GAS SALES AGREEMENT
RELATING TO THE SALE OF GAS FROM
THE SONGO SONGO GAS FIELD

DATED 2019, May 14TH

PANAFRICAN ENERGY TANZANIA LIMITED

as Seller

-and-

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

as Buyer

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THIS AGREEMENT is made on 14TH May 2019. 2019

BETWEEN:

(1) **TANZANIA PETROLEUM DEVELOPMENT CORPORATION**, a public corporation established under the Public Corporation Act Cap 257 R.E. 2002 of the laws of the United Republic of Tanzania, whose registered office is at Benjamin William Mkapa Towers, Tower A, Plot 51/52, corner of Azikiwe / Jamhuri Street, P.O. Box 2774, Dar es Salaam ("**TPDC**" or the "**Buyer**"); and

(2) **PANAFRICAN ENERGY TANZANIA LIMITED**, a limited liability company incorporated under the laws of Jersey, Channel Islands, having its principal office located at Sir Walter Raleigh House, 2nd Floor, PO Box 332, 48-50 Esplanade, St. Helier, Jersey JE4 9YA, Channel Islands, being registered in the Commercial Register under No. 78852 and having a branch office at Oyster Plaza Building, 5th Floor, Haile Selassie Road, Box 80139, Dar es Salaam, Tanzania ("**PAET**" or the "**Seller**"),

together the "**Parties**" and each a "**Party**".

BACKGROUND:

A. The Seller, pursuant to a Production Sharing Agreement dated 11th October 2001 between the Parties and the Government of the United Republic of Tanzania (the "**PSA**") and a Gas Agreement between the Parties, the Government of the United Republic of Tanzania and Songas Limited dated 11 October 2001 (the "**Gas Agreement**"), has the right to produce and sell Gas from the Contract Area.

B. The Seller is able and willing to make available Gas for sale, and the Buyer is able and willing to take and pay for, or pay for if not taken, Gas, in accordance with the terms and conditions set out in this Agreement.

C. The Buyer owns and operates the Buyer's Facilities, and the Raw Gas will be delivered to the Buyer's Facilities.

D. The Parties acknowledge that this Agreement relates to the sale of Additional Gas from the Contract Area.

E. The Parties acknowledge that the Buyer wishes to purchase quantities of Gas from the Seller up to an MDQ of Twenty (20.0) MMscfd and has requested such quantities from the Seller.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Whenever the following terms appear in this Agreement, whether in the singular or in the plural, present, future or past tense, they shall have the meanings stated below, unless the context otherwise requires:

"**Acceptable Institution**" means African Development Bank (AfDB) or any other financial institution which is independent from the Buyer and with a branch in London, United Kingdom and/or with a local branch in Dar es Salaam, United Republic of Tanzania that has two of the

following three financial ratings: (i) a "Long-Term Issuer Default Rating" of "A" or better from Fitch Ratings Ltd; (ii) a "Foreign Long -Term Issuer Credit Rating" of "A" or better by Standard & Poor's Financial Services LLC, and (iii) a "Long-Term Issuer Rating" of "A2" or better by Moody's Investors Service, Inc.; or any other bank agreed between the parties.

"**Additional Gas**" means all Gas that is produced from the Contract Area that is in excess of the Protected Gas;

"**Adjusted ACQ**" has the meaning given to it in Clause 6.2(b) (*Annual Contract Quantity*);

"**Adjusted TOP**" has the meaning given to it in Clause 6.8(a) (*Take or Pay Obligation*);

"**Affiliate**" means, in relation to a Party, a company or entity that directly or indirectly controls, or is controlled by, or is under common control with, as the case may be, the relevant Party, and for the purposes of this definition, "**control**" shall mean:

(a) ownership of more than fifty per cent (50%) of the voting share capital of the controlled entity;

(b) power to determine the composition of, or power to appoint, more than fifty per cent (50%) of the members of the board of directors, board of management, or other equivalent body of the controlled entity; or

(c) entitlement to receive more than fifty per cent (50%) of the income or capital distribution made by the controlled entity on its liquidation, winding up, or dissolution;

"**Agreement**" means this gas sales agreement and its schedules, as may be amended from time to time;

"**Annual Contract Quantity**" or "**ACQ**" shall be 7,300 MMscf/year (equal to 365 multiplied by the MDQ);

"**Annual Reconciliation Statement**" shall have the meaning given in Clause 11.2 (*Annual Reconciliation Statement*);

"**Applicable Law**" means the Laws of the United Republic of Tanzania and, with respect to and limited to each Party, the applicable Laws of its jurisdiction of incorporation;

"**Approvals**" means any and all permits (including work permits), franchises, authorisations, approvals, grants, licences, visas, waivers, exemptions, consents, permissions, registrations, decrees, privileges, variances, validations, confirmations or orders granted by or filed with any Governmental Authority in accordance with Applicable Law;

"**Barg**" means bars (gauge) which is gauge pressure as measured in bars above atmospheric pressure, where 1 bar = 10 Mpa;

"**BTU**" means British thermal unit being the amount of energy required to heat one pound of pure water from fifty-nine degrees Fahrenheit (59°F) to sixty degrees Fahrenheit (60°F) at a pressure of 14.696 psia, which is equivalent to approximately 1,054.8 joules;

"**Business Day**" means a day (other than a Saturday or Sunday or a public holiday) when commercial banks are open for ordinary banking business in Dar es Salaam, Tanzania;

"**Buyer's Allowed Maintenance**" has the meaning given to it in Clause 12.1(a) (*Allowed Maintenance*);

"**Buyer Event of Default**" has the meaning given to it in Clause 17.1 (*Termination by the Seller for a Buyer Event of Default*);

"**Buyer Indemnified Persons**" means the Buyer and its Affiliates, Buyer's directors, officers, Shareholders and employees;

"**Buyer's Facilities**" means the downstream flowline flange face at each well location, including the flowline, and all piping and equipment downstream of the flowline;

"**Buyer's Infrastructure**" means the Buyer's Facilities, flowlines, and the Pipeline;

"**Buyer's Metering Facilities**" shall mean all measuring and testing equipment, housings, devices and materials, together with all related equipment and appliances owned and operated by the Buyer located downstream of the Delivery Point which are required from time to time to measure, sample and test (as applicable) the quantity, quality and Gross Calorific Value of Gas, Water and Condensate delivered at the Delivery Point or NNGIP test separator;

"**Buyer's Taxes**" means all Taxes for which the Buyer is responsible pursuant to Clause 11.8(d) (*Taxes*);

"**Condition Precedent**" has the meaning given to it in Clause 2.2 (*Conditions Precedent and Effective Date*);

"**Contract Area**" has the meaning given to it in the PSA;

"**Contract Year**" means:

(a) for the first Contract Year, the period commencing at 00:00 hours on the Effective Date and finishing at 23:59:59 hours on 31 December of the same calendar year;

(b) for each subsequent Contract Year other than the last Contract Year, the period commencing at 00:00 hours on 1 January, and finishing at 23:59:59 hours on 31 December of the same calendar year during the Term; and

(c) for the last Contract Year, the period commencing at 00:00 hours on 1 January and finishing when the last day of the Term occurs;

"**Delivery Point**" means the wellheads flowline flange faces at the wellhead locations, connecting the Buyer's Facilities and the Seller's Facilities as shown on the drawings in Schedule 5;

"**Development Licence**" means the development licence dated 11th October 2001 and is due to expire on 11th October 2026 granted to TPDC, as the same may be amended, extended or renewed;

"**Dispute**" has the meaning given to it in Clause 20.1 (*Notice of Dispute*);

"Disputed Amount" has the meaning given to it in Clause 11.4 (a) (*Disputed Amount*);

"**Draft Performance Guarantee**" means the agreements referred to in Clause 13.1(b) (*Provision of the Performance Guarantee*);

"**Due Date**" means the date that is thirty (30) days following the delivery of a Monthly Statement, or any other invoice or statement (including the Annual Statement), delivered by either Party and accompanied with any relevant supporting documentation, as the case may be;

"**Effective Date**" means the day of satisfaction or waiver of the Condition Precedent;

"**End Date**" means the date of expiry of the Agreement, pursuant to Clause 2.1 (*Term*), or earlier termination of this Agreement, pursuant to its terms;

"**Event of Default**" means, as the context requires, a Buyer Event of Default or a Seller Event of Default;

"**Event of Force Majeure**" means, subject to the requirements in Clause 16.1(*Force Majeure*), any circumstance, event or Condition or Combination thereof which is beyond the reasonable control of the affected Party;

"**Exchange Rate**" means U.S. Dollars converted to Tanzania Shillings (TZS), using Bank of Tanzania (BOT) official closing selling rate on the last Business Day prior to the date of payment.

"**Expert**" means any Person appointed pursuant to Clause 19 (*Expert*);

"**Expert Referral Notice**" has the meaning given to it in Clause 19.2(a) (*Expert Appointment*);

"**Gas**" means hydrocarbons (including natural gas) or a mixture of hydrocarbons and other gases which at a temperature of 15 degrees Celsius and at a pressure of 101.325 kPa is in the gaseous state, from the Songo Songo Gas Field;

"**Gas Agreement**" shall have the meaning given to it in Recital A;

"**Gas Price**" or "**GP**" means the price for Sales Gas (which is not Shortfall Gas) in US$ per Mscf as set out in Clause 10.1 (*Gas Price*), as may be adjusted pursuant to Clause 10 (*Prices*);

"**Gas Specifications**" means the specifications for Raw Gas to be delivered under this Agreement set out in Schedule 1;

"**GJ**" means 1,000,000,000 joules;

"**Good Engineering and Operating Practices**" means recognised practices, methods and acts, together with the exercise of that degree of skill, diligence, prudence and foresight that would reasonably be expected from an internationally recognised operator under conditions comparable to those applicable to the relevant facility in the light of known fact or facts which should reasonably have been known at the time and consistent with Applicable Law, regulations, Approvals, and having regard to the need for:

(a) adequate materials;

(b) suitable personnel;

(c) appropriate maintenance procedures;

(d) ongoing monitoring and testing of plant and equipment performance;

(e) safe operating procedures; and

(f) the keeping of appropriate and adequate records of activities undertaken;

"**Government**" means the government of the United Republic of Tanzania;

"**Governmental Authority**" means any national, regional, state, or local government, or any subdivision, agency, commission or authority thereof (including any quasi-governmental agency), having jurisdiction over a Party (or any Affiliate or direct or indirect owner thereof);

"**Gross Calorific Value**" means the quantity of heat, expressed in GJ, produced by the complete combustion at constant pressure of one (1) Standard Cubic Feet of Gas, with the air at the same pressure and temperature as the Gas, and the products of combustion are cooled to original temperature and when the water formed by combustion is condensed to the liquid state;

"**Initial Delivery Date**" means a period of seven (7) days from the date this Agreement is signed by both parties;

"**Judicial Authority**" means any court of law in Tanzania, including any administrative or procedural function or tribunal that is called to rule or make judgment upon the Laws;

"**Laws**" means any constitution, statute, law, treaty, rule, regulation, ordinance, judgment, order, decree, law-decree or notification (and any published directive, guideline, requirement or other governmental rule or restriction made pursuant thereto or with respect thereto, or any determination or interpretation of any of the foregoing by any Judicial Authority, and which, in each case, has the force of law or is binding on a given Person), or other similar directives made pursuant thereto, as may from time to time be amended, replaced or otherwise modified;

"**Laws of Tanzania**" means the Laws of the United Republic of Tanzania;

"**Lenders**" means banks, financial institutions, Credit agencies or other Centres;

"**LIBOR**" means the London interbank offered rate (LIBOR) for U.S. Dollar deposits administered by ICE Benchmark Administration Limited, as published on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen, or on any successor page or heading, as the case may be;

"**Maintenance**" means Planned Maintenance and / or Unplanned Maintenance, as applicable;

"**Make-Up Gas**" means during any Contract Year, TOP Gas that the Buyer pays for but does not take delivery of pursuant to Clause 6.8;

"**Make-Up Recovery Period**" has the meaning given to it in Clause 6.10(b) (*Right to Recover Make-Up Gas*);

"**Maximum Daily Quantity**" or "**MDQ**" means for each day during the Supply Period, a quantity of Sales Gas equal to Twenty (20.0) MMscfd, or as may be agreed in writing by the Parties from time to time;

"**Metering Equipment**" shall mean the Chromatographs and Flowmeters, as such terms are described in Schedule 2, and, where applicable, the Buyer's Metering Facilities and the Seller's Metering Facilities;

"**Minimum Plant Arrival Pressure**" means the amount of pressure measured in barg at the transfer point equal to 50 barg;

"**MMscfd**" means million standard cubic feet per day;

"**Monthly Statement**" has the meaning given to it in Clause 11.1 (*Monthly Statements*);

"**Moody's**" means Moody's Investors Services Limited or any successor to its ratings business;

"**Negligence**" means the failure to exercise the care toward others which a reasonable or prudent person would do in the circumstances, or taking any action which such a reasonable person would not;

"**NNGIP**" means the National Natural Gas Infrastructure Project;

"**Non-Conforming Raw Gas**" means Raw Gas that does not meet, or will not meet, the Raw Gas Specifications as detailed in Schedule 1;

"**Non-Secured Date**" has the meaning given to it in Clause 13.2(d)(ii) (*Performance Guarantee)*;

"**Optimum Delivery Point Pressure**" shall mean the amount of pressure measured in barg at the Delivery Point not greater than 120 barg;

"**Other Charges**" means:

(a) any Taxes (except for the Seller's Taxes) that are payable in connection with the sale and delivery of Gas under this Agreement, including all taxes of an excise duty nature that arise in relation to the sale of Gas under this Agreement; and / or

(b) any new Taxes, from the date of this Agreement, that become due and payable or collectable by the Seller; provided always that the following shall be excluded:

(i) all royalties and licence fees arising under the PSA (which the Seller shall pay pursuant to the terms of the PSA); and

(ii) Taxes arising in respect of the Seller's income, profits and capital gains; and

(iii) any local municipal levies;

(c) charges or levies that any Governmental Authority requires the Seller to include on the sale of Gas pursuant to the terms of this Agreement including levies imposed by upstream or downstream regulators as the case may be;

"**Payment Reconciliation Account**" shall mean the interest-bearing account established by the Parties in accordance with Clause 11.5 (*Establishment of the Payment Reconciliation Account*);

"**Payment Reconciliation Agreement**" shall mean the agreement between the Parties and the Payments Bank for the establishment of the Payment Reconciliation Account;

"**Payments Bank**" has the meaning given to it in Clause 11.5(c) (*Establishment of the Payment Reconciliation Account*);

"**Performance Guarantee**" means the guarantee to be procured by the Buyer, to guarantee its obligations hereunder, and procured in accordance with the terms of this Agreement as detailed in Clause 13.1 (*Provision of the Performance Guarantee*);

"**Performance Guarantee Delivery Date**" means the date falling twelve (12) months after the Effective Date;

"**Permitted Range**" means the agreed tolerance of less than or equal to 0.5 per cent from the Seller's Metering Facilities manufacturer's installed specifications;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust, Governmental Authority or other state or agency (in each case, whether or not having a separate legal personality);

"**Pipeline**" means the pipeline for the transportation of Gas owned and operated by TPDC;

"**Planned Maintenance**" means:

(a) with respect to the Buyer's Facilities or part thereof, any maintenance, modification, replacement, repairs, testing, upgrades or tie-ins of the Buyer's Facilities (other than Unplanned Maintenance) required by the Buyer taking into account Good Engineering and Operating Practices for plants and / or facilities of that type and planned in accordance with Clause 12.1 (*Allowed Maintenance*);

(b) with respect to the Seller's Facilities or part thereof, any maintenance, modification, replacement, repairs, testing, upgrades or tie-ins of the Seller's Facilities (other than Unplanned Maintenance) required by the Seller taking into account Good Engineering and Operating Practices for plants and / or facilities of that type and planned in accordance with Clause 12.1 (*Allowed Maintenance*);

"**Produced Water**" means the water produced from the wells of the Songo Songo Gas Field;

"**Properly Nominated Quantity**" means the Sales Gas nominated or deemed to be nominated for any day under Clauses 6.4(a)(i) and 6.4(a)(ii) and in accordance with the terms of this Agreement, provided that such nominated quantity does not exceed the then prevailing MDQ;

"**Protected Gas**" has the meaning established in the PSA;

"**PSA**" has the meaning given to it in Recital A;

"**psia**" means pounds per square inch absolute, an Imperial unit of pressure;

"**PURA**" means the Petroleum Upstream Regulatory Authority;

"**Raw Gas**" means hydrocarbons (including natural gas) or a mixture of hydrocarbons (including condensate) and other gases and Produced Water which is produced from the wells of the Songo Songo Gas Field. This gas is not processed or treated. The Raw Gas Specification is detailed in Schedule 1;

"**Reasonable and Prudent Operator**" shall mean a Person seeking, in good faith, to perform its contractual obligations and in so doing, and in the general conduct of its undertaking, exercising that degree of skill, diligence and prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator, complying with all applicable Laws and international standards and practices, engaged in the same type of undertaking under the same or similar circumstances and conditions. Any reference to the "**standard of a Reasonable and Prudent Operator**" shall be construed accordingly;

"**Reasonable Endeavours**" means a Person pursuing a prudent and reasonable course of action to achieve the desired result on a timely basis, taking into consideration the chances of achieving the desired result and the obligor's own commercial interests/circumstances;

"**Replacement Performance Guarantee**" means the replacement Performance Guarantee procured by the Buyer, on or about the Non-Secured Date;

"**Replenishment Confirmation**" means the written confirmation provided by the Buyer pursuant to Clause 13.2(d)(ii) that the Performance Guarantee has been replenished to an amount equal to the Required Amount;

"**Repudiation**" means any refusal by a Party to perform any of its duties or obligations owed to the other under or pursuant to this Agreement;

"**Required Amount**" shall mean an amount being equal to the three (3) months aggregate sales revenue, being the MDQ multiplied by the Gas Price over the period; and will be evaluated and adjusted quarterly, based on any changes to the Gas Price and/or the MDQ.

"**Sales Gas**" shall be the sum of all Raw Gas that has been processed and treated. This will include all gas either used for the processing and treating the Raw Gas, flared gas, and exported gas. Sales Gas will be tallied on a monthly statement as shown in Schedule 4 – (*Monthly Statement*);

"**Secured Term**" means from the Performance Guarantee Delivery Date and ending on the date on which all the obligations of the Buyer under this Agreement have been unconditionally and irrevocably satisfied and discharged in full and the Buyer has no further commitment, obligation or liability in respect of the Seller;

"**Seller's Allowed Maintenance**" has the meaning given to it in Clause 12.1(b) (*Allowed Maintenance*).

"**Seller Event of Default**" has the meaning given to it in Clause 17.2 (*Termination by the Buyer for a Seller Event of Default*);

"**Seller's Facilities**" means the wells, wellheads and flowline components upstream of the flowline flange face connecting the TPDC flowline;

"**Seller's Metering Facilities**" shall mean all measuring and testing equipment, housings, devices and materials, together with all related equipment and appliances owned and operated by the Seller located at the Delivery Point, and upstream thereof (if applicable) which are required from time to time to measure, sample and test (as applicable) the quantity, quality and Gross Calorific Value of Gas delivered at the Delivery Point or NNGIP test separator;

"**Seller's Taxes**" means all Taxes arising upstream of the Delivery Point, and Taxes arising from the production, gathering, transportation and handling of Gas upstream of the Delivery Point (including any local municipal levies or duties), and Taxes arising in respect of the Seller's income, profits and capital gains, but shall exclude all taxes of an excise or duty nature that arise in relation to sale of the Gas under this Agreement;

"**Seller Indemnified Persons**" means the Seller and its Affiliates, and their directors, officers and employees;

"**Shortfall Gas**" means, subject to the exclusions in Clause 7.2 (*Failure to Supply Gas*) any quantity of the Properly Nominated Quantities not made available for delivery, on any day, by the Seller at the Delivery Point in accordance with this Agreement;

"**Shortfall Gas Price**" means the price for Gas which is Shortfall Gas set out in Clause 10.2 (*Other Prices*);

"**Shortfall Quantity**" means the quantity of any Shortfall Gas at the end of a Contract Year;

"**Songo Songo Gas Field**" shall mean the Gas reserves contained within the legal boundaries of the Songo Songo Block as defined in the PSA;

"**Standard & Poor's Financial Services LLC**" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. or any successor to its rating business;

"**Standard Cubic Feet**" or "**scf**" means the quantity of gas equal to a volume of one (1.0) cubic foot at a temperature of 60 degrees Fahrenheit (15.56 degrees Celsius) and an absolute pressure of 14.696 pounds per square inch (101,325 kPa);

"**Supply Period**" means the period commencing on the Effective Date, and ending at the end of the Term;

"**Tanzanian Shillings**" shall mean the currency that is the legal tender of The United Republic of Tanzania;

"**Taxes**" means any tax, impost, levy or duty including value added tax, excise duties and customs duties, withholding taxes or any amount charged by reference to the energy value, Gas volume and / or the carbon content of Gas arising in respect of the production, processing, transportation, sale, consumption or resale of Gas which is sold, purchased or transported in accordance with this Agreement;

"**Technical Dispute**" means a dispute that relates to a technical, engineering, operational or accounting matter relating to the Buyer's Facilities or the Seller's Facilities that, in any case, is of a type readily subject to resolution by an Expert in the relevant field;

"**Term**" has the meaning given to it in Clause 2.1 (*Term*);

"**Termination Notice**" means a notice of termination of this Agreement delivered by a Party to the other Party pursuant to this Agreement;

"**TOP**" means the Buyer's take or pay obligation, as further detailed in Clause 6.8(a) (*Take or Pay Obligation*);

"**U.S. CPI**" means the Consumer Price Index for All Urban Consumers specified for all items published by the Bureau of Labour Statistics of the United States Department of Labour; or if such index is not then in use, by the index most nearly comparable thereto;

"**U.S. Dollars**", "**USD**" or "**US$**" mean the lawful currency of the United States of America;

"**Unplanned Maintenance**" means:

(a) with respect to the Buyer's Facilities or any part thereof, any maintenance, repairs or testing of the Buyer's Facilities required by the Buyer taking into account Good Engineering and Operating Practices for plant and / or facilities of that type, and which:

(i) is not a Planned Maintenance;

(ii) has been notified to the other Party, such notice advising of the need for and of the commencement and estimated duration of such maintenance; and

(iii) is for the purpose of performing such work, maintenance, repairs or testing on the Buyer's Facilities which should not, in the reasonable judgment of the Buyer, be postponed until the next Planned Maintenance; or

(b) with respect to the Seller's Facilities or any part thereof, any maintenance, repairs or testing of the Seller's Facilities required by the Seller taking into account Good Engineering and Operating Practices for plant and / or facilities of that type, and which:

(i) is not a Planned Maintenance;

(ii) has been notified to the other Party, such notice advising of the need for and of the commencement and estimated duration of such maintenance; and

(iii) is for the purpose of performing such work, maintenance, repairs or testing on the Seller's Facilities which should not, in the reasonable judgment of the Seller, be postponed until the next Planned Maintenance;

"**Wellhead Charge**" means the wellhead charge for Gas calculated pursuant to Clause 10.1(b) (*Gas Price*); and

"**Wilful Misconduct**" means an intentional act or omission of a manifest duty that is undertaken with the realisation, intent and reckless disregard that injury or loss could arise from such conduct but shall not include any error of judgement or mistake made by any person in the exercise, in good faith, of any function, authority or discretion.

"**Wilful Act**" means an act or acts which are intentional, conscious and directed towards achieving a purpose, and such purpose shall, in the case of the Buyer, and/or the Government means preventing the Seller from making delivery of Raw Gas pursuant to the terms of this Agreement and in case of the Seller refusing to deliver gas at the Delivery Point.

1.2 **Interpretation**

In this Agreement:

(a) the headings are for convenience only and shall be ignored in construing this Agreement;

(b) the singular includes the plural and vice versa;

(c) references to the Recitals, Clauses and Schedules are, unless the context otherwise requires, references to the Recitals to, Clauses and Schedules of, this Agreement;

(d) "**including**" or "**includes**" means without limiting the generality of the foregoing or without limitation;

(e) references made to applicable laws shall include any amendments, modifications or supplements thereto;

(f) references to "**nominated**" quantities of Gas mean, in respect of any relevant period, those quantities of Gas nominated by the Buyer in accordance with this Agreement, as such quantities may be revised from time to time in accordance herewith;

(g) any reference in this Agreement to "**year**", "**yearly**", "**month**", "**monthly**", "**quarter**", "**quarterly**", "**annual**", or "**annually**" and any other references in time shall be construed by reference to the Gregorian calendar; and any reference in this Agreement to "**day**" or "**daily**" shall be construed to mean a calendar day beginning and ending at 00:00 hours local time in the United Republic of Tanzania;

(h) the Schedules form part of this Agreement and in the event of any conflict between the main body of this Agreement and a Schedule the main body of this Agreement shall prevail;

(i) reference to a "**person**" means any natural person, company, firm, partnership, corporation or other juristic person;

(j) reference to any Party or any person includes such Party's or such person's successors and permitted assigns;

(k) reference to any agreement means the same as amended, supplemented or replaced from time to time;

(l) in the computation of periods of time from a specified day to a later specified day:

(i) "from" means from and including and "until" and "to" means until and to and including; and

(ii) any requirement that an action may or shall be taken within a specified number of days means that such action may or shall be taken within the number of days so specified starting at 00:00 hours on the day on which the requirement to take such action arose.

2. TERM AND CONDITIONS PRECEDENT

2.1 Term

(a) Subject to Clause 2.2, this Agreement shall come into force on the Effective Date and shall continue in full force and effect until the earlier event to occur of:

(i) the expiry or termination of the PSA, the Gas Agreement or the Development Licence; or

(ii) the cessation of economic production of Additional Gas from the Songo Songo Gas Field; or

(iii) termination in accordance with the provisions of this Agreement, including Clause 17 (*Termination*),

(b) The Parties may agree to extend the Term of this Agreement if the term of: (i) the PSA; (ii) the Gas Agreement; and (iii) the Development Licence is extended, amended or replaced.

(c) Prior to the expiry of the Term, the Parties may meet, and provided the Seller has sufficient Gas reserves (excluding Protected Gas) remaining in the Songo Songo Gas Field available to sell, may discuss in good faith the basis upon which they may agree to extend the Term of the Agreement (including the applicable MDQ for this extension period).

2.2 Condition Precedent and Effective Date

The rights and obligations of the Parties under this Agreement, except for this Clause 2, Clause 1 (*Definitions*), Clause 20 (*Dispute Resolution*), Clause 21 (*Assignment*) and Clause 22 (*Miscellaneous*) which shall become effective on the date of execution of this Agreement, are

subject to and shall only become effective on the satisfaction or waiver of the following condition precedent:

(a) The establishment by the Parties of a Payment Reconciliation Account in accordance with Clause 11.5 (*Establishment of a Payment Reconciliation Account*);

2.3 **Satisfaction of the Conditions Precedent**

(a) Each Party shall use reasonable efforts to satisfy or procure the satisfaction of the Condition Precedent.

(b) To the extent that either the Buyer's or the Seller's assistance is required to satisfy the Condition Precedent, the Buyer or the Seller shall use reasonable efforts to provide the requested assistance

(c) Each of the Buyer and the Seller shall keep the other updated on a timely basis relating to progress in the satisfaction of the Condition Precedent

(d) Upon the satisfaction of the Condition Precedent by the Buyer and/or the Seller, the Buyer or the Seller, as the case may be, shall notify the other of the satisfaction of the same. Such notice shall include the necessary supporting documentation to substantiate the satisfaction of such Condition Precedent. Either the Buyer or the Seller may by giving notice within fifteen (15) Business Days dispute whether the Condition Precedent has been satisfied.

(e) Satisfaction of the Condition Precedent may be waived only by the written consent of the Seller.

(f) The Condition Precedent shall be satisfied on or before the Effective Date.

(g) If the Condition Precedent is not satisfied by the Buyer or waived by the Seller by the Initial Delivery Date:

(i) the Buyer shall forthwith give notice to the other Party of the reason for the delay in satisfaction of the Condition Precedent and the revised date by which it is reasonably expected that the Condition Precedent shall be satisfied; and

(ii) unless the Condition Precedent has been satisfied or waived in accordance with this Agreement, the Seller may thereafter terminate this Agreement with immediate effect by giving a Termination Notice to the Buyer.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 The Buyer's Representations and Warranties

The Buyer represents and warrants to the Seller in accordance with Clause 3.3, with the understanding and the knowledge that the Seller is acting in reliance upon such representations and warranties, that:

(a) it is a corporation, duly established and registered, and is validly existing under the Laws of the jurisdiction in which it has been incorporated and it has the power to own its property and assets and carry on its business as contemplated herein;

(b) this Agreement has been duly authorised, executed, and delivered by the Buyer and constitutes the legal, valid and binding obligation of it;

(c) there is no pending, or to the best of the Buyer's knowledge after due inquiry, no threatened litigation which would materially impair the Buyer's ability to perform its obligations under this Agreement;

(d) to the best of the Buyer's knowledge after due inquiry, the execution and delivery of, and performance of its obligations under this Agreement, subject to the granting of the requisite Approvals, does not, and will not, constitute a violation of any Applicable Laws;

(e) the performance of the Buyer's obligations under this Agreement will not result in the breach of any term or provision of, or constitute a default under, any judgment, decree, indenture, mortgage, or other agreement or instrument to which it is a party or by which it is bound;

(f) all Approvals required with respect to the Buyer in connection with its execution and delivery of this Agreement, and / or the performance of its obligations under this Agreement, have been obtained;

(g) it has received all necessary consents and approvals from PURA for the sale and purchase of Gas pursuant to the terms of this Agreement; and

(h) the sale of Gas by the Seller pursuant to this Agreement shall be deemed to constitute the sale of Additional Gas to a third-party Natural Gas customer for the purposes of Section 4 of the PSA and further that the Buyer, acting for itself and without prejudice to Seller's interests under the PSA shall be deemed to have consented to such sale for the purposes of Section 4 of the PSA.

3.2 **The Seller's Representations and Warranties**

The Seller represents and warrants to the Buyer in accordance with Clause 3.3, with the understanding and knowledge that the Buyer is acting in reliance upon such representations and warranties, that:

(a) it is a corporation, duly established and registered, and is validly existing under the Laws of the jurisdiction in which it has been incorporated and it has the power to own its property and assets and carry on its business as contemplated herein;

(b) this Agreement has been duly authorised, executed, and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller;

(c) there is no pending, or to the best of its knowledge after due inquiry, no threatened litigation which would materially impair its ability to perform its obligations under this Agreement;

(d) to the best of its knowledge after due enquiry, the execution and delivery of, and performance of its obligations under this Agreement, subject to the granting of the requisite Approvals, does not and will not constitute a violation of any Applicable Laws;

(e) the performance of its obligations under this Agreement will not result in the breach of any term or provision of, or constitute a default under, any judgment, decree, indenture, mortgage, or other agreement or instrument to which it is a party or by which it is bound; and

(f) subject to Clause 3.1(g), all Approvals required by it in connection with its execution and delivery of this Agreement, and / or the performance of its obligations under this Agreement, have been obtained.

3.3 **Timing of representations and warranties**

(a) Each of the representations and warranties set out in Clauses 3.1(a), 3.1(b), 3.2(a) and 3.2(b) shall be made by the Buyer or the Seller, as applicable, at all times during the Term, by reference to the facts and circumstances then existing.

(b) The remaining representations and warranties shall be made by the Buyer or the Seller, as applicable, on the date of this Agreement and on the Effective Date, by reference to the facts and circumstances then existing.

3.4 **Undertakings of the Seller**

The Seller undertakes and agrees with the Buyer that at all times during the Term:

(a) the Seller shall comply in all material respects with all the Applicable Laws to which it is subject; and

(b) the Seller shall have, or shall have arranged for, good and marketable title to all Gas to be delivered to the Buyer under this Agreement, and shall ensure that all such delivered Gas shall be free from all liens, charges, encumbrances and adverse interests of any and every kind (except for those arising under operation of law).

3.5 **Undertakings of the Buyer**

The Buyer undertakes and agrees with the Seller that, at all times during the Term:

(a) the Buyer shall comply in all material respects with all Applicable Laws to which it is subject; and

(b) the Buyer shall obtain and maintain all Approvals which are necessary for the construction, installation, testing, commissioning, operation and maintenance of the Buyer's Infrastructure.

3.6 **Anti-corruption**

(a) The Parties agree to cooperate on preventing corruption and undertake to take administrative disciplinary actions and rapid legal measures in their respective responsibilities to stop, investigate and prosecute in accordance with national law any person suspected of corruption or other intentional misuse resource.

(b) Neither Party, nor such Party's Affiliates, agents, representatives, sub-contractors or consultants, has offered or will offer any gift, payment or benefit of any kind, which would or could be construed as an illegal or corrupt practice either directly or indirectly, as an inducement or reward for the execution of this Agreement or that would otherwise violate (i) the Applicable Laws, including the Prevention and Combating of Corruption Act of 2007 of Tanzania; (ii) the laws of the country of formation of the ultimate parent company (or its principal place of business) of each Party; (iii) the UK Bribery Act 2010; or (iv) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and the convention's commentaries.

3.7 **Exchange of Information**

The Parties shall maintain close communication and make reasonable efforts to provide and exchange relevant information which is reasonably requested by the other Party to facilitate the fulfilment of the performance of this Agreement, except to the extent that: (a) such information is of a commercially sensitive nature to the Party possessing it; or (b) the Party possessing such information is restricted from disclosing it due to confidentiality obligations owed to a third party, and provided that failure or delay to do so shall not relieve the Parties from their obligations under this Agreement, save where the provision of the requested information is necessary for the performance, by the receiving Party of its obligations under this Agreement.

4. SOURCE OF SUPPLY

4.1 The Seller will source the Raw Gas to be delivered to the Buyer in accordance with this Agreement from the Songo Songo Gas Field.

4.2 Upon receipt at the Delivery Point, the Buyer shall be responsible for the transportation and processing of the Raw Gas delivered (including processing, treating, transporting and/or disposing of any condensate and Produced Water). Any equipment or chemicals needed for the Buyer to transport and process the Raw Gas shall be at the cost and responsibility of the Buyer.

4.3 Notwithstanding Clause 4.1, the Seller has the right to source Gas from sources other than the Songo Songo Gas Field at its sole discretion, provided that such Gas complies with the Gas Specifications.

5. FACILITIES

5.1 Buyer's Facilities

(a) During the Term, the Buyer, at no cost to the Seller, shall as a Reasonable and Prudent Operator, operate, maintain, repair and if applicable, replace or modify the Buyer's Facilities in a manner that will enable the Buyer to comply with its obligations under this Agreement for the Term.

(b) The Buyer shall be responsible for the installation of all infrastructure and processing facilities necessary to take delivery of the Raw Gas at the Delivery Point and comply with its obligations to the Seller under this Agreement, including but not limited to the installation of flowlines, metering and cooling facilities, if, as and when necessary. For the purpose of this sub-clause (b), the Seller shall connect the flowlines to the Delivery Point on behalf of the Buyer and the costs for such connection shall be reimbursed by the Buyer to the Seller.

5.2 Seller's Facilities

During the Term, the Seller, at no cost to the Buyer, shall as a Reasonable and Prudent Operator, operate, maintain, repair and if applicable, replace the Seller's Facilities in a manner that will enable the Seller to comply with its obligations under this Agreement.

6. QUANTITIES, NOMINATION, TAKE-OR-PAY OBLIGATIONS AND MAKE UP GAS

6.1 Maximum Daily Quantity

(a) Subject to Clause 6.1 and Clause 8.1(b)(iii) (*Quality of Supply and Gas Pressure*), the maximum quantity of Gas that the Seller shall be obligated to deliver and make available to the Buyer at the Delivery Point in respect of each day during the Supply

Period, shall be the MDQ, subject to any adjustment in accordance with Clause 12.1 (*Allowed Maintenance*).

(b) The Seller shall deliver, subject to the provisions of this Agreement, on each day during the Supply Period, at the Delivery Point, the quantity of Raw Gas nominated in accordance with Clause 6.5 (*Properly Nominated Quantity*) by the Buyer in accordance with this Agreement for delivery on such day, provided that such quantity does not exceed the MDQ.

(c) The Buyer shall be entitled at any time to request in writing an increase to the MDQ. The Seller shall have the right to renegotiate the gas price as a result of any request by the Buyer to increase the MDQ as a consequence of newly required infrastructure. The Seller shall, within thirty (30) days of receiving any such notice, notify the Buyer if the Seller, in its absolute discretion, agrees to such an increase in the MDQ provided that if the Seller agrees to any such increase then the Buyer shall, as a condition precedent to the Seller being obliged to commence the supply of Raw Gas equal to the increased MDQ, increase the Required Amount under the Performance Guarantee to reflect the increase in the MDQ.

6.2 **Annual Contract Quantity**

(a) The ACQ in respect of each Contract Year shall be the quantity of Sales Gas equal to the sum of the MDQ for the given Contract Year. The Seller shall not be obliged to make a quantity of Sales Gas available to the Buyer that exceeds the ACQ for that Contract Year.

(b) The ACQ shall be adjusted by deducting the following quantities:

(i) Gas not delivered by the Seller, or the Buyer is unable to take due to an Event of Force Majeure;

(ii) Gas not delivered due to Planned Maintenance of either Party or Unplanned Maintenance of either Party that is permitted or excused in accordance with Clause 12.1 (*Allowed Maintenance*);

(iii) Non-Conforming Gas rejected by the Buyer in accordance with Clause 8.2 (*Failure to Meet Raw Gas Specifications*); and

(iv) Any portion of a Properly Nominated Quantity in that Contract Year which the Seller is unable to deliver for any other reasons other than the Buyer's failure.

(c) The Adjusted ACQ shall never be less than zero (0).

6.3 **Annual Nomination**

Not less than sixty (60) days prior to the commencement of each Contract Year, the Buyer shall nominate in writing to the Seller its best estimate, on a non-binding basis, of its requirements for Sales Gas for each month for the next Contract Year (which shall not exceed the ACQ).

6.4 **Buyer's Nomination:**

(a) Not less than seven (7) calendar days prior to the commencement of each month, the Buyer shall nominate in writing to the Seller:

(i) a forecast of its requirements for Sales Gas for each day of that month, based on the forecast submitted by Seller in Clause 6.3 above; and

(ii) a forecast of the average daily quantity of Sales Gas which the Buyer estimates it shall require during each of the subsequent eleven (11) months, based on the forecast submitted by the Seller in Clause 6.4(a)(i) above.

6.5 **Properly Nominated Quantity:**

If the Buyer does not make a nomination of a Properly Nominated Quantity in respect of a day not less than seven (7) calendar days prior to that day, the Properly Nominated Quantity in respect of such day shall be the last Properly Nominated Quantity made by the Buyer.

6.6 **Revised Daily Nominations: Ahead of the Relevant Day**

Should the Buyer wish to revise the Properly Nominated Quantity for any day, then the Buyer shall provide a notice of such revised nomination, such revised nomination to be less than the MDQ, to the Seller by no later than 11:00 hours on the day prior to the first day on which the revised nomination is to take effect. Such notice shall include:

(a) the revised nomination(s); and

(b) the day or days for which such revised nomination(s) are to apply.

Upon receipt of a revised nomination made in accordance with this Clause 6.6, and in accordance with the terms of this Agreement, the Properly Nominated Quantity for such day(s) shall be amended as set out in the relevant notice.

6.7 **Revised Daily Nominations: During the Relevant Day**

(a) In the event that the Buyer wishes to amend the Properly Nominated Quantity for a day during such day, the Buyer shall provide a notice of revised nomination, such revised nomination to be less than the MDQ, to the Seller as soon as is practicable in the circumstances.

(b) Where the Buyer seeks to revise its Properly Nominated Quantity during any day, the Buyer shall advise the Seller in advance by telephone and by email so as to alert the Seller of the amended notice regarding the revised Properly Nominated Quantity.

(c) The Seller shall use Reasonable Endeavours to make the revised quantity requested by the Buyer under this Clause 6.7 available for delivery to the Buyer for that day. To the extent that the Seller is able to comply with the revised nomination, the quantity of Raw Gas which is actually made available for delivery to the Buyer for that day shall be deemed to be the Properly Nominated Quantity for that day.

(d) For the avoidance of doubt, the Seller shall not be liable, or deemed to be in breach of any of its obligations under this Agreement if, for whatever reason, the Seller is unable to comply with the revised Properly Nominated Quantity.

6.8 **Take or Pay Obligation**

(a) For each Contract Year in the Supply Period, the Buyer shall be obligated to take and pay for, or to pay for if not taken, a quantity of Sales Gas at least equal to the adjusted TOP which shall be the TOP for such Contract Year, as adjusted pursuant to Clause 6.8(c).

(b) The annual TOP in any Contract Year shall be equal to the ACQ for such Contract Year multiplied by 0.85

(c) The Adjusted TOP for each such Contract Year means, the TOP minus the aggregate of the following:

(i) The aggregate quantity of Sales Gas not made available to the Buyer due to Planned Maintenance by the Seller; or

(ii) The aggregate quantity of Sales Gas not made available or not taken due to an Event of Force Majeure.

6.9 **Make-Up Gas and Applicable Gas Price**

(a) During any Contract Year, Make-Up Gas will be credited to the Buyer at the end of the relevant Contract Year.

(b) Subject to the annual reconciliation procedures set forth in Clause 11.2 (*Annual Reconciliation Statement*), during the Contract Year immediately following the Contract Year in respect of which a right to Make-Up Gas arose, after the Buyer has taken Sales Gas at least equal to the TOP amount for such Contract Year, the next Sales Gas taken by the Buyer in such Contract Year (up to the maximum quantity as determined in accordance with Clause 6.8(a)) shall be Make-Up Gas.

(c) The Seller shall make available to the Buyer all quantities of Make-Up Gas properly nominated in accordance with this Agreement during the Contract Year following the Contract Year in which the right to such Make-Up Gas accrued.

(d) The Buyer shall be entitled to receive Make-Up Gas at no additional cost, subject to the Buyer having previously paid the relevant Gas Price for the TOP amount.

6.10 **Right to Recover Make-Up Gas**

(a) Subject to Clause 6.10(b), the Buyer is only entitled to take Make-Up Gas in the subsequent two (2) Contract Years after the Contract Year in which the entitlement to take that Make-Up Gas accrues; if there is any entitlement to Make-Up Gas outstanding at the end of the subsequent two (2) Contract Years, such entitlement will automatically cease and no longer be available to the Buyer.

(b) The Buyer shall cease to have any rights to any Make-Up Gas not taken by the end of the Term.

(c) If the Buyer has an entitlement to Make-Up Gas but the Seller no longer has the right to exploit the Contract Area and / or the Development Licence has expired or terminated and the Seller is unable to obtain the Gas from the Contract Area, then the Seller shall have no obligation to delivery any or gas or to compensate the Buyer in respect of such Make-Up Gas, or in respect of any losses the Buyer may suffer.

7. SHORTFALL GAS

7.1 Duty to Supply Nominated Gas

Subject to the terms of this Agreement, the Seller shall make available for delivery to the Buyer, at the Delivery Point, the Properly Nominated Quantity for each day, and such quantity of Sales

Gas will be made available by the Seller and accepted by the Buyer at an even rate during the course of such day.

7.2 **Failure to Supply Gas**

Quantities of undelivered Sales Gas shall not constitute Shortfall Gas if and to the extent that:

(a) the Seller is excused from liability for such failure due to an Event of Force Majeure pursuant to Clause 16 (*Force Majeure*);

(b) the failure to deliver Gas is due to either Planned Maintenance or Unplanned Maintenance of either Party that is permitted in accordance with Clause 12.1 (*Allowed Maintenance*);

(c) any such failure is due to a breach by the Buyer of its obligations under this Agreement (which would, with the passing of the applicable grace periods (if any), if un-remedied, constitute a Buyer Event of Default if un-remedied within such applicable grace period) or is due to a Buyer Event of Default;

(d) such undelivered Gas is Make-Up Gas;

(e) as a result of any Wilful Act of the Buyer, or the Government on behalf of the Buyer, that prevents the Seller from making delivery; or

(f) the Seller's obligation to deliver Gas under this Agreement has been suspended pursuant to Clause 11.7 (*The Seller's Right of Suspension and Set-Off*) or Clause 13.2(d)(ii)(A) (*Performance Guarantee*).

7.3 **The Buyer's Remedy for Shortfall Gas**

(a) If there is any Shortfall Quantity at the end of a Contract Year, then the first quantities of Sales Gas made available for delivery by the Seller to the Buyer at the Delivery Point during the next Contract Year up to the amount of the Shortfall Quantity shall be paid for by the Buyer at the Shortfall Gas Price.

(b) The obligation of the Seller to make the Shortfall Quantity available to the Buyer at the Shortfall Gas Price shall constitute the Buyer's sole and exclusive remedy in respect of any Shortfall Gas.

(c) If the Buyer has an entitlement to Shortfall Gas but the Seller no longer has the right to exploit the Contract Area and / or the Development Licence has expired or terminated and the Seller is unable to obtain the Gas from the Contract Area, then the Seller shall reimburse the Buyer for the Shortfall Gas at the Shortfall Gas Price (calculated in accordance with Clause 10.2(b) (*Other Prices*).

8. QUALITY OF SUPPLY

8.1 **Quality of Supply and Gas Pressure**

From the Effective Date:

(a) the Seller shall deliver Raw Gas to the Delivery Point in conformity with the Gas Specifications specified in Schedule 1.

(b) In regard to Gas pressure:

(i) Subject to Clause 8.1(b)(iii)the Seller shall make Gas available at the Delivery Point at the Optimum Delivery Point Pressure in accordance with the terms of this Agreement.

(ii) In regard to the Pipeline and infrastructure downstream of the Delivery Point:

(A) The Parties acknowledge that: (1) the Pipeline and infrastructure downstream of the Delivery Point is not controlled or regulated by the Seller; and (2) the Songo Songo NNGIP Processing Facility has been designed with, and is intended to be operated at, a minimum inlet pressure of 50 barg.

(B) The Buyer shall procure that the operator of the Songo Songo NNGIP Processing Facility shall operate the Songo Songo NNGIP Processing Facility so that the pressure in the pipeline downstream of the Delivery Point is maintained at no greater than the Optimum Delivery Point Pressure.

(iii) Notwithstanding any provision of this Agreement, if the pressure in the Pipeline and infrastructure downstream of the Delivery Point is above the Optimum Delivery Point Pressure then the Parties acknowledge that it may not be possible for the Seller to deliver a quantity of Gas equivalent to the then applicable Properly Nominated Quantity and / or at the Optimum Delivery Point Pressure; and in the case of, and during, such circumstances: (1) the Seller shall be relieved of its obligations to deliver Gas under this Agreement; (2) and that there will be no liabilities or other adverse consequences for the Seller under this Agreement for any such non-delivery.

8.2 **Failure to Meet Raw Gas Specifications**

(a) The Seller shall provide prompt notification to the Buyer, of any known or anticipated deliveries of Non-Conforming Raw Gas. Such notification shall include the composition of the Non-Conforming Raw Gas.

(b) Promptly after receiving notice under Clause 8.2(a), the Buyer shall notify the Seller whether or not it wishes to accept delivery of such Non-Conforming Raw Gas. If the Buyer fails to provide a response within three (3) days to the Seller from the time of any notification of Non-Conforming Raw Gas under Clause 8.2(a), then the Buyer will be deemed to have elected to accept the Non-Conforming Gas in accordance with this Clause 8.2.

(c) The Buyer shall have the right, but not the obligation, to accept Non-Conforming Raw Gas. In the event that, from time to time, the Buyer so elects, having actual knowledge that the Gas does not conform to the Raw Gas Specifications, to accept such Non-Conforming Raw Gas, the Seller shall in no event be liable to the Buyer under this Agreement or for any damage to the Buyer's Infrastructure or any part thereof arising from the use of Non-Conforming Raw Gas pursuant to this Clause 8.2(c) and the Buyer shall indemnify the Seller against any liability to any third party arising from any Non-Conforming Raw Gas knowingly taken by the Buyer. The Buyer's agreement to accept any Non-Conforming Raw Gas shall not be taken in any way to modify or alter the Raw Gas Specifications or bind the Buyer at any future time to accept any Non-Conforming Raw Gas.

(d) If the Buyer elects to accept such Non-Conforming Raw Gas, such Non-Conforming Raw Gas shall be paid for by the Buyer at the then prevailing Gas Price for the Sales Gas and shall not (for the avoidance of doubt) constitute Shortfall Gas. The Seller shall not be liable to the Buyer under this Agreement or for any damage or loss to the Buyer's Infrastructure or any part thereof arising from the use of such Non-Conforming Raw Gas.

(e) If the Buyer rejects the Non-Conforming Raw Gas, then both parties shall meet and discuss a mutual resolution of the Raw Gas Specification in Schedule 1.

(f) In the event that Non-Conforming Raw Gas is delivered to the Buyer without notice, the Seller shall be liable to the Buyer under this Agreement for any damage or loss to the Buyer's Infrastructure or any part thereof arising from the use of Non-Conforming Raw Gas delivered during the period prior to notice having been given, except to the extent that such damage or loss arises, is caused, worsened or continued by the Buyer failing to act in accordance with Good Engineering and Operating Practices and / or failing to act in accordance with the requirements of Clause 18.2 (*Mitigation*).

8.3 **Quality Testing**

(a) The quality of Raw Gas delivered under this Agreement shall be determined in accordance with the Gas Quality Testing Procedures.

(b) Any Dispute regarding the quality of the Raw Gas, the non-conformity with the Raw Gas Specifications, or the Gross Calorific Value shall be resolved by the Expert in accordance with Clause 19 (*Expert*).

9. DELIVERY POINT AND METERING

9.1 **Delivery Point**

All quantities of Raw Gas shall be delivered and sold to the Buyer at the Delivery Point.

9.2 **Transfer of Title, Custody and Risk of Loss**

(a) The Buyer shall acquire full title, custody and risk of loss of Raw Gas, condensate and Produced Water at the Delivery Point.

(b) Title to the Raw Gas shall at all times remain with the Buyer, following the delivery of the Raw Gas by the Seller to the Delivery Point.

9.3 **Meters**

The rights, interests, covenants and obligations of the Parties in respect of the measurement and analysis of the Gas delivered by the Seller to the Buyer at the Delivery Point under this Agreement shall be as set out in Schedule 2 and this Clause 9.

9.4 **Meter Reading**

(a) The quantities of Sales Gas, condensate and Produced Water delivered at the Delivery Point shall be determined on a daily, weekly and monthly basis through the Metering Equipment and in accordance with the provisions of Schedule 2. The readings from the Metering Equipment for normal billing purposes shall be recorded daily and the Buyer and the Seller shall be entitled to send representatives to attend monthly readings and the representatives then present at such reading shall sign or otherwise acknowledge

the recorded reading then taken. Gas quantities and the Gross Calorific Values of the Gas sold hereunder shall be determined from such readings or records made in accordance with the provisions of Schedule 2 and this Clause 9.

(b) At the Seller's request, the Buyer will permit the Seller, at the Seller's sole risk and expense and only in the presence of a representative from the Buyer, to have access to the Buyer's Metering Facilities on reasonable notice and at reasonable hours and at a frequency consistent with the Buyer testing and inspection programme, for the purposes of inspection or to take samples and to be present during tests for quantity and quality of the Gas and at the installing, changing, repairing, inspecting, calibrating or adjusting of the Buyer's Metering Facilities.

9.5 **Maintenance of Meters and Errors in Readings**

(a) The Buyer shall be responsible for initially calibrating the Buyer's Metering Facilities and shall have the obligation to demonstrate that the total uncertainty of the Metering Equipment does not exceed 1.0 per cent and is in conformity with the Buyer's Metering Facilities manufacturer's installed specifications and shall do so in the presence of a representative from the Seller.

(b) Thereafter, calibration of the Metering Equipment shall be performed in accordance with Schedule 2.

(c) The Buyer may require the Seller to carry out additional verification of the accuracy of the Seller's Metering Facilities at any time. If after such additional verification, the Seller's Metering Equipment is found to be measuring within the Permitted Range, then the costs of such additional verification shall be borne by the Buyer. If, however, the Seller's Metering Facilities are found to be measuring outside the agreed Permitted Range of the last preceding verification, then the costs of such additional verification shall be borne by the Seller.

(d) The Seller may require the Buyer to carry out additional verification of the accuracy of the Buyer's Metering Facilities at any time. If after such additional verification, the Buyer's Metering Equipment is found to be within the Permitted Range, then the costs of such additional verification shall be borne by the Seller. If, however, the Buyer's Metering Facilities are found to be measuring outside the agreed Permitted Range of the last preceding verification, then the costs of such additional verification shall be borne by the Buyer.

(e) If any verification test shows that any instrument comprising any of the Buyer's Metering Facilities is out of service or inaccurate in excess of the Permitted Range, the Buyer shall recalibrate the relevant instrument to measure and record within such agreed tolerance as soon as is reasonably practicable, at its own cost.

9.6 **Adjustment and Administration of Metering Facilities**

(a) If for any reason, the Buyer's Metering Equipment is out of service, or is registering inaccurately as is determined pursuant to Schedule 2 or otherwise outside the Permitted Range, the Buyer shall:

(i) notify the Seller within four (4) hours and in writing within one (1) day after such error is identified and shall make available to the Seller such records as are relevant to determining the magnitude and duration of the error;

(ii) determine or estimate the correct amount of Sales Gas detailing the components volumes (Gas, Condensate, Produced Water) actually delivered during the duration of the error, as determined in accordance with Schedule 2. This information shall be included in a formal report sent to Seller at the end of the month in which the event occurred; and

(iii) the Parties are entitled to adjust, once agreement has been reached between Seller and Buyer on the report at (ii) above, its overpayment or underpayment for Sales Gas not actually delivered or over delivered, as applicable, on the basis set out in Schedule 2.

(b) The amount of rebate to be made to, or the additional charge to be made on, the Buyer in consequence of the inaccurate registration shall be shown in the next monthly invoice rendered by the Seller under Clause 11 (Invoicing and Payment), having regard to the adjusted quantities calculated under Clause 9.6(a)(ii).

(c) The Buyer shall maintain all original test data, charts and other similar records generated by the Buyer's Metering Facilities for three (3) Contract Years, and shall maintain electronic records of the same for seven (7) Contract Years. The Buyer shall provide the Seller with access during normal business hours to all such original test data, charts and other similar records.

9.7 **Disputes**

The Parties shall promptly meet to discuss and endeavour to settle any dispute (or failure to agree) which may arise with regard to the application of the provisions of this Clause 9, Schedule 2 or the measurement or testing of the quantity or quality of Gas delivered. If, within thirty (30) days after the first of such meetings, they shall have been unable to settle such dispute (or so to agree) then such dispute (or failure to agree) may be referred (at the request of either Party) to the Expert in accordance with Clause 19 (*Expert*).

9.8 **Provision of Information**

(a) The Seller shall use Reasonable Endeavours to provide the Buyer with the ability to access delivery pressure data and the delivery volumetric rate data for the upstream of the Delivery Point.

(b) The Seller makes no representation or warranty as to the accuracy of the information made available pursuant to Clause 9.8(a). Notwithstanding anything to the contrary herein, the Seller shall not be liable to the Buyer in contract, tort, warranty, strict liability or other legal theory for either failing to provide the Buyer with real time information pursuant to Clause 9.8(a) or for the accuracy of such information.

(c) The Buyer shall use Reasonable Endeavours to provide the Seller with simultaneous copies of all dispatch instructions provided to the operators of the Buyer's Infrastructure.

(d) The Buyer makes no representation or warranty as to the accuracy of the information provided to the Seller pursuant to Clause 9.8(c). Notwithstanding anything to the contrary herein, the Buyer shall not be liable to the Seller in contract, tort, warranty, strict liability or other legal theory for either failing to provide the Seller with dispatch instructions pursuant to Clause 9.8(c) or for the accuracy of such information.

10. PRICES

10.1 Gas Price

(a) The Gas Price or GP in each Contract Year shall be determined on the basis of High Heating Value (as detailed in Schedule 1) and shall be calculated as follows:

GP = A + B where:

A = Wellhead Charge as calculated in accordance with Clause 10.1(b);

B = Other Charges as defined in the definitions;

At the date of execution of this Agreement the initial Gas Price shall equal:

GP_0 = US$ 3.10 per Mscf

(b) On 1st January of each Contract Year the Wellhead Charge component of the Gas Price shall be recalculated and shall be the lower of the following two formulae:

(i) $Wellhead\ Charge_t = GP_0\ x\ \left(\frac{CPI_{(t-1)}}{CPI_{2017}}\right)$, or

(ii) $Wellhead\ Charge_t = GP_0\ x\ 1.02^{(t-1)}$

where,

Wellhead Charge is the Wellhead Charge component of the Gas Price ("A" above) for a given Contract Year (t),

t is the given Contract Year where the Contract Year beginning 1 January 2018 is Contract Year (1),

GP_0 is the initial Gas Price at the date of execution of the Agreement,

$CPI_{(t-1)}$ is the Average US CPI for the twelve (12) months ending 31 December of the previous Contract Year, and

$CPI_{(2017)}$ is the Average US CPI for the twelve (12) months ending 31 December 2017, which is agreed to be 245.12

provided that if the lower of the two formulae set out in (i) and (ii) above results in a reduction to the Gas Price in any Contract Year, the Gas Price shall not be reduced.

(c) The Parties acknowledge and agree that the Wellhead Charge component of the Contract Price has been the subject of commercial negotiation by the Parties taking into account various technical, operational and economic factors.

10.2 Other Prices

(a) The Shortfall Gas price for quantities of Shortfall Gas referred to in Clause 7.2 shall be calculated in accordance with Clause 10.1(b) using eighty per cent (80%) of the Wellhead Charge component of the Contract Price.

(b) In the event that (i) the Seller agrees to deliver Gas volumes nominated by the Buyer on any given day in excess of the MDQ; or (ii) the Buyer takes Gas volumes in excess

of the MDQ, then the Price of the Gas for any such excess volumes shall be calculated in accordance with Clause 10.1(b) using one hundred and twenty (120%) of the Wellhead Charge component of the Contract Price provided that such excess volumes exceed 5% of the MDQ (Excess Gas Tolerance). Excess volumes shall be calculated on a monthly basis.

10.3 **Temporary Unavailability of Index or Error in Index**

(a) If, at the date when a value for an index is required to be used in the calculation of the Gas Price as described in Clause 10.1, such value, in the opinion of both the Parties:

(i) is temporarily not available from the relevant publication or source, but is likely to be available at a later date, then the Parties will jointly try to obtain and agree upon the relevant value from some other source; or

(ii) has been computed or published in an erroneous form, then the Parties will jointly try to agree upon a corrected value.

(b) To the extent that the Parties have been able to agree upon or, as the case may be, correct such value, the value shall be used in the said calculation, and the Gas Price determined from said calculation shall not subsequently be amended.

(c) If, in either of the circumstances set out in Clause 10.3(a)(i) or (ii), the Parties have been unable to obtain or agree upon any value, then the last available value not needing correction, or such other value as the Parties are jointly able to agree, shall be used in the said calculation to obtain a provisional Gas Price.

(d) When the correct value becomes available from the specified publication or source, the Gas Price shall be recalculated using the correct value, and the amount of any resulting adjustment, together with interest at the rate of LIBOR, shall be included in the next Monthly Statement.

10.4 **Permanent Unavailability of Index**

(a) If, at the date when a value for an index is required to be used in the calculation of the Gas Price as described in Clause 10.1, either Party is of the opinion that any required value for such index is permanently not available (or the Parties are unable to agree whether it is just temporarily unavailable) then the Party holding such opinion shall give notice to the other of such circumstances. The Parties will promptly meet and try to agree whether such opinion is valid and, if so, upon an appropriate amendment to or replacement of such index.

(b) To the extent that the Parties have been able to agree upon or, as the case may be, correct such value or basis of calculation, it shall be used in the said calculation; and the Gas Price determined from said calculation shall not subsequently be amended.

(c) If, within three (3) months from the date of the said notice given in Clause 10.4(a), no such agreement has been reached, then, at the request of either Party, the matter shall be referred to an Expert for determination.

(d) The Expert shall determine a replacement index which will thereafter serve as the index. In selecting a replacement index, the Expert shall select a replacement index that will reflect as closely as possible the price behavior of the index which it replaces.

10.5 **Rounding**

Calculations of USD to determine the Gas Price for any period shall be made to at least five (5) decimal places, without rounding, and the final expression of the Gas Price for any period shall be rounded to the fourth (4^{th}) decimal place. When rounding, if the number in the fifth (5^{th}) decimal place is four (4) or less then the number in the fourth decimal place shall remain the same, and if the number in the fifth decimal place is five (5) or more then the number in the fourth (4^{th}) decimal place shall be rounded up to the next number.

11. INVOICING AND PAYMENT

11.1 **Monthly Statements:**

Following commencement of supply of Raw Gas, by the tenth (10^{th}) day of each month, the Seller shall send to the Buyer a statement and relating supporting information for the Raw Gas made available at the Delivery Point in the preceding month, and such statement, shall set out the following:

For each day during the previous month:

(a) The Properly Nominated Quantity;

(b) The actual quantity delivered;

(c) The Non-Conforming Gas quantity;

(d) The quantity of Sales Gas not taken in consequence of the Buyer's Allowed Maintenance;

(e) The quantity of Sales Gas not made available in consequence of Seller's Allowed Maintenance;

(f) The quantities of Sales Gas subject to an Event of Force Majeure;

(g) The quantity of Make-Up Sales Gas, if any;

(h) The quantity of Condensate (bls);

(i) The quantity of Produced Water (bls); and

(j) A completed monthly worksheet as shown in the example in Schedule 2 as amended from time to time.

For the previous month:

(a) The total quantity of Sales Gas delivered to the Buyer for such month;

(b) The Gas Price;

(c) Any other amount due from Buyer to the Seller under this Agreement for such month;

(d) Any Taxes applicable to amounts due from the Buyer to the Seller or from the Seller to the Buyer for such month;

(e) The total amount due under this contract in respect of such month; and

(f) The name and address of the Seller's Bank and the Seller's Account Number.

An example of a Monthly Statement is set out in Schedule 4.

11.2 **Annual Reconciliation Statement**

By the thirtieth (30th) day after the end of each Contract Year, the Seller shall send to the Buyer a statement and related support information, which shall show for the preceding Contract Year the information specified below:

(a) The Annual Contract Quantity for such Contract Year;

(b) The Gas Price, by month;

(c) The aggregate quantity of Gas not taken or made available in consequence of Buyer's Allowed Maintenance and Seller's Allowed Maintenance for such Contract Year;

(d) The aggregate of the quantity of Gas subject to an Event of Force Majeure, during such Contract Year, by month;

(e) The Adjusted ACQ for such Contract Year, together with the applicable calculation;

(f) The TOP quantity for such Contract Year, together with the applicable TOP calculation;

(g) The total Quantity of Gas delivered to Buyer during such Contract Year, by month;

(h) The Outstanding Make-Up Gas Balance at the beginning of such Contract Year, the total quantity of Make-Up Gas taken during such Contract Year, the total amount of the Outstanding Make-Up Gas Balance which expired during the Contract Year and the Outstanding Make-Up Gas Balance at the end of such Contract Year;

(i) The Annual Deficiency Quantity, for such Contract Year together with the applicable calculation;

(j) Any other amount due from Buyer to Seller under this Agreement for such Contract Year;

(k) Any Taxes applicable to amounts due from Buyer to Seller or Seller to Buyer for such Contract Year that have not been included in Monthly Statements;

(l) The Annual quantity of Condensate, by month; and

(m) The quantity of Produced Water, by month.

11.3 **Payment Terms**

(a) Not later than thirty (30) days after the Seller has sent the Monthly Statement for the preceding month, the Buyer shall pay to the Seller (in immediately available funds), the sum set out in such Monthly Statement.

(b) Within thirty (30) days following the Buyer's receipt of the Annual Reconciliation Statement, the Buyer or the Seller (as the case may be) shall pay (in funds available to the payee on the day of payment) to the other the sum (if any) set out in such Annual Reconciliation Statement.

(c) Any invoiced amount due and payable under this Agreement will be in U.S. Dollars. Payment may be made in Tanzanian Shillings, converted from U.S. Dollars to Tanzanian Shillings, using the Exchange Rate as defined. Payments under this Agreement may be made in Tanzanian Shillings by direct debit transfer, or equivalent instantaneous transfer of funds, to the Party due to receive the same in such account as that Party may from time to time request.

(d) Should the due date for a payment not be a Business Day, then the due date for such payment shall be the following Business Day.

(e) Should either Party fail to make payment to the other of any sum due hereunder, interest thereon shall accrue monthly at an effective annual rate equal to three per cent (3%) above one (1) month LIBOR based on the U.S. Dollar amount (as in effect on the day when such sum was originally due) on the amount due and payable denominated in U.S. Dollars on and from the day when payment was due until the date of payment. Interest shall apply to all amounts overdue, including interest on unpaid amounts.

11.4 **Disputed Amounts**

(a) If a Dispute arises as to any amount reflected on the Monthly Statement or the Annual Reconciliation Statement (as the case may be), the Buyer shall provide the Seller with a written notice of the disputed sum together with the basis of the Dispute within twenty (20) days of the Buyer's receipt of such Monthly Statement or Annual Reconciliation Statement (as the case may be).

(b) If any portion or all of any statement is disputed, the Party that is obliged to pay the total amount set out in such Monthly Statement or Annual Reconciliation Statement (as the case may be) on or before the due date, provided that a Party shall not be obliged to pay an amount which has been calculated in manifest error.

(c) The Parties shall try and resolve any disputed amount as quickly as possible, and any adjustments necessary to reconcile the resolution of the Dispute with the amount actually paid shall be within ten (10) Business Days following the resolution of the disputed amount.

(d) In the event any Dispute arising as to any amount reflected in the Monthly Statement or Annual Reconciliation Statement cannot be resolved amicably, the matter shall be referred to an Expert in accordance with Clause 19 (*Expert*). All such adjustments, whether over payment or under payment, shall bear interest pursuant to Clause 11.3(e) from the date of over payment or under payment, as the case may be, until the date of payment.

11.5 **Establishment of the Payment Reconciliation Account**

(a) As a Condition Precedent to the effectiveness of this Agreement, the Parties shall establish the Payment Reconciliation Account.

(b) The Payment Reconciliation Account shall be established and maintained for the duration of the Supply Period in accordance with the terms of the Payment Reconciliation Agreement and shall comply with the requirements of paragraph 3 of Schedule 3.

(c) The Payment Reconciliation Account shall be established at a commercial bank, such bank being with an Acceptable Institution, with a branch located in Dar es Salaam (the

"**Payments Bank**"). The Parties shall be required to mutually agree, in writing, on the Payments Bank, prior to the opening of the Payment Reconciliation Account.

(d) Any amount in the Monthly Statement or the Annual Reconciliation Statement (as the case may be) which is disputed shall be paid by the disputing Party into the Payment Reconciliation Account on or before the due date of such disputed payment.

(e) The Parties shall then resolve any disputed amount pursuant to the provisions of Clause 11.4. Upon resolution of such dispute, the Parties shall instruct the Payments Bank to pay such disputed amount plus any accrued interest to the relevant Party.

(f) The fees charged by the Payments Bank shall be shared equally by the Seller and the Buyer.

11.6 **Designated Bank**

The Parties shall designate a bank account for payments under this Agreement. A Party shall designate its bank by notice to the other Party, initially not later than twenty (20) Business Days prior to the commencement of the Supply Period.

11.7 **The Seller's Right of Suspension and Set-Off**

(a) If the Buyer fails to pay an amount due and payable under any Monthly Statement or Annual Reconciliation Statement within thirty (30) days from the Non-Secured Date of either the Monthly Statement or Annual Reconciliation Statement (other than where the sum is the subject of a bona fide dispute pursuant to Clause 11.4), the Seller shall be entitled to suspend deliveries of Gas to the Buyer until:

(i) the Buyer has paid in full all outstanding amounts due and payable; or

(ii) the Seller exercises its right to terminate this Agreement pursuant to Clause 17.1 (*Termination by the Seller for a Buyer Event of Default*).

(b) The Buyer's TOP shall be suspended during any suspension of deliveries in accordance with this Clause 11.7.

(c) In addition to its right to suspend deliveries of Gas, the Seller shall have the right (by way of set-off or otherwise) to reduce amounts, if any, that it owes to the Buyer under the PSA and any future processing and transportation agreements between the Parties, in a sum equal to any amounts owed by the Buyer to the Seller under this Agreement, irrespective of the currency or place of payment.

11.8 **Taxes**

(a) The Seller shall pay or procure the payment of all the Seller's Taxes.

(b) The Seller shall pay or procure the payment of all Taxes arising at and Upstream of the Delivery Point, which shall include all Taxes arising from all operations in relation to this Agreement upstream of the Delivery Point, as may become due by any Party in relation to the performance of this Agreement, and Taxes arising in respect of the Seller's income, profits and capital gains;

(c) The Seller shall indemnify the Buyer against any liability which the Buyer (as a purchaser of Gas pursuant to this Agreement and not as a party under the PSA) may incur in respect of the Buyer paying or being liable to pay any of the Seller's Taxes.

(d) The Buyer shall pay or procure the payment of all Taxes arising at and downstream of the Delivery Point, which shall include all Taxes arising from the transportation, processing, handling, use and sale of Gas at and downstream of the Delivery Point, as may become due by any Party in relation to the performance of this Agreement, and Taxes arising in respect of the Buyer's income, profits and capital gains.

(e) The Buyer shall indemnify the Seller against any liability which the Seller may incur in respect of the Seller paying or being liable to pay any of the Buyer's Taxes.

12. MAINTENANCE

12.1 Allowed Maintenance

During the Supply Period, if the Seller anticipates that the Seller's Facilities will require Maintenance or the wells at the Songo Songo Gas Field are shut for maintenance, or if the Buyer anticipates that the Buyer's Facilities will require Maintenance, which in either case would reduce the amount of Gas that such Party is able to make available or take, as the case may be, then such Party shall notify the other Party, with as much prior notice as possible at any other time in advance of such Maintenance being performed (save that it is acknowledged that in respect of maintenance at the Songo Songo Gas Field, the Seller may not have the required information in advance of the maintenance being performed), of the days or partial days and likely number of hours during which it proposes to conduct such Maintenance, and of the quantity of Gas, if any, that such Party will be able to make available or take on such days, as determined in the exercise of such Party's reasonable judgment, provided that:

(a) In any Contract Year, the Buyer shall be entitled to relief from its obligations to take Gas under this Agreement up to a maximum quantity of Gas equal to five (5) times the Maximum Daily Quantity in effect for such Contract Year for the purpose of performing Maintenance; and

(b) In any Contract Year, the Seller shall be entitled to relief from its obligation to make Gas available under this Agreement up to a maximum of five (5) times the Maximum Daily Contract Quantity in effect for such Contract Year for the purpose of performing Maintenance.

(c) The Parties shall use Reasonable Endeavours to coordinate and agree on the periods of Maintenance for the next Contract Year. The Parties shall each inform the other, in writing, no less than one month prior to the day on which the Buyer intends to exercise the Buyer's Allowed Maintenance, and the Seller intends to exercise the Seller's Allowed Maintenance. In their respective notifications, the Parties shall advise how many days their respective Allowed Maintenances will last.

(d) No Party shall be entitled to relief from its obligations to make available or to take Gas due to Buyer's Allowed Maintenance, or Seller's Allowed Maintenance, unless such Party has actually performed Maintenance and then only to the extent of the duration of such Buyer's Allowed Maintenance or Seller's Allowed Maintenance. The Party performing Maintenance shall notify the other Party as soon as reasonably practicable, when Maintenance has commenced and when Maintenance has been completed.

12.2 Unscheduled Outages

If any sudden and unexpected event, other than a Force Majeure, results in the Seller being unable to make available, or the Buyer being unable to take, the Properly Nominated Quantity, then the affected Party shall promptly notify the other Party and shall provide an estimate of the expected duration of the outage and the steps that are being taken to restart its operations.

Except as otherwise provided in the Agreement, unscheduled outages shall not excuse the Party experiencing such event from performing its obligations to make available and / or to take Gas in accordance with this Agreement.

13. PERFORMANCE GUARANTEE

13.1 Provision of the Performance Guarantee

(a) The Buyer is to procure the provision of financial security, to guarantee the payment of sums due to the Seller under this Agreement. The Performance Guarantee shall contain, *inter alia*, the principal terms in respect of the obligations of the Buyer under this Agreement, and shall also comply with the provisions of this Clause 13 and Schedule 3.

(b) The Buyer shall provide the Seller with a Draft Performance Guarantee not later than nine (9) months after the Effective Date and upon receipt of the Draft Performance Guarantee the Seller shall review the same and confirm its acceptance of whether the Draft Performance Guarantee complies with and conforms to the requirements of this Clause 13 and Schedule 3, and shall provide the Buyer with notification of its determination within five (5) Business Days from the Seller's receipt of the Draft Performance Guarantee.

(c) By no later than twelve (12) months after the Effective Date, the Buyer shall provide the Seller with full, final and agreed (as between the Buyer and the provider of the security) copies of the agreements the Buyer proposes to implement to satisfy the requirements of Clause 13.1(a) (such agreements being the "**Performance Guarantee**").

(d) If the Seller gives the Buyer notification that the Draft Performance Guarantee is not acceptable, as pursuant to Clause 13.1(b), the Seller shall also provide reasonable details of the non-acceptable matters; whereupon the Buyer shall promptly seek to agree such modifications to the Draft Performance Guarantee with the security providers as are necessary to address the Seller's concerns of non-acceptability (and the Buyer shall continue to ensure that the Draft Performance Guarantee are compliant with the terms of this Clause 13 and Schedule 3, and once such modifications have been made and agreed with the security provider and/or other counterparties, the revised Draft Performance Guarantee shall be submitted by the Buyer to the Seller and the provisions of Clauses 13.1(b) shall apply *mutandis mutatis*.

(e) If the Seller gives the Buyer notification that the Draft Performance Guarantee is acceptable, then this agreed form of the Draft Performance Guarantee shall constitute the Performance Guarantee, that the Buyer shall enter (and / or procure the entry into) pursuant to this Agreement.

13.2 Performance Guarantee

(a) The Buyer and the Seller shall enter into the Performance Guarantee (to the extent it is a party to such agreement) on or prior to the Performance Guarantee Delivery Date, such that the Performance Guarantee shall have full legal force and effect no later than Performance Guarantee Delivery Date. The Buyer shall ensure that (or shall procure that) on or prior to the Performance Guarantee Delivery Date the Performance Guarantee is available for utilisation by the Seller of up to an amount equal to the Required Amount and shall notify the Seller that this has been done (providing reasonable evidence thereof).

(b) The Buyer shall, from the date the Performance Guarantee is issued, and during the Secured Term, maintain and comply with the Performance Guarantee, in accordance with its terms and conditions, and the terms and conditions contained in this Agreement, and maintain the Performance Guarantee in full legal force and effect.

(c) The Seller shall have the right to utilise and make a withdrawal under the Performance Guarantee if the Buyer has failed to pay any invoiced amount that has become due and payable under this Agreement within ten (10) days after the relevant due date for payment for such invoiced amount.

(d) During the Secured Term:

(i) Subject to the provisions of Clause (d)(ii) the Buyer shall ensure that the Performance Guarantee has and retains at all times an amount available for utilisation by the Seller to be made pursuant to the terms of this Agreement that is equivalent to the Required Amount.

(ii) If, during the Secured Term, the Seller has: (i) made a utilisation, claim or withdrawal under the Performance Guarantee; or (ii) made one or a series of utilisations, claims or withdrawals under the Performance Guarantee such that no further utilisations, claims or withdrawals could be made or any other event occurs which causes the Performance Guarantee to be unavailable for utilisation or withdrawal by the Seller other than due to the expiry of the Secured Term (such point of time being the "**Non-Secured Date**"), then:

(A) the Buyer shall within thirty (30) days from the Non-Secured Date ensure that either a Replenishment Confirmation is provided by the Buyer or an alternative form of Performance Guarantee is procured such that it conforms to the requirements for a Performance Guarantee under this Agreement (and the provisions of this Clause 13 will apply *mutatis mutandis*) and it is available for immediate utilisation by the Seller in an amount equivalent to the Required Amount;

(B) if the Buyer fails to provide either the Replenishment Confirmation or the Replacement Performance Guarantee thirty (30) days from the Non-Secured Date, then the Seller shall be entitled to call on the Performance Guarantee or elect to treat its obligations to deliver Gas under this Agreement as being suspended until the Buyer has procured either the Replenishment Confirmation or the Replacement Performance Guarantee; and

(C) if the Buyer fails to provide either the Replenishment Confirmation or the Replacement Performance Guarantee within sixty (60) days from the Non-Secured Date, the Seller shall be entitled to terminate this Agreement for a Buyer's Event of Default pursuant to Clause 17.1(h) (*Termination by the Seller for a Buyer Event of Default*).

13.3 **Referral to Expert Determination or Arbitration**

If the Buyer disputes the entitlement of the Seller to withdraw funds under the Performance Guarantee, the Buyer shall be entitled to refer the dispute for determination in accordance with Clause 20 (*Dispute Resolution*), but this shall not prevent such withdrawal. If, following determination in accordance with Clause 20 (*Dispute Resolution*), the arbitration decision determines that the Seller has withdrawn any amount from the Performance Guarantee to which the Seller was not entitled, or in excess of such amount to which the Seller was entitled, the

Seller shall be liable to reimburse the relevant amount to the provider of such payment as under the Performance Guarantee in accordance with the terms of the Performance Guarantee.

14. INSURANCE

14.1 Insurances to be effected by the Buyer

(a) The Buyer shall with effect from the Effective Date until the end of the Term take out and maintain at its own expense the following insurances:

(i) Insurance covering loss of or damage to the Buyer's Facilities;

(ii) insurance covering the losses, damages and liabilities that the Buyer may be liable for to the Seller under the terms of this Agreement in an amount no less than is equivalent to the total aggregate liability of the Buyer under this Agreement (as pursuant to Clause 18 (*Liability*));

(iii) insurance required under Applicable Law; and

(iv) such other insurances as may be required by the Buyer, acting in accordance with the Good Engineering and Operating Practices.

14.2 Insurances to be effected by the Seller

(a) The Seller shall with effect from the Effective Date until the end of the Term take out and maintain at their own expense the following insurances:

(i) Insurance covering loss of or damage to the Seller's Facilities;

(ii) insurance covering the losses, damages and liabilities that the Seller may be liable for to the Buyer under the terms of this Agreement in an amount no less than is equivalent to the total aggregate liability of the Seller under this Agreement (as pursuant to Clause 18 (*Liability*));

(iii) Insurance required under Applicable Law; and

(iv) such other insurances as may be required by the Seller, acting in accordance with the Good Engineering and Operating Practices, in relation to the Seller's Facilities.

14.3 Identity of Insurers and Waivers of Subrogation and Failure to Obtain

(a) The policies of insurance to be taken out and maintained by or on behalf of each Party in accordance with this Clause 14 shall be obtained and maintained with insurers of sound financial reputation and shall each contain a waiver of subrogation in respect of claims against the other Parties, their Affiliates and insurers, and, to the extent that the other Parties can be named as a loss payee on any such insurance policies without any significant consequential increase in the premium payable by the insuring Party, the other Parties shall be so named by the insuring Party.

(b) If a Party fails to obtain or maintain any policy of insurance required by this Clause 14, then the other Party may obtain or maintain such policy of insurance on behalf of the failing Party and the costs such other Party incurs in doing so shall for the purposes of this Agreement be treated as an amount due from the failing Party to the other Party.

14.4 **Information Disclosure**

Each Party may (subject to Clause 22.10 (*Confidentiality*)) disclose to the relevant insurers any information necessary to take out and maintain the policies of insurance required in accordance with this Clause 14.

14.5 **Certificates**

Copies of all certificates and renewal certificates in relation to the policies of insurance required and obtained in accordance with this Clause 14 shall be given by each Party to the other Party within fifteen (15) Business Days after the date the relevant policy of insurance is taken out or renewed.

14.6 **Insurance Claims**

Each Party shall give notice to the other Party within ten (10) Business Days of becoming aware of any claim relating to this Agreement with respect to the required policies of insurance and each Party shall give to the other Party such assistance as that other Party may reasonably require for the preparation, submission and negotiation of any insurance claim.

14.7 **Effect of Insurance**

Neither failure to comply nor full compliance with the insurance covenants and obligations in accordance with this Clause 14 shall limit or relieve a Party of its covenants, obligations or liabilities in accordance with this Agreement.

14.8 **Application of Insurance**

Each Party shall duly file all claims against the policies of insurance taken out and maintained in accordance with this Clause 14 and shall take all necessary steps to collect any proceeds of such claims and (provided that it would be in accordance with Good Engineering and Operating Practices to do so) to use such proceeds which relate to the loss of or damage to Buyer's Facilities (in the case of the Buyer) or which relate to the loss of or damage to the Seller's Facilities (in the case of the Seller) forthwith to reinstate such Buyer's Facilities or Seller's Facilities.

15. **INDEMNITIES**

15.1 **Buyer's Indemnities**

(a) The Buyer shall indemnify the Seller Indemnified Persons against and hold harmless at all times from any and all loss, cost or claim (including legal fees) arising from any act or omission taken by or on behalf of the Buyer, incurred (except those incurred solely due to the Wilful Misconduct or Negligence of the Seller Indemnified Persons) in relation to:

(i) personal injury to or death of or damage to or loss of property of the Seller Indemnified Persons or their agents or contractors howsoever caused in connection with the performance or non-performance of this Agreement; or

(ii) damage to or loss of property of the Seller Indemnified Persons howsoever caused in connection with the performance or non-performance of this Agreement.

(b) The Buyer shall be liable for, and shall defend, indemnify and hold the Seller Indemnified Persons harmless from and against, all liabilities, damages, losses, expenses and claims arising out of claims for environmental contamination that result from the construction of the Buyer's Infrastructure and operation and maintenance of the Buyer's Facilities, unless such liabilities, damages, losses, expenses or claims are solely attributed to the action or inaction of the Seller.

(c) The Buyer shall indemnify, defend and hold harmless the Seller Indemnified Persons in respect of all losses sustained by the Seller Indemnified Persons as a result of third party claims arising as a result of or due to the actions or omissions of the Buyer.

15.2 **Seller's Indemnities**

(a) The Seller shall indemnify the Buyer and Indemnified Persons against and hold harmless at all times from any and all loss, cost or claim (including legal fees) arising from any act or omission taken by or on behalf of the Seller, incurred (except those incurred solely due to the Wilful Misconduct or Negligence of the Buyer Indemnified Persons) in relation to:

(i) personal injury to or death of or damage to or loss of property of the Buyer Indemnified Persons or their agents or contractors howsoever caused in connection with the performance or non-performance of this Agreement; or

(ii) damage to or loss of property of the Buyer Indemnified Persons howsoever caused in connection with the performance or non-performance of this Agreement.

(b) The Seller shall be liable for, and shall defend, indemnify and hold the Buyer Indemnified Persons harmless from and against, all liabilities, damages, losses, expenses and claims arising out of claims for environmental contamination that result from the construction of the Seller's Facilities and operation and maintenance of the Seller's Facilities, unless such liabilities, damages, losses, expenses or claims are solely attributed to the action or inaction of the Buyer.

(c) The Seller shall indemnify, defend and hold harmless the Buyer Indemnified Persons in respect of all losses sustained by the Buyer Indemnified Persons as a result of third party claims arising as a result of or due to the actions or omissions of the Seller.

15.3 **Defence of Claims**

(a) Each Party shall promptly notify the other Party of any loss or proceeding in respect of which it is or may be entitled to indemnification under this Agreement, including under Clause 15. Such notice shall be given as soon as reasonably practicable after the relevant Party becomes aware of the loss or proceeding.

(b) The indemnifying Party shall be entitled, at its option and expense and with counsel of its selection, to assume and control the defence of such claim, action, suit or proceeding, subject to the prior approval of the indemnified Party, provided it gives prompt notice of its intention to do so to the indemnified Party and reimburses the indemnified Party for the reasonable costs and expenses incurred by the indemnified Party prior to the assumption by the indemnifying Party of such defence.

(c) Unless and until the indemnifying Party acknowledges in writing its obligation to indemnify the indemnified Party and assumes control of the defence of a claim, suit, action or proceeding in accordance with Clause 15.3(b), the indemnified Party shall

have the right, but not the obligation, to contest, defend and litigate, with counsel of its own selection, any claim, action, suit or proceeding by any third party alleged or asserted against such Party in respect of, resulting from, related to or arising out of any matter for which it is entitled to be indemnified hereunder, and the reasonable costs and expense thereof shall be subject to the indemnification obligations of the indemnifying Party hereunder.

(d) Neither Party shall be entitled to settle or compromise any such claim, action, suit or proceeding without the prior written consent of the other Party, provided that, after agreeing in writing to indemnify the indemnified Party, the indemnifying Party may settle or compromise any claim without the approval of the indemnified Party.

(e) Following the acknowledgement of the indemnification and the assumption of the defence by the indemnifying Party, the indemnified Party shall have the right to employ its own counsel and such counsel may participate in such action, but the fees and expenses of such counsel shall be at the expense of such indemnified Party when and as incurred, unless:

(i) the employment of counsel by such indemnified Party has been authorised in writing by the indemnifying Party;

(ii) the indemnified Party has reasonably concluded that there may be a conflict of interest between the indemnifying Party and the indemnified Party in the conduct of the defence of such action;

(iii) the indemnifying Party has not in fact employed independent counsel reasonably satisfactory to the indemnified Party to assume the defence of such action and shall have been so notified by the indemnified Party; or

(iv) the indemnified Party has reasonably concluded and specifically notified the indemnifying Party either that there may be specific defences available to it which are different from or additional to those available to the indemnifying Party or that such claim, action, suit or proceeding involves or could have a material adverse effect upon it beyond the scope of this Agreement.

If paragraph (ii), (iii) or (iv) of the preceding sentence shall be applicable, then counsel for the indemnified Party shall have the right to direct the defence of such claim, action, suit or proceeding on behalf of the indemnified Party and the reasonable fees and disbursements of such counsel shall constitute legal or other expenses hereunder.

16. FORCE MAJEURE

16.1 Force Majeure

For the purposes of this Agreement, an Event of Force Majeure shall be classed as such an event only to the extent that:

(a) such circumstance, event or condition is not due to the negligence of, or a breach or failure to perform any of its obligations under this Agreement by, the affected Party;

(b) such circumstance, event or condition, despite the exercise of diligence (at a reasonable cost), cannot be prevented, avoided or overcome by the affected Party acting in accordance with Good Engineering and Operating Practices; and

(c) such circumstance, event or condition prevents, hinders or delays the performance by the affected Party of its obligations under or pursuant to this Agreement (save for payment obligations).

16.2 **Events of Force Majeure**

An Event of Force Majeure may include any of the following events and circumstances, but only to the extent that it satisfies the provisions of Clause 16.1:

(a) acts of war, whether declared or not, acts of terrorism, riot, civil commotion or rebellion which affects Tanzania, or which occurs within Tanzania;

(b) blockades, import restriction, rationing or allocation by a Governmental Authority; strikes that are widespread, nation-wide or political in nature;

(c) expropriation, requisition, nationalisation of either the Buyer's Facilities or the Seller's Facilities, by the Government;

(d) for the Seller, any action or failure to act by a Governmental Authority, including any action or failure that results in any Approval:

(i) ceasing to remain in full force and effect despite the Seller having taken all steps to re-apply for the same;

(ii) not being issued or renewed in a timely manner upon due application having been made,

provided that the proper exercise of any rights of a Governmental Authority in response to a default by the affected Party or breach of the terms of any Approval or breach of the Laws of Tanzania, shall not constitute an Event of Force Majeure;

(e) lightning, fire, earthquake, flood, cyclone, tornado or other natural disasters;

(f) epidemic or plague; and

(g) fire, explosion, or radioactive or chemical contamination (except where directly caused by Wilful Misconduct of the claiming Party).

16.3 **Certain Events not Excused**

Notwithstanding that an Event of Force Majeure otherwise exists, the provisions of this Clause 16.3 shall not excuse and an Event of Force Majeure shall not include:

(a) a failure to make payment of money in accordance with the Party's obligations under this Agreement;

(b) mechanical or electrical breakdown of failure of equipment, machinery or plant (including the Seller's Facilities and the Buyer's Facilities caused by normal wear and tear, a failure to properly keep a suitable stock of spares or by the manner in which the equipment, machinery or plant has been operated or maintained;

(c) economic hardship, to include, without limitation, the Seller's ability to sell Gas at a higher or more advantageous price than the Gas Price or the Buyer's ability to purchase Gas at a lower or more advantageous price than the Gas Price;

(d) any event or circumstance which comprises or results from any Wilful Misconduct of the affected Party or applicable third party or any act or omission by the affected Party or applicable third party which could have been prevented or overcome by the exercise by the affected Party or applicable third party to act in accordance with Good Engineering and Operating Practices.

16.4 **Notification and Information**

If by reason of an Event of Force Majeure a Party is wholly or partially unable to carry out its obligations under this Agreement, the affected Party shall:

(a) promptly give notice to the other Party and provide the other Party with reasonable details regarding the Event of Force Majeure, including, to the extent possible, an estimate of the time required to rectify or overcome the event or occurrence and details of the remedial measures that are to be undertaken;

(b) provide the other Party with regular reports on the progress of any remedial measure and such other information as the other Party may request;

(c) if requested by the other Party and if the Affected Party (acting reasonably) is not prevented from doing so on the grounds of safety, provide the other Party with access to the relevant site affected by the Event of Force Majeure; and

(d) promptly give notice to the other Party forthwith upon the cessation of the Event of Force Majeure.

16.5 **Mitigation**

On the occurrence of an Event of Force Majeure, the affected Party shall use its Reasonable Endeavours in accordance with Good Engineering and Operating Practices to prevent, mitigate, rectify and/or overcome the effects of such Event of Force Majeure and to minimise its effect on the other Party.

16.6 **Effects of an Event of Force Majeure**

(a) If an Event of Force Majeure has occurred and has or will have the effect of preventing, hindering or delaying the affected Party's performance of its obligations hereunder, then, subject to the requirements of this Clause 16, the Party affected by an Event of Force Majeure shall be excused from liability for any consequent failure to perform or delay in performing any of its obligations under this Agreement to the extent that, and for the period in which, such failure:

(i) is caused by such Event of Force Majeure; and

(ii) could not have been or cannot be prevented, mitigated, rectified and/or overcome by the affected Party in accordance with Clause 16.5.

(b) The Term of the Agreement shall be automatically extended by a period equal to the period during which the obligations of the affected Party are suspended.

(c) Each Party shall continue to perform its obligations under this Agreement to the extent not prevented, impeded or delayed by the Event of Force Majeure.

(d) An affected Party shall give notice to the other Parties as soon as is reasonably possible after the affected Party anticipates that it will be able to resume performance of the

obligation that has been affected by the Event of Force Majeure. Once such notice is given, the Parties shall cooperate to accomplish any re-commissioning necessary to enable such resumption of performance.

16.7 **Termination for Prolonged Force Majeure**

If any Event of Force Majeure renders the affected Party's performance of its obligations hereunder impossible for more than one hundred and eighty (180) consecutive days or three hundred and sixty-five (365) days in aggregate during the Term, then either Party may at any time following the end of either such period terminate this Agreement by delivering a Termination Notice to the other Party. Neither the Buyer nor the Seller shall have any liability to the other Party in relation to the termination of the Agreement in accordance with this Clause 16.7 (except as provided for under Clause 22.11 (*Survival of Obligations*).

17. TERMINATION

17.1 **Termination by the Seller for a Buyer Event of Default**

The Seller may deliver to the Buyer a Termination Notice upon the occurrence of any of the following events of default; provided, however, that no such event shall become a Buyer Event of Default if it results from a Seller Event of Default or an Event of Force Majeure (unless the Buyer fails to comply with its obligations under Clause 16 (*Force Majeure*) and provided that in respect of Clauses 17.1(g) through to 17.1(j) (inclusive), the Termination Notice may only be given by the Seller:

(a) a resolution for the bankruptcy, insolvency, winding-up, liquidation or similar proceedings relating to the Buyer has been passed by the shareholders of the Buyer;

(b) a trustee, liquidator, custodian or similar person in a proceeding relating to the Buyer has been appointed, and such appointment has not been set aside or stayed within thirty (30) days of such appointment;

(c) a court or Governmental Authority having competent jurisdiction has made an order or otherwise confirming the bankruptcy or insolvency of the Buyer, and such order has not been set aside or stayed within thirty (30) days of issue;

(d) repudiation of the Agreement by the Buyer which has not been remedied within thirty (30) days of the delivery of a notice to remedy by the Seller to the Buyer;

(e) any failure by the Buyer to pay to the Seller an amount due and payable to the Seller in accordance with terms of this Agreement where such failure continues for a period of thirty (30) days or more after the Due Date; provided that such circumstances will not constitute a Buyer Event of Default if the Seller has either (1) made a claim under the Performance Guarantee or (2) drawn the full unpaid amount, together with accrued and unpaid interest, from the Performance Guarantee;

(f) to the extent that such breach is not already covered in this Clause 17.1 a material breach by the Buyer of its obligations under this Agreement, or a representation made by the Buyer under this Agreement proves to have been incorrect at the time it was made and is materially prejudicial to the interests of the Seller, which is not remedied within thirty (30) days after notice from the Seller stating that such breach or misrepresentation has occurred, provided that if, notwithstanding the exercise of Reasonable Endeavours by the Buyer, such breach or misrepresentation cannot be remedied within thirty (30) days after notice from the Seller, however, if there is a reasonable prospect of remedying such breach within a further period of thirty (30)

days, then the Buyer shall be afforded a further period of thirty (30) days within which to cure the breach or misrepresentation, provided always that the Buyer shall throughout such further thirty (30) day period, exercise reasonable and continuous efforts to cure the breach or misrepresentation;

(g) a failure by the Buyer to make the Performance Guarantee available for utilisation by the Seller for an amount equivalent to the Required Amount in accordance with Clause 13.2(a) (*Performance Guarantee*);

(h) a failure by the Buyer during the Secured Term to:

(i) maintain the Performance Guarantee in accordance with Clause 13.2(b)(*Performance Guarantee*); or

(ii) to comply with the requirements of either Clause 13.2(d)(i) or Clause 13.2(d)(ii) (*Performance Guarantee*); or

(iii) to replenish the Performance Guarantee in accordance with Clause 13.2(d)(i)(A) (*Performance Guarantee*); or

(iv) to procure the Replacement Performance Guarantee in accordance with Clause 13.2(d)(ii) (*Performance Guarantee*);

(i) a failure by the Buyer to procure the effectiveness of the Performance Guarantee in accordance with Clause 13.2(a) (*Performance Guarantee*); or

(j) where the aggregate quantity of Gas that the Buyer has not taken delivery of at the Delivery Point from the Seller for a continuous period of twelve (12) months is equal to or greater than the sum of the aggregate of the MDQs applicable to such period of ninety (90) days.

17.2 **Termination by the Buyer for a Seller Event of Default**

The Buyer may deliver a Termination Notice to the Seller upon the occurrence of any of the following events of default; provided, however, that no such event shall become a Seller Event of Default if it results from a Buyer Event of Default or an Event of Force Majeure:

(a) The occurrence of either:

(i) a resolution for the bankruptcy, insolvency, winding-up, liquidation or similar proceedings relating to a Seller has been passed by the shareholders of a Seller;

(ii) a trustee, liquidator, custodian or similar person in a proceeding relating to a Seller has been appointed, and such appointment has not been set aside or stayed within thirty (30) days of such appointment;

(iii) a court or Governmental Authority having competent jurisdiction has made an order or otherwise confirming the bankruptcy or insolvency of a Seller, and such order has not been set aside or stayed within thirty (30) days of issue;

(b) Repudiation of the Agreement by the Seller which has not been remedied within thirty (30) days of the delivery of a notice to remedy the repudiation from the Buyer to the Seller;

(c) any failure by the Seller to pay to the Buyer an amount due and payable to the Buyer in accordance with terms of this Agreement where such failure continues for a period of thirty (30) days or more after the Due Date;

(d) to the extent that such breach is not already covered in this Clause 17.2 a material breach by the Seller of their obligations under this Agreement, or a representation made by the Seller under this Agreement proves to have been incorrect at the time it was made and is materially prejudicial to the interests of the Buyer, which is not remedied within thirty (30) days after notice from the Buyer stating that such breach or misrepresentation has occurred, provided that if, notwithstanding the exercise of Reasonable Endeavours by the Seller, such breach or misrepresentation cannot be remedied within thirty (30) days after notice from the Buyer, however, if there is a reasonable prospect of remedying such breach within a further period of thirty (30) days, then the Seller shall be afforded a further period of thirty (30) days within which to cure the breach or misrepresentation, provided always that the Seller shall throughout such further thirty (30) day period, exercise reasonable and continuous efforts to cure the breach or misrepresentation; or

(e) where the cumulative quantity of Shortfall Gas for a continuous period of twelve (12) months is equal to or greater than the sum of the aggregate of the MDQs applicable to such period of ninety (90) days.

17.3 **Termination of PSA and/or the Gas Agreement**

Upon termination of the PSA and/or the Gas Agreement, this Agreement shall terminate automatically, save that any amounts arising and owed by the Buyer to the Seller or Seller to the Buyer shall be paid in accordance with Clause 11 (*Invoicing and Payment*).

17.4 **Right to Cure**

(a) Buyer's right to cure

(i) Upon occurrence of a Buyer's Event of Default that is not cured by the Buyer pursuant to this Agreement, the Seller shall notify the Buyer of the nature of the relevant Buyer's Event of Default and that the Buyer has failed to remedy the default within the relevant grace period (if any).

(ii) Except in regard to payment and pursuant to Clause 11.4 (*Disputed Amounts*), from the date of the notice served in accordance with Clause 17.5 (*Notice of Termination*), and provided that the Seller continues to satisfy its obligation to make Gas available for delivery to the Buyer in accordance with this Agreement, the Buyer shall have a period of thirty (30) days to cure the default to the reasonable satisfaction of the Seller.

(iii) Upon the expiry of the grace period specified in this Clause 17.4(ii), if the Buyer has failed to cure the default, the Seller shall be entitled to issue a Termination Notice.

(b) Seller's right to cure

(i) Upon occurrence of a Seller's Event of Default that is not cured by the Seller pursuant to this Agreement, the Buyer shall notify the Seller of the nature of the relevant Seller's Event of Default and that the Seller has failed to remedy the default within the relevant grace period (if any).

(ii) From the date of the notice served in accordance with Clause 17.5 (*Notice of Termination*), the Seller shall have a period of thirty (30) days to cure the default to the reasonable satisfaction of the Buyer.

(iii) Upon the expiry of the grace period specified in this Clause 17.4, if the Seller has failed to cure the default, the Buyer shall be entitled to issue a Termination Notice.

17.5 **Notice of Termination**

(a) The Parties shall be entitled to deliver a Termination Notice to the others to the extent such right is expressly provided under this Agreement, as follows:

(i) subject to Clause 17.3, upon the occurrence of an Event of Default, the non-defaulting Party may deliver a Termination Notice to the defaulting Party;

(ii) either Party may deliver a Termination Notice to the other Party in accordance with Clause 2.3(g) (*Satisfaction of the Conditions Precedent*);

(iii) either Party may deliver a Termination Notice to the other Party in accordance with Clause 16.7 (*Termination for Prolonged Force Majeure*); and

(iv) in accordance with the provisions of Clause 22.9 (Invalidity).

(b) Subject to Clauses 17.6 and 22.11 (*Survival of Obligations*), this Agreement shall immediately terminate upon delivery of a Termination Notice in accordance with Clause 17.5(a).

17.6 **Consequences of Termination**

(a) Notwithstanding anything to the contrary in this Agreement, upon termination of this Agreement the Seller shall be entitled to draw up to the full amount of the monies standing to the credit of or available for utilisation under the Performance Guarantee, to satisfy any amounts due or claimed from the Buyer under this Agreement.

(b) The termination or expiration of this Agreement shall be without prejudice to all rights and obligations of the Parties accrued under this Agreement prior to the date of expiration or termination.

(c) Upon expiration or termination of this Agreement, the Parties shall have no further obligations hereunder except for the obligations that arose prior to such expiration or termination and the obligations that expressly survive such expiration or termination pursuant to Clause 22.11 (*Survival of Obligations*).

18. LIABILITY

18.1 **Limit on Liability**

(a) Where this Agreement provides that an exclusive remedy (including liquidated damages) is applicable, such exclusive remedy shall be the sole remedy available to the Parties.

(b) Save as provided under this Clause 18 and without prejudice to any rights to damages (including liquidated damages) that either Party may have as expressly provided under this Agreement, neither Party shall be liable to the other Party in contract, tort,

warranty, strict liability, or any other legal theory for any indirect, consequential, incidental, punitive, or exemplary damages or loss of profits, anticipated earnings or savings, loss of goodwill or business interruption which may be suffered by another Party in connection with this Agreement.

(c) The total aggregate liability of the Seller to the Buyer and the Buyer to the Seller in accordance with this Agreement in respect of;

(i) each Contract Year, shall not exceed an amount equal to the Gas Price for that Contract Year multiplied by twenty per cent (20%) of the ACQ intended for that Contract Year; and

(ii) the total aggregate liability under this Agreement shall not exceed an amount equal to the sum of the Gas Price for the first Contract Year multiplied by twenty per cent (20%) of the ACQ intended for the first Contract Year, then multiplied by three (3).

(d) Without prejudice to any provision of this Agreement, the Seller shall not be liable to the Buyer or any third party or Buyer Indemnified Person for any and all loss, cost, claim (including legal fees), liability or damages arising from, or incurred in, the sale, supply, use, handling and transportation of the Gas at and after the Delivery Point, howsoever caused or arising (including through any failure by the Seller to supply Gas under the terms of this Agreement).

(e) The limitations and exclusions of liability set out in Clauses 18.1(b) and (c) shall not apply to:

(i) any liability of a Party in respect of any loss or liability caused by that Party's Wilful Misconduct or fraudulent act; and

(ii) the liability of the Buyer to pay for the Gas in accordance with Clause 11 (*Invoicing and Payment*) or the TOP obligation; or obligation of the Buyer to provide, and the right of the Seller to call upon, the Performance Guarantee in Clause 13 (*Performance Guarantee*).

18.2 **Mitigation**

The Parties shall use their Reasonable Endeavours to mitigate any loss, cost or expense they may suffer as a result of any breach of the other Party's obligations under this Agreement.

19. **EXPERT**

19.1 **Expert Application**

(a) Subject to the provisions of Clause 20 (*Dispute Resolution*), whenever any matter is required to be referred to an Expert pursuant to the terms of this Agreement, or whenever during the Term the Parties agree that a Dispute shall be resolved by an Expert (other than in relation to a Technical Dispute), the provisions of this Clause 19 shall apply, unless modified by agreement of the Parties. In relation to a Technical Dispute, the provision of Clause 20.3 (*Technical Disputes*) shall apply.

(b) Either the Seller or the Buyer may initiate an Expert referral under this Clause 19 by proposing to the other party the appointment of an Expert.

(c) The Parties shall each ensure that any Expert appointed pursuant to this Clause 19 shall agree to be bound by the provisions of this Clause 19.

19.2 **Expert Appointment**

Other than in respect to a Technical Dispute, for which the provisions of Clause 20.3 (*Technical Disputes*) shall apply, then subject to Clause 19.1 and Clause 19.3, the procedure for the appointment to the Expert shall be as follows:

(a) the Party wishing the appointment of the Expert to be made in accordance with this Agreement shall give written notice to that effect to the other Party, and with such notice shall give details of the matter which it is proposed shall be resolved by the Expert;

(b) the Parties shall meet to try to resolve the matter amicably between themselves and if the Parties fail to reach such resolution within seven (7) days from the date of receipt of the Expert Referral Notice by the non-sending Party, the Parties shall then meet to endeavour to agree upon a single Expert to whom the matter in Dispute shall be referred for determination;

(c) if, within fourteen (14) days from the date of the Expert Referral Notice, the Parties have either failed to meet or failed to agree upon the Expert, then the Party wishing the appointment of the Expert to be made may, instead, refer the Dispute to arbitration in accordance with Clause 20 (*Dispute Resolution*);

(d) if an Expert has been agreed by the Parties, the Parties shall request the Expert to determine the referred Dispute within thirty (30) days of appointment;

(e) if an Expert has been agreed by the Parties, the Parties shall forthwith notify such Expert of his selection and proposed terms of his appointment, and shall request him to indicate within seven (7) days whether or not he is willing and able to, and does in fact, accept the appointment; and

(f) if such Expert is either unwilling or unable to accept such appointment, or has not indicated his acceptance of such appointment within such seven (7) day period, or if the Expert is appointed but is unable to complete the referral, then (unless the Parties are able to agree upon different terms with the Expert from those previously proposed or the appointment of another Expert), either Party may refer the dispute to arbitration in accordance with Clause 20 (*Dispute Resolution*).

19.3 **Expert Qualification**

The Expert shall be a neutral individual, partnership, association, or body corporate, shall be free from any conflict of interest and qualified by education, experience and training to determine the matter in Dispute and shall be generally recognised by the relevant industry as an Expert in the field or fields of expertise relevant to the Dispute.

19.4 **Expert Determination**

(a) The appointed Expert shall promptly fix a reasonable time and place for receiving submissions or information from the Parties, and such Expert may make such other independent professional and/or technical inquiries and require such other evidence as may be necessary for determining the matter. All information submitted by any Party shall be and remain confidential to the Expert, except that copies of all such information and data shall be supplied to the other Party. Each Party shall have the opportunity to

make representations to the Expert, in the presence of both Parties concerned with the matter in Dispute, and to be represented by counsel.

(b) The Expert's determination shall be made in writing, and shall contain the reasons for the determination. Such Expert's determination shall be final and binding upon the Parties, save in the event of fraud, manifest error, or conflict of interest by the Expert.

(c) If the Expert has not within the period prescribed in Clause 19.2(d) or such reasonable period (which shall not exceed four (4) months from the date of the appointment unless otherwise agreed by the Parties) made a determination, either Party may refer the matter to arbitration in accordance with Clause 20 (*Dispute Resolution*).

(d) The Expert shall be deemed not to be an arbitrator, but shall render his decision as an Expert, and the law relating to arbitration shall not apply to such Expert, his determination, or the procedure by which he reaches his determination.

19.5 **Expert Costs**

Except as otherwise provided herein or as awarded by the Expert, each Party shall bear the costs of all counsel, witnesses, advisors, and employees retained by it, and the costs of the Expert, and any independent advisors to the Expert retained by him in connection with a determination hereunder, shall be borne equally by the Seller and the Buyer.

19.6 **Language**

All verbal and written submissions to the Expert and the determination of the Expert shall be in the English language.

20. **DISPUTE RESOLUTION**

20.1 **Notice of Dispute**

In the event that there arises between the Parties any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or validity thereof, the Party wishing to declare a dispute shall deliver to the other Party a written notice identifying the disputed issue.

20.2 **Resolution by Parties**

(a) Within thirty (30) days of delivery of notice of a dispute, the Parties shall attempt in good faith to settle such dispute by mutual discussions.

(b) In the event that the dispute is not resolved by discussion in accordance with Clause 20.2 either Party may refer the matter to an Expert in accordance with Clause 19 (*Expert*) hereof or, if the dispute is not a Technical Dispute, commence arbitration of the dispute in accordance with Clause 20.4 (*Arbitration*).

20.3 **Technical Disputes**

(a) In the event that the Parties are unable to resolve a Technical Dispute in accordance with Clause 20.2, then either Party, in accordance with this Clause 20.3, may refer the Technical Dispute to an Expert for consideration of the Technical Dispute and to obtain a recommendation from the Expert as to the resolution of the Technical Dispute. The Expert shall have demonstrated expertise in the area to which such Technical Dispute relates and shall not be an agent, employee, or contractor or a former agent, employee

or contractor of either Party involved in the Technical Dispute. In the event that the Parties cannot agree within fifteen (15) days as to whether a dispute falls within the definition of a Technical Dispute, then Clause 20.3 shall not be used to resolve this dispute and the Parties shall proceed directly to arbitration under Clause 20.4 to resolve the dispute.

(b) The Party initiating submission of the Technical Dispute to the Expert shall provide the other Party with a notice stating that it is submitting the Technical Dispute to an Expert and nominating the person it proposes to be the Expert. The other Party shall, within fifteen (15) days of receiving such notice, notify the initiating Party whether such person is acceptable. If the Party receiving such notice fails to respond or notifies the initiating Party that the person is not acceptable then the Party wishing for the appointment of an Expert may commence arbitration of the Dispute in accordance with Clause 20.4 (*Arbitration*).

(c) Consideration of the Technical Dispute by an Expert shall be initiated by the Party seeking consideration of the Technical Dispute by the Expert submitting within ten (10) days of the appointment of the Expert to both the Expert and the other Party written materials setting forth: (i) a description of the Technical Dispute; (ii) a statement of the initiating Party's position; and (iii) copies of records supporting the initiating Party's position. Within ten (10) days of the date that a Party has submitted the materials described in the preceding sentence, the other Party may submit to the Expert: (i) a description of the Technical Dispute; (ii) a statement of the responding Party's position; and (iii) copies of any records supporting the responding Party's position. In addition to the material provided to the Expert by the initiating Party, the Expert shall consider any such information submitted by the responding Party within such ten (10) day period and, in the Expert's discretion, any additional information submitted by either Party at a later date. Any materials submitted by either Party to the Expert shall be simultaneously submitted by such Party to the other Party.

(d) Each Party shall designate one person knowledgeable about the issues in dispute who shall be available to the Expert to answer questions and provide any additional information requested by the Expert. Except for such person, neither Party shall be required to, but may, provide oral statements or presentations to the Expert or make any particular individuals available to the Expert.

(e) Except as provided in Clause 20.3(h) with respect to the payment of costs, the proceedings shall be without prejudice to any Party and any evidence given or statements made in the course of this process may not be used against either Party in any other proceedings. The process shall not be regarded as an arbitration, and the laws relating to commercial arbitration shall not apply.

(f) When consideration of the Technical Dispute by an Expert is initiated, the Expert shall be requested to provide a recommendation within fifteen (15) days after the ten (10) day response period provided in Clause 20.3(c) above has run. If the Expert's recommendation is given at a later time, and neither Party has at such time initiated any other proceeding concerning the Technical Dispute, the Parties shall review and discuss the recommendation with each other in good faith for a period of ten (10) days following delivery of the recommendation before proceeding with any other actions.

(g) If either Party does not accept the recommendation of the Expert with respect to the Technical Dispute, it may initiate arbitration proceedings in accordance with Clause 20.4. Similarly, if the Expert has not submitted such recommendation within the time period provided in accordance with Clause 20.3(f), either Party may initiate arbitration proceedings in accordance with Clause20.4

(h) The costs of engaging an Expert shall be borne equally by the Parties and each Party shall bear its own costs in preparing materials for, and making presentations to, the Expert.

20.4 **Arbitration**

(a) Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or validity thereof that is not resolved pursuant to Clause 20.2 or Clause 20.3 or not within the purview of Clause 20.3 shall be finally settled by arbitration in accordance with the procedure as set out in Appendix 1.

(b) The place and seat of the arbitration shall be Dar es Salaam, Tanzania.

(c) The arbitral award shall be final, binding and conclusive.

21. **ASSIGNMENT**

21.1 **Assignment of this Agreement by the Seller**

(a) Subject to Clause 21.1(b) and Clause 21.1(c), the Seller shall not be entitled to assign or transfer all or any part of its rights or obligations under this Agreement to any third party without the prior written consent of the Buyer, save that Seller may transfer all of its rights or obligations under this Agreement to an Affiliate, with the consent of the Buyer, which may not be unreasonably withheld.

(b) The Seller shall be entitled to assign or transfer all or any part of its rights or obligations under this Agreement to a third party only if the following conditions are satisfied:

(i) the Seller has effected an assignment or transfer of its rights or obligations under the PSA and the Joint Operating Agreement and the assignee or transferee of the Seller's rights or obligations under this Agreement is the same entity or entities as the assignee or transferee of such Seller's rights or obligations under the PSA and the Joint Operating Agreement;

(ii) the Seller has provided the Buyer with copies of documentation and other evidence necessary to demonstrate that any assignment or transfer of the Seller's rights or obligations under the PSA and the Joint Operating Agreement either has taken effect or will take effect subject to satisfaction of any conditions precedent;

(iii) the assignee or transferee has executed a novation agreement with respect to this Agreement with the Parties that shall, for the purposes of the position between the assignee / transferee and the non-transferring Parties, provide for the assumption of all present and future obligations and liabilities of the assignor/transferor under this Agreement by the assignee/transferor; and for a covenant from the assignee/transferee to observe and perform this Agreement.

(c) The transferring Seller may transfer by way of security or create a security interest over this Agreement to or in favour of the Lenders as security for any financing or refinancing of the Transferor's rights, interests, covenants and obligations in accordance with this Agreement provided that:

(i) the Lenders shall covenant directly with the non-transferring Seller and the Buyer that upon the exercise of any security rights or interests in accordance with their lending arrangements with the transferring Seller the Lenders or any

nominee of the Lenders shall accept and comply with all of the covenants or obligations of the transferring Seller in accordance with this Agreement and shall not transfer any rights, interests, covenants and obligations in accordance with this Agreement to any Person other than in accordance with this clause;

(ii) The non-transferring Parties shall upon request by the transferring Seller negotiate and enter into a written agreement with the Lenders on reasonable terms which provides for:

(A) the transfer of the transferring Seller's rights, interests, covenants and obligations in interests in accordance with this Agreement to a nominee of the Lenders following any default by the transferring Seller in accordance with the lending arrangements with the Lenders; and

(B) a requirement that where a non-transferring Party intends to terminate this Agreement in accordance with this Agreement then such non-transferring Party shall first give reasonable notice to the Lenders prior to the exercise of such right of termination.

21.2 **Assignment of this Agreement by the Buyer**

The Buyer shall be entitled to assign or transfer all or any part of its rights or obligations under this Agreement to a third-party subject to consent of the Seller which shall not be unreasonably withheld.

The Performance Guarantee shall, following any such transfer, assignment or change in control, continue to be in effect, to the reasonable satisfaction of the Seller.

For the purpose of this Clause 21.2, "**change of control**" shall mean any transfer of shares in the Buyer where following such transfer, the Government, own in aggregate (directly or indirectly), less than fifty one per cent (51%) of the shares in the Buyer or a change in the control of the board of directors or equivalent management body of the Buyer resulting in the inability of the Government to control and manage the operations of the Buyer.

22. **MISCELLANEOUS**

22.1 **Governing Law**

This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of Tanzania.

22.2 **Entire Agreement**

This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter of this Agreement and supersedes all previous understandings, representations, offers or other communications of every kind pertaining to the subject matter of this Agreement and all such understandings, representations, offers and communications are hereby abrogated and withdrawn.

22.3 **Addresses and Notices**

(a) Subject to Clause 22.3(c), except as otherwise expressly provided in this Agreement, all notices, requests, reports, consents, approvals, agreements or other communications to be given or made hereunder shall be in writing, shall be addressed for the attention

of the Persons indicated below and shall either be delivered personally or sent by courier, registered or certified mail or by email. The addresses for service of the Parties and their respective email addresses shall be:

If to the Buyer:

Address: Tanzanian Petroleum Development Corporation,
Benjamin William Mkapa Towers,
Tower A, Plot 51/52, corner of Azikiwe/Jamhuri Street,
P.O. Box 2774,
Dar es Salaam
Tanzania

Attention: Managing Director

Email: tpdcmd@tpdc.co.tz

If to the Seller:

Address: PanAfrican Energy Tanzania Limited

Oyster Plaza Building, 5th Floor
Haile Selassie Road
P.O Box 80139
Dar es Salaam, Tanzania

Attention: Managing Director

Email: managingdirector@panafricanenergy.com

And with a copy to: Commercial Manager

Email: commercialmanager@panafricanenergy.com

(b) For the purposes of Clause 6.5 (*Properly Nominated Quantity*), Clause 6.6 (*Revised Daily Nominations: Ahead of the Relevant Day*) and Clause 6.7 (*Revised Daily Nominations: During the Relevant Day*), all nominations from the Buyer to the Seller shall be directed to the following:

Attention: Commercial Manager

Email: commercialmanager@panafricanenergy.com

And related notices from the Seller to the Buyer at:

Email: gasconomination@tpdc-tz.com

(c) Any Party may by written notice to the other Party change the addressees and/or email addresses to which such notices and communications to it are to be delivered or mailed.

(d) Receipt of notices:

Any notice given to a Party in accordance with this Agreement shall be deemed to have been received by that Party as follows:

(i) if delivered by any form of courier (including by hand) or sent by recorded or registered postal delivery: if delivered during business hours on a Business Day, when delivered; if not delivered during business hours on a Business Day, 09:00 hours on the next Business Day; and

(ii) if sent by email: at the time of confirmation of delivery of the email to the designated email address of the receiving Party.

22.4 **Amendments**

The Parties may agree to amend this Agreement and any such amendment shall be subject to the mutual agreement of the Parties and must be in writing and signed by the Parties.

22.5 **Waiver**

Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof by setting forth such waiver in a written document that must be executed by both Parties. No waivers by either Party shall be considered a waiver of the same or any other term or condition on any future occasion.

22.6 **No Implied Waiver**

Except where a specific time limit is set forth herein, no failure to exercise, nor any delay in the exercise of any right or remedy that any Party may have under this Agreement or in connection herewith shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy prevent any further or other exercise thereof or of any right or remedy.

22.7 **Commercial Acts; Immunity**

(a) The Buyer unconditionally and irrevocably agrees that the execution, delivery and performance by it of this Agreement constitute private and commercial acts.

(b) In addition to the foregoing, TPDC hereby unconditionally and irrevocably agrees that:

(i) should any proceeding (including any arbitration proceeding) be brought against it or its assets in relation to this Agreement or any transaction contemplated by this Agreement, no immunity from such proceedings shall be claimed by or on behalf of itself or with respect to its assets; and

(ii) it consents generally in respect of the enforcement of any judgment (including any arbitral award) against it in any such proceedings (including any arbitration proceedings) in any jurisdiction to the giving of any relief or the issue of any process in connection with such proceedings (including the making, enforcement or execution against or in respect of any of its assets whatsoever irrespective of its use or intended use).

22.8 **Successors and Assigns; No Third-Party Beneficiaries**

This Agreement shall bind and continue for the benefit of the Parties and their respective successors and permitted assigns provided that the assignee shall not be entitled to receive under this Clause 22.8 any greater amount than that to which the assignor would have been entitled. The terms and provisions of this Agreement are intended solely for the benefit of each Party and their respective successors and permitted assigns and it is not the intention of the Parties to confer any third-party rights upon any other Person. Except as expressly stated in this Agreement, a person who is not a Party to this Agreement may not enjoy any benefit under this Agreement.

22.9 **Invalidity**

The invalidity or unenforceability of any provisions of this Agreement shall be determined in accordance with the Dispute resolution provisions. If any part of this Agreement is declared invalid or unenforceable by an Expert or arbitration tribunal, all other parts shall remain valid and enforceable.

Where any Applicable Law requires the Parties to re-negotiate the terms of this Agreement or pursuant to any Applicable Law any material provision of this Agreement is deemed to be of no effect or to be treated as expunged, either Party may terminate this Agreement with immediate effect by delivering a Termination Notice to the other Party and the provisions of Clause 17.6 (Consequences of Termination) shall apply.

22.10 **Confidentiality**

(a) The Parties' obligations under this Clause 22.10 shall cease to have any force or effect twenty-four (24) months after the End Date.

(b) Subject to Clauses 22.10(a) and 22.10(c), each Party shall treat as strictly confidential and not disclose or use any information received or obtained as a result of entering into this Agreement or any document which relates to:

(i) the existence and the provisions of this Agreement or of any related document;

(ii) the negotiations relating to this Agreement or any related document; or

(iii) information relating to the business, financial or other affairs (including future plans and targets) of the other party or its Affiliate.

(c) Clause 22.10(b) shall not prohibit disclosure or use of any information if and to the extent:

(i) the disclosure or use is required to vest the full benefit of this Agreement in a Party;

(ii) the information is or becomes publicly available (other than by breach of this Agreement);

(iii) the other Party has given prior written approval to the disclosure or use;

(iv) the information is independently developed by a Party after the date of this Agreement;

(v) the disclosure or use is required by law, any governmental authority or regulatory body or any stock exchange on which the shares of either Party or any of its Affiliates is listed;

(vi) the disclosure or use is required for the purpose of any judicial or arbitral proceedings arising out of this Agreement or any related document or in order to enable a determination to be made under Clause 20 (*Dispute Resolution*);

(vii) the disclosure is made to a party to whom assignment is permitted under Clause 21 (*Assignment*) on terms that such assignee undertakes to comply with the provisions of Clause 22.10(b) in respect of such information as if it were a party to this Agreement;

(viii) the disclosure is made to its legal, financial and/or technical advisers of either Party or one of its Affiliates on terms that such advisers undertake to comply with the provisions of Clause 22.10(b) in respect of such information as if they were a party to this Agreement; or

(ix) the disclosure is made to a provider of a Performance Security Agreement, provided that prior to disclosure or use of any information pursuant to Clause 22.10(c)(i), (v) or (vi), the Party concerned shall promptly notify the other Party of such requirement with a view to providing that other Party with the opportunity to contest such disclosure or use or otherwise agreeing the timing and content of such disclosure or use.

(d) On the termination or expiry of this Agreement, the Party which has received information protected by this Clause 22.10 shall, on receipt of a written demand from the Party which provided the information, promptly:

(i) return any written records of such information in its possession and control (without keeping any copies) to the party which provided the information;

(ii) destroy all analyses, compilations, notes, studies, memoranda or other documents prepared by it or its Affiliates or its or their officers, employees, agents or advisers to the extent that the same contain, reflect or derive from any such information;

(iii) so far as is reasonably practicable to do so, expunge any such information in its possession or under its control from any computer, word processor or other device; and

(iv) on request supply a certificate signed by one of its directors confirming that, to the best of his knowledge, information and belief, having made all proper enquiries, the requirements of this Clause have been fully complied with,

provided that the Party which received such information may retain any such information as may be required by law or which is contained or referred to in board minutes of such Party or in documents referred to therein and the advisers to such Party may keep one copy of any document in their possession for record purposes without prejudice to any duties of confidentiality.

22.11 **Survival of Obligations**

Pursuant to Clause 17.6 (*Consequences of Termination*), cancellation, termination or expiration of this Agreement shall not relieve the Parties of obligations that by their nature should survive

such cancellation, expiration or termination, including the following Clauses of this Agreement, which shall survive the cancellation, termination or expiration of this Agreement:

(a) Clause 1 (*Definitions and Interpretation*);

(b) Clause 6.10 (*Right to Recover Make-Up Gas*);

(c) Clause 11 (*Invoicing and Payment*) (until all amounts due with respect to rights and obligations accrued under this Agreement up to and including the End Date have been fully reconciled and paid);

(d) Clauses 15 (*Indemnities*);

(e) Clause 17 (*Termination*);

(f) Clause 18 (*Liability*);

(g) Clause 19 (*Expert*);

(h) Clause 20 (*Dispute Resolution*);

(i) Clause 22.1 (*Governing Law*);

(j) Clause 22.7 (*Commercial Act Immunity*); and

(k) Clause 22.10 (*Confidentiality*).

22.12 **Public Announcements**

Neither of the Parties or their Affiliates shall make any announcement about this Agreement, except as may be otherwise required by law, without the prior approval of the other Party. The Parties shall have the right to make public disclosures mandated by applicable securities laws, subject to notice being given to the other Party as soon as reasonably practicable.

22.13 **Consent not to be Unreasonably Withheld**

Unless otherwise provided herein, whenever a consent or other approval under this Agreement is required by one Party from the other Party, such consent or approval shall not be unreasonably withheld or delayed.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date and year first above written.

PANAFRICAN ENERGY TANZANIA LIMITED (as the Seller)

Signature: **(signed) "Andrew J. Hanna"**

Name: ANDREW J HANNA

Title: MANAGING DIRECTOR

PANAFRICAN ENERGY TANZANIA LTD. PANAFRICAN Energy P.O. Box 30139 DAR-ES-SALAAM TANZANIA * PAT *

AND

Signature: (signed) "Bizimano Ntuyabalione"

Name: BIZIMANO NTUYABALIONE

Title: DEPUTY MD

TANZANIA PETROLEUM DEVELOPMENT CORPORATION (as the Buyer)

Signature: (signed) "Kapuulya A. Musomba"

Name: KAPUULYA A. MUSOMBA

Title: ACTING MANAGING DIRECTOR

For: MANAGING DIRECTOR TANZANIA PETROLEUM DEVELOPMENT CORPORATION P. O. Box 2774 DAR-ES-SALAAM 6

AND

Signature: **(signed) "Raymond A. Baravuga"**

Name: RAYMOND A. BARAVUGA

Title: Ag. DIRECTOR OF LEGAL SERVICES

APPENDIX 1 – PROCEDURES FOR ARBITRATION

Procedures for Arbitration

1 The Party commencing an arbitration (the claimant) shall serve a written notice of arbitration on the other Party (the respondent) stating:

(a) the names and addresses of the parties to the arbitration;

(b) a brief statement of the nature of the dispute(s), and the relief claimed; and

(c) the full name and address of the arbitrator appointed by the claimant pursuant to paragraph 3 below.

2 Within sixty (60) days of receiving the claimant's notice of arbitration, the respondent shall serve a written response containing the full name and address of the arbitrator appointed by the respondent under paragraph 3 below.

3 The arbitral tribunal shall be composed of three arbitrators appointed as follows:

(a) each Party shall appoint one arbitrator;

(b) if the respondent fails to appoint an arbitrator in accordance with paragraph 2 above, such arbitrator shall at the request of the claimant be appointed by the High Court of Tanzania (Commercial Division);

(c) within thirty (30) days of the appointment of the second arbitrator, the two appointed arbitrators shall jointly appoint a third arbitrator who shall act as chairman of the tribunal;

(d) if the Party appointed arbitrators are unable to agree the appointment of the third arbitrator within the said thirty (30) day period, the third arbitrator shall be appointed by the High Court of Tanzania (Commercial Division);

(e) a prospective arbitrator shall disclose to the Parties any circumstances likely to give rise to justifiable doubts as to his impartiality or independence. A Party who intends to challenge an arbitrator shall send written notice of its challenge (with reasons for its challenge) to the other Party, the challenged arbitrator and the other members of the arbitral tribunal within thirty (30) days after the appointment of the challenged arbitrator has been notified to the challenging Party or within thirty (30) days after the circumstances giving rise to the challenge became known to that Party. If the challenge is not accepted by the arbitrator or the other Party within fifteen (15) days, the challenging Party may within a further fifteen (15) days, refer the challenge to the High Court of Tanzania (Commercial Division).

(f) should a vacancy arise because any arbitrator dies, resigns, fails to act, refuses to act, is successfully challenged, or becomes incapable of performing his functions; the vacancy shall be filled using the same method by which that arbitrator was originally appointed. When a vacancy is filled the newly established tribunal shall in its discretion determine whether any prior hearing shall be repeated.

4 No later than sixty (60) days after the tribunal has been established in accordance with paragraph 3 above, the claimant shall deliver to the respondent (with copies to each arbitrator) a written statement of his case, containing particulars of his claims and submissions in support thereof, together with copies of any documents relied upon.

5 Within sixty (60) days of the receipt of the claimant's statement of his case, the respondent shall deliver to the claimant (with copies to each arbitrator) a statement of defence, together with particulars of any counterclaims and copies of any documents relied upon.

6 Within sixty (60) days of the receipt by the claimant of any statement of counterclaim(s) by the respondent, the claimant may deliver to the respondent (with copies to each arbitrator) a reply to the counterclaim(s) together with copies of any additional documents relied upon.

7 The tribunal and the parties shall make every effort to conduct the arbitration in an expeditious and cost-effective manner, having regard to the complexity and value of the dispute. In all cases, the tribunal shall act fairly and impartially and ensure that each Party has a reasonable opportunity to present its case.

8 The following further procedural rules shall in any event be taken as agreed:

(a) the language of the arbitration shall be English;

(b) the tribunal may in its discretion hold a hearing and make an award in relation to any preliminary issue at the request in writing of either Party and shall do so at the joint request in writing of both Parties;

(c) the tribunal shall hold a hearing(s), in order to determine substantive issues unless the Parties agree otherwise in writing;

(d) all hearings shall be held in private;

(e) the tribunal shall issue its final award within 60 (sixty) days of the last hearing of the substantive issues in dispute between the Parties, unless the Parties otherwise agree in writing;

(f) any award or procedural decision of the tribunal shall be made by a majority of the arbitrators;

(g) the award shall be made in writing and shall state the reasons on which the award is based, unless the Parties agree in writing that no reasons are to be given; and

(h) The determination as to which Party should bear the costs of arbitration (and/or in what proportion) shall be within the discretion of arbitrators in the final award.

9 The Parties shall agree on any other procedural rules of arbitration, however, in case of disagreement or gap in such procedural rules of arbitration, the tribunal shall decide them.

SCHEDULE 1: SPECIFICATIONS

Raw Gas Specification

Raw Gas delivered at the Delivery Point shall at all times be in compliance with the following specifications:

Natural Gas Quality Specification

No.	Parameter/Component or Characteristic	Typical Analysis (Mole %)	Quality Standard Limits or Range
1.	Methane	94.9	87.0 - 99.0 mol.%
2.	Ethane	2.5	0.5 - 5.1 mol. %
3.	Propane	0.2	0.1 - 1.5 mol. %
4.	Inert gases	trace	Max. 7.0 mol. %
5.	Carbon Dioxide	0.70 mol. %	Max. 4.0 mol. %
6.	Oxygen	0.02 mol.%	Max. 0.2 mol. %
7.	Nitrogen	1.60 mol. %	Max. 5.6 mol. %
8.	Hydrogen Sulphide	-	Max. 5.7 mg/m^3
9.	Total Sulphur	-	Max. 10.0 mg/m^3
10.	Water	48.0 mg/m^3	Max. 73.0 mg/m^3
11.	Hydrocarbon DewPoint	0°C	Max. 4.0°C at 3500 kPa
12.	Gross Heating Value	37.8 MJ/m^3	35.1 – 42.3 MJ/m^3
13.	Wobbe Index	-	41.0 - 52.0 MJ/m^3
14.	Specific Gravity	0.585	0.57 – 0.62
15.	Temperature limits	-	2.0 – 50°C
16.	Mercaptan Sulphur	-	Max. 5.0 mg/m^3

Low Heating Value (btu/ft3): 916.00 – 921.50

High Heating Value (btu/ft3): 1016.8 – 1022.6

For the purpose of converting standard cubic meters to standard cubic feet shall be 35.3144 scf/m^3

The Sales Gas, Condensate and Produced Water delivered at the delivery point are directly produced from the reservoir to the wellhead. There is no processing performed on any of the well effluents prior to delivery at the Delivery Point.

Both Parties understand that the Raw Gas will be produced with condensate and Produced Water.

Condensate Gas Ratio (''CGR'') (stb/MMscf): 0.25-1.5

Water Gas Ratio (''WGR'') (stb/MMscf): 0.36 – 3.5

As at the date of signing of this Agreement, the Songo Songo Gas Field is not producing any free water. It is expected that the Produced Water volumes will increase over time as the field matures and the gas reservoir is depleted.

SCHEDULE 2: GAS TESTING AND MEASUREMENT PROCEDURES

1. General

(a) All quantities of Raw Gas to be delivered by the Seller to the Buyer at the Delivery Point in accordance with this Agreement will be metered in accordance with paragraphs 4 and 5, the Gross Calorific Value of the Gas determined in accordance with paragraph 2, and the Gas, Condensate and Water Quantities determined in accordance with paragraph 3.

(b) All Metering Equipment and metering and analysis equipment, housings, devices and materials and all related equipment, appliances and buildings required to meter and analyse Gas, Condensate and Water as provided for in paragraphs 2 and 3 will be provided, operated and maintained by the Buyer in accordance with Good Engineering and Operating Practices.

(c) The Buyer will be responsible for the preservation of all original test data, reports, charts and other similar records for a period of not less than three years following a verification of the Metering Equipment and will (at the Seller's expense) make copies thereof available to the Seller upon request by the Seller.

(d) Each standard or publication referred to in this Schedule 2 will be replaced by another standard or publication only if such standard or publication is agreed to in writing between the Parties.

2. Determination of the Gross Calorific Value of the Gas

The following process will be used to determine the Gross Calorific Value of the Sales Gas.

2.1 A component analysis of all quantities of Gas delivered by the Seller at the Buyer's Processing Plant will be continuously computed by a redundant automatic on-stream chromatograph installed on the outlet header of the gas metering skid of the welltest separator ("**Chromatograph**"). The Chromatograph will be compliant with *OIML R140, Edition 2007(E) "Measuring systems for gaseous fuel"*.

2.2 The Chromatograph will be directly connected to the Gas stream at a position appropriate for obtaining a representative analysis of the composition of Gas by a fast loop system designed to get a transit time of less than one (1) minute.

2.3 The Chromatograph will be calibrated prior to the Initial Delivery Date, on an annual basis, and when a discrepancy higher than the threshold specified in paragraph 6.1 with the redundant Chromatographs is detected on the daily average Gross Calorific Value. Such calibration will be undertaken by an independent inspector appointed by the Parties, and if the Parties are unable to agree on the identity of an independent inspector, by the Expert. The Seller will give the Buyer reasonably sufficient prior notice of the date, time and nature of every calibration in order to enable the Buyer to be present. The Buyer will bear the costs for such calibration.

2.4 The Chromatograph will determine gas composition as per *ISO 6974 Part 1:2012*, and *Part 2:2012 "Natural gas - Determination of composition with defined uncertainty by gas chromatography"* and calculate the Gross Calorific Value and density of the Gas as per *ISO 6976: 1995 "Natural gas - Calculation of calorific values, density, relative density and Wobbe index from composition"*. This will represent the Gross Calorific Value as required by paragraph 4.1.1. The Chromatograph will provide a daily average of the Gross Calorific Value, which will be the mean of the analyses accumulated during a 24-hour period, weighted by the corresponding standard volumetric flow rate

3. Determination of Gas Quantity

3.1 The volumetric flowrate of the Gas delivered by the Seller will be continuously measured by two ultrasonic flowmeters installed in parallel: one on line, and another as a spare, in stand-by ("**Flowmeter**"). The Flowmeters will be installed in such a way that it is possible to put in series one meter with the one in stand-by in order to check the Flowmeter on line. The Flowmeters will be compliant with ISO 17089-1:2010 "Measurement of fluid flow in close conduits – Ultrasonic meters for gas – Part 1: Meters for custody transfer and allocation measurement", the *American Gas Association Report N°9 (2007): Measurement of Gas by Multipath Ultrasonic Meters*, and the *American Gas Association Report N°10 (2003): Speed of Sound in Natural Gas and Other Related Hydrocarbon Gases*. As additional clarifications regarding these previous norms and standards, the number of paths will be four paths as minimum.

3.2 Each Flowmeter will be calibrated prior to the Initial Delivery Date, every six (6) months, and when a discrepancy higher than the threshold specified in paragraph 6.1 between the Flowmeter on line and the one in stand-by (when in series) is detected on the daily average rate. Such calibration will be undertaken by an independent inspector appointed by the Parties in accordance with paragraph 2.3, above. The Buyer will give the Seller reasonably sufficient prior notice of the date, time and nature of every calibration in order to enable the Buyer to be present. The Buyer will bear the costs for such calibration.

3.3 Two (2) redundant pressure transmitters in a "Pay and Check configuration" will be associated to each Flowmeter.

3.4 Two (2) redundant temperature transmitters in a "Pay and Check configuration" will be associated to each Flowmeter.

4. Gas measurement procedures

4.1 All quantities of Gas passing through the Buyer's Processing Plant will (subject to paragraph 3) will be computed by automatic computation equipment which will incorporate suitable recording devices for measurement at discrete intervals of time as are reasonably within the capabilities of dedicated continuous measuring instruments of standard manufacture of:

4.1.1 the Gross Calorific Value in GJ (as measured by an on-stream Gas Chromatograph);

4.1.2 the volumetric flow rate at flow conditions across an ultrasonic flowmeter sensor;

4.1.3 the relative pressure of Gas measured in bargs at the upstream pressure tapping of an ultrasonic sensor (which is installed on the meter body); and

4.1.4 the Gas temperature measured in degrees Celsius.

4.2 If the measurements specified in paragraph 4.1.1, 4.1.2, 4.1.3, or 4.1.4 are determined in units other than those specified in accordance with this Agreement then factors agreed in writing between the Parties will be applied such that the measurements are converted into the said specified units.

4.3 The measured volume under paragraph 3 will be corrected by the flow computer to obtain corrected volume at a temperature of 60 degrees Fahrenheit (15.56 degrees Celsius) and an absolute pressure of 14.696 pounds per square inch (101,325 kPa).

4.4 The Buyer will ensure that Gas will flow through each metering device at the Buyer's Processing Plant at a rate which will be a rate which is within the operating range of that metering device.

4.5 The measurements recorded pursuant to paragraph 3 will be used to determine the pressure at the Delivery Point for the purposes of this Agreement.

4.6 The provisions of this paragraph 4 have been established on the basis that the meters comprising part of the Metering Equipment will be ultrasonic sensors. The Seller will not install and bring into operation any meters which are not ultrasonic sensors, unless:

4.6.1 such meters will under normal operating conditions provide an equal or more accurate measurement than may reasonably be expected to be provided by means of ultrasonic sensors; and

4.6.2 the Parties will have agreed in writing any necessary or desirable amendments to this Schedule 2 to reflect the different type of meters to be installed and operated.

5. Condensate and Produced Water measurement procedures

5.1 All quantities of Condensate and Produced Water passing through the Buyer's Processing Plant will be computed by automatic computation equipment and stabilised Tank Volumes which will incorporate suitable recording devices for measurement at discrete intervals of time that are reasonably within the capabilities of dedicated continuous measuring instruments of standard manufacture. Specifically, they will compute:

5.1.1 the incremental tank volumes as installed at the Buyer's Processing Plant;

5.1.2 the volumetric flow rate at flow conditions across an ultrasonic flowmeter sensor;

5.1.3 the relative pressure measured in bargs of the Condensate and Produced Water at the upstream pressure tapping of an ultrasonic sensor (which is installed on the meter body or near the meter body); and

5.1.4 the Condensate and Produced Water temperature measured in °C.

5.2 If the measurements specified in paragraph [4.1.1, 4.1.2, 4.1.3, 4.1.4/5.1.1, 5.1.2, 5.1.3 or 5.1.4] are determined in units other than those specified in accordance with this Agreement then factors agreed in writing between the Parties will be applied such that the measurements are converted into the said specified units.

5.3 The measured volumes of Condensate and Produced Water will be corrected by the flow computer to obtain corrected volume at a temperature of 60 degrees Fahrenheit (15.56°C) and an absolute pressure of 14.696 pound per square inch (101,325 kPa).

5.4 The Buyer will ensure that Condensate and Produced Water will flow through each metering device at the Buyer's Processing Plant at a rate which is within the operating range of that metering device.

5.5 The provisions of this paragraph 5 have been established on the basis that the meters comprising part of the Metering Equipment will be ultrasonic sensors. The Seller will not install and bring into operation any meters which are not ultrasonic sensors, unless:

5.5.1 such meters will under normal operating conditions provide an equal or more accurate measurement than may reasonably be expected to be provided by means of ultrasonic sensors; and

5.5.2 the Parties will have agreed in writing any necessary or desirable amendments to this Schedule 2 to reflect the different type of meters to be installed and operated.

6. Operating and accuracy of the Metering Equipment

6.1 The Buyer will ensure that the Metering Equipment will, once installed, be operated:

6.1.1 in accordance with the provisions of the following standards (as applicable) OIML R140, Edition 2007 (E) "Measuring systems for gaseous fuel", ISO 6974 Part 1: 2012 and Part 2: 2012 "Natural gas - Determination of composition with defined uncertainty by gas chromatography", ISO 6976: 1995 "Natural gas - Calculation of calorific values, density, relative density and Wobbe index from composition", ISO 17089-1:2010 "Measurement of fluid flow in close conduits – Ultrasonic meters for gas – Part 1: Meters for custody transfer and allocation measurement", American Gas Association Report n°9 (2007): Measurement of Gas by Multipath Ultrasonic Meters and American Gas Association Report n°10 (2003): Speed of Sound in Natural Gas and Other Related Hydrocarbon Gases (together the "**International Procedures**"), and the Metering Equipment manufacturer's written procedures (and in the event of any conflict between those standard/procedures, the terms of the International Procedures shall prevail);

6.1.2 in a way such that the total uncertainty of measurement of the Metering Equipment at the Buyer's Processing Plant will not be greater than plus or minus 0.7 per cent over the range of Gas flow rates that may occur under all normally and ordinarily foreseeable operating conditions at the Buyer's Processing Plant.

6.2 The accuracy of all measuring instruments will be tested by the Buyer:

6.2.1 continuously for the instruments: being the Chromatographs, pressure and temperature transmitters, and

6.2.2 once every three (3) months for the Flowmeters, to be done by comparing two (2) Flowmeters in series.

7. Correction of Defects

7.1 An element is considered to be outside its accuracy range when the discrepancy between the Pay element and the Check element (or between the normal and back-up element) is above:

7.1.1 +/- 0.5% for the daily average quantity of gas measured with the Flowmeter;

7.1.2 +/- 0.5% of the transmitter range for pressure transmitter, on a daily average basis;

7.1.3 +/- 0.5°C for temperature transmitter, on a daily average basis; or

7.1.4 +/- 0.5% for the Gross Calorific Value computed by the Chromatograph, on a daily average basis.

7.2 If the Chromatograph is found outside its accuracy range as per defined in paragraph 6.1.4, the one in default will be determined by comparison between the sound speed given by the Flowmeter and the sound speed calculated by the automatic computation equipment from the Gas composition given by the Chromatographs. The Chromatograph giving the sound speed

that is the closest to the one measured by the Flowmeter will be used for the calculation of the Gross Heating Value until the calibration of the Chromatograph in default.

7.3 If pressure or temperature transmitter is found outside its accuracy range, the calculation of the Gas quantity will be performed by the line in stand-by mode.

7.4 When, a Flowmeter is declared in default by its auto-diagnostic tools, then the calculation of the Gas quantity will be performed by the line in stand-by mode

7.5 If the Metering Equipment is out of service or registering outside its accuracy range, the Gas delivered during the corresponding period will be determined upon the basis of the best data available, using any one of the following methods:

7.5.1 by correcting the error if the percentage of error is ascertainable by calibration, test, or mathematical calculations; or

7.5.2 by estimating the quantity of deliveries during the preceding periods of demand under similar conditions when the Metering Equipment was registering accurately. For the purposes of this estimation, the Parties may agree upon using data from measurement from another source.

8. Correction of readings

8.1 If the values recorded by out of service or Metering Equipment registering outside its accuracy range have been used in the calculation of Gas quantity delivered, then:

8.1.1 the quantity calculated for the day immediately preceding the day of discovery of the inaccuracy will be compared with the quantity recalculated in the same day using corrected values; and

8.1.2 the quantities for the period for which the Metering Equipment has been out of service or inaccurate will be corrected by recalculation using the corrected reading provided that the period for which such correction applies must not extend beyond the date of the preceding test as per defined in paragraph 6.2; and

8.1.3 if the difference is two per cent (2%) or less of the cumulative quantities calculated using the inaccurate readings, all readings of the equipment since the previous test are deemed to be correct.

SCHEDULE 3: PERFORMANCE GUARANTEE AND PAYMENTS RECONCILLIATION REQUIREMENTS

1. Preamble to the Performance Guarantee

In accordance with the terms of this Agreement, the Buyer shall procure, by the Performance Guarantee Delivery Date, the provision of the Performance Guarantee for the benefit of the Seller that will guarantee the payment of amounts due to the Seller under this Agreement and which shall be available through the Secured Term.

2. The Performance Guarantee

2.1 The Performance Guarantee must, as a minimum, provide the Seller with a source of immediately available funds from an Acceptable Institution, which can be utilised by the Seller during the Secured Term upon non-payment by the Buyer of a due amount under this Agreement (and without the requirement for the Seller to undertake any additional steps beyond seeking such utilisation).

2.2 The Performance Guarantee shall be in the form of a risk guarantee instrument, including but not limited to Partial Risk Guarantee (PRG) instruments issued by a recognized multilateral funding institution such as African Development Bank or World Bank. The Parties agree to amend the Agreement as reasonably required by the provider of risk guarantee instrument to effect the implementation of the guarantee.

The Performance Guarantee shall include the following principal terms/features:

(a) be made between the Buyer, Seller and an Acceptable Institution (and the Buyer must ensure that this financial institution remains an Acceptable Institution throughout the Secured Term, and provide for the substitution or replacement of the financial institution with a new Acceptable Institution upon any failure of the then present financial institution to constitute an Acceptable Institution);

(b) provide for an amount of readily accessible cash equivalent to the Required Amount and remain fully funded and available to the Seller for the duration of the Secured Term; or

(c) in the case of a letter of credit, such instrument shall be a standby documentary letter of credit issued by an Acceptable Institution in an amount of U.S. dollar funds no less than the Required Amount, denoting the Seller as beneficiary and expiring not before the end of the Secured Term and requiring the Seller to produce a demand notice together with specific documentary evidence that the Buyer has failed to meet its obligations under the Agreement (and no other investigation or evidence shall be required);

3. Payment Reconciliation Account

The Payment Reconciliation Account shall:

(a) be a US dollar designated bank account; and

(b) be made pursuant to a Payment Reconciliation Agreement that contains Payment Reconciliation Agreement between the Buyer, the Seller and the Payments Bank, the following principal terms / features and conditions:

(i) be an irrevocable form of Payment Reconciliation Agreement which is stated to continue throughout the Secured Term and without any rights of termination, cancellation or suspension before then (unless terminable by both Seller and Buyer acting jointly);

(ii) provide for the amounts held under the Payment Reconciliation Agreement to be held in a Payment Reconciliation Account, being a blocked account and from which amounts can only be withdrawn by either Party upon resolution of any Disputed Amount;

(iii) in making any drawing under the Payment Reconciliation Agreement, it shall:

(A) allow for drawings of U.S. dollar funds to be immediately made by the either Party on notice to the Payments Bank upon the resolution of any Disputed Amount in a form set out in the Payment Reconciliation Agreement.

(B) entitle the Payments Bank to act and rely on such instructions without any requirement to make further investigation.

(iv) neither the Payments Bank nor the Buyer or Seller shall have any rights of set-off in respect of the amounts held pursuant to the Payment Reconciliation Agreement;

(v) neither the Payments Bank nor the Buyer or Seller will be entitled to grant any encumbrance over the amounts held pursuant to the Payments Reconciliation Agreement;

(vi) the Payments Bank shall be prohibited from transferring any right, interest or obligation arising under the Payments Reconciliation Agreement; both the Buyer and the Seller shall be entitled to assign or otherwise transfer or encumbrance, encumber, a right, interest or obligation arising under the Payments Reconciliation Agreement (including the right to receive any payment thereunder) without restriction;

(vii) ~~the Buyer shall be responsible~~ the Buyer and Seller shall share equally responsibility for the fees, costs and expenses of the Payments Bank; the Buyer shall ~~also~~ be liable for any taxes, levies or duties that may arise due to the Payment Reconciliation Agreement (and payments made to the Seller pursuant to the Payment Reconciliation Agreement shall be made free and clear of, and without deduction for, any such taxes, levies or duties);

24.5.19

24.5.19

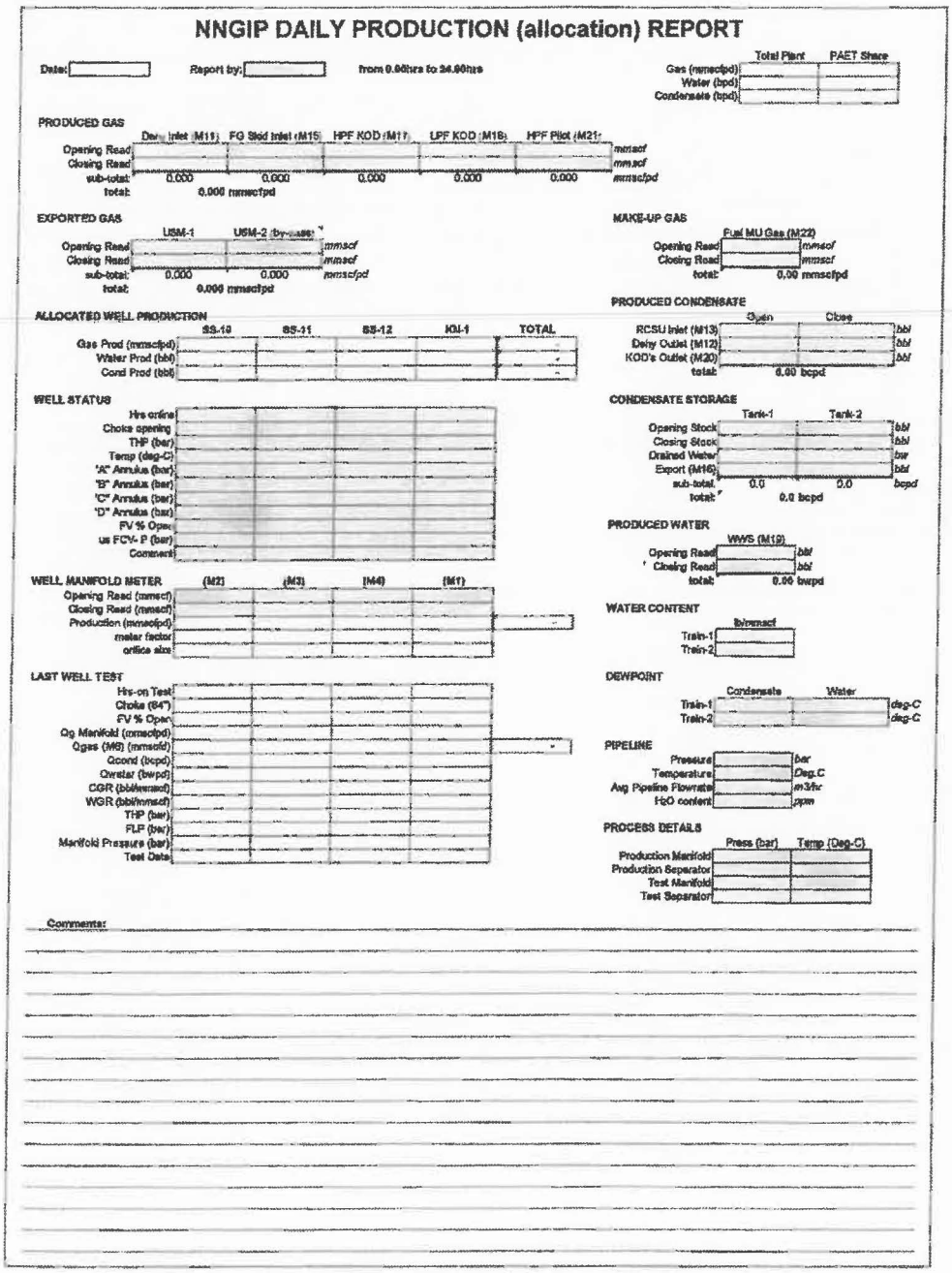
(viii) contain all other customary terms that would be reasonably expected in a security arrangement of this type and consistent with ordinary international banking practice;

(ix) be governed by the laws of an international jurisdiction as determined by the Seller and provide for disputes arising under the Payments Reconciliation Agreement to be settled through the same process as described in this Agreement;

(x) be in a form and on terms and conditions that are reasonably acceptable by the Parties.

SCHEDULE 4 : MONTHLY STATEMENT

The reports herein, and facility diagram legend, will be used to report daily production volumes. and a summarized monthly statement report.



NNGIP DAILY PRODUCTION (allocation) REPORT

Date: Report by: from 0.00hrs to 24.00hrs

	Total Plant	PAET Share
Gas (mmscfpd)		
Water (bpd)		
Condensate (bpd)		

PRODUCED GAS

	Dew... Inlet (M11)	FG Skid Inlet (M15)	HPF KOD (M17)	LPF KOD (M18)	HPF Pilot (M21)	
Opening Read						mmscf
Closing Read						mmscf
sub-total:	0.000	0.000	0.000	0.000	0.000	mmscfpd
total:	0.000 mmscfpd					

EXPORTED GAS

	USM-1	USM-2 (by-pass)	
Opening Read			mmscf
Closing Read			mmscf
sub-total:	0.000	0.000	mmscfpd
total:	0.000 mmscfpd		

MAKE-UP GAS

	Fuel MU Gas (M22)	
Opening Read		mmscf
Closing Read		mmscf
total:	0.00 mmscfpd	

ALLOCATED WELL PRODUCTION

	SS-10	SS-11	SS-12	KU-1	TOTAL
Gas Prod (mmscfpd)					-
Water Prod (bbl)					-
Cond Prod (bbl)					-

PRODUCED CONDENSATE

	Open	Close	
RCSU Inlet (M13)			bbl
Dehy Outlet (M12)			bbl
KOD's Outlet (M20)			bbl
total:	0.00 bcpd		

WELL STATUS

Hrs online				
Choke opening				
THP (bar)				
Temp (deg-C)				
"A" Annulus (bar)				
"B" Annulus (bar)				
"C" Annulus (bar)				
"D" Annulus (bar)				
FV % Open				
us FCV- P (bar)				
Comment				

CONDENSATE STORAGE

	Tank-1	Tank-2	
Opening Stock			bbl
Closing Stock			bbl
Drained Water			bw
Export (M16)			bbl
sub-total:	0.0	0.0	bcpd
total:	0.0 bcpd		

WELL MANIFOLD METER

	(M2)	(M3)	(M4)	(M1)	
Opening Read (mmscf)					
Closing Read (mmscf)					
Production (mmscfpd)					-
meter factor					
orifice size					

PRODUCED WATER

	WWS (M19)	
Opening Read		bbl
Closing Read		bbl
total:	0.00 bwpd	

WATER CONTENT

	lb/mmscf
Train-1	
Train-2	

LAST WELL TEST

Hrs-on Test				
Choke (64")				
FV % Open				
Qg Manifold (mmscfpd)				
Qgas (M9) (mmscfd)				-
Qcond (bcpd)				
Qwstar (bwpd)				
CGR (bbl/mmscf)				
WGR (bbl/mmscf)				
THP (bar)				
FLP (bar)				
Manifold Pressure (bar)				
Test Date				

DEWPOINT

	Condensate	Water	
Train-1			deg-C
Train-2			deg-C

PIPELINE

Pressure		bar
Temperature		Deg.C
Avg Pipeline Flowrate		m3/hr
H2O content		ppm

PROCESS DETAILS

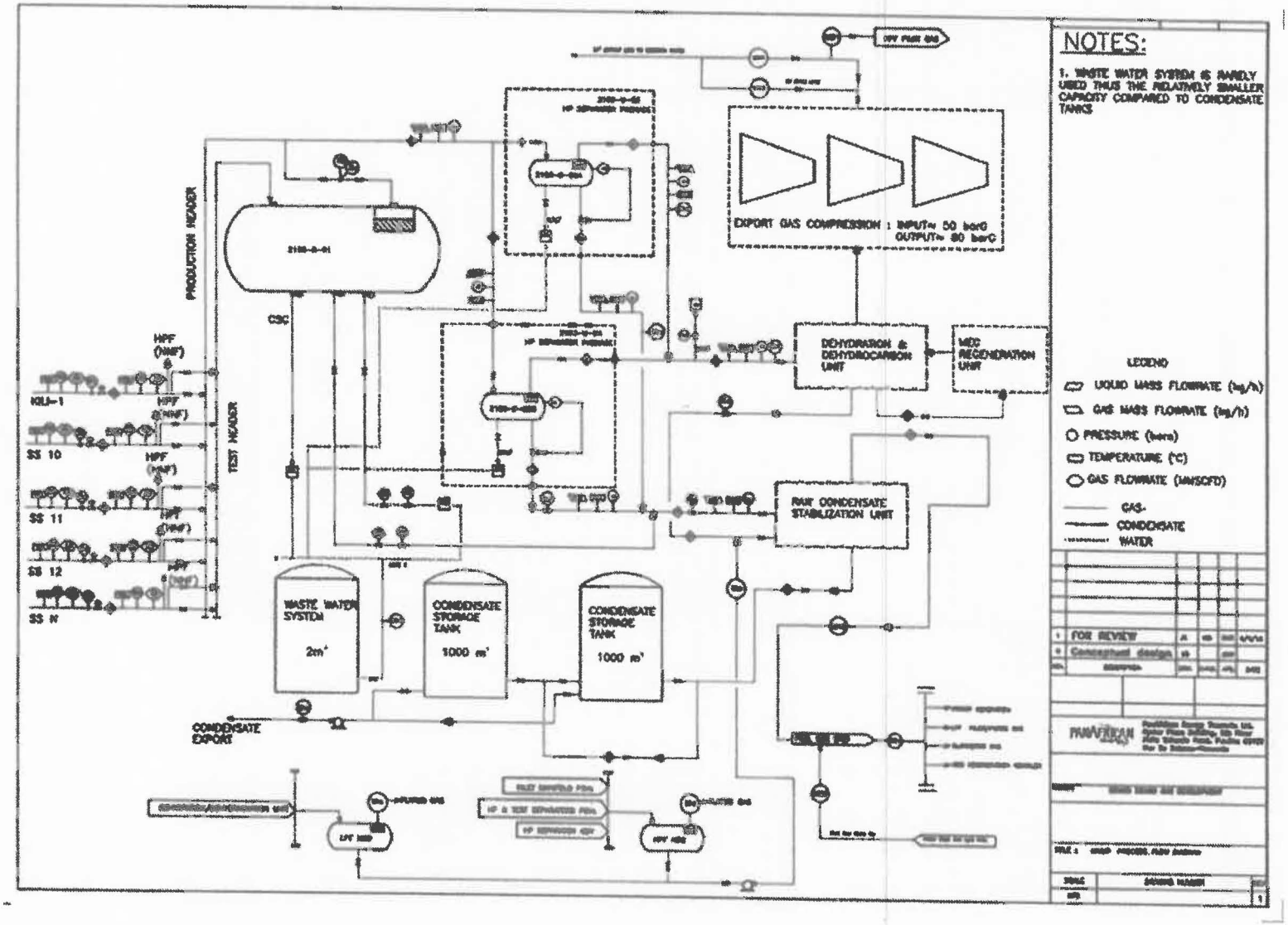
	Press (bar)	Temp (Deg-C)
Production Manifold		
Production Separator		
Test Manifold		
Test Separator		

Comments:

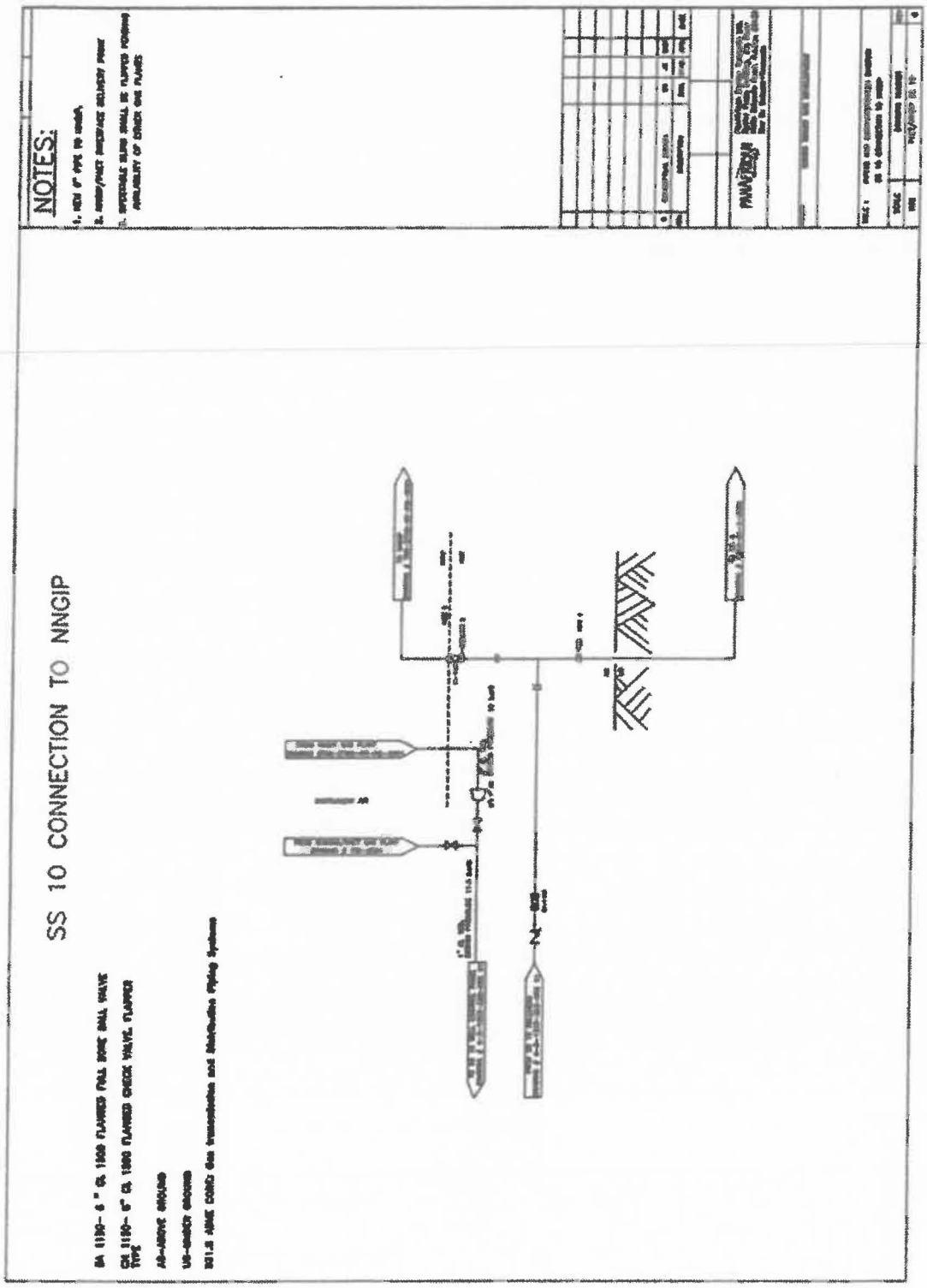
NNGIP Monthly Production Summary

Operator TPDC/GASCO
Battery NNGIP
Location Songo Songo Island

Date	Production				
	Gas Produced mmscf/d	Gas Exported mmscf/d	Water Produced Bls	Condensate Produced Bls	Fuel + Flare Gas Used mmscf/d
dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
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dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
dd/mm/yyy					
Total	0.00	0.00	0.00	0.00	0.00
Average	0.00	0.00	0.00	0.00	0.00


NOTES:
1. WASTE WATER SYSTEM IS RARELY USED THUS THE RELATIVELY SMALLER CAPACITY COMPARED TO CONDENSATE TANKS
EXPORT GAS COMPRESSION : INPUT≈ 50 barG OUTPUT≈ 80 barG
DEHYDRATION & DEHYDROCARBON UNIT
MEG REGENERATION UNIT
RAW CONDENSATE STABILIZATION UNIT
PRODUCTION HEADER
TEST HEADER
HPF (HWF)
KGU-1
SS 10
SS 11
SS 12
SS N
WASTE WATER SYSTEM 2m³
CONDENSATE STORAGE TANK 1000 m³
CONDENSATE STORAGE TANK 1000 m³
CONDENSATE EXPORT
LEGEND
LIQUID MASS FLOWRATE (kg/h)
GAS MASS FLOWRATE (kg/h)
PRESSURE (bara)
TEMPERATURE (°C)
GAS FLOWRATE (MMSCFD)
GAS
CONDENSATE
WATER
FOR REVIEW
Conceptual design

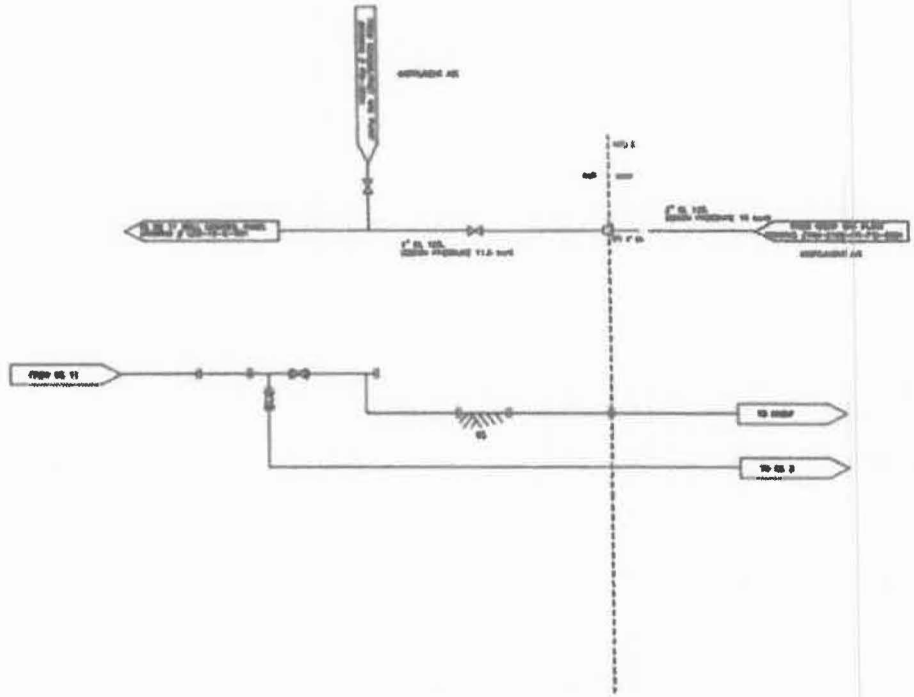
SCHEDULE 5: DELIVERY POINT DRAWINGS



SS 11 CONNECTION TO NNGIP

BA 1160– 6 " CL 1500 FLANGED FULL BORE BALL VALVE

B31.8 ASME CODE: Gas transmission and Distribution Piping Systems



NOTES:

1. SPECTACLE BLIND SHALL BE FLIPPED PENDING AVAILABILITY OF DRYER GAS PLANTS
2. 6" STD 14.3mm wt. C.A.7mm API 5L GR X65.
3. NNGP/PNET OWENFACE DELIVERY POINT

1	ISSUED FOR APPROVAL	AK	MD		
0	CONSTRUCTION ISSUED	MD	AK		

PANAFRICAN

TITLE : PIPING AND INSTRUMENTATION DIAGRAM
SS 11 CONNECTION TO NNGP

SCALE	DRAWING NUMBER	REV
NTS	NNGP/PNGE SS 11	1

SS 12 COFLEX CONNECTION TO NNGIP

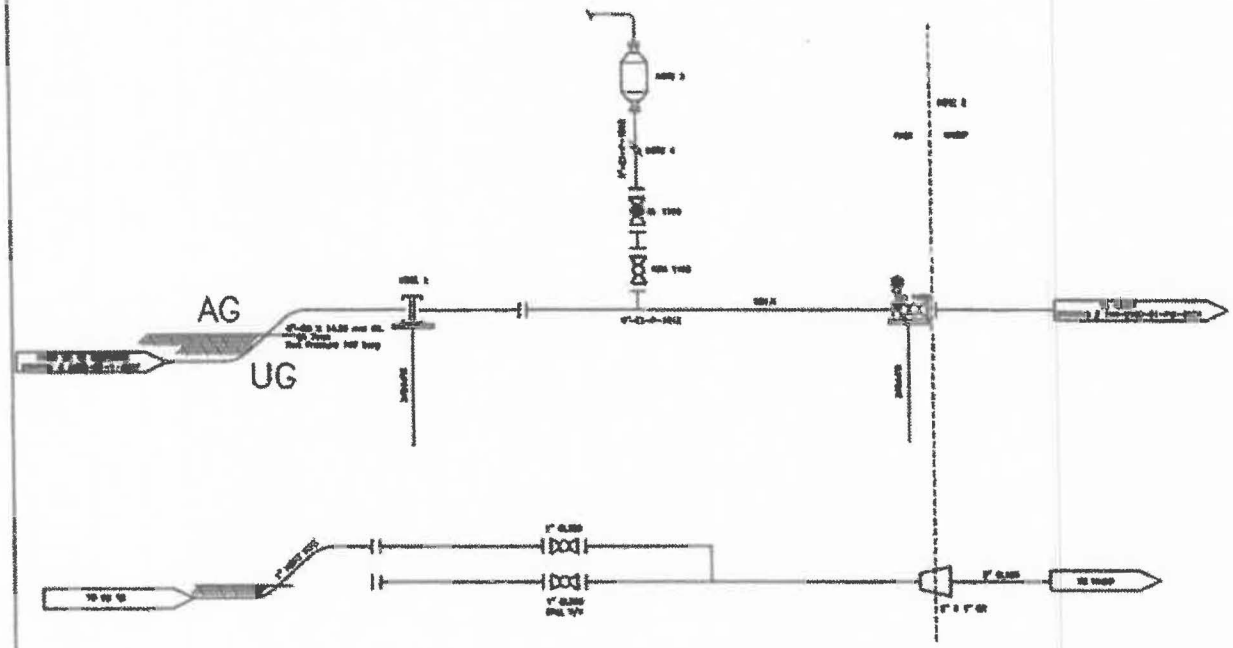
BA 1130– 6 " CL 1500 FLANGED FULL BORE BALL VALVE

AG – ABOVE GROUND

UG – UNDER GROUND

B31.8 ASME CODE: GAS TRANSMISSION AND DISTRIBUTION PIPING SYSTEMS

SS 12 PRODUCTION FLOWLINE



NOTES:

1. 90° SWAGLOK CONNECTION
2. FLARE ARRESTOR TO BE EASILY ACCESSIBLE
3. NNGP /PAET SWEPTANE DELIVERY POINT
4. PIPING SHALL BE CONFINED NOT LESS THAN 200' FROM FLOWLINE FOR PERSONNEL SAFETY.

3	FOR REVIEW	JK	PO	07/05/2021
2	FOR REVIEW AS PER SITE	SD	JK	06/05/2021
1	FOR APPROVAL REVIEW	JK	SD	14/04/2021
0	GEOMETRICAL CONTROL	JK	SD	08/04/2021
REV.	DESCRIPTION	DRN.	CHK'D	APP'D	DATE

PANAFRICAN

FILE : PIPING AND INSTRUMENTATION DIAGRAM SS 12 CONNECTION TO NNGP

SCALE	DRAWING NUMBER	REV.
NTS	NNGP/PAET SS 12	3