

Dated 31 AUGUST 2010

**THE MINISTRY OF FINANCE
AS REPRESENTATIVE
FOR AND ON BEHALF OF
THE REPUBLIC OF ECUADOR**

**EMPRESA PÚBLICA DE HIDROCARBUROS
DEL ECUADOR EP PETROECUADOR
FOR AND ON BEHALF OF
THE REPUBLIC OF ECUADOR**

PETROCHINA INTERNATIONAL COMPANY LIMITED

AND

CHINA DEVELOPMENT BANK CORPORATION

FOUR PARTY AGREEMENT

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THIS AGREEMENT is made as a Deed on 31 August 2010

BETWEEN:

- (1) **THE MINISTRY OF FINANCE AS REPRESENTATIVE FOR AND ON BEHALF OF THE REPUBLIC OF ECUADOR** (the "**Ministry**");
- (2) **EMPRESA PÚBLICA DE HIDROCARBUROS DEL ECUADOR EP PETROECUADOR FOR AND ON BEHALF OF THE REPUBLIC OF ECUADOR** ("**PetroEcuador**");
- (3) **PETROCHINA INTERNATIONAL COMPANY LIMITED**, a company duly established and incorporated under the laws of The People's Republic of China ("**PetroChina Intl.**");
- (4) **CHINA DEVELOPMENT BANK CORPORATION** (formerly known as China Development Bank) of No.29, Fuchengmenwai Street, Xicheng District Beijing, People's Republic of China ("**CDB**").

WHEREAS

- (A) CDB is to provide a US\$1,000,000,000 loan to the Ministry (the "**Loan**") for a term of 4 years for an all-in-cost of 6.5% per annum.
- (B) PetroEcuador is to sell to PetroChina Intl. no less than 36,000 barrels of crude and/or fuel oil per day (the "**Oil Transaction**").
- (C) The parties have agreed to enter into this Agreement to record certain of their agreements in respect of the Loan and the Oil Transaction.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Account Management Agreement**" has the same meaning as that term is defined in Clause 5.1;

"**Approved Contractor**" means any corporation or other persons owned or controlled by a PRC person or the PRC Government (including any PRC Entity), once such corporation or other persons have been selected by the relevant Ecuadorian state-owned entity pursuant to the public sector procurement processes of the Republic of Ecuador;

"**Approved Project**" means Eligible Projects approved by CDB in which an Approved Contractor is an investor or to which goods and/or services are supplied to such project by an Approved Contractor;

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in Beijing, Quito and, in relation to any for payment in US\$, New York;

"**Confidentiality Letter**" means the confidentiality letter signed by the Ministry dated 17 July 2010 and countersigned by PetroChina Intl., PetroEcuador and CDB and as amended on 31 August 2010 and extending the term of the Confidentiality Letter to a date falling no earlier than the date of termination of the Facility Agreement;

"**Default**" has the same meaning as that term is defined in the Facility Agreement;

"**Dollars**" or "**US\$**" means the lawful currency for the time being of the United States of America;

"Eligible Project" means a project in the Republic of Ecuador, selected from the priority list of projects from *Secretaría Nacional de Planificación y Desarrollo* (SENPLADES) in any of the following sectors:

- (a) infrastructure projects, including railways, highways, ports, water and telecommunications networks;
- (b) social development projects, including housing, hospital and medical aid centres, educational infrastructure, sanitary, social security and welfare programmes;
- (c) energy development projects, including energy production enterprises, oil refineries, petrochemical production facilities, joint oil and gas development, natural gas projects, oil and gas pipelines, hydropower and alternative energy projects;
- (d) integrated industrialisation projects, including ship building, fertiliser manufacturing, chemical products manufacturing, automobile industry development, agricultural industry development and farming development, electronics and equipment manufacturing; and
- (e) mining projects, including exploration projects, mining projects, processing projects, steel and aluminium manufacturing projects,

but in each case excluding projects in the nuclear sector and/or projects involving the military;

"Facility Agreement" means the US\$1,000,000,000 term loan facility agreement between CDB, as lender, and the Ministry as borrower, dated on or about the date of this Agreement (as may be amended from time to time).

"Finance Documents" means:

- (a) the Facility Agreement;
- (b) this Agreement;
- (c) the Letter of Commitment; and
- (d) any other document designated as such by CDB and the Ministry (acting reasonably);

"Initial Required Amount" means US\$50,000,000;

"Interest Period" has the same meaning as that term is defined in the Facility Agreement;

"Letter of Commitment" means the letter issued by the Ministry to CDB in which the Ministry undertakes that it will include the annual principal and interest payments due under the Facility Agreement in the relevant annual fiscal budgets for the Republic of Ecuador;

"Long Term Required Amount" means US\$113,000,000;

"Mandatory Prepayment Event" has the same meaning as that term is defined in the Facility Agreement;

"OPEC" means the Organization of the Petroleum Exporting Countries;

"Party" means a party to this Agreement and includes its successors in title, permitted assigns and transferees;

"Payment Procedure Memorandum" means the memorandum signed by the Ministry and CDB setting out their agreed payment procedures in respect of the Loan and as acknowledged by PetroEcuador;

"PRC" means the People's Republic of China;

"PRC Entity" means any PRC governmental agency, corporation or other persons owned or controlled by the PRC government having its business or operating or conducting business in the Republic of Ecuador and includes any person controlled by a PRC person, having its business or operating or conducting business in the Republic of Ecuador;

"Proceeds Account" means the account opened by PetroEcuador with CDB for the purpose of receiving payments from PetroChina Intl. pursuant to the Sales and Purchase Contract and operated and managed in accordance with the Account Management Agreement;

"Relevant Period" means, for any Interest Period, the period beginning on and including the 30th day of the Interest Period and ending on (but not including) the day falling 9 days prior to the last day of that Interest Period;

"Required Amounts" means the Initial Required Amount and Long Term Required Amount and **"Required Amount"** means any one of them;

"Sales and Purchase Contract" has the same meaning as that term is defined in Clause 4.1; and

"Transaction Documents" means:

- (a) the Finance Documents;
 - (b) the Sales and Purchase Contract;
 - (c) the Account Management Agreement; and
 - (d) any other document designated as such by the Parties (acting reasonably),
- and **"Transaction Document"** shall mean any one of them.

1.2 Interpretation

Unless a contrary indication appears, any reference in this Agreement to:

- 1.2.1 **"Agreement"** means this agreement, as may be amended from time to time;
- 1.2.2 Clauses are references to clauses of this Agreement;
- 1.2.3 the singular shall include references in the plural and vice versa;
- 1.2.4 the words **"include"** and **"including"** are to be construed without limitation;
- 1.2.5 a **"person"** includes any person, firm, company, corporation, government, state or agency of a state, or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;
- 1.2.6 a document or any other agreement or instrument (including this Agreement), or to a provision contained in any of these, is a reference to it as amended, novated, supplemented, extended, restated, renewed or replaced; and
- 1.2.7 Clause headings are for ease of reference only.

1.3 Third Parties

Except as provided in this Agreement, the terms of this Agreement may be enforced only by a Party to it.

2. THE LOAN

- 2.1 On or about the date of this Agreement, CDB and the Ministry shall enter into the Facility Agreement recording the terms on which CDB will provide the Ministry with the Loan. The Facility Agreement shall be governed under English law.
- 2.2 The Loan will be provided in two tranches as follows:
- 2.2.1 US\$800,000,000 (the "**Tranche A Loan**") to be utilised by the Ministry as freely available funds to be used in investment programs or projects in the following sectors: infrastructure, mining, telecommunications, transportation, housing, social development and/or the energy sector. The Ministry shall provide CDB with a list of projects to be financed by the Tranche A Loan as a condition precedent to first utilisation of the Tranche A Loan and will provide CDB with a certificate of use of the Tranche A Loan in such programs or projects after utilisation of the funds by the Ministry; and
- 2.2.2 US\$200,000,000 (the "**Tranche B Loan**") to be utilised by the Ministry to invest in, or provide funds to, Approved Projects, by payment to the Ministry for onward payment to Approved Contractors involved in Approved Projects by the contracting public entity of the Republic of Ecuador.
- 2.3 Scheduled principal and interest payments to be made by the Ministry pursuant to the Facility Agreement shall be paid to the repayment account opened by the Ministry with CDB (the "**Repayment Account**"). Such scheduled principal and interest payments shall be paid by the Ministry to the Repayment Account no less than ten (10) days prior to the relevant payment date as set out in the Facility Agreement.
- 2.4 CDB shall have the right to require the Ministry to prepay the Loan if:
- 2.4.1 PetroEcuador fails to comply with its obligations, or there is an event of default caused by PetroEcuador (after taking into account any applicable grace periods or cure periods), under the Sales and Purchase Contract;
- 2.4.2 the Sales and Purchase Contract is terminated or any event or circumstance occurs that gives PetroChina Intl. the right to terminate the Sales and Purchase Contract;
- 2.4.3 PetroEcuador fails to comply with its obligations under the Account Management Agreement;
- 2.4.4 the Ministry or PetroEcuador fails to comply with its obligations under this Agreement; or
- 2.4.5 the Ministry fails to comply with the Letter of Commitment.
- 2.5 CDB and the Ministry shall each comply with their respective obligations under the Facility Agreement in accordance with their terms.
- 2.6 Notwithstanding any term of this Agreement or the Account Management Agreement, the Ministry acknowledges and agrees that it shall at all times be liable for the payment of all amounts owing to CDB pursuant to the Facility Agreement.

3. THE JOINT OFFICE

The Ministry and CDB shall establish a joint office (the "**Joint Office**") to monitor projects financed by the Tranche B Loan.

4. THE OIL TRANSACTION

- 4.1 On the date of this Agreement, PetroEcuador and PetroChina Intl. shall enter into a long term crude oil contract (the "**Crude Oil Contract**") and a long term fuel oil contract (the "**Fuel Oil Contract**", the Crude Oil Contract and Fuel Oil Contract, together being the "**Sales and Purchase Contract**"), each governed under Ecuador law. Under the Crude Oil

Contract PetroEcuador will supply, and PetroChina Intl. will purchase, 36,000 barrels of crude oil per day. Under the Fuel Oil Contract PetroEcuador will supply, and PetroChina Intl. shall purchase, a minimum of 2 cargoes of fuel oil (with 190,000 barrels for each cargo) per month. The term of the Sales and Purchase Contract shall terminate on a date no earlier than the date of termination of the Facility Agreement.

4.2 Notwithstanding:

4.2.1 the amount outstanding under the Loan; and/or

4.2.2 any reduction in OPEC production quotas,

PetroEcuador shall supply 36,000 barrels of crude oil per day to PetroChina Intl. in accordance with the Crude Oil Contract.

4.3 The crude and/or fuel oil supplied to PetroChina Intl. under the Sales and Purchase Contract will be in addition to any other amounts supplied to PetroChina Intl. by PetroEcuador (in its own capacity or for and on behalf of the Republic of Ecuador).

4.4 The Sales and Purchase Contract shall provide:

4.4.1 that all amounts due from PetroChina Intl. to PetroEcuador under the Sales and Purchase Contract shall be paid by PetroChina Intl. directly into the Proceeds Account and payment of the same by PetroChina Intl. shall constitute good receipt under the Sales and Purchase Contract;

4.4.2 a pricing mechanism (acceptable to CDB) to set the price for the crude and/or fuel oil to be supplied pursuant to the Sales and Purchase Contract; and

4.5 PetroEcuador will ensure that the proceeds from the sale of crude oil under the Crude Oil Contract and the proceeds from the sale of fuel oil under the Fuel Oil Contract are sufficient to ensure that PetroEcuador's requirement to maintain the Initial Required Amount or Long Term Required Amount (as the case may be) in the Proceeds Account for the Relevant Period of each Interest Period is satisfied.

4.6 PetroEcuador acknowledges that:

4.6.1 the sale of crude and/or fuel oil pursuant to the Sales and Purchase Contract is conducted by PetroEcuador, as a state-owned enterprise, for and on behalf of the Republic of Ecuador, which is the owner of the crude and fuel oil; and

4.6.2 the proceeds of the sales of crude and/or fuel oil pursuant to the Sales and Purchase Contract are assets of the Republic of Ecuador.

4.7 PetroChina Intl. shall submit to CDB within five (5) Business Days receipt of the same, a copy of each bill of lading and commercial invoice in respect of each shipment of crude and/or fuel oil supplied under the Sales and Purchase Contract.

4.8 On or before the last day of each Interest Period, PetroChina Intl. shall provide a statement to CDB containing details of each delivery that has been effected in accordance with the Sales and Purchase Agreement for that Interest Period. The statement shall include details of the timing, quantity, price and payment status of each delivery.

4.9 PetroChina Intl. undertakes that it will perform all of its obligations under and in accordance with the terms of the Sales and Purchase Contract.

4.10 PetroEcuador undertakes that it will perform all of its obligations under and in accordance with the terms of the Sales and Purchase Contract.

- 4.11 PetroChina Intl. shall notify CDB in writing of any breach by PetroEcuador in performing its obligations under the Sales and Purchase Contract within five (5) Business Days of becoming aware of any such breach.

5. THE PROCEEDS ACCOUNT

- 5.1 PetroEcuador will open the Proceeds Account with CDB in PRC which shall be operated and maintained in accordance with the account management agreement entered into between PetroEcuador and CDB on or about the date of this Agreement (the "**Account Management Agreement**"). The Account Management Agreement will be governed by Chinese law.
- 5.2 PetroEcuador shall maintain the Required Amounts in the Proceeds Account at the times agreed in the Account Management Agreement.
- 5.3 PetroEcuador shall not be permitted to make any withdrawal from the Proceeds Account except to the extent permitted under the Account Management Agreement.
- 5.4 The Ministry acknowledges and agrees:
- 5.4.1 that the obligations of the Ministry under the Loan are obligations of the Republic of Ecuador; and
- 5.4.2 that the Proceeds Account and all amounts standing to the credit of the Proceeds Account are assets of the Republic of Ecuador.
- 5.5 PetroEcuador acknowledges and agrees that the Proceeds Account and all amounts standing to the credit of the Proceeds Account are assets of the Republic of Ecuador.
- 5.6 The Ministry and PetroEcuador acknowledge CDB's statutory rights under Chinese law and regulation to deduct from amounts standing to the credit of the Proceeds Account any amounts owed to CDB under this Agreement or any other agreement between CDB and the Republic of Ecuador, with the express understanding by the Parties that this acknowledgment:
- 5.6.1 does not constitute the creation of any security interest, lien, priority right, contractual right of set-off and/or contractual privilege;
- 5.6.2 constitutes an admission by the Ministry and PetroEcuador of the right of CDB to deduct or debit all or part of the balances in the Proceeds Account to pay and/or discharge all or part of the Republic of Ecuador's (acting for itself or through a person, entity acting as representative and/or entity, acting for and on behalf of the Republic of Ecuador) liabilities due and owing to CDB under this Agreement or any other agreement between CDB and the Republic of Ecuador (acting for itself or through a person, entity acting as representative and/or entity, acting for and on behalf of the Republic of Ecuador) in exercise of its rights under Chinese law and regulation; and
- 5.6.3 acknowledges CDB's statutory rights under Chinese law and regulation to exercise its rights of deduction without giving notice to PetroEcuador.
- 5.7 In addition to the acknowledgements above, the Ministry confirms that it is aware of CDB's rights under the Account Management Agreement.
- 5.8 Notwithstanding anything in this Clause 5 (*The Proceeds Account*), the Ministry acknowledges and agrees that it will at all times be liable to pay all amounts owing to CDB under and in connection with the Facility Agreement.

6. REPRESENTATIONS AND WARRANTIES

- 6.1 Each Party makes the representations and warranties set out in this Clause 6 (*Representations and Warranties*) in respect of itself to and for the benefit of each other

Party on the date of this Agreement and on each consecutive three (3) month anniversary thereafter by reference to the facts and circumstances then existing on such date:

- 6.1.1 it is duly established and validly existing under the law of its jurisdiction of establishment;
 - 6.1.2 it has the power to own its assets and carry on its business as it is being conducted;
 - 6.1.3 it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Agreement and each other Transaction Document to which it is a party, and the transactions contemplated therein;
 - 6.1.4 the obligations expressed to be assumed by it under this Agreement and each other Transaction Document to which it is a party are legal, valid, binding and enforceable in accordance with their terms;
 - 6.1.5 the entry into and performance of it, and the transactions contemplated by the Transaction Documents to which it is a party do not and will not conflict with:
 - (A) any law or regulation or any official or judicial order applicable to it; and
 - (B) any agreement or instrument binding upon it or any of its assets;
 - 6.1.6 all Authorisations required or desirable:
 - (A) to enable it to lawfully enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;
 - (B) to make the Transaction Documents to which it is a party admissible in evidence in the Republic of Ecuador (in the case of the Ministry and PetroEcuador) and the PRC (in the case of CDB and PetroChina Intl.);
 - (C) for it to carry on their business and which are material, have been obtained or effected and are in full force and effect; and
 - 6.1.7 no meeting has been convened for its winding-up, no such step is intended by it and, so far as it is aware, no petition, application or the like is outstanding with a view for its winding-up.
- 6.2 For the avoidance of doubt, it shall be a breach of this Agreement by a Party if, on a date on which the representations contained in Clause 6.1 above are repeated, any such representation is incorrect in respect of such Party in any material respect when deemed to be made.

7. ADDITIONAL UNDERTAKINGS

- 7.1 PetroEcuador shall not grant or permit to subsist any security interest or other agreement or arrangement having a similar effect over or in respect of any of its right, title and interest in:
 - 7.1.1 the Proceeds Account or any amounts standing to the credit of the Proceeds Account; or
 - 7.1.2 the Sales and Purchase Contract.
- 7.2 Neither PetroEcuador nor PetroChina Intl. shall:
 - 7.2.1 assign, novate or otherwise transfer any of their respective rights, title and/or interests in the Sales and Purchase Contract; or
 - 7.2.2 with the exception of any amendment required to increase the volume of fuel oil to be supplied or amend the price under the Fuel Oil Contract, amend the Sales and Purchase Contract.

- 7.3 With the exception of demurrage and other incidental costs under the Sales and Purchase Contract together not exceeding an amount of US\$1,000,000 (in aggregate) in any calendar month, PetroChina Intl. shall not set-off amounts owed by PetroEcuador to PetroChina Intl. (however incurred) against amounts owed by PetroChina Intl. to PetroEcuador pursuant to the Sales and Purchase Contract.
- 7.4 The Ministry and PetroEcuador shall supply to CDB, promptly upon becoming aware of the same, details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against it which may call into question the validity or performance of any of their respective obligations under any Transaction Document to which it is a party.
- 7.5 PetroEcuador shall deliver to CDB those documents and/or ensure that CDB receives the evidence listed in and appearing to comply with the requirements of Schedule 1 (*PetroEcuador Deliverables*) each in form and substance satisfactory to the Lender by the date falling no later than six (6) months after the date of this Agreement.
- 7.6 PetroChina Intl. shall deliver to CDB those documents and/or ensure that CDB receives the evidence listed in and appearing to comply with the requirements of Schedule 2 (*PetroChina Deliverables*) each in form and substance satisfactory to the Lender by no later than the date falling six (6) months after the date of this Agreement, provided that, it shall not be in breach of this provision if PetroEcuador fails to deliver those items described in Schedule 2 (*PetroChina Deliverables*) to PetroChina Intl. and PetroEcuador has the right to provide to CDB directly the items listed in Schedule 2 (*PetroChina Deliverables*).
- 7.7 The Ministry shall deliver to CDB those documents and/or ensure that CDB receives the evidence listed in and appearing to comply with the requirements of Schedule 3 (*Ministry Deliverables*) each in form and substance satisfactory to the Lender by no later than the date falling six (6) months after the date of this Agreement.

8. CO-OPERATION

- 8.1 To further strengthen the cooperation between the PRC and the Republic of Ecuador, CDB and the Ministry will continue to investigate possibilities for cooperation in the oil and gas sector and the Ministry will aim to utilise the Tranche B Loan to provide financing to projects in the oil and gas sector in the Republic of Ecuador and will support PRC Entities participation in such projects.
- 8.2 The Parties are willing to strengthen the co-operation between the two countries in the oil sector including, but not limited to, areas of commercial co-operation, staff training, technology sharing and the possibility of the establishment of laboratories in the Republic of Ecuador. Joint efforts will be made by the PetroEcuador and PetroChina Intl. with the intent to define the scope and mutually acceptable terms after the signing of this Agreement.

9. DOCUMENTATION

- 9.1 The Parties agree that all Transaction Documents shall be prepared in the English language and, to the extent that any Transaction Document (other than the Sales and Purchase Contract) is translated into a language other than English, the Parties agree that the English version shall prevail. The Sales and Purchase Contract shall be prepared and signed in both Spanish and English and each version shall have equal legal effect.
- 9.2 The number of copies of each Transaction Document to be signed shall be equal to the number of parties to that Transaction Document and each party to a Transaction Document shall receive a signed original of that Transaction Document once it is signed by all the parties thereto.

10. DURATION AND EFFECT OF THIS AGREEMENT

This Agreement shall commence on the date hereof and shall continue in full force and effect until the earlier of:

- 10.1.1 repayment of all amounts due to CDB pursuant to the Facility Agreement; and
- 10.1.2 termination by the written agreement by all the Parties.

11. NOTICES

- 11.1 Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or international courier.
- 11.2 The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is as follows:

THE MINISTRY

Address: Avenida 10 de Agosto #162
Quito, the Republic of Ecuador
Fax: +59 32 569-386
Attention: Minister of Finance ("Ministro de Finanzas")

PETROECUADOR

Address: Alpallana E8-86 y Avenida 6 de Diciembre
Edificio Alpallana
Fax: +59 32 2 503-681
Attention: General Manager ("Gerente General")

PETROCHINA INTL.

Address: No.27 Cheng Fang Street,
Xicheng District, 100033, Beijing, The People's Republic of China.
Fax: +86 10 6622 7151
Attention: Mr. Wang Jie

CDB

Address: Shandong Branch, Shandong Dasha No.2-1, Ma'anshan Road, Jinan,
Shandong Province 250002, The People's Republic of China
Fax: +86 531 8519 8215
Attention: Ms Xu Jingyi and Mr Yang Cheng, Division of International Co-operation

or any substitute address, fax number or department or officer as the Party may notify to the other Parties by not less than five (5) days' notice.

- 11.3 Any communication or document made or delivered by one Party to another under or in connection with this Agreement will only be effective if received on a Business Day in the place of receipt and:
 - 11.3.1 if by way of fax, when received in legible form; or
 - 11.3.2 if by way of international courier, when it has been left at the relevant address or 7 days after despatch by the international courier,

and, if a particular department or officer is specified as part of its address details provided under this Clause 11 (*Notices*), if addressed to that department or officer.

12. GENERAL

- 12.1 No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties.
- 12.2 No failure to exercise, nor any delay in exercising, on the part of any Party, any right, power or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.
- 12.3 If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction, will in any way be affected or impaired.
- 12.4 Neither this Agreement nor any other agreement or arrangement of which it forms part, nor the performance by the Parties of their respective obligations under any such agreement or arrangement, shall constitute a partnership between the Parties.
- 12.5 This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of the Agreement.
- 12.6 This Agreement (together with the documents referred to herein) constitutes the entire agreement between the Parties, with respect to the subject matter of this Agreement and supersede any prior written or oral agreement between them with respect to such subject matter.

13. CONFIDENTIAL INFORMATION

Each Party shall comply with its obligations under the Confidentiality Letter and shall be permitted to disclose Confidential Information as defined and as permitted under the Confidentiality Letter.

14. ASSIGNMENT

- 14.1 This Agreement shall benefit and be binding on the Parties, their respective successors and any permitted assignee or transferee of all or some of a Party's rights and obligations under this Agreement.
- 14.2 No Party may assign or transfer all or any of their respective rights, benefits or obligations under this Agreement except with the prior written consent of each other Party.

15. IMMUNITY

- 15.1 The execution and delivery of this Agreement by the Ministry constitute, and the Ministry's performance of and compliance with its obligations under this Agreement will constitute a commercial transaction, being acts of commercial public credit (as provided under the laws of the Republic of Ecuador).
- 15.2 The execution and delivery of this Agreement by PetroEcuador constitute, and the PetroEcuador's performance of and compliance with its obligations under this Agreement will constitute a commercial transaction.
- 15.3 Each of the Ministry and PetroEcuador agrees that it and its other assets which do not constitute Immuned Property (as defined below) are subject to, and available for, the Proceedings (as defined below) and each of the Ministry and PetroEcuador irrevocably and

unconditionally waives any right which it has now or may subsequently acquire to assert any state immunity from or in any Proceedings in relation to the transactions described in this Agreement against it or its assets, or the assets of any state entity other than Immuned Property and undertakes not to invoke any defence on the basis of any kind of immunity, for itself and/or its other assets which do not constitute Immuned Property, with regard to any Proceedings.

- 15.4 Notwithstanding any term in this Agreement, the following and only the following assets of the Ministry or any state entity and/or PetroEcuador, wherever located (the “**Immuned Property**”), shall be entitled to immunity from enforcement or relief pursuant to section 13(2) of the State Immunity Act 1978 of the United Kingdom or other similar provisions or analogous legislation or otherwise in any other applicable jurisdiction, from any Proceedings:
- 15.4.1 any property which is used or designated for use in the performance of the functions of the diplomatic mission of the Republic of Ecuador or its consular posts;
 - 15.4.2 property of a military character or used or designated for use in the performance of military functions;
 - 15.4.3 property forming part of the cultural heritage of the Republic of Ecuador or part of its archives;
 - 15.4.4 unexploited non-extracted natural resources in the Republic of Ecuador; or
 - 15.4.5 any other asset of the Republic of Ecuador to the extent that immunity cannot be waived under the laws of the Republic of Ecuador in effect on the date of this Agreement.
- 15.5 For the avoidance of doubt and for the purposes of CDB's right to exercise its rights as described in Clause 5 (*The Proceeds Account*) above, the Ministry and PetroEcuador hereby confirm that the Proceeds Account and any amounts standing to its credit are not Immuned Property.
- 15.6 In this Clause 15 (*Immunity*), “**Proceedings**” means:
- 15.6.1 any execution on judgment, enforcement of arbitral award, set-off, deduction, attachment prior to judgment, attachment in aid of execution to which the Ministry or PetroEcuador or their respective assets may be entitled in any legal action or proceedings or arbitral proceedings;
 - 15.6.2 any suit, jurisdiction of any arbitration institution or arbitral tribunal, judgment, arbitral award, pre-judgment, interim relief, execution or other enforcement of any award, relief or judgment; and
 - 15.6.3 service of process upon the Ministry or PetroEcuador or any agent of the Ministry or PetroEcuador with respect to this Agreement or any of the transactions contemplated hereby.
- 15.7 The provisions of this Clause 15 (*Immunity*) have been negotiated and agreed solely with respect to the transactions described in this Agreement. In no event shall the definition or scope of Immuned Property described in this Clause 15 be relied upon, utilised, admitted as evidence in any proceeding or construed by any third party (including any court, arbitrator or arbitral tribunal) to interpret any analogous provisions of any other agreement or instrument unrelated to the transactions contemplated in this Agreement or relating to any other indebtedness of the Ministry, PetroEcuador or the Republic of Ecuador.

16. GOVERNING LAW AND DISPUTE RESOLUTION

16.1 Governing Law

This Agreement is governed by English law.

16.2 Dispute resolution

Any dispute, controversy or claim ("**Dispute**") arising out of or in connection with this Agreement, the Facility Agreement or the Sales and Purchase Contract shall be resolved by arbitration at the London Court of International Arbitration under the Rules of the London Court of International Arbitration ("**LCIA**"), which Rules are deemed to be incorporated by reference into this clause. In particular:

- 16.2.1 the Parties' addresses for service of any documents in relation to any such arbitration (including any request for arbitration) are set out in Clause 11.2 (*Notices*);
- 16.2.2 at the same time as serving the Request for Arbitration on the Respondent(s), the Claimant(s) in any such arbitration shall serve copies of that Request on all Parties to this Agreement;
- 16.2.3 the number of arbitrators shall be three;
- 16.2.4 except as provided in sub-clauses 16.2.5 and 16.2.6 below, each party to the Dispute shall be entitled to nominate one arbitrator;
- 16.2.5 in the event that there are multiple claimants and/or multiple respondents, all claimants and/or all respondents shall attempt to agree upon their respective appointment(s);
- 16.2.6 if any such party or multiple parties fail to nominate an arbitrator within thirty (30) days from and including the date of the relevant notice of arbitration, an arbitrator shall be appointed on their behalf by the LCIA Court in accordance with its rules. In such circumstances, any existing nomination or confirmation of the arbitrator chosen by the Party or Parties on the other side of the proposed arbitration shall be unaffected, and the remaining arbitrator(s) shall be appointed in accordance with the LCIA Rules;
- 16.2.7 the third arbitrator and Chairman of the Tribunal shall be jointly nominated by the two party-nominated arbitrators. The Chairman of the Tribunal shall be nominated thirty (30) days from and including the date of the LCIA's formal appointment of the second arbitrator. Where the two party-nominated arbitrators fail to nominate the Chairman of the Tribunal or such nomination is not made within time, the Chairman shall be appointed by the LCIA Court in accordance with its rules;
- 16.2.8 the seat, or legal place, of arbitration shall be London, England. Accordingly, the Parties submit to the jurisdiction of the English courts over such arbitration proceedings;
- 16.2.9 the language to be used in the arbitration shall be English;
- 16.2.10 any Party may intervene in any arbitral proceedings under this Agreement or any of the other Transaction Documents (other than the Account Management Agreement), provided that:
 - (A) such intervention is based upon a Dispute substantially related to the Dispute in the relevant request for arbitration; and
 - (B) such intervention is made by written notice to the LCIA Court and to all other Parties within either thirty (30) days from the receipt by such party

of the relevant request for arbitration or such longer time as may be determined by the LCIA Court or the arbitrators;

- 16.2.11 any joined or intervening Party may make a counterclaim against any Party, provided that:
- (A) such counterclaim is based upon a Dispute substantially related to the Dispute, in the relevant notice of arbitration; and
 - (B) such counterclaim is made by written notice to the LCIA Court and to all other Parties within either thirty (30) days from the receipt by such Party of the relevant request for arbitration or such longer time as may be determined by the LCIA Court or the arbitrators;
- 16.2.12 if more than one arbitration is commenced under this Agreement or the Facility Agreement or Sales and Purchase Contract, and any Party contends that two or more arbitrations (excluding any arbitration commenced under the Account Management Agreement) are substantially related and that the issues should be heard in one proceeding, the Arbitral Tribunal appointed in the first-filed of such proceedings shall have the power to determine whether, in the interests of justice and efficiency, the whole or part of the matters at issue should be consolidated before that Arbitral Tribunal upon such terms or conditions as the Arbitral Tribunal thinks fit;
- 16.2.13 any joined or intervening Party shall be bound by any Award rendered by the Arbitral Tribunal even if such Party chooses not to participate in the arbitral proceedings;
- 16.2.14 any award rendered shall be final and binding and nothing shall prevent any Party from enforcing such award in any court;
- 16.2.15 neither the existence of any Dispute nor any legal or arbitral proceedings arising out of or in connection with this Agreement shall prejudice the obligations of the Parties under this Agreement or the performance thereof; and
- 16.2.16 for the purposes of arbitration pursuant to this Clause 16 (*Governing law and dispute resolution*), the Parties waive any right of application to determine a preliminary point of law or appeal on a point of law under Sections 45 (*Determination of a preliminary point of law*) and 69 (*Appeal on a point of law*) of the Arbitration Act 1996.

SCHEDULE 1
PETROECUADOR DELIVERABLES

1. A certified copy of the constitutional documents of PetroEcuador.
2. Evidence that PetroEcuador has:
 - 2.1 approved the terms of, and the transactions contemplated by, this Agreement, the Sales and Purchase Contract and Account Management Agreement (together being the “**Relevant Documents**”) and resolving that it execute each of the Relevant Documents;
 - 2.2 authorised a specified person or persons to execute each of the Relevant Documents on its behalf; and
 - 2.3 authorised a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under and in connection with the Relevant Documents.
3. A specimen of the signature of each authorised person referred to in paragraph 2 above.
4. A certificate of an authorised signatory of PetroEcuador certifying that each copy document specified in this Schedule 1 is complete and in full force and effect as at a date no later than the date of this Agreement.
5. A signed original of this Agreement and the Account Management Agreement.
6. A certified copy of the signed Sales and Purchase Contract legalised and registered with a notary or the Consul of Ecuador.
7. CDB is satisfied that the Proceeds Account is open and operational.
8. A certified copy of the authorisation from the Attorney General of the Republic of Ecuador authorising PetroEcuador’s entry into each of the arbitration clauses contained in the Relevant Documents.
9. A copy of any other authorisation or other document, opinion or assurance which CDB considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Relevant Document or for the validity and enforceability of any Relevant Document.

SCHEDULE 2
PETROCHINA INTL. DELIVERABLES

1. Confirmation from PetroChina Intl. that it has received irrevocable payment instructions for payments to be made pursuant to the Sales and Purchase Contract to be paid directly to the Proceeds Account.
2. Evidence (in the form of the relevant bill of lading or commercial invoice) that the first delivery of crude and/or fuel oil supplied by PetroEcuador under the Sales and Purchase Contract has been made to PetroChina Intl.

SCHEDULE 3
MINISTRY DELIVERABLES

1. A legal opinion in relation to English law from Herbert Smith LLP addressed to the Lender.
2. A legal opinion in relation to the laws of the Republic of Ecuador issued by Fabara & Compania addressed to the Lender.
3. A legal opinion in relation to PRC law issued by King & Wood addressed to the Lender.
4. A legal opinion from the General Legal Co-ordinator of the Borrower, confirming (amongst other things):
 - 4.1 that the transactions contemplated by the Transaction Documents are legal, valid, binding and enforceable under the laws of the Republic of Ecuador; and
 - 4.2 that the Loans are an obligation of the Republic of Ecuador and the amounts standing to the credit of the Proceeds Account are assets of the Republic of Ecuador; and
 - 4.3 such other opinions to be agreed between the Ministry and CDB.

IN WITNESS whereof this Agreement has been executed as a deed on the date first written above.

Counterparty

SIGNED as a **DEED** by
THE MINISTRY OF FINANCE
AS REPRESENTATIVE
FOR AND ON BEHALF OF
THE REPUBLIC OF ECUADOR
acting by:

Name: Mr. William Vasconez Rubio
Title: General Legal Co-ordinator

SIGNED as a **DEED** by
EMPRESA PÚBLICA DE HIDROCARBUROS
DEL ECUADOR EP PETROECUADOR
FOR AND ON BEHALF OF
THE REPUBLIC OF ECUADOR
acting by:

Name: VALM (SP) Mr. Manuel Zapater Ramos
Title: General Manager, EP PetroEcuador

SIGNED as a **DEED** by
PETROCHINA INTERNATIONAL COMPANY LIMITED
acting by:

Name: Mr. Zhao Yong
Title: Vice President

SIGNED as a **DEED** by
CHINA DEVELOPMENT BANK CORPORATION
acting by:

Name: Mr Zhen Zhijie
Title: Vice President