year ended 31 December 2011 as contained in the Issuer’s Annual Report and Financial Statements 2011

| Information Incorporated by Reference | Page number(s) in Issuer’s Annual Report and Financial Statements 2011 |
|--|---|
| Independent Auditor’s Report - Group | Page 90 |
| Consolidated Income Statement | Page 91 |
| Consolidated Statement of Comprehensive Income | Page 92 |
| Consolidated Balance Sheet | Page 93 |
| Consolidated Statement of Changes in Equity | Page 94 |
| Consolidated Cash Flow Statement | Page 95 |
| Notes to the Consolidated Financial Statements | Pages 96 – 121 |

Audited and consolidated financial statements of the Issuer for the financial year ended 31 December 2012 as contained in the Issuer’s Annual Report and Financial Statements 2012

| Information Incorporated by Reference | Page number(s) in Issuer’s Annual Report and Financial Statements 2012 |
|--|---|
| Independent Auditor’s Report - Group | Page 88 |
| Consolidated Income Statement | Page 89 |
| Consolidated Statement of Comprehensive Income | Page 90 |
| Consolidated Balance Sheet | Page 91 |
| Consolidated Statement of Changes in Equity | Page 92 |
| Consolidated Cash Flow Statement | Page 93 |
| Notes to the Consolidated Financial Statements | Pages 94 - 121 |

Unaudited interim consolidated financial statements of the Issuer for the six-month period ended 30 June 2013 as contained in the Issuer's 2013 Half-Yearly Report

| Information Incorporated by Reference | Page number(s) in the Issuer's 2013 Half-Yearly Report |
|--|---|
| Condensed Consolidated Income Statement | Page 18 |
| Condensed Consolidated Statement of Comprehensive Income | Page 18 |
| Condensed Consolidated Balance Sheet | Page 19 |
| Condensed Consolidated Statement of Changes in Equity | Page 20 |
| Condensed Consolidated Cash Flow Statement | Page 21 |
| Notes to the Condensed Financial Statements | Pages 22 - 31 |
| Independent Auditors' Review Report | Page 32 |

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the FCA acting via its division the UK Listing Authority. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

To the extent that any statement that is contained in the Information Incorporated by Reference is modified or superseded (whether expressly, by implication or otherwise) for the purpose of this Base Prospectus by a statement contained in this Base Prospectus, such statements will not, except as so modified or superseded, form a part of this Base Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus. Non-incorporated parts of the documents listed above are either not relevant for investors or are covered elsewhere in this Base Prospectus. Copies of the documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and are published on the Issuer's website, at <http://www.premier-oil.com/premieroil/investors>, but the other contents of the website shall not form part of this Base Prospectus.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 18 November 2013 (the “**Dealer Agreement**”) between the Issuer, the initial Subsidiary Guarantors, Barclays Bank PLC, Deutsche Bank AG, London Branch, DBS Bank Ltd., HSBC Bank plc, Lloyds Bank plc, Mitsubishi UFJ Securities International plc and RBC Europe Limited, the Notes will be issued from time to time by the Issuer and subscribed for and/or distributed from time to time by one or more Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers who are appointed as Dealers in respect of specified Tranches only. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers, but issues of Notes will not be underwritten in all circumstances.

The Issuer may pay each relevant Dealer a commission as agreed between them in respect of any Notes subscribed by it. The Issuer has agreed to reimburse the Dealers’ expenses incurred in connection with the establishment of the Programme and for certain other activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of any Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling restrictions

Notes may be offered by the Issuer or the Dealers to any investors, subject to the restrictions described below.

United States

The Notes have not been and will not be registered under the United States Securities Act 1933 (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (a) as part of their distribution at any time or (b) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented and agreed that:

- (a) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (“FSMA”) by the Issuer or the Subsidiary Guarantors;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of FSMA would not apply to the Issuer or the Subsidiary Guarantors; and
- (c) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not make an offer of Notes to the public in The Netherlands in reliance on Article 3.2 of the Prospectus Directive (as defined under “Public offer selling restriction under the Prospectus Directive”) as implemented in The Netherlands, unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) or (ii) standard exemption wording is disclosed as required by article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

Each Dealer appointed under the Programme will be required to represent and agree that bearer Zero Coupon Notes in definitive form on which interest does not become due and payable during their term but only at maturity (savings certificates or spaarbewijzen as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*) may only be transferred through the intermediary of either the Issuer of those Notes or a member of Euronext Amsterdam N.V. and with due observance of the Dutch Savings Certificates Act and its implementing regulations (including registration requirements). However, no such intermediary services are required in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) any transfer and acceptance by individuals who do not act in the conduct of a profession or trade; and (iii) the transfer or acceptance of those Notes, if such Notes are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

British Virgin Islands

This Base Prospectus has not been registered with, or received approval from, the Financial Services Commission of the British Virgin Islands and is only directed at persons who are outside the British Virgin Islands. This Base Prospectus may not be distributed to persons in the British Virgin Islands and does not constitute any solicitation of, or an offer to issue or sell the Notes to, persons in the British Virgin Islands.

The Notes are not being offered and are not available to persons in the British Virgin Islands. However, the Notes may be offered to British Virgin Islands business companies and international limited partnerships

where the offer is made to, and received by, the relevant business company or international limited partnership outside of the British Virgin Islands.

Although not currently in force it is expected that Part II of the Securities and Investment Business Act, 2010 (“SIBA”) will be brought into force and become law in the British Virgin Islands in the near future. Upon Part II of SIBA coming into force, the Notes may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription. The Notes may continue to be offered to British Virgin Islands business companies and international limited partnerships, but only where the offer will be made to, and received by, the relevant British Virgin Islands business company or international limited partnership outside of the British Virgin Islands. In certain circumstances, the Notes may also be offered to persons who are “qualified investors” for the purposes of SIBA.

Cayman Islands

Each Dealer has represented and agreed that no offer or invitation to subscribe for the Notes has been or will be made to the public of the Cayman Islands.

Jersey

Each Dealer has represented and agreed that the Notes issued under the Programme cannot be offered or sold in or to persons resident in Jersey unless the Jersey Financial Services Commission has given and has not withdrawn its consent under Article 8 of the Control of Borrowing (Jersey) Order 1958 to the circulation in Jersey of an offer for the subscription, sale or exchange of the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments)(Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

Each Dealer has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to 'professional investors' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a 'prospectus' as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to any Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' as defined in the SFO and any rules made under that Ordinance.

Public offer selling restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of an offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (d) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3.2 of the Prospectus Directive in that Relevant Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating

such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

- (e) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (f) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (g) at any time in any other circumstances falling within Article 3.2 of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In this provision and in this Base Prospectus generally, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State; the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State; and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Guernsey

Each Dealer has represented and agreed that:

- (a) the Notes issued under the Programme cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and the regulations enacted thereunder, or any exemption therefrom;
- (b) this Base Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey; and
- (c) this Base Prospectus may not be distributed or circulated, directly or indirectly, to any persons in the Bailiwick of Guernsey other than:
 - (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended; or
 - (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law 1994, the Insurance Business (Bailiwick of Guernsey) Law 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law 2000.

Isle of Man

Each Dealer has represented and agreed that the Notes issued under the Programme cannot be marketed, offered or sold in, or to persons resident in, the Isle of Man, other than in compliance with the licensing

requirements of the Isle of Man Financial Services Act 2008 and the Regulated Activities Order 2011 or any exemption therefrom.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes or publishes this Base Prospectus, any other offering material or any Final Terms therefore in all cases at its own expense.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg and/or CREST currently in effect. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuer, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Notes. Global Notes will be deposited with a common depository, for Euroclear and/or Clearstream, Luxembourg or an alternative clearing system as agreed between the Issuer and the relevant Dealer(s) and, in the case of Registered Global Notes, registered in the name of a common nominee of the relevant clearing system(s). Transfers of interests in such Global Notes will be made in accordance with the normal operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the alternative clearing system. Each Global Note deposited with a common depository, on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code.

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

CREST Depository Interests

Following their delivery into Euroclear and/or Clearstream, Luxembourg, interests in Notes may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the “**CREST Nominee**”) in the Underlying Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by the common depository or common safekeeper may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities distinct from the Notes, constituted under English law and may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee’s account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the corresponding CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List maintained by the UK Listing Authority.

Prospective subscribers for Notes represented by CDIs are referred to Section 3 (Crest International Manual) of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll in the form contained in Section 3 of the CREST Manual executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (a) CDI Holders will not be the legal owners of the Underlying Notes or have a direct beneficial interest in the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.
- (b) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.
- (c) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST manual issued by Euroclear UK & Ireland (including the CREST International Manual dated 14 April 2008) as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”) and the CREST Rules (the “**CREST Rules**”) (contained in the CREST Manual)

applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.

- (e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository as issuer of the CDIs.
- (f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from the CREST website from time to time (at the date of this Prospectus, being at www.euroclear.com/site/public/EUI).
- (g) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.
- (h) Potential investors should note that none of the Issuer, the Subsidiary Guarantors, the relevant Dealer, the Trustee and the Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.
- (i) Potential investors should note that Notes represented upon issue by a Temporary Global Note exchangeable for a Permanent Global Note will not be immediately eligible for CREST settlement as CDIs. In such case, investors investing in the Underlying Notes through CDIs will only receive the CDIs after such Temporary Global Note is exchanged for a Permanent Global Note, which could take up to 40 days after the issue of the Notes. It is anticipated that Notes eligible for CREST settlement as CDIs will be issued in registered form or, if issued in bearer form, will be represented upon issue by a Permanent Global Note.

TAXATION

United Kingdom

The comments below relate only to United Kingdom withholding tax and do not deal with any other aspects of the United Kingdom taxation treatment that may be applicable to Noteholders. The comments are of a general nature based on current United Kingdom tax law as applied in England & Wales and current published HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) which are subject to change, possibly with retroactive effect, and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes).

The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser.

Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

Interest on the Notes

The Notes issued will constitute “*quoted Eurobonds*” provided they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom tax.

In all other cases, interest will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate, subject to the availability of other exemptions or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Payments in respect of the Guarantee

The United Kingdom withholding tax treatment of payments by a Subsidiary Guarantor under the terms of the Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by a Subsidiary Guarantor may not be eligible for the quoted Eurobond exemption described above in relation to payments of interest by the Issuer. Accordingly, if a Subsidiary Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate.

Information Reporting and Savings Directive

Information Reporting

HM Revenue & Customs have powers to obtain information, including in relation to interest or payments treated as interest and payments derived from securities. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived

from the Notes are or may be paid and information in connection with transactions relating to the Notes. Information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

EU Directive on the Taxation of Savings Income

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident or certain limited types of entities established in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Proposed Financial Transactions Tax (“FTT”)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes to be issued under the Programme (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of any Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Withholding

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme or the Central Depository (Pte) Limited (together, the “**ICSDs**”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Subsidiary Guarantors, any paying agent and the common depository, given that each of the entities in the payment chain from (but excluding) the Issuer to (but including) the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA-compliant holder could be subject to withholding. However, definitive Notes will only be printed in remote circumstances.

IMPORTANT LEGAL INFORMATION

This Base Prospectus has been prepared on a basis that permits “**Public Offers**” (in this context meaning an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) that is not within an exemption from the requirement to publish a prospectus under Article 3.2 of the Prospectus Directive) in each Member State of the European Economic Area (each, a “**Member State**”) for which the Issuer and the Subsidiary Guarantors have given their consent referred to herein (each, a “**Public Offer Jurisdiction**” and together, the “**Public Offer Jurisdictions**”). Any person making or intending to make a Public Offer of Notes on the basis of this Base Prospectus as completed by the relevant Final Terms must do so only with the consent of the Issuer and the Subsidiary Guarantors. See “*Consent given in accordance with Article 3.2 of the Prospectus Directive*” below.

Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of any Public Offer of Notes, the Issuer and each Subsidiary Guarantor accepts responsibility, in each of the Public Offer Jurisdictions, for the contents of this Base Prospectus and the relevant Final Terms under section 90 of FSMA in relation to any person (an “**Investor**”) who purchases Notes in a Public Offer made by an Authorised Offeror (as defined below), where such offer is made in compliance with all the conditions attached to the giving of the consent to the Authorised Offeror. Such consent is described below under “*Basis of Consent*”.

Except in the circumstances described below, neither the Issuer nor any the Subsidiary Guarantor has authorised the making of any Public Offer by any person and neither the Issuer nor any Subsidiary Guarantor has consented to the use of this Base Prospectus or any Final Terms by any other person in connection with any offer of Notes in any jurisdiction. Any offer made without the consent of the Issuer and the Subsidiary Guarantors is unauthorised and none of the Issuer, the Subsidiary Guarantors nor, for the avoidance of doubt, any Dealer accepts any responsibility or liability in relation to such offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus for the purpose of section 90 of FSMA in the context of such Public Offer and, if so, who that person is. If an Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

Basis of Consent

Subject to the conditions set out below and to the conditions set out under “*Common Conditions to the Consent*” below:

- (a) if the Basis of Consent is specified as being “**Specific Consent**” in the relevant Final Terms, the Issuer and the Subsidiary Guarantors consent to the use of this Base Prospectus (as supplemented at the relevant time, if applicable) and the relevant Final Terms in connection with any Public Offer of Notes in any of the Public Offer Jurisdictions during the Offer Period specified in the relevant Final Terms by:
 - (i) the relevant Dealer(s)
 - (ii) any financial intermediary specified in the relevant Final Terms as being an Initial Authorised Offeror and

- (iii) any other financial intermediary appointed after the date of publication of the relevant Final Terms and whose name is published on the Issuer’s website (at www.premier-oil.com) in respect of, and at the time such financial intermediary makes, the relevant Public Offer; and
- (b) if the Basis of Consent is specified as being “**General Consent**” in the relevant Final Terms, the Issuer and the Subsidiary Guarantors offer their consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) and the relevant Final Terms in connection with any Public Offer of Notes in any of the Public Offer Jurisdictions during the Offer Period specified in the relevant Final Terms by: (i) the relevant Dealer(s) and (ii) any financial intermediary which satisfies the Authorised Offeror Terms as set out below. The “**Authorised Offeror Terms**” are that the relevant financial intermediary represents and agrees throughout the relevant Offer Period that it:
 - (i) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (“**MiFID**”) (in which regard, Investors should consult the register of authorised entities maintained by the FCA at www.fca.org.uk/firms/systems-reporting/register) (MiFID governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors);
 - (ii) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including the Rules published by the FCA (including its guidance for distributors in “The Responsibilities of Providers and Distributors for the Fair Treatment of Customers”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential investor;
 - (iii) complies with the restrictions set out under “*Subscription and Sale – Selling Restrictions*” in this Base Prospectus which would apply as if the relevant financial intermediary were a Dealer;
 - (iv) ensures that any fee, commissions or benefits of any kind or rebates received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and is fully and clearly disclosed to Investors or potential Investors;
 - (v) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including authorisation under the Financial Services and Markets Act 2000 and/or the Financial Services Act 2012;
 - (vi) complies with applicable anti-money laundering, anti-bribery, prevention of corruption and “know your client” Rules, and does not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
 - (vii) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Dealers and the Issuer and/or any Subsidiary Guarantor or directly to the appropriate authorities with jurisdiction over the Issuer, the Subsidiary Guarantors and/or the Dealers in order to enable the Issuer, the Subsidiary Guarantors and/or the Dealers to comply with anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules applicable to them;
 - (viii) does not, directly or indirectly, cause the Issuer or any Dealer to breach any Rule or subject the Issuer, the Subsidiary Guarantors or any Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

- (ix) agrees and undertakes to indemnify the Issuer, the Subsidiary Guarantors and each Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Subsidiary Guarantors or the Dealers;
- (x) immediately gives notice to the Issuer, the Subsidiary Guarantors and the relevant Dealers if at any time such Authorised Offeror becomes aware or suspects that they are or may be in violation of any Rules or the terms of these Authorised Offeror Terms, and takes all appropriate steps to remedy such violation and comply with such Rules and these Authorised Offeror Terms in all respects;
- (xi) does not give any information other than that contained in this Base Prospectus (as may be amended or supplemented by the Issuer and/or Subsidiary Guarantors from time to time) as completed by the relevant Final Terms or make any representation in connection with the offering or sale of, or the solicitation of interest in, any Notes;
- (xii) agrees that any communication in which it attaches or otherwise includes any announcement published by the Issuer or any Subsidiary Guarantor via Regulatory News Service announcement at the end of the Offer Period will be consistent with the Base Prospectus as completed by the relevant Final Terms, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Offeror has provided it independently from the Issuer and Subsidiary Guarantors and must expressly confirm neither the Issuer nor the Subsidiary Guarantors have accepted any responsibility for the content of any such communication;
- (xiii) does not use the legal or publicity names of any Dealer, the Issuer, any Subsidiary Guarantor or any other name, brand or logo registered by any entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes; and
- (xiv) agrees and accepts that:
 - (A) the contract between the Issuer, the Subsidiary Guarantors and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's and Subsidiary Guarantors' offer to use this Base Prospectus and the relevant Final Terms with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
 - (B) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the

Authorised Offeror Contract) and accordingly submits to the exclusive jurisdiction of the courts of England and Wales; and

- (C) each of the Dealers will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (a)(ii), (a)(iii) and (b)(ii) above are together referred to herein as, the “**Authorised Offerors**”.

Any financial intermediary falling within sub-paragraph (b) above who wishes to use this Base Prospectus in connection with a Public Offer as set out above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this Base Prospectus for such Public Offer in accordance with the consent of the Issuer and the Subsidiary Guarantors and the conditions attached thereto in the following form (with the information in square brackets completed with the relevant information):

“We, [insert legal name of financial intermediary], refer to the [insert details of the relevant Notes] (the “Notes”) described in the Base Prospectus dated 18 November 2013 and the relevant Final Terms dated [specify date] (together, the “Base Prospectus”) published by Premier Oil plc. In consideration of Premier Oil plc and the Subsidiary Guarantors named in the Base Prospectus offering their consent to our use of the Base Prospectus in connection with the offer of the Notes in [relevant Member State(s), as specified in the relevant Final Terms] (the “Public Offer”) in accordance with the Authorised Offeror Terms and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept such offer and confirm that we are using the Base Prospectus in connection with the Public Offer accordingly. Term used herein and otherwise not defined shall have the same meaning as given to such terms in the Base Prospectus.”

Common Conditions to Consent

The conditions to the Issuer’s and Subsidiary Guarantors’ consent (in addition to the conditions described in sub-paragraph (b) above if the applicable Final Terms specifies “General Consent” as being applicable) are that such consent:

- (a) is only valid in respect of the relevant Tranche of Notes;
- (b) is only valid during the Offer Period specified in the relevant Final Terms;
- (c) only extends to the use of this Base Prospectus and the relevant Final Terms to make Public Offers of the relevant Tranche of Notes in the Public Offer Jurisdiction(s) as specified in the relevant Final Terms; and
- (d) is subject to any other conditions set out in Part B of the relevant Final Terms.

The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus.

To the extent specified in the relevant Final Terms, a Public Offer may only be made during the relevant Offer Period by any of the relevant Dealers or any other relevant Authorised Offeror in the relevant Public Offer Jurisdictions and subject to any relevant conditions, in each case all as specified above and/or in the relevant Final Terms.

Other than as set out above, neither the Issuer, nor any Subsidiary Guarantor nor any Dealer has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Base Prospectus or any Final Terms in connection with any offer of Notes. Any such offers are not made on behalf of the Issuer, the Subsidiary Guarantors or by any of the Dealers or other Authorised Offerors and none of the Issuer, any Subsidiary Guarantor, the Dealers nor any other Authorised Offeror has any responsibility or liability for the actions of any person making such offers.

Arrangements between the Investor and the financial intermediaries who will distribute Notes under the Programme

None of the Issuer, the Subsidiary Guarantors nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer or sale.

If you intend to acquire or do acquire any Notes from an Authorised Offeror, you will do so, and offers and sales of the Notes to you by such an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and you including as to price, allocations and settlement arrangements. Neither the Issuer nor any Subsidiary Guarantor will be a party to any such arrangements with you in connection with the offer or sale of any Notes and, accordingly, this Base Prospectus does not contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to you at the relevant time. None of the Issuer, the Subsidiary Guarantors nor any Dealer or other Authorised Offeror has any responsibility or liability for such information.

Notice to potential investors

The Notes may not be a suitable investment for all investors. You must determine the suitability of any investment in light of your own circumstances. In particular, you may wish to consider, either on your own or with the help of your financial and other professional advisers, whether you:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in or incorporated into this Base Prospectus (and any applicable supplement to this Base Prospectus) or relevant Final Terms;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on your overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments (sterling) is different from the currency which you usually use;
- (d) understand thoroughly the terms of the Notes and are familiar with the behaviour of the financial markets; and
- (e) are able to evaluate possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

No person is or has been authorised by the Issuer, the Subsidiary Guarantors, the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Base Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Subsidiary Guarantors, the Dealers or the Trustee.

Neither the publication of this Base Prospectus nor the offering, sale or delivery of the Notes shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Subsidiary Guarantors since the date of this Base Prospectus or that there has been no adverse change in the financial position of the Issuer or the Subsidiary Guarantors since the date of this Base Prospectus or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Arrangers, Dealers nor the Trustee undertakes to review the financial condition or affairs of the Issuer or the Subsidiary Guarantors during the life of the Notes to be issued under the Programme, nor to advise any investor in the Notes of any information coming to their attention.

Neither this Base Prospectus nor any other information supplied in connection with the offering of any Notes should be considered as a recommendation by the Issuer, any Subsidiary Guarantor, any Dealer or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and any purchase of Notes should be based upon such investigation as it deems necessary.

The Dealers and the Trustee

None of the Arranger, Dealers nor the Trustee has independently verified or confirmed the information contained in this Base Prospectus. No representation, warranty or undertaking, express or implied, is made by the Arranger, Dealers or the Trustee as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer or Subsidiary Guarantors in connection with the offering of any Notes. Neither the Arranger, the Dealers nor the Trustee accepts liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer or Subsidiary Guarantors in connection with the offering of any Notes or their distribution.

The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, or the Subsidiary Guarantors and their affiliates in the ordinary course of business.

No incorporation of websites

The contents of the websites of the Group do not form part of this Base Prospectus, and you should not rely on them.

Stabilisation

In connection with the issue of any Tranche of Notes (as defined in “*Terms and Conditions of the Notes*”), one or more relevant Dealer or Dealers (the “**Stabilising Manager(s)**”) (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that any Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) or person(s) acting on behalf of any Stabilising Manager(s) in accordance with all applicable laws and rules.

Forward-looking statements

This Base Prospectus includes statements that are, or may be deemed to be, ‘forward-looking statements’. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms ‘believes’, ‘estimates’, ‘anticipates’, ‘expects’, ‘intends’, ‘may’, ‘will’, or ‘should’ or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer, the Subsidiary Guarantors and the Group concerning, amongst other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group’s operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Base Prospectus. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. These and other factors are discussed in more detail under the section headed “*Risk Factors*”. Many of these factors are beyond the control of the Issuer, the Subsidiary Guarantors and the Group. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this Base Prospectus as anticipated, believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer and the Subsidiary Guarantors do not intend, and do not assume any obligation, to update any forward-looking statements set out in this Base Prospectus.

This Base Prospectus is based on English law in effect as of the date of issue of this Base Prospectus. Except to the extent required by laws and regulations, the Issuer and the Subsidiary Guarantors do not intend, and do not assume any obligation, to update the Base Prospectus in light of the impact of any judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

CREST depository interests

In certain circumstances, investors may also hold interests in the Notes through CREST through the issue of CDIs representing interests in Underlying Notes. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Notes nor any rights attached to the Notes will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Holders will not be entitled to deal directly in the Notes and, accordingly, all dealings in the Notes will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Base Prospectus.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 18 November 2013 between the Issuer, the initial Subsidiary Guarantors named in it and Deutsche Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being who are the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 18 November 2013 has been entered into in relation to the Notes between the Issuer, the initial Subsidiary Guarantors, the Trustee, Deutsche Bank AG, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the CDP paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as, the “**Issuing and Paying Agent**”, the “**CDP Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent and the CDP Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the computerised system operated by The Central Depository (Pte) Limited (“**CDP**”), be deemed to be a reference to the CDP Paying Agent, and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available for inspection and collection by Noteholders during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons (the “**Talons**”) for further Coupons (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.

1 FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate

representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 NO EXCHANGE OF NOTES AND TRANSFERS OF REGISTERED NOTES

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d),

“**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

3 GUARANTEE AND STATUS

- (a) **Guarantee:** Subject to the provisions of Condition 3(c), each initial Subsidiary Guarantor has pursuant to the Trust Deed guaranteed, and any further Subsidiary (as defined in Condition 4(c)) of the Issuer which becomes a Subsidiary Guarantor pursuant to Condition 3(d) will, guarantee, jointly and severally, unconditionally and irrevocably, the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons (each, a “**Subsidiary Guarantor**”, and each such obligation in that respect individually and/or collectively referred to as, the “**Guarantee**”).
- (b) **Status of the Notes and Guarantee:** The Notes and the Coupons relating to them constitute (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them and of each Subsidiary Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law of mandatory application and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and each of the Subsidiary Guarantors respectively, present and future.
- (c) **Release of Subsidiary Guarantors:** A Subsidiary Guarantor for the time being which is no longer a borrower or a guarantor and is no longer required to provide a guarantee or indemnity in respect of any Relevant Indebtedness (as defined below) shall be immediately, automatically and (subject to Condition 3(d)) irrevocably released and relieved of all its future obligations under the Guarantee and all of its future obligations as a Subsidiary Guarantor under the Trust Deed upon the Issuer giving written notice to the Trustee signed by two Directors of the Issuer. Such notice must also contain the following certifications:
 - (i) that no Event of Default or potential Event of Default is continuing or will result from the release of that Subsidiary Guarantor; and
 - (ii) that such Subsidiary Guarantor is not (or will cease to be simultaneously with such release) a borrower under or providing any guarantee or indemnity in respect of any Relevant Indebtedness.

Neither the Issuer nor any Subsidiary Guarantor will be required to execute or provide any other document in relation to any release pursuant to this Condition 3(c) but, if the Issuer requests in writing, the Trustee shall enter into any documentation in relation to the release of any Subsidiary Guarantor which the Issuer (acting reasonably) considers necessary or desirable and in a form satisfactory to the Trustee (acting reasonably) to evidence the release of that Subsidiary Guarantor, provided that, the

Trustee shall not be obliged to enter into any documentation which, in the sole opinion of the Trustee, would have the effect of:

- (i) exposing the Trustee to any liability against which it has not been indemnified and/or prefunded to its satisfaction; or
- (ii) increasing the obligations or duties, or protections, of the Trustee in the Trust Deed, the Agency Agreement, the Notes or the Coupons.

If any Subsidiary of the Issuer released from the Guarantee as described above subsequently becomes a borrower or provides a guarantee or indemnity in respect of any Relevant Indebtedness at any time after such release, such Subsidiary of the Issuer will be required to provide a Guarantee as described in Condition 3(d). Notice of any release of a Subsidiary Guarantor pursuant to this Condition 3 will promptly be given by the Issuer to the Noteholders in accordance with Condition 16.

- (d) **Addition of Subsidiary Guarantors:** Without prejudice to Condition 11(c), if any Subsidiary of the Issuer becomes a borrower or provides a guarantee or indemnity, as the case may be, in respect of any Relevant Indebtedness, the Issuer covenants that it shall procure that such Subsidiary shall as soon as reasonably practicable, but in any event no later than 60 days after, the date of becoming a borrower or the giving of such guarantee or indemnity provide a Guarantee in respect of the Trust Deed, the Notes and the Coupons by procuring the delivery to the Trustee of a deed of accession substantially in the form scheduled to the Trust Deed or otherwise as the Trustee may agree to, duly executed, and relevant legal opinions having been delivered to the Trustee in accordance with the Trust Deed. The Issuer shall promptly provide advanced written notice to the Trustee of any proposed addition of such borrower or accession of such guarantor under or in respect of any Relevant Indebtedness. Notice of any addition of a Subsidiary Guarantor pursuant to this Condition 3(d) will promptly be given by the Issuer to the Noteholders in accordance with Condition 16.

The Trustee shall not be obliged to monitor compliance by the Issuer with Condition 3(c) or 3(d) and shall have no liability to any person for not doing so. The Trustee shall be entitled to rely, without liability to any person, on a notice of the Issuer provided under this Condition 3, and until it receives such notice shall assume that no other Subsidiary of the Issuer has become a borrower or provided a guarantee or an indemnity in respect of any Relevant Indebtedness.

- (e) **Definitions:**

In these Conditions:

“Relevant Indebtedness” means (A) one or more of, the revolving credit facility dated 9 February 2012 made between, among others, the Issuer and Lloyds Bank plc (formerly known as Lloyds TSB Bank plc) as facility agent; the revolving loan and letter of credit facilities agreement dated 29 October 2010 made between, among others, the Issuer and Barclays Bank PLC as facility agent; and the US\$300,000,000 term loan facility agreement dated 30 April 2010 made between, among others, the Issuer and Lloyds Bank plc as facility agent, in each case as amended and/or amended and restated and/or replaced and/or refinanced from time to time or, in each case, any instrument or facility which refinances the same (or which in turn refinances such instrument or facility however many times) and (B) any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities, including privately placed securities, in each case which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured (including with respect to structures or contractual subordination), replaced, renewed, repaid, increased

or extended from time to time (whether in whole or in part, whether with the original banks, lenders, investors or institutions or other banks, lenders, investors or institutions or otherwise, with any alternative or further Relevant Indebtedness) but, in each case, not including any indebtedness owed to another member or members of the Group. Without limiting the generality of the foregoing, the term “**Relevant Indebtedness**” shall include any agreement or deed (1) changing the maturity of any indebtedness incurred thereunder or contemplated thereby, (2) the addition or removal of borrowers or guarantors thereunder, (3) increasing or decreasing the amount of indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions of any of them.

4 COVENANTS

- (a) **Negative Pledge:** So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor any Subsidiary Guarantor will, and each will ensure that none of its respective Subsidiaries will, create or have outstanding, any mortgage, charge, lien, pledge or other security interest (a “**Security Interest**”), other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, as the case may be, without at the same time or prior thereto according to the Notes and the Coupons the same Security Interest as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.
- (b) **Financial Information:**
- (i) as soon as they may become available, but in any event within four months of its most recent financial year-end, the Issuer shall send to the Trustee a copy of its audited Consolidated Financial Statements for such financial year, together with the report thereon of the Issuer’s independent auditors, and
- (ii) as soon as they may become available, but in any event within three months of the end of the first half of each financial year, the Issuer shall send to the Trustee a copy of its interim Consolidated Financial Statements for such period, together with any audit report or review report thereon (if any).
- (c) **Definitions:** In these Conditions:
- (i) “**Consolidated Financial Statements**” means the Issuer’s annual consolidated financial statements or its interim consolidated financial statements, as the case may be, including, where applicable, the relevant accounting policies and notes to the accounts and in each case prepared in accordance with IFRS from time to time;
- (ii) “**Financial Indebtedness**” means any indebtedness, whether or not contingent, for or in respect of:
- (A) money’s borrowed;
- (B) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (C) any amount raised pursuant to any note purchase facility or the issue of bonds (other than any performance bond or advance payment bond), notes, debentures, loan stock or any similar instrument;

- (D) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS as applicable to the Consolidated Financial Statements of the Issuer for the year ending 31 December 2012, be treated as a finance or capital lease;
 - (E) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
 - (F) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
 - (G) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate, index or price (and, when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account);
 - (H) any counter-indemnity obligation in respect of a guarantee, indemnity, bond or any other instrument issued by a bank or financial institution, provided that the underlying obligation in respect of which the instrument was issued would, under one or more of the other paragraphs of this definition, be treated as being Financial Indebtedness; and
 - (I) any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (A) to (H) above;
- (iii) **“Group”** means the Issuer and its Subsidiaries from time to time;
 - (iv) **“IFRS”** means the generally accepted accounting practice and principles applicable to the business the Group conducts, currently International Financial Reporting Standards;
 - (v) **“Permitted Security Interest”** means:
 - (A) any Security Interest in favour of the Issuer or any other member of the Group (other than a Project Company);
 - (B) any Security Interest created pursuant to the provision of cash collateral in respect of any letter of credit facility available to any member of the Group;
 - (C) any Security Interest over or affecting any asset or project established, acquired, developed or expanded after 18 November 2013 where the Security Interest was created to secure the purchase price of, or the financing of the establishment, acquisition, development, expansion or operation of, that asset or project and the principal amount secured by that Security Interest does not exceed the purchase price or financing (and any costs of establishment, acquisition, development, expansion or operation thereof);
 - (D) any Security Interest over or affecting any asset or project established, acquired, developed or expanded after 18 November 2013 where the Security Interest is granted by a Project Company;
 - (E) any Security Interest in substitution for any Security Interest permitted under paragraphs (B) or (C) above where the Relevant Indebtedness secured is refinancing the Relevant Indebtedness secured by the Security Interest being substituted;
 - (F) any Security Interest created in connection with convertible or exchangeable bonds or notes, where the Security Interest is created over assets into which the convertible or exchangeable bonds or notes may be converted or exchanged and secures only the obligation of the issuing entity to effect the conversion or exchange of the bond or notes into such assets;

- (G) any Security Interest on, or in respect of, property of a Person existing at the time such Person is merged with or into or consolidated with any member of the Group; provided that, such Security Interest was in existence prior to the contemplation of such merger or consolidation and does not extend to any asset other than those of the Person merged into or consolidated with the Group;
 - (H) any Security Interest on, or in respect of, property (including shares or other capital stock) existing at the time of acquisition of that property or any person owning that property by any member of the Group; provided that, such Security Interest was in existence prior to, and not incurred in contemplation of, such acquisition;
 - (I) any Security Interest in relation to goods or documents of title to goods arising in the course of letter of credit transactions in the ordinary course of business;
- (vi) “**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;
 - (vii) “**Project Company**” means any member of the Group whose purpose is, and whose principal activity is or will be, the ownership, acquisition, construction, development, expansion and operation of an asset or project and either:
 - (A) none of whose Financial Indebtedness retains the benefit in any material respect of any guarantee, bond, security, indemnity or other commitment from a member of the Group (other than a Project Company) to assure the repayment of, or indemnify against loss in respect of, non-payment of that Financial Indebtedness; or
 - (B) some or all of whose Financial Indebtedness does so benefit but where the relevant commitment is designed to be withdrawn or cease to apply, in accordance with the terms of that Financial Indebtedness, prior to the repayment of that Financial Indebtedness; and
 - (viii) “**Subsidiary**” means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 as amended.

5 INTEREST AND OTHER CALCULATIONS

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).
- (b) **Interest on Floating Rate Notes:**
 - (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination:

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon
- (y) the Designated Maturity is a period specified hereon and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being SIBOR or SOR:

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on

the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this

paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SIBOR or SOR¹:

Each Floating Rate Note where the Reference Rate is specified as being SIBOR (in which case such Note will be, a “**SIBOR Note**”) or SOR (in which case such Note will be, a “**Swap Rate Note**”) bears interest at a floating rate determined by reference to a benchmark as specified hereon or in any case such other benchmark as specified hereon.

- (x) The Rate of Interest payable from time to time in respect of each Floating Rate Note under this Condition 5(b)(iii)(C) will be determined by the Calculation Agent on the basis of the following provisions:

- (1) In the case of Floating Rate Notes which are SIBOR Notes:

- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 A.M. SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other Relevant Screen Page);
- (bb) if on any Interest Determination Date, no such rate appears on the Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Calculation Agent will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof);
- (cc) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices

¹ Subject to review by DBS

of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded, if necessary, to the nearest four decimal places) of such offered quotations, as determined by the Calculation Agent;

- (dd) if on any Interest Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with paragraph (cc) of this Condition 5(b)(iii)(C) on the basis of the quotations of those Reference Banks providing such quotations; and
- (ee) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date.

(2) In the case of Floating Rate Notes which are Swap Rate Notes:

- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Accrual Period, determine the Rate of Interest for such Interest Accrual Period which shall be the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND

SIBOR FIXING RATES – RATES AT 11:00 A.M. SINGAPORE TIME” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Accrual Period;

- (bb) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Calculation Agent will determine the Rate of Interest for such Interest Accrual Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SGD SWAP OFFER” (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Accrual Period;
- (cc) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest (which shall be rounded up, if necessary, to the nearest 4 decimal places) for such Interest Accrual Period in accordance with the following formula (or such other formula as may otherwise be specified in the relevant Pricing Supplement):

In the case of Premium:

$$\begin{aligned} \text{Rate of Interest} &= \frac{365}{360} \times \text{LIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} \\ &+ \frac{(\text{LIBOR} \times \text{Premium}) \times 365}{\text{Spot Rate} \quad 360} \end{aligned}$$

In the case of Discount:

$$\begin{aligned} \text{Rate of Interest} &= \frac{365}{360} \times \text{LIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} \\ &- \frac{(\text{LIBOR} \times \text{Discount}) \times 365}{\text{Spot Rate} \quad 360} \end{aligned}$$

where:

LIBOR = the rate which appears on Page BBAM01 on the monitor of the Bloomberg agency under the caption “BRITISH BANKERS

ASSOCIATION – INTEREST SETTLEMENTS – RATES AT 11:00 A.M. LONDON TIME” and under the column headed “USD LIBOR” (or such other page as may replace Page BBAM01 for the purpose of displaying London inter-bank U.S. Dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned;

Spot Rate = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest 4 decimal places) of the rates quoted by the Reference Banks and which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned;

Premium or Discount = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest 4 decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Accrual Period concerned which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned; and

T = the number of days in the Interest Accrual Period concerned.

The Rate of Interest for such Interest Period shall be the rate

(as determined by the Calculation Agent) and as adjusted by the Spread (if any)

- (dd) if on any Interest Determination Date any one of the components for the purposes of calculating the Rate of Interest under this Condition 5(b)(iii)(C) is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page as aforesaid) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotations of their Swap Rates for the Interest Accrual Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Accrual Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 4 decimal places) of the Swap Rates quoted by the Reference Banks to the Calculation Agent. The “**Swap Rate**” of a Reference Bank means the rate at which that Reference Bank can generate Singapore Dollars for the Interest Accrual Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined in accordance with the following formula (or such other formula as may otherwise be specified in the relevant Pricing Supplement:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{LIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{LIBOR} \times \text{Premium}) \times \frac{365}{\text{Spot Rate}}}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{LIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} - \frac{(\text{LIBOR} \times \text{Discount}) \times \frac{365}{\text{Spot Rate}}}{360}$$

where:

LIBOR = the rate which appears on the Reuters Screen Page under the caption “REUTERS BBA LIBOR RATES – BRITISH BANKERS ASSOCIATION INTEREST SETTLEMENT RATES – RATES AT 11:00 LONDON TIME” and under the column headed “USD” (or such other page as may replace the Reuters Screen LIBOR Page for the purpose of displaying London interbank United States dollar offered rates of leading reference banks) at or about

the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned;

Spot Rate = the rate being the arithmetic mean (rounded up, if necessary, to the nearest 4 decimal places) (determined by the Calculation Agent) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SPOT" (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned;

Premium or Discount = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest 4 decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Accrual Period concerned which appear on the Reuters Screen ABSIRFIX06 - 7 Pages under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned; and

T = the number of days in the Interest Accrual Period concerned;

The Rate of Interest for such Interest Period shall be the rate (as determined by the Calculation Agent) and as adjusted by the Spread (if any)

- (ee) if on any Interest Determination Period, any one of the components for the purposes of calculating the Swap Rate under (dd) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or

such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotations of their Swap Rates for the Interest Accrual Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Accrual Period shall be the Swap Rate for such Interest Accrual Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 4 decimal places) of the Swap Rates quoted by the Reference Banks to the Calculation Agent). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Accrual Period concerned in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined in accordance with the following formula (or such other formula as may otherwise be specified in the relevant Pricing Supplement):

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{LIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{LIBOR} \times \text{Premium}) \times 365}{\text{Spot Rate} \times 360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{LIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} - \frac{(\text{LIBOR} \times \text{Discount}) \times 365}{\text{Spot Rate} \times 360}$$

Where:

LIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Accrual Period concerned are being offered by that Reference Bank to prime banks in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the

last day of the Interest Accrual Period concerned in the Singapore interbank market;

Discount = the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Accrual Period concerned in the Singapore interbank market; and

T = the number of days in the Interest Accrual Period concerned;

(ff) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with quotations of their Swap Rate(s), the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Accrual Period by whatever means they determine to be most appropriate, or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Accrual Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date;

(c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) **Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding:**

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in

accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that, if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the countries of such currency.
- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:**

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become

due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee in its sole discretion otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (h) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) but in each case without liability to any person for so doing and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and, in the case of Notes cleared through CDP, a day on which commercial banks and foreign exchange markets settle payments in the city of the CDP Paying Agent’s specified office and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”) and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360

- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D₂** will be 30

(viii) if “**Actual/Actual-ICMA**” is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified hereon.

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“**Interest Period**” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified hereon.

“**ISDA Definitions**” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“**Reference Banks**” means, (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; and (iii) in the case of a determination of the relevant Reference Rate, SIBOR or Swap Rate, the principal Singapore office of three major banks in the Singapore inter-bank market, in each case selected by the Calculation Agent.

“**Reference Rate**” means the rate specified as such hereon (or any successor or replacement rate).

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the relevant Financial Centre specified hereon or, if none is specified, the local time in the relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the relevant Financial Centre or, if no such customary local time exists, 11.00 a.m. in the relevant Financial Centre.

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior written approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 REDEMPTION, PURCHASE AND OPTIONS

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).
- (b) **Early Redemption:**
- (i) *Zero Coupon Notes:*
- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Conditions 6(c), 6(d), 6(e) or 6(f) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Conditions 6(c), 6(d), 6(e) or 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the

Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Conditions 6(c), 6(d), 6(e) or 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons:**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (or such other notice period as may be specified hereon) (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or a Subsidiary Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will (or, in the case of a Subsidiary Guarantor, if the Guarantee were called) become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or such Subsidiary Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or such Subsidiary Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Subsidiary Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

In these Conditions:

“**Tax Jurisdiction**” means, in the case of the Issuer, the United Kingdom or any political division or authority therein or thereof having power to tax and, in the case of any Subsidiary Guarantor any jurisdiction under the laws of which that Subsidiary Guarantor for the time being is organised or in which it is treated as resident for tax purposes, or any political division or authority therein or thereof having power to tax.

(d) **Redemption at the Option of the Issuer:**

If Call Option is specified hereon as being applicable, the Issuer may, unless either an Exercise Notice or a Change of Control Put Event Notice has been given pursuant to Condition 6(e) or 6(f), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional

Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

If Make-whole Amount is specified hereon as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date(s):

- (i) the nominal amount of the Note; and
- (ii) the nominal amount of the Note multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser acting as expert (the “**Financial Adviser**”) appointed by the Issuer and at its expense and approved in writing by the Trustee) expressed as a percentage (rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up)) at which the Gross Redemption Yield on the Notes on the Determination Date is equal to the Gross Redemption Yield at the Quotation Time specified hereon on the Determination Date specified hereon of the Reference Bond specified hereon (or, where the Financial Adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such Reference Bond is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend) plus any applicable Redemption Margin specified hereon.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon. Any notice of redemption given under this Condition 6(d) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 6(c).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Issuer may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

The Trustee shall be entitled to rely on any advice of the Financial Adviser pursuant to this Condition without liability to any person and without further enquiry or evidence and such advice shall be binding on all parties.

In this Condition:

“**Gross Redemption Yield**” means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Issuer and the Trustee by the Financial Adviser.

(e) **Redemption at the Option of Noteholders:**

If Put Option is specified hereon as being applicable, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days’ notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional

Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (“**Exercise Notice**”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) **Redemption Following Change of Control:**

If Change of Control Put Option (as defined below) is specified hereon as being applicable and a Change of Control Event occurs and within the Change of Control Period (as defined below) (A) (if at the time that Change of Control Event occurs there are Rated Securities (as defined below)) a Rating Downgrade (as defined below) in respect of that Change of Control Event occurs or (B) (if at such time there are no Rated Securities) a Negative Rating Event (as defined below) in respect of that Change of Control Event occurs (that Change of Control Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Change of Control Period, together called a “**Change of Control Put Event**”), the holder of any such Note will have the option (a “**Change of Control Put Option**”) (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the Change of Control Put Date (as defined below) at the Change of Control Redemption Amount together with interest accrued to (but excluding) the Change of Control Put Date.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and at any time upon the Trustee having actual notice thereof the Trustee may, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a “**Change of Control Put Event Notice**”) to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bearer Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the “**Change of Control Put Period**”) of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Change of Control Put Notice**”). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Change of Control Put Period (the “**Change of Control Put Date**”), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 14) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Change

of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 6(f) shall be treated as if they were Notes.

To exercise the Change of Control Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Change of Control Put Notice obtainable from the Registrar or any Transfer Agent within the Change of Control Put Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(f), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Change of Control Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their Change of Control Redemption Amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the ratings designations employed by any of S&P, Moody's or Fitch Ratings are changed from those which are described in paragraph (B) of the definition of "Negative Rating Event" below, or if a rating is procured from another Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of S&P, Moody's, Fitch Ratings or such other Rating Agency (as appropriate) as are most nearly equivalent to the prior rating designations of S&P, Moody's or Fitch Ratings, and this Condition 5(f) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred or may occur, and, until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

In this Condition 5(f):

A "**Change of Control Event**" will be deemed to occur if any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer.

“Change of Control Period” means the period beginning on the date that is (A) the date of the first public announcement of the Change of Control Event or, if earlier, (B) the date of the earliest Potential Change of Control Event Announcement (if any) and ending 90 days after the occurrence of the Change of Control Event (if any) (or such longer period in which the Rated Securities are under consideration (announced publicly within the period ending 90 days after the occurrence of the Change of Control Event) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

A **“Negative Rating Event”** shall be deemed to have occurred if the Issuer (A) does not, either prior to or not later than 21 days after the relevant Change of Control Event, seek, and thereupon use all reasonable endeavours to obtain, a rating of the Notes or any other unsecured and unsubordinated debt of the Issuer (or any subsidiary of the Issuer which is guaranteed on an unsecured and unsubordinated basis by the Issuer) having an initial maturity of five years or more from a Rating Agency or (B) does so seek and use such endeavours, but it is unable, as a result of such Change of Control Event, to obtain such a rating of at least “investment grade” (being a rating of BBB- (in the case of Standard & Poor’s Credit Market Services Europe Limited (“S&P”)), Baa3 (in the case of Moody’s Investors Service Limited (“Moody’s”)) or BBB- (in the case of Fitch Ratings Ltd (“Fitch Ratings”)), or their respective equivalents for the time being) from at least one Rating Agency, provided that a Negative Rating Event shall not be deemed to have occurred in respect of a particular Change of Control Event if the Rating Agency declining to assign a rating of at least investment grade (as defined above) does not announce or publicly confirm or inform the Issuer, or the Trustee in writing that its declining to assign a rating of at least investment grade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control Event (whether or not the Change of Control Event shall have occurred at the time such investment grade rating is declined).

“Potential Change of Control Event Announcement” means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control Event where, within 90 days following the date of such announcement or statement, a Change of Control Event occurs.

“Rated Securities” means the Notes so long as they shall have an effective rating which was solicited by the Issuer from any Rating Agency and otherwise any unsecured and unsubordinated debt of the Issuer (or any subsidiary of the Issuer which is guaranteed on an unsecured and unsubordinated basis by the Issuer) having an initial maturity of five years or more which is rated by one of the Rating Agencies at the invitation of the Issuer.

“Rating Agency” means S&P and its successors or Moody’s and its successors or Fitch Ratings and its successors or any other rating agency of equivalent standing specified by the Issuer from time to time and approved in writing by the Trustee.

A **“Rating Downgrade”** shall be deemed to have occurred in respect of a Change of Control Event if any solicited current rating assigned to the Rated Securities by a Rating Agency at the invitation of the Issuer (A) is withdrawn and is not within the Change of Control Period replaced by a rating of another Rating Agency at least equivalent to that which was current immediately before the occurrence of the Change of Control Event or (B) is reduced from a rating of investment grade (as defined above) or better to a non-investment grade rating of BB+ (in the case of S&P), Ba1 (in the case of Moody’s) or BB+ (in the case of Fitch Ratings) (or their respective equivalents for the time being) or worse and not subsequently upgraded to an investment grade rating during the Change of Control Period; provided that a Rating Downgrade otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control Event if the Rating Agency

making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform the Issuer or the Trustee in writing that the reduction was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control Event (whether or not the applicable Change of Control Event shall have occurred at the time of the Rating Downgrade).

- (g) **Purchases:** The Issuer and its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer, a Subsidiary Guarantor or any of their respective Subsidiaries may be held and resold or be surrendered for cancellation at the discretion of the Issuer, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered for cancellation, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Subsidiary Guarantors in respect of any such Notes shall be discharged.

7 PAYMENTS AND TALONS

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
 - (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
 - (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by transfer to the account denominated in such currency, with a Bank of the holder appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by

exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (d) **Payments subject to Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto (“FATCA”). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Subsidiary Guarantors and their respective specified offices are listed below. The Issuing and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Subsidiary Guarantors and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Subsidiary Guarantors reserve the right at any time with the approval in writing of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CDP Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CDP Paying Agent in relation to Notes cleared through CDP, (v) one or more Calculation Agent(s) where the Conditions so require, (vi) a Paying Agent in Singapore where the Notes may be presented or surrendered for payment or redemption in the event that the Global Notes are exchanged for Definitive Notes, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved in writing by the Trustee and (viii) at least one Paying Agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 in relation to Notes other than Notes cleared through CDP (provided there is such a Member State).

In addition, the Issuer and the Subsidiary Guarantors shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (f) **Unmatured Coupons and unexchanged Talons:**
- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional

Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days:**

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which, in the case of Notes to be cleared through Euroclear and Clearstream, Luxembourg, Euroclear and Clearstream, Luxembourg are operating or, in the case of Notes to be cleared through CDP, CDP is operating and, in each case, on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 TAXATION

All payments of principal and interest by or on behalf of the Issuer or any Subsidiary Guarantor in respect of the Notes and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by a relevant Tax Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Subsidiary Guarantors shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having or having had, directly or indirectly, some connection with the relevant Tax Jurisdiction other than the mere holding of the Note or Coupon or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting their Note(s) or Coupon(s) it for payment on the thirtieth day after the Relevant Date or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9 PRESCRIPTION

Claims against the Issuer and/or a Subsidiary Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10

years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 EVENTS OF DEFAULT

If any of the following events (“**Events of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to it being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (i) **Non-Payment:** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes or
- (ii) **Breach of Other Obligations:** the Issuer or a Subsidiary Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or a Subsidiary Guarantor by the Trustee or
- (iii) **Cross-Default:** (A) any other present or future Financial Indebtedness (defined in Condition 4(c)) of the Issuer or a Subsidiary Guarantor or any Material Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or a Subsidiary Guarantor or any Material Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred, equals or exceeds US\$20,000,000 or its equivalent or
- (iv) **Security Enforced:** an encumbrancer taking possession or the appointment of an administrative or other receiver or administrator or other similar official being appointed in respect of the whole or any substantial part of the assets or undertaking of the Issuer or a Subsidiary Guarantor or a Material Subsidiary or a distress, attachment, execution or other legal process being levied or enforced or sued out on or against a substantial part of the property or assets of the Issuer or a Subsidiary Guarantor or Material Subsidiary and in any case not being discharged, removed or stayed within 60 days or
- (v) **Insolvency:** the Issuer or any Subsidiary Guarantor or any Material Subsidiary enters into a composition with its creditors, files a petition for a suspension of payments, admits in writing that it cannot pay its debts generally as they become due, initiates a proceeding in bankruptcy or is adjudicated bankrupt; or
- (vi) **Winding-up:** an administrator is appointed an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or a Subsidiary Guarantor or a Material Subsidiary, or the Issuer or a Subsidiary Guarantor or any Material Subsidiary shall apply or petition for a winding-up or administration order in respect of itself, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the

Noteholders or (ii) in the case of a Subsidiary of the Issuer, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of the Issuer's Subsidiaries; or

- (vii) **Guarantee:** the Guarantee is not, or is claimed by a Subsidiary Guarantor not to be, in full force and effect; or
- (viii) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

In this Condition 10:

“Material Subsidiary” shall mean at any relevant time each Subsidiary of the Issuer (other than any Project Company) at that time:

- (a) the Property Plant and Equipment or Proven and Probable Reserves of which on a consolidated basis represent more than 10 per cent. in value of the consolidated Property Plant and Equipment or Proven and Probable Reserves of the Group; or
- (b) the operating profit of which on a consolidated basis represents more than 10 per cent., in value of the Group's consolidated operating profit,

in each case as shown in the then latest interim consolidated financial statements of the Group for the first half-year of each its financial years and the then latest audited consolidated financial statements of the Group for each of its financial years, as the case may be, each as adjusted from time to time to take account of any matters occurring after the relevant balance sheet date. A report by two authorised signatories, at least one of whom is a Director, of the Issuer (whether or not addressed to the Trustee) that in their opinion any company or entity is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all relevant parties;

“property” or **“properties”** means, real or personal property of any kind, tangible or intangible, choate or inchoate;

“Property, Plant and Equipment” means the aggregate amount of property, plant and equipment of the Group as determined in the most recent balance sheet delivered in accordance with Condition 4(b); and

“Proven and Probable Reserves” has the meaning given to it in the “Statement of Recommended Practice” (**“SORP”**) issued by the Oil Industry Accounting Committee (**“OIAC”**) dated July 2001, as updated and amended from time to time, and as at 30 September 2013 meaning “the estimated quantities of Petroleum which geological, geophysical and engineering data demonstrate with a specified degree of certainty (see below) to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50 per cent. statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable and a 50 per cent. statistical probability that it will be less. The equivalent statistical probabilities for the proven component of proven and probable reserves are 90 per cent. and 10 per cent. respectively.” For the purposes of this definition, the words ‘oil and gas’ (as referred to in the SORP) have been replaced with the word ‘Petroleum’ and for the avoidance of doubt, the word ‘Petroleum’ will continue to replace the words ‘oil and gas’ in any update or amendment to the SORP.

11 MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

- (a) **Meetings of Noteholders:**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding as further provided in the Trust Deed. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than two thirds, or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or (ii) consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed, the conditions set out in the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or the Subsidiary Guarantor or its successor in business or any Subsidiary of a Subsidiary Guarantor or its successor in business in place of the Issuer or a Subsidiary Guarantor, or of any previous substituted company, as principal debtor or Subsidiary Guarantor under the Trust Deed and

the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or any Subsidiary Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 ENFORCEMENT

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings or take such steps or actions against the Issuer and/or a Subsidiary Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings, steps or actions unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer and/or a Subsidiary Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer or the Subsidiary Guarantors and any entity related to the Issuer or any Subsidiary Guarantor without accounting for any profit.

As further specified in the Trust Deed, the Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely without liability to any person for so doing on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

14 REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the

case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed or any deed supplemental to it. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 NOTICES

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons or the Guarantee (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Subsidiary Guarantors has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

- (c) **Service of Process:** Each of Subsidiary Guarantors that is located or incorporated outside the United Kingdom has pursuant to the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

SUMMARY OF PROVISIONS RELATING TO NOTES IN GLOBAL FORM

1 INITIAL ISSUE OF NOTES

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) or CDP or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg or CDP and delivery of the relative Global Certificate to the Common Depositary or with CDP, Euroclear or Clearstream, Luxembourg or CDP will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 EXCHANGE

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Summary of the Programme – Element C.5*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg, CDP or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear, Clearstream, Luxembourg, CDP or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.5 Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4 AMENDMENT TO CONDITIONS

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(viii) and Condition 8(d) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer, a Subsidiary, Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

4.8 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.9 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

5 ELECTRONIC CONSENT AND WRITTEN RESOLUTION

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg, CDP or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

6 CLEARANCE AND SETTLEMENT IN CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages

settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by CDP under the Companies Act, Chapter 50 of Singapore to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

FORM OF FINAL TERMS (RETAIL)

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €100,000 (or its equivalent in another currency):

**Final Terms dated [●]
Premier Oil plc
Issue of [●] Notes due [●] (the “Notes”)
jointly and severally guaranteed by the Subsidiary
Guarantors referred to in the Conditions
under the £[●],000,000
Euro Medium Term Note Programme**

Any person making or intending to make an offer of the Notes may only do so[

- (i) in those Public Offer Jurisdictions mentioned in Paragraph 8 of Part B below, provided such person is of a kind specified in that paragraph and that such offer is made during the Offer Period specified for such purpose therein; or
- (ii) otherwise] in circumstances in which no obligation arises for the Issuer, any Subsidiary Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer, nor any Subsidiary Guarantor nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Part A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 18 November 2013 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Article 5.4 of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Subsidiary Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus has been published [on the Issuer’s website at www.premier-oil.com].

- 1 (i) Series Number: [●]
- (ii) Tranche Number: [●]
- (iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*original notes*] on the Issue Date/exchange of the temporary form Global Note for interests in the permanent Global Note, as referred to in paragraph 22

| | | |
|----|--|---|
| | | below, which is expected to occur on or about [●]/[the Issue Date][Not Applicable] |
| 2 | Specified Currency or Currencies: | [●] |
| 3 | Aggregate Nominal Amount | |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 4 | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]] |
| 5 | (i) Specified Denominations: | [●] |
| | (ii) Calculation Amount: | [●] |
| 6 | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | [[●]/Issue Date/Not Applicable] |
| 7 | Maturity Date: | [[●]/Interest Payment Date falling in or nearest to [●]] |
| 8 | Interest Basis: | [[●] per cent. Fixed rate] [[●] +/- [●] per cent. Floating Rate] [Zero Coupon] (further particulars specified in 13, 14 and 15 below) |
| 9 | Redemption Basis: | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount. |
| 10 | Change of Interest Basis: | [Applicable/Not Applicable] |
| 11 | Put/call options: | [Investor Put Option] [Issuer Call Option] [Change of Control Put Option] [(further particulars specified in 16, 17, 18 and 19 below)][Not Applicable] |
| 12 | Date of [Board] [Committee] approval for issuance of Notes obtained: | [●] [and [●], respectively] |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

| | | |
|----|--------------------------------|--|
| 13 | Fixed Rate Note Provisions: | [Applicable/Not Applicable] |
| | (i) Rate[(s)] of Interest: | [●] per cent. per annum payable in arrear on each Interest Payment Date |
| | (ii) Interest Payment Date(s): | [●] in each year |
| | (iii) Fixed Coupon Amount: | [●] per Calculation Amount |
| | (iv) Broken Amount(s): | [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] |
| | (v) [Day Count Fraction:] | [Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] |

| | | |
|----|---|--|
| | | [30E/360 / Eurobond Basis] |
| | | [30E/360 (ISDA)] |
| | | [Actual/Actual – ICMA]] |
| | (vi) [Determination Dates: | [●] in each year]] |
| 14 | Floating Rate Note Provisions: | [Applicable/Not Applicable] |
| | (i) Interest Period(s): | [●] |
| | (ii) Specified Interest Payment Dates: | [[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below] |
| | (iii) First Interest Payment Date: | [●] |
| | (iv) Interest Period Date: | [●] |
| | (v) Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| | (vi) Additional Business Centre(s): | [●] |
| | (vii) Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination] |
| | (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issuing and Paying Agent): | [●] |
| | (ix) Screen Rate Determination: | |
| | – Reference Rate: | [●] month [LIBOR/EURIBOR/SIBOR/SOR]. |
| | – Interest Determination Date(s): | [●] |
| | – Relevant Screen Page: | [●] |
| | (x) ISDA Determination: | |
| | – Floating Rate Option: | [●] |
| | – Designated Maturity: | [●] |
| | – Reset Date: | [●] |
| | – ISDA Definitions: | 2006 |
| | (xi) Margin(s): | [+/-][●] per cent. per annum |
| | (xii) Minimum Rate of Interest: | [[●] per cent. per annum/Not Applicable] |
| | (xiii) Maximum Rate of Interest: | [[●] per cent. per annum/Not Applicable] |
| | (xiv) Day Count Fraction: | [Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]]] |
| 15 | Zero Coupon Note Provisions: | [Applicable/Not Applicable] |

- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction in relation to Early Redemption: [Actual/Actual / Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360 / 360/360 / Bond Basis]
[30E/360 / Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual – ICMA]

PROVISIONS RELATING TO REDEMPTION

- 16 Notice Periods for Condition 6(c): Minimum Period: [30][●] days
Maximum Period: [60][●] days
- 17 Call Option (Condition 6(d): [Applicable/Not Applicable]
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note: [[●] per Calculation Amount][Make-whole Amount]
 - (a) Condition 6(b) applies: [Applicable/Note Applicable]
 - (b) Make-Whole Amount
 - Quotation time: [●]
 - Determination Date: [●]
 - Reference Bond: [●]
 - Redemption Margin: [[●] per cent.][None]
 - (iii) If redeemable in part: [Applicable/Not Applicable]
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice periods for Condition 6(d): Minimum Period: [15][●] days
Maximum Period: [30][●] days
- 18 Put Option (Condition 6(e)): [Applicable/Not Applicable]
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
 - Condition 6(b) applies: [Applicable/Not Applicable]
 - (iii) Notice periods for Condition 6(e): Minimum Period: [15][●] days
Maximum Period: [30][●] days
- 19 Change of Control Put Option (condition 6(f)): [Applicable/Not Applicable]
 - Change of Control Redemption Amount: [●] per cent.
- 20 Final Redemption Amount of each Note: [●] per Calculation Amount
- 21 Early Redemption Amount (per [●] per cent. per Calculation Amount

Calculation Amount payable on Redemption for taxation reasons or on event of default or other early redemption):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22 Form of Notes: **[Bearer Notes:]**
[Temporary Global Note exchangeable for a permanent Global Note [which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]]
[Permanent Global Note exchangeable for Definitive Notes [in the limited circumstances specified in the permanent Global Note]]
[Registered Notes:]
Global Certificate exchangeable for definitive Certificate only upon an Exchange Event.]
- 23 Financial Centre(s): [Not Applicable/[•]]
- 24 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes]

[Third Party Information

[•] has been extracted from [•]. The Issuer and Subsidiary Guarantors confirm that such information has been accurately reproduced and that, so far as each is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Premier Oil plc:

By:
Duly authorised

Signed on behalf of [INITIAL SUBSIDIARY GUARANTORS]:

By:
Duly authorised

Part B – OTHER INFORMATION

1 Listing and admission to trading

[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List and admitted to trading on London Stock Exchange plc's Regulated Market with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List and admitted to trading on London Stock Exchange plc's Regulated Market with effect from [●].]

2 Ratings

[[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[Standard & Poor's: [●]]

[Moody's Investor Services Limited: [●]]

[Fitch Ratings Limited: [●]]

[[●] is established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").] [The Notes have not been specifically rated.]

3 Interests of natural and legal persons involved in the issue/offer

[Save for [●]] so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue/offer, including conflicting interests. / So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [●]

4 Reasons for the offer, use of proceeds, estimated net proceeds and total expenses

Reasons for the offer: [●]

Use of proceeds: [●]

Estimated net proceeds: [●]

Estimated total expenses: [●]

5 [Fixed Rate Notes – Yield

Indication of yield: Calculated as [●] per cent. per annum on the Issue Date.
Yield is not an indication of future price.]

6 [Floating Rate Notes - Historic interest rates

Details of historic [LIBOR/EURIBOR/SIBOR/SOR] rates can be obtained from
[<http://www.bbalibor.com/rates/historical/> <http://www.euribor-ebf.eu/euribor-org/euribor-rates.html/>
<https://secure.mas.gov.sg/dir/domesticinterestrates.aspx/>
https://secure.mas.gov.sg/dir/domesticinterestrates.aspx]

7 Operational information

ISIN Code: [●]

Common Code: [●]

Any clearing system(s) other than [Not Applicable/[●]]

Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and the Central Depository (Pte) Limited and the relevant identification number(s):

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

8 Distribution

(i) Names and addresses of underwriters and underwriting commitments: [Not Applicable/[•]]

(ii) Date of underwriting/subscription agreement: [•]

(iii) Material features of underwriting/subscription agreement, including quotas: [•]

(iv) Portion of issue/offer not covered by underwriting commitments: [•]

(v) Indication of the overall amount of the underwriting commission and of the placing commission: [•] per cent. of the Aggregate Nominal Amount

(vi) U.S. Selling Restrictions (Categories of potential investors to which the Notes are offered): Reg. S Compliance Category 2; [C Rules/D Rules/ Excluded Note]

(vii) Public Offer and basis of consent for use of the Base Prospectus:

(a) Public Offer: [Not Applicable] [An offer of the Notes may be made by [•] and [•] (the “**Initial Authorised Offerors**”) [and any other Authorised Offerors in accordance with paragraph 9(xii) below] [and any other financial intermediary for the time being complying with (x) the Authorised Offeror Terms (y) the other conditions attaching to the consent set out in the Base Prospectus [and (z) [•]]] other than pursuant to Article 3.2 of the Prospectus Directive in [•] (the “**Public Offer Jurisdiction[s]**”) during the period from [•] until [•][a.m./p.m.] on [•] (the “**Offer Period**”). See further paragraph 9(xii) below.]

(b) Basis of Consent: [Specific Consent / [and] General Consent]

9 [Terms and conditions of the offer

(i) Offer Price: [Issue Price/Not Applicable/[•]]

(ii) Conditions to which the offer is subject: [Not Applicable/[•]]

| | |
|--|--|
| (iii) Description of the application process: | [Not Applicable/[●]] |
| (iv) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | [Not Applicable/[●]] |
| (v) Details of the minimum and/or maximum amount of application: | [Not Applicable/[●]] |
| (vi) Details of the method and time limits for paying up and delivering the Notes: | [Not Applicable/[●]] |
| (vii) Manner in and date on which results of the offer are to be made public: | [Not Applicable/[●]] |
| (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/[●]] |
| (ix) Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: | [Not Applicable/[●]] |
| (x) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | [Not Applicable/[●]] |
| (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable/[●]] |
| (xii) Name(s) and address(es), to the extent known to the Issuer and the Subsidiary Guarantors, of the placers in the various countries where the offer takes place: | <p>[The Initial Authorised Offerors identified in paragraph 8(vii) above [and any additional financial intermediaries who have or obtain the Issuer’s consent to use the Base Prospectus in connection with the Public Offer and who are identified [on the website of the Issuer at <i>[www.premier-oil.com]</i>][by the Issuer by way of RNS announcement during the Offer Period] as being Authorised Offerors (together the “Authorised Offerors”)] [As of the date of these Final Terms, the persons listed below are the persons known to the Issuer and the Subsidiary Guarantors who intend to offer the distribute Notes to the public in <i>[relevant Member State(s)]</i> in accordance with all prevailing regulatory requirements during the Offer Period:</p> <p>[●]</p> <p>[Each of the Issuer and the Subsidiary Guarantors has granted consent to the use of the Base Prospectus and</p> |

- (xiii) Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment:
- these Final Terms by the persons listed above and other relevant stockbrokers and financial intermediaries in [relevant Member State(s)] during the Offer Period on the basis of and so long as, in either case, they comply with the Authorised Offeror terms, the other conditions to the consent set out in the Base Prospectus [and the other conditions set out under paragraph 8(vii) above.]
- [●] will be appointed as registered market maker[s] [through London Stock Exchange plc's order book for retail bonds when the Notes are issued.]

**ANNEX TO FINAL TERMS
SUMMARY OF THE NOTES
[TO INSERT SUMMARY]**

FORM OF FINAL TERMS (WHOLESALE)

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency):

**Final Terms dated [●]
Premier Oil plc
Issue of [●] Notes due [●] (the “Notes”)
jointly and severally guaranteed to the Subsidiary Guarantors
referred to in the Conditions
under the £[●],000,000
Euro Medium Term Note Programme**

Part A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 18 November 2013 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Subsidiary Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus has been published [on the Issuer’s website at *www.premier-oil.com*].

- | | | |
|---|--|---|
| 1 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | (iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [<i>original notes</i>] on the Issue Date/exchange of the temporary form Global Note for interests in the permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [●]/[the Issue Date][Not Applicable] |
| 2 | Specified Currency or Currencies: | [●] |
| 3 | Aggregate Nominal Amount of Notes | |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 4 | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]] |
| 5 | (i) Specified Denominations: | [●] |
| | (ii) Calculation Amount: | [●] |
| 6 | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | [[●]/Issue Date/Not Applicable] |
| 7 | Maturity Date: | [[●]/Interest Payment Date falling in or nearest to [●]] |

- 8 Interest Basis: [[●] per cent. Fixed rate]
[[●] +/- [●] per cent. Floating Rate]
[Zero Coupon]
(further particulars specified in 13, 14 and 15 below)
- 9 Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
- 10 Change of Interest Basis: [Applicable/Not Applicable]
- 11 Put/call options: [Investor Put Option]
[Issuer Call Option]
[Change of Control Put Option]
[(further particulars specified in 16, 17, 18 and 19 below)][Not Applicable]
- 12 Date of [Board][Committee] approval for issuance of Notes obtained: [●] [and [●], respectively]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 13 Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) [Day Count Fraction: [Actual/Actual / Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360 / 360/360 / Bond Basis]
[30E/360 / Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual – ICMA]
- (vi) [Determination Dates: [●] in each year]]
- 14 Floating Rate Note Provisions: [Applicable/Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below]
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

| | |
|---|---|
| (vi) Business Centre(s): | [●] |
| (vii) Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination] |
| (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issuing and Paying Agent): | [●] |
| (ix) Screen Rate Determination: | |
| – Reference Rate: | [●] month [LIBOR/EURIBOR/SIBOR/SOR]. |
| – Interest Determination Date(s): | [●] |
| – Relevant Screen Page: | [●] |
| (x) ISDA Determination: | |
| – Floating Rate Option: | [●] |
| – Designated Maturity: | [●] |
| – Reset Date: | [●] |
| – ISDA Definitions: | 2006 |
| (xi) Margin(s): | [+/-][●] per cent. per annum |
| (xii) Minimum Rate of Interest: | [[●] per cent. per annum/Not Applicable] |
| (xiii) Maximum Rate of Interest: | [[●] per cent. per annum/Not Applicable] |
| (xiv) Day Count Fraction: | [Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA] |
| 15 Zero Coupon Note Provisions: | [Applicable/Not Applicable] |
| (iii) Amortisation Yield: | [●] per cent. per annum |
| (iv) Day Count Fraction in relation to Early Redemption: | [Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]] |

PROVISIONS RELATING TO REDEMPTION

| | |
|---------------------------------------|--|
| 16 Notice Periods for Condition 6(c): | Minimum Period: [30][●] days Maximum Period: [60][●] days |
| 17 Call Option (Condition 6(d): | [Applicable/Not Applicable] |

| | | |
|----|---|---|
| | (i) Optional Redemption Date(s): | [●] |
| | (ii) Optional Redemption Amount(s) of each Note: | [[●] per Calculation Amount][Make-whole Amount] |
| | (a) Condition 6(b) applies: | [Applicable/Not Applicable] |
| | (b) Make-Whole Amount | |
| | - Quotation time: | [●] |
| | - Determination Date: | [●] |
| | - Reference Bond: | [●] |
| | - Redemption Margin: | [[●] per cent.][None] |
| | (iii) If redeemable in part: | [Applicable/Not Applicable] |
| | (a) Minimum Redemption Amount: | [●] per Calculation Amount |
| | (b) Maximum Redemption Amount: | [●] per Calculation Amount |
| | (iv) Notice periods for Condition 6(d): | Minimum Period: [15][●] days Maximum Period: [30][●] days] |
| 18 | Put Option (Condition 6(e)): | [Applicable/Not Applicable] |
| | (i) Optional Redemption Date(s): | [●] |
| | (ii) Optional Redemption Amount(s) of each Note: | [●] per Calculation Amount |
| | -Condition 6(b) applies: | [Applicable/Not Applicable] |
| | (iii) Notice period: | Minimum Period: [15][●] days Maximum Period: [30][●] days] |
| 19 | Change of Control Put Option (condition 6(f)): | [Applicable/Not Applicable] |
| | - Change of Control Redemption Amount: | [●] per cent. |
| 20 | Final Redemption Amount of each Note: | [●] per Calculation Amount |
| 21 | Early Redemption Amount (per Calculation Amount payable on Redemption for taxation reasons or on event of default or other early redemption): | [●] per cent. per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

| | | |
|----|----------------|--|
| 22 | Form of Notes: | [Bearer Notes:] [Temporary Global Note exchangeable for a permanent Global Note [which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]] [Permanent Global Note exchangeable for Definitive Notes [in the limited circumstances specified in the permanent Global Note]] |
|----|----------------|--|

[Registered Notes:

Global Certificate exchangeable for definitive Certificate only upon an Exchange Event.]

- 23 Financial Centre(s): [Not Applicable/[●]]
- 24 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes]

[Third Party Information

[●] has been extracted from [●]. The Issuer and Subsidiary Guarantors confirm that such information has been accurately reproduced and that, so far as each is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Premier Oil plc:

By:
Duly authorised

Signed on behalf of [INITIAL SUBSIDIARY GUARANTORS]:

By:
Duly authorised

Part B – OTHER INFORMATION

1 Listing and admission to trading

[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List and admitted to trading on London Stock Exchange plc's Regulated Market with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List and admitted to trading on London Stock Exchange plc's Regulated Market with effect from [●].]

2 Ratings

[[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[Standard & Poor's: [●]]

[Moody's Investor Services Limited: [●]]

[Fitch Ratings Limited: [●]]

[[●] is established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").] [The Notes have not been specifically rated.]

3 Interests of natural and legal persons involved in the issue/offer

[Save for [●]], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue/offer, including conflicting interests. / So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [●]]

4 Expense of the admission to trading

Estimated total expenses: [●]

5 [Fixed Rate Notes – Yield

Indication of yield: Calculated as [●] per cent. per annum on the Issue Date. Yield is not an indication of future price.]

6 [Floating Rate Notes - Historic interest rates

Details of historic [LIBOR/EURIBOR/SIBOR/SOR] rates can be obtained from
[<http://www.bbalibor.com/rates/historical/> <http://www.euribor-ebf.eu/euribor-org/euribor-rates.html/>
<https://secure.mas.gov.sg/dir/domesticinterestrates.aspx/>
https://secure.mas.gov.sg/dir/domesticinterestrates.aspx]

7 Operational information

ISIN Code: [●]

Common Code: [●]

Any clearing system(s) other than [Not Applicable/[●]]

Euroclear Bank S.A./N.V., Clearstream

Banking, société anonyme and the Central

Depository (Pte) Limited and the relevant
identification number(s):

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying [●]

Agent(s) (if any):

**ANNEX TO FINAL TERMS
SUMMARY OF THE NOTES
[TO INSERT SUMMARY]**

ADDITIONAL INFORMATION

1. Listing and admission to trading of the Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued. The listing of the Programme in respect of Notes issued under the Programme for the period of 12 months from the date of this Base Prospectus is expected to be granted on or about 21 November 2013. Prior to official listing and admission to trading, dealings in Notes will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange's regulated market will normally be effected for delivery on the third working day after the day of the transaction.

The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments ("MiFID"). MiFID governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors.

2. Authorisations of the Issuer and Subsidiary Guarantors

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 14 November 2013.

The establishment of the Programme was authorised by resolutions of the respective Boards of Directors of each initial Subsidiary Guarantor passed on or around 13 November 2013.

The Issuer and the initial Subsidiary Guarantors have each obtained all respective necessary consents, approvals and authorisations in connection with the Programme.

3. Significant or material change statement

There has been no significant change in the financial or trading position of the Issuer, the Subsidiary Guarantors or the Group since 30 June 2013 and there has been no material adverse change in the prospects of the Issuer, the Subsidiary Guarantors or the Group since 31 December 2012.

4. Litigation statement

Save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer, any Subsidiary Guarantor or any member of the Group is aware) during the 12 month period preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Issuer's, any Subsidiary Guarantor's and/or the Group's financial position or profitability. A request for arbitration in relation to a tax dispute regarding Block 12W in Vietnam has been filed with the International Chamber of Commerce in Hong Kong. The potential liability in relation to this dispute has been recorded within the taxation charge on the Consolidated Income Statement on page 89 of the Issuer's Annual Report and Financial Statements 2012.

Bearer Notes having a maturity of more than one year

Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

5. Clearing systems information and Note security codes

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and CDP (which are the entities in charge of keeping the records). In the case of Notes accepted for clearance through Euroclear and Clearstream, Luxembourg, interests in the Notes may also be held through CREST through the issuance of CDIs representing the Underlying Notes. The appropriate Common Code and International Securities Identification Number (“**ISIN**”) for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg and CDP will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking, *société anonyme*, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB. The address of CDP is 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807.

6. Documents available for inspection

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer:

- (a) the memorandum and articles of association of the Issuer;
- (b) the memorandum and articles of association of each Subsidiary Guarantor;
- (c) the audited consolidated financial statements of the Issuer in respect of the two most recent financial years then ended, in each case together with the independent audit reports prepared in connection therewith;
- (d) the most recently published interim consolidated financial statements of the Issuer, together with any audit or review reports prepared in connection therewith;
- (e) the Trust Deed and the Paying Agency Agreement;
- (f) a copy of this Base Prospectus; and
- (g) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (if required by applicable laws or stock exchange rules) and any other documents incorporated herein or therein by reference.

7. Auditors and auditors’ confirmation

The consolidated financial statements of the Issuer for the financial years ended 31 December 2011 and 2012 have been audited without qualification by Deloitte LLP, a member firm of the Institute of Chartered Accountants of England & Wales.

8. Material Contracts

There are no material contracts entered into other than in the ordinary course of the Group’s business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer’s, or any Subsidiary Guarantor’s, as the case may be, ability to meet their respective obligations relating to Notes to be issued under the Programme.

GLOSSARY OF TERMS

All references in this Base Prospectus to “sterling” and “£” refer to pounds sterling. In addition, all references to “U.S. dollars” and “U.S.\$” refer to United States dollars, all references to “Singapore Dollars” and “S\$” refer to the lawful currency of Singapore and all references to “Euro” and “€” are to the currency introduced at the start of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

References to the singular in this document shall include the plural and vice versa, where the context so requires. The terms “subsidiary” and “subsidiary undertaking” have the meanings given to them under section 1159 of the Companies Act 2006.

Glossary of Technical Terms

The following definitions shall apply to the technical terms used herein:

| | |
|---------------------------|---|
| "2C" | estimate of quantity of hydrocarbons recoverable from a known accumulation that is not currently considered to be commercially viable |
| "2D" | two dimensional |
| "2P" | proven and probable |
| "3D" | three dimensional |
| "APA" | Awards in Pre-defined Areas in respect of Norwegian licensing rules |
| "barrels of oil in place" | the total estimated volume of oil contained in a reservoir (will be higher than the estimated recoverable reserves of oil in the reservoir) |
| "BNBBLs" | billion barrels |
| "BOEPD" | barrels of oil equivalent per day |
| "BOPD" | barrels of oil per day |
| "BCF" | billion cubic feet |
| "BBTud" | billion British thermal units per day |
| "carried" | one party agrees to pay another party's costs on a project in return for earning an equity interest in that project |
| "DECC" | Department of Energy and Climate Change |
| "EPCI" | engineering, procurement, construction and installation |
| "farm-in" | acquisition of part of a company's interest in a property |
| "farm-out" | dilution of part of an interest in a property |
| "FEED" | front end engineering and design |
| "FPSO" | floating production, storage and offloading vessel |
| "GSA" | gas sales agreement |
| "GSPA" | gas sales and purchase agreement |

| | |
|----------------------------|--|
| “HSFO” | high sulphur fuel oil |
| “infill drilling” | drilling of new wells between the existing well locations of a producing field, in order to improve or accelerate recovery |
| “ITT” | invitation to tender |
| “jacket” | steel legs of an offshore platform which are usually installed first, followed by the topsides which are installed on top |
| “KBOEPD” | thousand barrels of oil equivalent per day |
| “MMBBLs” | million barrels |
| “MMBOE” | million barrels of oil equivalent |
| “MMCFD” | million cubic feet per day |
| “MMSCFD” | million standard cubic feet per day |
| “MSCF” | thousand standard cubic feet |
| “operated interest” | an equity interest in a licence held via a joint venture in which the Group is the nominated operator of the licence |
| “play” | recognised prospective trend of potential prospects, but which requires more data acquisition and/or evaluation to define specific leads or prospects |
| “PSC” | production sharing contract |
| “shows” | evidence of hydrocarbons at a well location in low quantities |
| “spud” | to begin drilling |
| “subsea riser” | a large-diameter steel pipeline connecting the top of a subsea oil well to the production facility above sea level |
| “TBtu” | trillion British thermal units |
| “tied back” | the connection of a well to the relevant processing facilities |
| “topside” | modules that are installed above sea level on an offshore platform which may include accommodation, the drilling package, power supply, and processing equipment |

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