

28 September 2009

BETWEEN

PETROSAUDI HOLDINGS (CAYMAN) LIMITED

AND

1MALAYSIA DEVELOPMENT BERHAD

AND

1MDB PETROSAUDI LIMITED

JOINT VENTURE AGREEMENT

TABLE OF CONTENTS

1.	DEFINITIONS AND INTERPRETATION	2
2.	OBJECTIVES	5
3.	MUTUAL UNDERTAKINGS	6
4.	CAPITALISATION AND FURTHER FUNDING.....	6
5.	VALUATION REPORT	7
6.	BOARD OF DIRECTORS.....	7
7.	SHAREHOLDERS' MEETINGS	10
8.	RESERVED MATTERS	10
9.	SHARE TRANSFERS	12
10.	WARRANTIES	13
11.	FINANCIAL MATTERS	13
12.	SHAREHOLDER INVESTMENTS	14
13.	CONSTITUTIONAL DOCUMENTS.....	14
14.	INFORMATION RIGHTS	15
15.	CONFIDENTIALITY	15
16.	ANNOUNCEMENTS	16
17.	NOTICES.....	16
18.	GENERAL.....	17
19.	TERM AND TERMINATION	18
20.	DISSOLUTION OF THE COMPANY	18
21.	DISPUTE RESOLUTION	20
22.	GOVERNING LAW	21
	SCHEDULE 1 DEED OF ADHERENCE	23
	SCHEDULE 2 WARRANTIES.....	24
	SCHEDULE 3 BOARD MATTERS	26

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT is made the 28th day of September 2009.

BETWEEN:

1. **PETROSAUDI HOLDINGS (CAYMAN) LIMITED** (Company No.: MC-231027) (a wholly owned subsidiary of PetroSaudi International Limited, a company incorporated in the Kingdom of Saudi Arabia), incorporated and validly existing under the laws of the Cayman Islands with its registered office at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands (hereinafter referred to as “**PSI**”);
2. **1MALAYSIA DEVELOPMENT BERHAD** (formerly known as Terengganu Investment Authority Berhad) (Company No.: 848230-V), a company incorporated and validly existing under the laws of Malaysia with its registered office at Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur, Malaysia (hereinafter referred to as “**1MDB**”); and
3. **1MDB PETROSAUDI LIMITED** (Company No.: 1548553), a company incorporated and validly existing under the laws of the British Virgin Islands with its registered office at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands (hereinafter referred to as the “**Company**”).

RECITALS

- A. The Company is a wholly owned subsidiary of PSI and was incorporated on 18 September 2009. As at the date of this Agreement, PSI had transferred the whole of the issued share capital of PetroSaudi International, a company incorporated in the Cayman Islands (“**PetroSaudi International Cayman**”) which owns all the legal and beneficial interest in the PSI Assets (which have an estimated value of approximately two billion, seven hundred million US Dollars (USD2,700,000,000)), to the Company.
- B. PSI is the legal and beneficial shareholder of one billion five hundred million (1,500,000,000) Shares (as defined below) and has provided the Company with advances amounting to seven hundred million US Dollars (USD700,000,000).
- C. PSI and 1MDB are desirous of seeking, exploring, entering into and participating in business and economic opportunities within and outside of Malaysia towards the enhancement of and promotion of the future prosperity and long-term sustainable economic development of Malaysia.
- D. In pursuit of the said objectives, 1MDB has agreed to subscribe for and the Company has agreed to issue one billion (1,000,000,000) ordinary shares of one US dollar (USD1.00) each in the Company so that the Company will be owned sixty per cent (60%) and forty per cent (40%) by PSI and 1MDB respectively.
- E. PSI and 1MDB intend to further the best interests of the Company in the spirit of mutual cooperation and in accordance with the terms of this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement unless the context otherwise requires, the following terms and expressions have the following meanings:

- “Affiliate”** means, in relation to a company, a Subsidiary or Holding Company of that company, or any other Subsidiary of any such Holding Company, in each case for the time being;
- “Board”** means the board of directors of the Company from time to time in accordance with the Memorandum and Articles (*Shareholders Meetings*);
- “Board Reserved Matters”** means the matters set out in Clause 8.2(b) (*Board Reserved Matters*);
- “Business”** has the meaning defined in Clause 2 (*Objectives*);
- “Business Day”** means a day (other than a Saturday and Sunday) on which commercial banks in Kuala Lumpur, Malaysia and London, England are open for business;
- “BSI Bank”** means BSI SA, 8 Boulevard du Théâtre - 1204 Geneva;
- “Companies Act”** means the BVI Business Companies Act (No. 16 of 2004) of the British Virgin Islands, as amended, consolidated or replaced from time to time;
- “Deadlock”** means:
- (a) where any resolution relating to a Disposal proposed at a meeting of the Board or of the Shareholders (as the case may be) fails to be passed due to a failure to achieve the required votes for the resolution at three consecutive meetings of the Board or the Shareholders (as the case may be); or
 - (b) where a quorum cannot be achieved at three successive proposed meetings of the Board or of the Shareholders (as the case may be) to be convened for the purpose of voting on a resolution to make any Disposal, of which not less than one week’s notice has been given;
- “Director”** means any director for the time being of the Company, including, where applicable, any alternate Director;

“Disposal”	means any sale, transfer or divestment of any asset or business of the Company having a value in excess of twenty-five per cent (25%) of the value of issued and allotted share capital of the Company;
“Encumbrance”	means any interest or equity of any person (including without prejudice to the generality of the foregoing, any right to acquire an option or right of pre-emption) or any mortgage, charge, pledge, lien or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property;
“Holding Company”	of any other person, means a person in respect of whom that other person is a Subsidiary;
“Investment”	means any strategic or financial investment, acquisition or financing proposal or other opportunity, whether relating to any Affiliate of any Shareholder or any other person, in any territory and in any sector;
“Memorandum and Articles”	means memorandum of association and articles of association of the Company, as amended from time to time;
“Parties”	means any Party to this Agreement from time to time;
“Party”	means any one of them, as the case may be;
“PetroSaudi International Cayman”	has the meaning given in Recital A. to this Agreement;
“Petro Saudi Panama”	has the meaning given in Clause 1.1 (<i>Definitions</i>) in the definition of PSI Assets;
“Petro Saudi Turkmenistan”	has the meaning given in Clause 1.1 (<i>Definitions</i>) in the definition of PSI Assets;
“PSI Assets”	means: <ul style="list-style-type: none"> (a) one hundred per cent (100%) of the share capital of Petro Saudi Turkmenistan 1 Limited (“Petro Saudi Turkmenistan”), a Jersey Company holding energy interests in the Turkmenistan sector of the Caspian Sea (the production licence relating to Block III area); and (b) one hundred per cent (100%) of the share capital of Petro Saudi Ltd. Inc., (“Petro Saudi Panama”) a Panamanian company holding energy interests in the Argentinean provinces of Rio Negro (Laguna El Loro) and Chubut (Confluencia, Pampa Salamanca, San Bernardo, Rio Senguerr, Buen Pasto, Sierra Cuadrada, Laguna El Loro);

“PSI Loan Agreement”	means the loan agreement dated 25 September 2009 entered into between the Company (as borrower) and PSI (as Lender) in respect of a principal amount of seven hundred million US Dollars (USD700,000,000) and under which the interest rate is zero per cent (0%);
“Related Party”	means an individual who is or was, in the twelve (12) months preceding the date of this agreement, a director or shadow director of any Shareholder or any other company which is (and, if he has ceased to be such, was while he was a director or shadow director of such other company) its Subsidiary or Holding Company or a Subsidiary of its Holding Company; and such individual’s spouse, civil partner, minor child, stepchild, or any employee or partner of the individual;
“Shareholders”	means shareholders of the Company for the time being and “Shareholder” means any one of them, as the case may be;
“Shareholder Reserved Matters”	means the matters set out in Clause 8.1(b) (<i>Shareholder Reserved Matters</i>);
“Shareholding Proportions”	has the meaning given in Clause 4.2(a) (<i>Shareholding Proportions</i>);
“Shares”	means any issued or allotted shares in the equity capital of the Company;
“Subscription”	means the subscription of IMDB to the Subscription Shares in accordance with Clause 4.1 (<i>IMDB Subscription</i>);
“Subscription Shares”	has the meaning given to it in Clause 4.1 (<i>IMDB Subscription</i>);
“Subsidiary”	means an entity of which a person has direct or indirect control and owns directly or indirectly (or together with any other Shareholder and its Affiliates) one hundred per cent (100%) of the voting capital or similar right of ownership;
“Surviving Provisions”	means Clause 1 (<i>Definitions and Interpretation</i>), Clause 15 (<i>Confidentiality</i>), Clause 16, (<i>Announcements</i>), Clause 17 (<i>Notices</i>), Clause 18.2 (<i>Waiver</i>), Clause 18.3 (<i>Entire Agreement</i>), Clause 18.9 (<i>Third Party Rights</i>), Clause 20 (<i>Dissolution of the Company</i>) Clause 21.3 (<i>Arbitration</i>) and Clause 22 (<i>Governing Law</i>);;
“Target Valuation”	means two billion, seven hundred million US Dollars (USD2,700,000,000);

“USD” or “US\$”	means the lawful currency of the United States of America; and
“Valuation Report”	has the meaning described in Clause 5 (<i>Valuation Report</i>).

1.2 Interpretation

In this Agreement, unless there is something in the subject or context inconsistent with such construction or unless it is otherwise expressly provided:

- (a) the expression **“this Agreement”** or any similar expression shall mean this joint venture agreement and any supplemental agreement as may be in force from time to time or at any time;
- (b) references to **“Recitals”**, **“Clauses”**, and **“Schedules”** are references to, respectively, any recital, clause and schedule of this Agreement and any reference to this Agreement or any of the provisions hereof includes all amendments and modifications made to this Agreement from time to time in force;
- (c) words denoting the singular number only shall include the plural number and vice versa;
- (d) words denoting one gender include all other genders and words denoting the singular include the plural and vice versa;
- (e) any reference to a statutory provision includes any modification, consolidation or re-enactment thereof for the time being in force, and all statutory instruments or orders made pursuant thereto;
- (f) references to **“include”** or **“including”** are to be construed without limitation;
- (g) words denoting persons include corporations, and vice versa and also include their respective estate, personal representatives, successors in title or permitted assigns, as the case may be;
- (h) headings in this Agreement are for convenience only and shall have no legal effect; and
- (i) if any period of time is specified from a given day, or the day of a given act or event, it is to be calculated exclusive of that day and if any period of time falls on a day which is not a Business Day, then that period is to be deemed to only expire on the next Business Day.

2. **OBJECTIVES**

It is the Shareholders’ intention that the objectives of the Company are:

- (a) to seek, explore, enter into and participate in business and economic opportunities within and outside of Malaysia; and
- (b) to enhance, strengthen and promote the future prosperity and economic development of Malaysia,

to the extent that achievement of above-mentioned objectives would maximise the profits of the Company.

3. MUTUAL UNDERTAKINGS

PSI and 1MDB undertake to each other to:

- (a) co-operate and use their respective reasonable endeavours with a view to ensuring that the Company successfully conducts its business in a manner consistent with Clause 2 (*Objectives*);
- (b) not unreasonably delay any action, approval, direction, determination or decision which is required of them; and
- (c) use all means reasonably available to them (including their voting power, direct or indirect, in relation to the Company) to ensure that the Company and any Director of the Company nominated or appointed by them (and any alternate to such Director) shall implement all the terms, conditions and stipulations of this Agreement relating to the Company.

4. CAPITALISATION AND FURTHER FUNDING

4.1 1MDB Subscription

- (a) Subject to the provisions of Clause 5 (*Valuation Report*), 1MDB covenants and undertakes to subscribe, on or before 30 September 2009, for one billion (1,000,000,000) Shares (the “Subscription Shares”), credited as fully paid up, in consideration for the payment of one billion (1,000,000,000) US Dollars in immediately available cleared funds to a bank account in the name of, and nominated by, the Company with BSI Bank (the “**Company Account**”).
- (b) On or before the Subscription, the Company shall deliver to 1MDB evidence, in the name of BSI Bank, establishing that the 1MDB Directors are joint signatories of the Company Account (together with the PSI signatories).
- (c) As soon as practicable following the Subscription (and in any event no later than the first Business Day following the Subscription) the Company shall:
 - (i) fulfil those actions listed in Part 1 of Schedule 3 (*Board Matters*); and
 - (ii) deliver to 1MDB evidence, in the name of BSI Bank, establishing that 1MDB is a joint beneficial owner of the Company Account (together with the PSI beneficial owners).

4.2 Shareholding Proportions

- (a) Immediately upon the issue of the Subscription Shares by the Company to 1MDB, the issued share capital of the Company shall be held in the following manner and proportions (“**Shareholding Proportions**”) by the following Shareholders, subject to agreed variations in accordance with Clause 4.2(b):

<i>Name</i>	<i>Proportion</i>	<i>Number of Shares</i>
PSI	60%	1,500,000,000
1MDB	40%	1,000,000,000

- (b) The issued and paid-up share capital of the Company shall be held by the Shareholders in the Shareholding Proportions unless the Shareholding Proportion is:

- (i) varied to comply with any law or regulation of any government or other relevant authority; or
- (ii) varied in accordance with the terms of this Agreement or in such other manner as may be mutually agreed between the Shareholders.

4.3 Further Funding

- (a) The Shareholders intend to make further contributions to the Company in the form of cash and assets of up to a total amount of five billion US Dollars (USD5,000,000,000) at a level and on terms to be agreed by 1MDB and PSI in their respective Shareholding Proportions.
- (b) The price payable for each new issued Share shall be at no less than its par value but subject to this, will be determined by the Board at the time of approval of the share issuance.

4.4 Pre-emption Rights

Unless otherwise agreed by the Shareholders, any Shares for the time being unissued and any new Shares from time to time created shall, before they are issued, be offered to each of the Shareholders in the ratio that is reflective of their respective Shareholding Proportions, provided always that if any Shareholder does not accept or only accepts a portion of its pro-rata entitlement in relation to any new Share to be issued within 30 days of its receipt of the offer, then such unaccepted Shares shall be offered to the other Shareholder if such Shareholder has accepted its respective entitlement under such issue.

4.5 Repayment of Advances

Conditional only upon the completion of the Subscription, the Company shall repay all outstanding indebtedness under the PSI Loan Agreement to PSI in full, and in accordance with the terms thereof, on or before 30 September 2009.

5. **VALUATION REPORT**

- 5.1 1MDB shall engage independent valuation experts to prepare a report specifying a valuation range for the PSI Assets (the “**Valuation Report**”). 1MDB shall procure delivery of the Valuation Report on or before 30 September 2009 (and the Company shall provide all reasonable assistance requested by the independent valuation expert for the purposes of such delivery). For the avoidance of doubt, the professional fees for such independent valuation expert shall be borne by the Company.
- 5.2 In the event that the Valuation Report values the PSI Assets, in all modelled scenarios, at an amount below the Target Valuation, 1MDB may, on or before 30 September 2009, terminate this Agreement with immediate effect upon the delivery of written notice of its exercise of such right to both PSI and the Company. For the avoidance of doubt, the obligations of 1MDB shall continue in full force and effect in the event that it does not exercise this right.

6. **BOARD OF DIRECTORS**

6.1 General Management

The Board shall be responsible for and decide on the general policies of the Company.

6.2 Board Composition

- (a) The Board shall comprise initially four (4) directors, of which PSI shall be entitled to appoint two (2) Directors and 1MDB shall be entitled to appoint two (2) Directors.
- (b) Each of the Shareholders shall take all necessary action including the passing of the necessary resolutions of the Board or the Shareholders to appoint the directors nominated by the PSI and 1MDB above.
- (c) Notwithstanding Clause 6.2(a), the Shareholders may, together, decide to increase the number of directors in which case each Shareholder shall be entitled to appoint equal numbers of additional directors.

6.3 Appointment and Removal of Director

- (a) PSI and 1MDB shall each have the right to appoint, remove, replace or substitute a Director appointed by it from time to time in accordance with the provisions in this Agreement.
- (b) The right of nomination, determination of period of office or removal of a Director pursuant to this Clause 6 shall be exercised by the Shareholder(s) entitled to exercise such right by notice in writing signed for or on behalf of the Shareholder(s) entitled to exercise such right and addressed to the Company at its registered office. Such nomination, determination or removal shall take effect from the date of such notice or on such later date as is specified therein, whichever is applicable and the Shareholders shall vote accordingly to give effect to such change.

6.4 Alternate Directors

Each Director may appoint or remove from time to time any person (who, for the avoidance of doubt, need not be another Director) to act as his alternate in accordance with the Memorandum and Articles. One person may act as alternate director to more than one Director and while he is so acting he shall be entitled to a separate vote for each Director he is representing and if he is himself a Director, his vote or votes as an alternate director shall be in addition to his own vote. If a Director ceases to hold the office of Director, the appointment of his alternate shall thereupon cease.

6.5 Chairman

- (a) The Chairman shall chair the meetings of the Board and of the Shareholders. The secretary of the Company shall be responsible for preparing the minutes of each meeting and shall keep all the official records of the Company.
- (b) The Chairman of the Board shall be appointed by PSI from among the members of the Board. If the Chairman is not present at any meeting fifteen (15) minutes after the stipulated time for the meeting, his alternate shall act as the Chairman. If neither the Chairman nor his alternate is present, the Directors so present at such meeting shall be entitled to appoint a Director that is a PSI appointee from amongst their numbers by way of a simple majority vote to act as Chairman of the meeting.
- (c) The Chairman (whether the Chairman of the Board or the duly appointed Chairman of any board meeting) shall have a second or casting vote at any meeting of the Board.

6.6 Quorum

- (a) No business shall be transacted at any meeting of the Board unless a quorum is present at the beginning of and throughout each meeting.
- (b) The quorum for meetings of the Board is four (4) Directors present in person or by their alternates, of which there shall be at least two (2) Directors appointed by PSI and two (2) Directors appointed by IMDB.

6.7 Adjournment of Meetings

If a quorum is not present within thirty (30) minutes of the time appointed for a meeting, that meeting will be adjourned until the same time and place on the same day in the next week unless the Directors agree otherwise.

6.8 Resolutions

Save in respect of a Board Reserved Matter and subject to the Companies Act, all resolutions of the Board may only be passed by a majority vote of the Directors present in person or by their alternates at the relevant meeting.

6.9 Frequency of Meetings

Each of the Parties agree to cause a meeting of the Board of Directors to be convened at least once every 3 months and whenever necessary and whenever requested by any Director.

6.10 Notice of Meetings

At least twenty one (21) days' notice in writing of each meeting of the Board specifying the date, time and place of the meeting shall be given to each Director and alternate Director both at the address from time to time provided by him to the Company for such purpose and at the address of the Shareholders and each such notice shall be accompanied by an agenda of the matters to be considered, the nature of the business to be transacted at the meeting and all relevant documents relating thereto. No decision shall be taken on any matter at a meeting of the Board unless notice of such matter shall have been given as aforesaid or waiver of such notice has been given in respect of such matter by all of the Directors present at the meeting.

6.11 Conduct of Meetings

- (a) The Board shall be responsible for supervising the activities of the Company and for determining the overall policies and objectives of the Company, subject always to the terms of this Agreement and the provisions of the Companies Act.
- (b) If the Board so authorises or requests, auditors, consultants, advisers and employees (or any other persons, at the discretion of the Board) shall be permitted to attend and speak at meetings of the Board, but not to vote.
- (c) Directors or their alternates may participate in Board meetings by means of conference telephone, video or other similar communications equipment where all Directors participating in that meeting can hear and communicate with each other. Such participation is deemed to be presence in person. The matters resolved during such meetings shall be subject to confirmation by the signatures of the participating Directors on the minutes taken of such meeting provided that if no objection is received by the company secretary with respect to the contents of the minutes within three (3) days of the receipt by the participating Directors of the same, the

participating Directors will be deemed to have endorsed the minutes despite not having signed the same.

6.12 Written Resolutions

Any resolution in writing signed by at least four (4) Directors then in office, including two (2) Directors nominated by PSI and two (2) Directors nominated by 1MDB, shall be as effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form, each signed by one or more of the Directors.

6.13 Initial Operational Meeting

The Parties agree that the Board shall meet within three (3) months of the date of this Agreement in order to consider the matters listed in Part 2 of Schedule 3 (*Board Matters*).

7. SHAREHOLDERS' MEETINGS

7.1 Quorum

- (a) No business of the Company shall be transacted at any Shareholders' meeting unless a quorum is present at the beginning and throughout each meeting.
- (b) The quorum for meetings of the Shareholders shall be PSI and 1MDB present in person or by proxy, by their duly authorised agents or representatives.
- (c) If a quorum is not present within 30 minutes of the time appointed for a meeting, that meeting will be adjourned until the same time and place on the same day in the next week.

7.2 Notice of Meetings

At least fourteen (14) days' prior written notice of all Shareholders' meetings specifying the place, the day and the time of the meeting, shall be given to all Shareholders, unless all the Shareholders unanimously agree to shorten or waive the notice.

7.3 Procedures at Meetings and Written Resolutions

Save as otherwise required by the Companies Act in relation to special resolutions or by the provisions herein and save in respect of any Shareholder Reserved Matter, all questions arising at any and all Shareholders' meetings shall be decided by poll. A resolution in writing signed by or on behalf of all the Shareholders, shall be as effective as a resolution passed at a meeting of the Shareholders duly convened and held, and may consist of several documents in the like form each signed by one or more Shareholders.

8. RESERVED MATTERS

8.1 Shareholder Reserved Matters

- (a) The Parties agree that notwithstanding any provision herein contained, no resolution of the Company in respect of the Shareholder Reserved Matters shall be passed unless:
 - (i) such resolution receives the affirmative votes of PSI and 1MDB respectively; and

- (ii) notice of intention to propose such resolution has been given to the Shareholders in accordance with the provisions of the Memorandum and Articles or unless waived by the Shareholders.
- (b) Shareholder Reserved Matters are the following:
- (i) any material change in the nature of the Business, including any proposal to restructure the Business or to enter into a new business;
 - (ii) any change in the name of the Company;
 - (iii) any appointment and/or removal of the company secretary;
 - (iv) any alteration in the extent or structure of the authorised capital of the Company including any increase or decrease thereof or the issue or allotment of shares therein;
 - (v) the creation or conferment on any person of any new equity interest in the Company;
 - (vi) any alteration to or amendment of the Memorandum and Articles;
 - (vii) the sale, transfer, conveyance, charge, mortgage, issue, licence, exchange, creation of any fixed or floating charge, lien (other than a lien arising by operation of law) or other encumbrance over or other disposition of any material part of the Company's undertaking, property or assets or of any immovable property of the Company exceeding an amount equal to twenty-five per cent (25%) of the value of the issued share capital of the Company whether in a single transaction or in a series of related transactions;
 - (viii) the acquisition by purchase, lease, licence or otherwise of any immovable property or any other fixed assets or any other capital expenditure exceeding an amount equal to twenty-five per cent (25%) of the value of issued share capital of the Company whether in a single transaction or in a series of related transactions;
 - (ix) the reconstruction, consolidation, merger or amalgamation, or the engagement in a partnership of the Company with any other company, firm, person or persons;
 - (x) the dissolution of the Company except on the grounds of insolvency or in accordance with the provisions of Clause 20 (*Dissolution of the Company*) and any proposal to be put to the Shareholders in general meeting in respect thereof;
 - (xi) the entry by the Company into any contract or transaction with a Related Party (or any material amendment of any such contract or transaction);
 - (xii) appointment and removal of the Company's auditors;
 - (xiii) declaring or paying dividends or adopting any dividend policy for the dealing with the profits of the Company;
 - (xiv) the issuance of any debentures or other securities convertible into shares or debentures;

- (xv) any change of the financial year or registered office of the Company; and
- (xvi) commencing, defending or settling any litigation, arbitration or other proceedings which are material in the context of the Company's business having a potential value of ten million US Dollars (USD10,000,000) or more.

8.2 Board Reserved Matters

- (a) The Parties agree that notwithstanding any provision herein contained, no resolution of the Board in respect of any of the Board Reserved Matters shall be passed unless:
 - (i) the passing of such resolutions shall be by a majority vote of the Directors including the affirmative votes of at least one (1) PSI Director and one (1) IMDB Director; and
 - (ii) notice of intention to propose such resolution has been given to all the Directors in accordance with the provisions of the Memorandum and Articles or unless waived by all the Directors.
- (b) Board Reserved Matters are the following:
 - (i) the granting of any guarantee or indemnity or other security by the Company other than in the normal course of business or as approved in the annual business plan;
 - (ii) the establishment of a joint venture between the Company and any other company, firm, person or persons;
 - (iii) the lending of moneys, making of loans or advances by the Company or the giving of credit other than to a wholly owned subsidiary of the Company;
 - (iv) the borrowing of any monies, incurring of debts or acceptance of any credit facilities by the Company (with or without the issuance of mortgages, debentures or upon security of any part of the Company's assets);
 - (v) effecting changes in the accounting policies and methods of the Company;
 - (vi) disposal of its interest, directly or indirectly, in: (I) any subsidiary or; (II) any loan receivable, to a person who is not an Affiliate of the Company;
 - (vii) granting any power of attorney or delegating the Directors' powers; and
 - (viii) the adoption and approval of the annual business plan, annual policies, annual budgets of the Company and any reports or statements accompanying the same.

9. **SHARE TRANSFERS**

9.1 Restriction on Transfers

- (a) Save with the written consent of the other Shareholder, no transfer of any Share shall be made by a Shareholder otherwise than in accordance with Clause 9.2 (*Permitted Transfers*) and no Shareholder shall otherwise sell, mortgage, charge, pledge or grant options over or otherwise dispose of any Shares or any interest therein.

- (b) Any restriction in the Memorandum and Articles to the effect that the Directors shall have the right to accept or refuse registration on transfer of Shares shall not be applicable in respect of the transfer of any Shares which are made in accordance with the provisions of this Agreement and in accordance with all applicable laws and regulations and each Shareholder agrees to cause the Directors nominated by it to so cast their votes in favour of accepting such registration or transfer of Shares.
- (c) No transfer of any Shares to a person who is not a Shareholder shall be valid unless and until the proposed transferee has first entered into a Deed of Adherence substantially in the form set out in Schedule 1 (*Deed of Adherence*).

9.2 Permitted Transfers

Notwithstanding Clause 9.1 (*Restriction on Transfers*), any Shareholder may transfer any of its shares to any of its Affiliates, provided that:

- (a) the transferor transfers all (but not some only) of its Shares (and rights and obligations under this Agreement) to such Affiliate;
- (b) the transferee shall have first entered into a Deed of Adherence substantially in the form set out in Schedule 1 (*Deed of Adherence*);
- (c) the obligations of the transferor under this Agreement shall remain unaffected by the proposed transfer and the transferor shall not be in any way relieved from any of its obligations and liabilities under this Agreement;
- (d) the Shares shall be re-transferred to the transferor or another Affiliate immediately upon the transferee ceasing to be an Affiliate.

10. **WARRANTIES**

- 10.1 PSI warrants to 1MBD that the matters contained in Part 1 of Schedule 2 (*Warranties of PSI*) are true and correct as at the date of this Agreement.
- 10.2 1MDB warrants to PSI that the matters contained in Part 2 of Schedule 2 (*Warranties of 1MDB*) are true and correct as at the date of this Agreement.

11. **FINANCIAL MATTERS**

11.1 Dividend Policy

- (a) The policy for the distribution of profits by the Company by way of dividend shall be agreed upon by a unanimous decision of the Board based upon principles of prudent financial management and the Board shall have regard to *inter alia*, the need to maintain adequate working capital for both the present needs of the Company and the future expansion of the Company.
- (b) The manner of distribution of dividends to PSI and 1MDB shall be in accordance with the rights conferred upon the Shares held by PSI and 1MDB respectively.

11.2 Accounts

- (a) The Company shall at all times maintain true and complete accounting and other financial records, in the English Language, in accordance with the requirements of all applicable laws and International Financial Reporting Standards. Such records shall be kept at the principal office of the Company and shall be made available for inspection by any of the Shareholders upon reasonable notice by the relevant

Shareholder and each Shareholder shall be entitled at its own expense to have an independent audit of the accounts of the Company in addition to the audit carried out by the auditors of the Company provided that the Shareholder shall give reasonable notice of any intended audit and it is carried out in a manner to ensure minimum disruption to the Company's business operations.

- (b) The annual financial statements and accounts and the conduct of business of the Company shall be audited annually at the expense of the Company by the Company's auditor. Copies of all audited financial statements of the Company shall be furnished to each of the Shareholders.
- (c) All financial and management accounts and operations reports shall be submitted to the Shareholders on a quarterly basis and shall be accompanied by such other reports as may be determined by the Board from time to time.

11.3 Banking Facilities

- (a) All funds of the Company shall be kept in such banking accounts as the Board may from time to time designate. All monies of the Company, and all instruments for the payment of money to the Company, when received, shall be deposited in the bank account(s) of the Company. All funds of the Company may be drawn upon by cheque, money order or payment instructions signed by at least one authorised representative of PSI and one authorised representative of IMDB as authorised by the Board.
- (b) Subject to the Memorandum and Articles and this Agreement, the Company shall be at liberty to obtain such bank loans and/or facilities to meet its working capital and other needs as the Board may from time to time determine, whether secured by a charge on the Company's assets or not.

12. **SHAREHOLDER INVESTMENTS**

Notwithstanding any provision of this Agreement to the contrary, in the event that the Board and/or Shareholders resolve not to proceed with any Investment (either in a meeting duly convened in accordance with this Agreement, or by way of written resolution) any Shareholder is permitted to undertake such Investment (at its own cost) wholly independently of the Company and the other Shareholders.

13. **CONSTITUTIONAL DOCUMENTS**

- 13.1 The Parties hereby agree to procure that, to the extent permissible under applicable law and regulation, nothing in the Memorandum and Articles shall be inconsistent with the provisions of this Agreement and shall exercise their Shareholder voting rights accordingly.
- 13.2 In the event of any conflict between the provision of the Memorandum and Articles and this Agreement, the terms of this Agreement shall prevail and the Parties shall cause the necessary amendments to be made in the Memorandum and Articles. The Shareholders agree to exercise their respective voting rights in such a manner as may be necessary to ensure that the provisions contained herein prevail.
- 13.3 The Shareholders shall exercise all voting rights and other powers of control available to them in relation to the Company so as to ensure that the Company performs and complies with all its obligations under this Agreement and under the Memorandum and Articles of the Company.

14. INFORMATION RIGHTS

- 14.1 Both prior to the Subscription and during a period of fifteen (15) Business Days thereafter, PSI shall provide all reasonable assistance reasonably requested by 1MDB (at the cost of 1MDB), with respect to any legal, financial and operational investigations that 1MDB wishes to make with respect to the PSI Assets.
- 14.2 PSI and 1MDB undertake to each other to use reasonable efforts to procure that each of them and all Directors nominated by each of them are permitted access to all documents and information of the Company.

15. CONFIDENTIALITY

15.1 Confidential Information

Each Party shall treat as confidential all information obtained as a result of negotiating and entering into this Agreement or, in the case of a Shareholder, through its interest in the Company or any of its business or assets and which relates to:

- (a) the existence and the provisions of this Agreement;
- (b) the negotiations relating to this Agreement;
- (c) the Company or its business or assets; or
- (d) any Shareholder or its business or assets.

15.2 Use of Confidential Information

Each Party shall:

- (a) not disclose any such confidential information to any person other than a Director appointed by it, or any of its directors or employees whose duties include the management or monitoring of the business of the Company and who needs to know such information in order to discharge his duties;
- (b) not use any such confidential information other than for the purpose of managing or monitoring its investment in the Company; or
- (c) procure that any person to whom such confidential information is disclosed by it complies with the restrictions set out in this Clause 15 as if such person were a party to this Agreement.

15.3 Permitted Disclosure

Notwithstanding the previous provisions of this Clause 15, any party may disclose any such confidential information:

- (a) if and to the extent required by law;
- (b) if and to the extent required by any securities exchange or regulatory or governmental body;
- (c) if and to the extent required for the purpose of any arbitration pursuant to Clause 21.3 (*Arbitration*);
- (d) to its professional advisers, auditors and bankers; or

- (e) if and to the extent the information has come into the public domain through no fault of that Party.

15.4 Duration of Obligations

The restrictions contained in this Clause 15 shall continue to apply to each Party (including any Shareholder who has ceased to hold Shares) for a period of two (2) years after the termination of this Agreement.

16. ANNOUNCEMENTS

No announcement shall be made by any Party relating to the transaction contemplated by this Agreement without the prior written approval of the other Parties.

17. NOTICES

17.1 Any notice, consent, request, claim, demand, instruction or other communication required or contemplated by this Agreement to be given by any Party shall, unless otherwise specified herein, be in the English language and be delivered:

- (a) by hand, by postage-prepaid registered airmail or express package service addressed to the Party for which it is intended at the address specified in this Agreement or at such other address as shall be notified in writing by the respective Parties. Notices shall be effective on the date of delivery as evidenced by the postal receipt or other written receipt; or
- (b) by facsimile to the numbers below (or to such other numbers as notified by the Parties from time to time in accordance with this Clause 17) and shall be deemed to have been received by the addressee upon completion of transmission with correct answerback.

17.2 Any such notice, consent, request, claim, demand, instruction or other communication shall be addressed as follows:

To PSI: PetroSaudi Holdings (Cayman) Limited
11, rue du General-Dufour, 1204 Geneva, Switzerland
Telephone no: +41 22 818 6110
Facsimile no: +41 22 818 6118
Attention: Mr Patrick Mahony
Mr Tarek Obaid

To 1MDB: Mr Shahrol Halmi
1Malaysia Development Berhad
Level 8, Menara IMC
No. 8, Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Telephone no: +60 3 2072 0288
Facsimile no: +60 3 2072 9288

With copy to: Mr. Lim Poh Seng
Level 21, Suite 21.01
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200, Kuala Lumpur
Malaysia
Telephone no: +60 3 2072 0288
Facsimile no: +60 3 2072 9288

To the Company: 1MDB PetroSaudi Limited
11, rue du General-Dufour, 1204 Geneva, Switzerland
Telephone no: +41 22 818 6110
Facsimile no: +41 22 818 6118
Attention: Mr Patrick Mahony

or to such other address as a Party may from time to time designate by notice to the others.

18. GENERAL

18.1 Assignment

Except as otherwise specified herein, this Agreement or any of the rights and obligations hereunder may not be assigned, sub-contracted or otherwise transferred to any person other than an Affiliate transferee without the prior written consent of the other Parties.

18.2 Waiver

No delay or failure by any Party to exercise or enforce at any time any right or provision of this Agreement shall affect its right to require performance of any other provision herein or therein unless and until such performance has been waived by any Party in writing. Each right of any Party hereunder or any other document in this connection, shall be cumulative and may be exercised from time to time. Any waiver by any Party of any breach of this Agreement or any other document in this connection shall not be deemed to be a waiver of any prior or subsequent breach thereof. No single waiver shall constitute a continuing or subsequent waiver.

18.3 Entire Agreement

This Agreement and any other documents referred to in the Agreement, constitutes the whole agreement between the Parties and supersedes any previous arrangements or agreements between them relating to the transaction contemplated by this Agreement. The Parties confirm that they have not entered into this Agreement on the basis of any representation, warranty, undertaking or any other statements whatsoever not expressly incorporated into this Agreement.

18.4 Severability

If any provision of this Agreement or part thereof is rendered void, illegal or unenforceable in any respect under the law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

18.5 No Partnership

Nothing contained in or relating to this Agreement shall constitute or shall be deemed to constitute a partnership or agency relationship between any of the Parties and no Party shall have any authority on behalf of any other Party.

18.6 Costs

Each Party shall bear and pay its own costs and expenses incurred in respect of the negotiation and execution this Agreement.

18.7 Successors in Title and Assigns

This Agreement shall be binding upon the parties hereto and their personal representatives, estate, successors in title and permitted lawful assigns respectively.

18.8 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

18.9 Third Party Rights

The parties do not intend any term of this Agreement to be enforceable pursuant to the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to this Agreement.

18.10 Language

English shall be the language to be used in all matters concerning this Agreement (including, for the avoidance of doubt, all Board and Shareholder meetings).

19. TERM AND TERMINATION

19.1 This Agreement shall become effective upon execution and shall continue in force for an indefinite term until the earlier of:

- (a) the date on which any Shareholder (together with any of its Affiliates) holds all of the Shares;
- (b) the date on which this Agreement is terminated by the written agreement of all of the Parties; or
- (c) the date on which the Company is wound up.

19.2 Upon termination of this Agreement for any reason whatsoever the rights and obligations of the Parties (other than under Surviving Provisions) shall terminate with immediate effect provided, however, that such termination shall not:

- (a) affect any accrued rights and obligations;
- (b) excuse any Party from any liability connected to pre-existing breach by such Party of any term of this Agreement.

20. DISSOLUTION OF THE COMPANY

20.1 Right of First Refusal

- (a) No Shareholder shall take any action to wind up the Company without first offering all of its Shares to the other Shareholder at the fair market value of such Shares. In such an event, the Shareholder who wishes to have the Company wound up (the “**Exiting Shareholder**”) shall issue a written notice (the “**ROFR Notice**”) to the other Shareholder (the “**Remaining Shareholder**”).

- (b) The ROFR Notice shall set out:
- (i) the number of Shares proposed to be transferred (the “**ROFR Shares**”) which shall be all of the Shares of the Exiting Shareholder;
 - (ii) the cash price per ROFR Share (the “**ROFR Price**”);
 - (iii) the term for acceptance of such offer, which shall not be less than thirty (30) days from the date of delivery of the ROFR Notice (the “**ROFR Offer Period**”); and
 - (iv) the proposed closing date for the completion of the sale and purchase of the ROFR Shares.
- (c) In the event the Remaining Shareholder wishes to purchase the ROFR Shares at the ROFR Price (or at any other price agreed in writing by the Exiting Shareholder and the Remaining Shareholder), it shall within the ROFR Offer Period give a notice in writing (an “**Acceptance Notice**”) to the Exiting Shareholder stating that it (or its nominee) will acquire all (but not less than all) of the ROFR Shares on the terms and conditions set out in the ROFR Notice and at the aggregate of the ROFR Price (or, as the case may be, any other price agreed in writing by the Exiting Shareholder and the Remaining Shareholder), multiplied by the number of ROFR Shares. Each Acceptance Notice shall be irrevocable and shall constitute a binding agreement to between the Exiting Shareholder and the Remaining Shareholder for the sale and purchase of the ROFR Shares.
- (d) If the Remaining Shareholder does not think the ROFR Price represents the fair market value of the ROFR Shares, it may refer the matter to arbitration in accordance with Clause 21.3 (*Arbitration*) of this Agreement.
- (e) If the Remaining Shareholder wishes to purchase all the ROFR Shares at the price so determined by an arbitral tribunal in accordance with Clause 21.3 (*Arbitration*) of this Agreement, it shall give a notice in writing (the “**Subsequent Acceptance Notice**”) to the Exiting Shareholder within 30 days of the conclusion of such arbitration (the “**Subsequent ROFR Offer Period**”) stating that it (or its nominee) will acquire all (but not less than all) of the ROFR Shares at the price determined by an arbitral tribunal in accordance with Clause 21.3 (*Arbitration*).
- (f) Any acquisition of the ROFR Shares pursuant to Clause 20.1(e) by the Remaining Shareholder or its nominee shall be completed at the office of the registrar of the Company (or such other place as the Exiting Shareholder and the Remaining Shareholder may agree) within ninety (90) days of delivery of the ROFR Notice or thirty (30) days of delivery of the Subsequent Acceptance Notice (or such other period as the Exiting Shareholder and the Remaining Shareholder may agree).
- (g) In the event that no Acceptance Notice has been received within the ROFR Offer Period or in the event that no Subsequent Acceptance Notice has been received within the Subsequent ROFR Offer Period, the Exiting Shareholder shall be entitled to initiate the winding up procedure in accordance with Clause 20.2 (*Winding Up Procedure*).
- (h) In the event that there is more than one (1) Remaining Shareholder, the Exiting Shareholder:
- (i) shall offer the ROFR Shares to the Remaining Shareholders *pro rata* to their respective holdings of Shares; *but*

- (ii) shall not be obliged to sell the ROFR Shares unless the Remaining Shareholders collectively offer to acquire all of the ROFR Shares,

and the provisions of this Clause 20.1 shall be read accordingly.

20.2 Winding Up Procedure

In the event that a Shareholder is permitted to commence a winding up of the Company in accordance with Clause 20.1 (*Right of First Refusal*):

- (i) such Shareholder may, by notice in writing to the other Shareholders (the “**Liquidation Notice**”), require a Shareholders’ meeting to be convened or a unanimous written resolution of the Shareholders to be passed to approve, and authorise the Directors to do all things necessary to effect, the voluntary liquidation of the Company in accordance with the Provisions of Part XII of the Companies Act;
- (ii) upon receipt of the Liquidation Notice, the Shareholders shall procure such Shareholders’ meeting is convened or such written resolution is passed within thirty (30) days of the Liquidation Notice;
- (iii) all Shareholders shall attend or be represented at such meeting or at any adjournment thereof and shall vote in favour of the resolution to approve, and authorise the Directors to do all things necessary to effect, the voluntary liquidation of the Company in accordance with the provisions of Part XII of the Companies Act; and
- (iv) immediately after such meeting has been held and resolution approved or such written resolution has been approved, the Shareholders shall use all reasonable endeavours to procure that the Directors shall as soon as reasonably practicable make a declaration of solvency and approve a liquidation plan, and the Shareholders shall do all other acts and things required to appoint a voluntary liquidator and to liquidate the Company in accordance with the provisions of the Companies Act.

21. **DISPUTE RESOLUTION**

21.1 Deadlock

If at any time a Deadlock exists or occurs:

- (a) any Shareholder may convene, by written notice to the other Shareholder, a meeting of at least one (1) representative of each Shareholder, at the registered office of the Company or such other place as agreed by the Shareholders on the date specified in the notice. This date must not be less than seven (7) days and not more than fourteen (14) days after the date on which the notice is issued (“**Notice Date**”).
- (b) each of the Shareholders undertakes that its representative must use its reasonable efforts to resolve the Deadlock.

21.2 Mediation

If within twenty (20) Business Days following the Notice Date, the Shareholders shall have failed to resolve the Deadlock, either of the Shareholders may require the other, by notice within twenty-five (25) Business Days of the Notice Date (a “**Mediation Notice**”), to engage in a mediation (or such other form of alternative dispute resolution as they shall agree upon) with a view to resolving the Deadlock. The parties agree to participate in good faith in a mediation in accordance with the following terms:

- (a) The mediation shall be non-binding.
- (b) The mediation shall be administered by the Centre for Effective Dispute Resolution (“CEDR”) in London, or such other body as the parties shall agree upon.
- (c) The Shareholders (or one of them on behalf of both) shall appoint CEDR (or other administrative body) as soon as practicable after service of the Mediation Notice.
- (d) The mediator will be selected by the Shareholders from a list of 5 potential mediators (whose professional expertise will, as far as possible, be relevant to the matters in issue) supplied by CEDR (or other administrative body) who, in the absence of agreement between the Shareholders, will appoint the mediator from that list.
- (e) The mediation shall take place in London and the language of the mediation shall be English.
- (f) The mediation shall be completed within ten (10) Business Days from the date of the Mediation Notice.
- (g) The Shareholders shall be jointly liable for the costs of CEDR (or other administrative body) and the mediator.

21.3 Arbitration

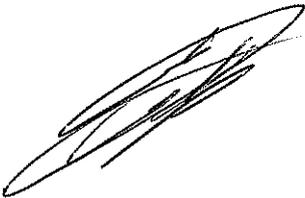
- (a) The Parties agree that any dispute arising out of or in connection with this Agreement including any question regarding its existence, validity, interpretation or termination (but excluding any Deadlock), shall if not remedied (if capable of remedy) within thirty (30) days of notification of the matter in dispute by one Party to the others, be referred to and finally resolved by arbitration in London in accordance with the UNCITRAL Rules which are deemed to be incorporated by reference into this Clause 21.3.
- (b) The arbitral tribunal shall consist of three (3) arbitrators, one to be appointed by each of PSI and 1MDB and the third by the arbitrators so appointed.
- (c) The language of the arbitration shall be English.
- (d) Notwithstanding Clauses 21.3(a) to (c), any Party may bring an action:
 - (i) for injunctive or other similar mandatory or prohibitory relief in any court of competent jurisdiction; and
 - (ii) for any interlocutory or interim relief, including, without limitation, any proceedings for the detention, custody or preservation of any property,
 pending the results of the arbitration.

22. **GOVERNING LAW**

This Agreement, including any non-contractual obligations arising out of or in connection with this Agreement, shall be governed by and construed in accordance with, English Law.

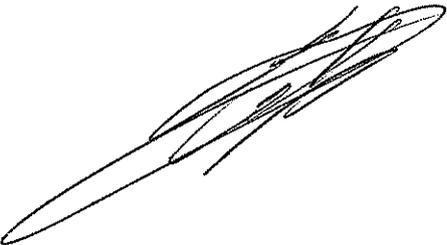
IN WITNESS WHEREOF this Agreement has been made between and executed by the Parties on the day and year first written above.

Signed by TARIK E.A. OBAID)
)
for and on behalf of)
PETROSAUDI HOLDINGS)
(CAYMAN) LIMITED)



Signed by)
)
for and on behalf of)
1MALAYSIA DEVELOPMENT BERHAD)

Signed by TARIK E.A. OBAID)
)
for and on behalf of)
1MDB PETROSAUDI LIMITED)



IN WITNESS WHEREOF this Agreement has been made between and executed by the Parties on the day and year first written above.

Signed by)
)
for and on behalf of)
PETROSAUDI HOLDINGS)
(CAYMAN) LIMITED)

Signed by)
SHAHROL AZRAL BIN IBRAHIM HALMI)
MANAGING DIRECTOR)
for and on behalf of)
1MALAYSIA DEVELOPMENT BERHAD)



Signed by)
)
for and on behalf of)
1MDB PETROSAUDI LIMITED)

SCHEDULE 1

DEED OF ADHERENCE

TO: [Insert name of Company and the other Shareholder(s) in the Company]

DATE: []

By this Deed, I/we [*insert name of incoming shareholder*], having our registered office at [] and intending to become a shareholder of IMDB PetroSaudi Limited (the “**Company**”) hereby undertakes with the Company and each of its shareholder(s) to comply with, to adhere to and to be bound by all of the provisions of a Joint Venture Agreement dated [] between [] and [] (the “**Joint Venture Agreement**”) (a copy of which has been delivered to me/us and which I/we have initialled and attached hereto for identification) and to perform the obligations imposed by the Joint Venture Agreement which are to be performed on or after the date of this Deed in all respects as if I/we was/were a party to such agreement and were named therein as a Shareholder and a Party and on the basis that references therein to each of Shareholder and Party include a separate reference to me/us.

The Deed is made for the benefit of the original Parties to the Joint Venture Agreement and any other person or persons who after the date of the Joint Venture Agreement (and whether or not prior to or after the date of this Deed) adheres to the Joint Venture Agreement.

This Deed shall be governed by and construed in accordance with English Law.

EXECUTED AS A DEED

The common seal of)
[*insert name of incoming shareholder*])
was hereunto affixed)
in the presence of:)

Signed by)
)
for and on behalf of)
[*insert name of remaining Shareholder(s)*])

SCHEDULE 2

WARRANTIES

Part 1 Warranties of PSI

1. PSI has full legal right, authority and power to enter into and bind itself by this Agreement and to exercise its rights and perform its obligations hereunder and all appropriate and necessary action has been taken to authorise the exercise and performance of its rights and obligations hereunder.
2. PSI has been duly incorporated or formed and is validly existing and in good standing under the laws of its place of incorporation or formation.
3. PSI has not contravened and will not contravene any relevant laws or its Memorandum and Articles or any term of any agreement or arrangement to which it is a party by entering into and performing its obligations under this Agreement.
4. The Company was incorporated by PSI, has been wholly owned by PSI since 18 September 2009, is not insolvent, has never traded, has no liabilities (actual, contingent or otherwise) other than under the PSI Loan Agreement and has no Encumbrances.
5. PetroSaudi International Cayman, Petro Saudi Panama and Petro Saudi Turkmenistan are not insolvent.
6. PSI is the indirect beneficial owner of one hundred per cent (100%) of the PSI Assets (via subsidiary entities).
7. As of the date of this Agreement, there are no claims, actions, proceedings, or, so far as it is aware, threatened against the Company, PetroSaudi International Cayman, Petro Saudi Panama and Petro Saudi Turkmenistan.
8. The issued Shares constitute the entire allotted and issued share capital of the Company and are fully paid up.
9. Save for the PSI Loan Agreement, there are no agreements or commitments outstanding which call for the issue of any shares, loan stock or debentures in or other securities of the Company or accord to any person the right to call for the issue of any such shares, debentures, loan stock or other securities.

Part 2
Warranties of 1MDB

1. 1MDB has full legal right, authority and power to enter into and bind itself by this Agreement and to exercise its rights and perform its obligations hereunder and all appropriate and necessary action has been taken to authorise the exercise and performance of its rights and obligations hereunder.
2. 1MDB has been duly incorporated or formed, is not insolvent and is validly existing under the laws of its place of incorporation or formation.
3. 1MDB has not contravened and will not contravene any relevant laws or its Memorandum and Articles or any term of any agreement or arrangement to which it is a party by entering into and performing its obligations under this Agreement.

SCHEDULE 3

BOARD MATTERS

Part 1 Resolutions Upon 1MDB Subscription

The Company shall, in accordance with the terms of Clause 4.1(b) (*1MDB Subscription*):

1. Hold a board meeting or pass written resolutions to:
 - (a) issue the Subscription Shares (free from Encumbrances), and share certificates in respect of the Subscription Shares, to 1MDB;
 - (b) enter the name of 1MDB in the register of members of the Company as the holder of the Subscription Shares;
 - (c) appoint Tang Keng Chee and Shahrol Azral Bin Ibrahim Halimi as the directors of the Company (the “1MDB Directors”); and
 - (d) resolve any other matter that the Board deems appropriate.
2. Deliver to 1MDB and PSI:
 - (a) a copy of the minutes of the board meeting or a copy of board matters referred to in paragraph 1 of this Schedule 3; and
 - (b) a copy of the updated register of members reflecting the Subscription.

Part 2 Agenda for Initial Operational Meeting

1. Appointment of the auditors of the Company.
2. Appointment of the Company Secretary.
3. Financial year end of the Company.
4. The location of the business premises of the Company (to consider Kuala Lumpur, Malaysia; London, England and Riyadh, Saudi Arabia, *inter alia*).
5. The appointment of any necessary employees and/or consultants and/or professional advisers.
6. A short term budget for the Company.
7. Any other business that the Directors deem appropriate.