

Dated 31 AUGUST 2010

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

as Borrower

and

CHINA DEVELOPMENT BANK CORPORATION

as Lender

US\$1,000,000,000
FACILITY AGREEMENT

TABLE OF CONTENTS

SECTION 1 INTERPRETATION	1
1. DEFINITIONS AND INTERPRETATION	1
1.1 Definitions.....	1
1.2 Construction.....	8
1.3 Third party rights.....	11
SECTION 2 THE FACILITY	12
2. THE FACILITY	12
2.1 The Facility	12
2.2 Commitments	12
3. PURPOSE.....	12
3.1 Purpose.....	12
3.2 Monitoring	12
4. CONDITIONS OF UTILISATION.....	13
4.1 Initial conditions precedent.....	13
4.2 Further conditions precedent.....	13
SECTION 3 UTILISATION	15
5. UTILISATION	15
5.1 Delivery of the Utilisation Request.....	15
5.2 Completion of the Utilisation Request.....	15
5.3 Currency and amount.....	15
5.4 Loan	16
5.5 Cancellation of unutilised Tranche A Commitment or Tranche B Commitment.....	16
SECTION 4 REPAYMENT, PREPAYMENT AND CANCELLATION.....	17
6. REPAYMENT.....	17
6.1 Repayment of the Tranche A Loan	17
6.2 Repayment of the Tranche B Loan	17
6.3 Payment to Repayment Account.....	17
6.4 Reborrowing.....	18
7. PREPAYMENT AND CANCELLATION	18
7.1 Illegality	18
7.2 Voluntary cancellation	19
7.3 Voluntary prepayment of Loans.....	19
7.4 Mandatory Prepayment	19
7.5 Restrictions.....	20
SECTION 5 COSTS OF UTILISATION.....	21

8.	INTEREST	21
	8.1 Calculation of interest	21
	8.2 Payment of interest.....	21
	8.3 Default interest.....	21
9.	INTEREST PERIODS.....	21
	9.1 Interest Periods.....	21
	9.2 Changes to Interest Periods.....	22
	9.3 Consolidation of Loans	22
	9.4 Break Costs	22
10.	FEES	22
SECTION 6 ADDITIONAL PAYMENT OBLIGATIONS		23
11.	TAX GROSS UP AND INDEMNITIES.....	23
	11.1 Tax gross-up.....	23
	11.2 Tax indemnity	23
	11.3 Stamp taxes	24
	11.4 Indirect tax	24
12.	INCREASED COSTS	24
	12.1 Increased costs	24
	12.2 Increased cost claims.....	25
	12.3 Exceptions.....	25
13.	OTHER INDEMNITIES	25
	13.1 Currency indemnity.....	25
	13.2 Other indemnities	26
14.	COSTS AND EXPENSES	27
	14.1 Amendment costs	27
	14.2 Enforcement costs	27
SECTION 7 REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT		28
15.	REPRESENTATIONS	28
	15.1 Status.....	28
	15.2 Binding obligations	28
	15.3 Non-conflict with other obligations	28
	15.4 Power and authority	28
	15.5 Validity and admissibility in evidence.....	28
	15.6 Governing law and arbitration	29
	15.7 Deduction of Tax.....	29
	15.8 No filing or stamp taxes	29
	15.9 No default.....	29
	15.10 No misleading information	29
	15.11 Authorised Signatures	29
	15.12 No adverse consequences.....	30
	15.13 No IMF approval.....	30
	15.14 Acts of commercial credit.....	30

15.15	No proceedings pending or threatened.....	30
15.16	No breach of laws.....	30
15.17	Pari Passu ranking.....	30
15.18	Existing Security.....	31
15.19	No omissions.....	31
15.20	Repetition.....	31
16.	INFORMATION UNDERTAKINGS	31
16.1	Information.....	31
16.2	Proceedings.....	32
16.3	Notification of default.....	32
17.	GENERAL UNDERTAKINGS	32
17.1	Use of Proceeds.....	32
17.2	Undertakings with respect of the proceeds of the Loan.....	32
17.3	Authorisations.....	34
17.4	Compliance with laws.....	34
17.5	Pari passu ranking.....	34
17.6	Negative pledge.....	34
17.7	Management of the Facilities.....	35
17.8	Establishment of Joint Office.....	36
18.	EVENTS OF DEFAULT	36
18.1	Non-payment.....	36
18.2	Other obligations.....	36
18.3	Misrepresentation.....	36
18.4	Cross default.....	36
18.5	Moratorium on Financial Indebtedness.....	37
18.6	Creditors Process.....	37
18.7	Insolvency.....	37
18.8	Insolvency proceedings.....	38
18.9	Unlawfulness.....	38
18.10	Legal proceedings.....	38
18.11	IMF.....	38
18.12	Repudiation.....	38
18.13	PRC Entities.....	38
18.14	Financial cooperation.....	39
18.15	Extraordinary Situation.....	39
18.16	Change in Law.....	39
18.17	Failure to pay Final Judgment.....	40
18.18	Material adverse change.....	40
18.19	Acceleration.....	40
	SECTION 8 CHANGES TO THE PARTIES	41
19.	CHANGES TO THE LENDER	41
20.	DISCLOSURE OF INFORMATION	41
	SECTION 9 ADMINISTRATION	42
21.	PAYMENT MECHANICS	42

Handwritten signature and date: 3/6

21.1	Payments to the Lender	42
21.2	Conversion	42
21.3	Partial payments	42
21.4	No set-off by the Borrower	43
21.5	Business Days	43
21.6	Currency of account	43
22.	SET-OFF	43
23.	NOTICES	43
23.1	Communications in writing	43
23.2	Addresses	43
23.3	Delivery	44
23.4	Electronic Communication	44
23.5	English language	45
24.	CALCULATIONS AND CERTIFICATES	45
24.1	Accounts	45
24.2	Notification of amounts due to the Borrower	45
24.3	Certificates and Determinations	45
24.4	Day count convention	45
25.	PARTIAL INVALIDITY	46
26.	REMEDIES AND WAIVERS	46
27.	AMENDMENTS AND WAIVERS	46
27.1	Written amendments and waivers	46
27.2	Additional payments requiring amendments	46
28.	COUNTERPARTS	46
SECTION 10 IMMUNITY, GOVERNING LAW AND DISPUTE RESOLUTION		47
29.	IMMUNITY	47
30.	GOVERNING LAW	48
31.	DISPUTE RESOLUTION	48
31.1	Parties' addresses for service	48
31.2	Service of Request for Arbitration on all parties to the Finance Documents	48
31.3	Number and nomination of arbitrators	48
31.4	Seat of arbitration	49
31.5	Language	49
31.6	Intervention	49
31.7	Counterclaims	49
31.8	Consolidation	49
31.9	Binding nature of award	50
31.10	No prejudice to obligations	50
31.11	Waiver of right to appeal	50
SCHEDULE 1 CONDITIONS PRECEDENT		51

3/24

EXECUTION VERSION

SCHEDULE 2 REQUESTS.....53

SCHEDULE 3 FORM OF COMPLIANCE CERTIFICATE.....54

SCHEDULE 4 REPAYMENT SCHEDULES55

Part I - Tranche A Repayment Schedule.....55

Part II – Tranche B Repayment Schedule56

SCHEDULE 5 FORM OF QUARTERLY REPORT57

SCHEDULE 6 JOINT OFFICE59

Handwritten signature and initials, possibly 'v' and '2/6', located in the bottom right corner of the page.

THIS AGREEMENT is dated 31 August 2010 and made between:

- (1) **THE MINISTRY OF FINANCE AS REPRESENTATIVE FOR AND ON BEHALF OF THE REPUBLIC OF ECUADOR** (the "Borrower"); and
- (2) **CHINA DEVELOPMENT BANK CORPORATON** a financial institution organised and validly existing under the laws of the People's Republic of China (the "Lender").

WHEREAS:

The Lender has elected to participate in supporting the development of the Republic of Ecuador by extending commercial loans to the Borrower, to be applied by the Borrower on the terms and conditions set out in this Agreement, which shall include (amongst other things) an interest rate and transaction fees reflecting an all-in-cost of 6.5% per annum.

IT IS AGREED as follows:

SECTION 1 INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined in this Agreement or the context requires otherwise, terms defined in the Four Party Agreement shall have the same meanings when used in this Agreement. In addition the following terms shall have the following meanings:

"**Applicable Lending Office**" shall mean the lending office of the Lender designated for the Facilities or such other office of the Lender as the Lender may from time to time specify to the Borrower by written notice in accordance with the terms hereof as the office by which the Facilities are to be made and/or maintained.

"**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 Project(s) approved by the Lender in which an Approved Contractor is an investor or to which goods and/or services are supplied to such project by an Approved Contractor.

"**Authorisation**" means:

- (a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

"**Available Commitment**" means at any time the Lender's Total Commitments minus:

- (a) the aggregate amount of any outstanding loans; and
- (b) in relation to any proposed Utilisation, the aggregate amount of any Loans that are due to be made on or before the proposed Utilisation Date.

"**Break Costs**" means the amount (if any) by which:

- (a) the interest which the Lender should have received pursuant to the terms of this Agreement for the period from the date of receipt of all or any part of the principal amount of a Loan or Unpaid Sum to the first Interest Payment Date occurring after such date of receipt (the "**Relevant Interest Payment Date**") in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the Relevant Interest Payment Date;

exceeds:

- (b) the amount of interest which the Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the Relevant Interest Payment Date.

"**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 payment in US\$, New York.

"**Default**" means an Event of Default or any event or circumstance specified in Clause 18 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, or any combination of any of the foregoing) be an Event of Default.

"**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 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

2
3/6

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.

"Environment" means the following:

- (a) fauna and flora;
- (b) soil, water, air, climate and the landscape; and
- (c) the built environment and cultural heritage.

"Environmental Law" means the environmental laws of the Republic of Ecuador, being laws of which the objective is the preservation, protection or improvement of the Environment, and includes legislative provisions of the Republic of Ecuador giving effect to international agreements relating to the Environment.

"Event of Default" means any event or circumstance specified as such in Clause 18 (*Events of Default*).

"Execution Date" means the date of this Agreement.

"External Indebtedness" means any Financial Indebtedness owed to a person domiciled, resident or having its head office or principal place of business outside of the Republic of Ecuador.

"Facility" means the Tranche A Facility or the Tranche B Facility and **"Facilities"** means both of them.

"Final Repayment Date" means:

- (a) in respect of the Tranche A Facility, the Tranche A Final Repayment Date; and
- (b) in respect of the Tranche B Facility, the Tranche B Final Repayment Date.

"Finance Document" means:

- (a) this Agreement;
- (b) the Four Party Agreement;
- (c) the Letter of Commitment; or
- (c) any other document designated as such by the Lender and the Borrower (acting reasonably),

and **"Finance Documents"** means all of them.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (c) any amount raised under any other transaction (including any forward sale or purchase agreement and any off balance sheet transactions) having the commercial effect of a borrowing and such amounts qualify as public indebtedness under the laws of Ecuador;
- (d) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (e) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (f) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (e) above.

"Four Party Agreement" means the agreement between the Borrower, the Lender, PetroEcuador and PetroChina Intl. dated on or about the date of this Agreement.

"GAAP" means generally accepted accounting principles in the Republic of Ecuador.

"Governmental Agency" means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

"Indirect Tax" means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

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

"Interest Payment Date" means:

- (a) the date falling three (3) Months after the Execution Date; and
- (b) each date falling at three (3) Monthly intervals thereafter, up to and including the Tranche A Final Repayment Date or Tranche B Final Repayment Date (as the case may be).

"Interest Period" means

- (a) in relation to each Loan, each period determined in accordance with Clause 9 (*Interest Periods*); and

- (b) in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

"**Interest Rate**" means 6 percent per annum.

"**Proceeds Account**" has the same meaning as that term is defined in the Four Party Agreement.

"**Joint Office**" means the joint office established by the Borrower and the Lender as described in Schedule 6 (*Joint Office*).

"**Letter of Commitment**" means the letter issued by the Borrower to the Lender in which the Borrower 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.

"**Lien**" means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or other preferential arrangement having the practical effect of constituting a security interest.

"**Loan**" means a Tranche A Loan or a Tranche B Loan and "**Loans**" means all of them.

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

"**Mandatory Prepayment Event**" means each of the events described in paragraphs 7.4.1(A) to (E) inclusive.

"**Material Adverse Effect**" means a material adverse effect on:

- (a) the financial prospects or condition of the Borrower;
- (b) the ability of the Borrower to perform its obligations under any Finance Document;
- (c) the rights and remedies of the Lender under the Finance Documents; or
- (d) the perfection, validity or enforceability of any provision of any Finance Document.

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) subject to paragraph (c) below, if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will apply only to the last Month of any period.

"Party" means a party to this Agreement.

"Payment Procedure Mechanism" means the payment procedure mechanism signed by the Borrower and the Lender dated on or about the date of this Agreement as acknowledged by PetroEcuador setting out the Parties' agreement in respect of certain payment mechanics under this Agreement.

"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.

"PRC Government" means the government of PRC.

"Project Financing" means any financing of all or part of the costs of the acquisition, construction or development of any properties in connection with a project if the person or persons providing such financing expressly agree to look to the properties financed and the revenues to be generated by the operation of, or loss of or damage to, such properties as the principal source of repayment for the moneys advanced.

"Public Entity" means:

- (a) any agency, authority, department, government, legislature, ministry, official or instrumentality of the Republic of Ecuador;
- (b) the central bank of the Republic of Ecuador or any entity holding all or a substantial part of the foreign reserves or investments of the Republic of Ecuador;
- (c) any province, state or other political subdivision of the Republic of Ecuador other than municipalities; and
- (d) any Republic of Ecuador public corporation and any entity directly or indirectly controlled by the Republic of Ecuador.

"Quarterly Report" means a report in the form set out in Schedule 5 (*Form of Quarterly Report*).

"Repayment Account" means the account opened by the Borrower with the Lender for the purposes of effecting payment pursuant to this Agreement.

"Repayment Date" means:

- (a) in respect of the Tranche A Facility, each date as set out in Part I of Schedule 4 (*Tranche A Repayment Schedule*), up to and including the Tranche A Final Repayment Date; and

Handwritten signature and initials in the bottom right corner of the page.

EXECUTION VERSION

- (b) in respect of the Tranche B Facility, each date as set out in Part II of Schedule 4 (*Tranche B Repayment Schedule*), up to and including the Tranche B Final Repayment Date.

"**Repayment Instalment**" means the aggregate of the Tranche A Repayment Instalment due on a Repayment Date and the Tranche B Repayment Instalment due on the same Repayment Date and "**Repayment Instalments**" means the aggregate of all Tranche A Repayment Instalments and Tranche B Repayment Instalments.

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

"**Tax Payment**" means an increased payment made by the Borrower to the Lender under Clause 11.1 (*Tax gross-up*) or a payment under Clause 11.2 (*Tax indemnity*).

"**Total Commitment**" means the aggregate of the Tranche A Commitment and Tranche B Commitment, being US\$1,000,000,000 at the date of this Agreement.

"**Tranche A Availability Period**" means the period from and including the Execution Date to and including the date which is 6 Months after the Execution Date.

"**Tranche A Commitment**" means, in relation to the Lender at any time, as the context requires:

- (a) the rights of any person against the Lender under this Agreement to require the Lender to make or maintain any participation in any Tranche A Loan, and the corresponding obligations (conditional or otherwise) of the Lender; or
- (b) the currency and maximum aggregate amount at such time of such participation(s) of the Lender in any Tranche A Loan(s) (whether made at such time or capable of being made thereafter).

"**Tranche A Facility**" means the term loan facility made available under this Agreement as described in sub-clause 2.1.1 (*The Facility*).

"**Tranche A Final Repayment Date**" means the date falling forty eight (48) Months after the Execution Date.

"**Tranche A Loan**" means a loan made or to be made under the Tranche A Facility or the principal amount outstanding for the time being of that loan.

EXECUTION VERSION

"**Tranche A Projects**" means programs and projects in the infrastructure, mining, telecommunications, transportation, housing, social development and energy sectors financed or to be financed from the proceeds of the Tranche A Facility.

"**Tranche A Projects List**" means the list of programs and projects in the infrastructure, mining, telecommunications, transportation, housing, social development and energy sectors to be financed from the proceeds of the Tranche A Facility.

"**Tranche A Repayment Instalment**" and "**Tranche A Repayment Instalments**" have the meanings set out in sub-clause 6.1.1 (*Repayment of the Tranche A Loan*).

"**Tranche B Availability Period**" means the period from and including the Execution Date to and including the date which is 6 Months after the Execution Date.

"**Tranche B Commitment**" means, in relation to the Lender at any time, as the context requires:

- (a) the rights of any person against the Lender under this Agreement to require the Lender to make or maintain any participation in any Tranche B Loan, and the corresponding obligations (conditional or otherwise) of the Lender; or
- (b) the currency and maximum aggregate amount at such time of such participation(s) of the Lender in any Tranche B Loan(s) (whether made at such time or capable of being made thereafter).

"**Tranche B Facility**" means the term loan facility made available under this Agreement as described in sub-clause 2.1.2 (*The Facility*).

"**Tranche B Final Repayment Date**" means the date falling forty eight (48) Months after the Execution Date.

"**Tranche B Loan**" means a loan made or to be made under the Tranche B Facility or the principal amount outstanding for the time being of that loan.

"**Tranche B Repayment Instalment**" and "**Tranche B Repayment Instalments**" have the meanings set out in sub-clause 6.2.1 (*Repayment of the Tranche B Loan*).

"**Unpaid Sum**" means any sum (excluding interest accrued on any outstanding principal) due and payable but unpaid by the Borrower under the Finance Documents.

"**Utilisation**" means a utilisation of a Facility.

"**Utilisation Date**" means the date of a Utilisation, being the date on which a Loan is to be made.

"**Utilisation Request**" means a notice substantially in the form set out in Schedule 2 (*Requests*).

1.2 Construction

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

EXECUTION VERSION

- (A) the "**Lender**", the "**Borrower**" or any "**Party**" shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (B) the "**Borrower**" shall be construed as reference to the Ministry of Finance as representative for and on behalf of the Republic of Ecuador and any office, ministerial or non-ministerial department, executive agency or other body, whatever its legal form, responsible for the national government or national administration of the Republic of Ecuador;
- (C) "**assets**" includes present and future properties, revenues and rights of every description;
- (D) a "**Transaction Document**" or any other agreement or instrument is a reference to that Transaction Document or other agreement or instrument as amended or novated;
- (E) an "**amendment**" includes a supplement, novation, replacement, assignment or re-enactment (and "**amended**" shall be construed accordingly);
- (F) "**control**" of a person by another means that the other (whether alone or acting in concert with others, whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that person or of any other person which controls that person or otherwise controls or has the power to control the affairs and policies of that person or of any other person which controls that person (and "**controlled**" and "**controlling**" shall be construed accordingly);
- (G) a "**disposal**" of assets includes a sale, transfer and any other kind of disposal of, and the grant of any option in respect of, any right or interest, legal or equitable, in such assets, and any agreement for any of the foregoing, and any reference to "**dispose**" shall be construed accordingly;
- (H) "**guarantee**" means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
- (I) a "**judgment**" includes any order, injunction, determination, award or other judicial or arbitral measure in any jurisdiction;
- (J) a "**law**" includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure, in each case of any jurisdiction whatsoever (and "**lawful**" and "**unlawful**" shall be construed accordingly);
- (K) something being "**material**" is to it being material to, or in the context of, the interests of the Lender under the Finance Documents;

3/8

EXECUTION VERSION

- (L) any "**obligation**" of any person under this Agreement or any other agreement or document shall be construed as a reference to an obligation expressed to be assumed by or imposed on it under this Agreement or, as the case may be, that other agreement or document (and "**due**", "**owing**", "**payable**" and "**receivable**" shall be similarly construed);
 - (M) "**repay**" (or any derivative form thereof) shall, subject to any contrary indication, be construed to include "**prepay**" (or, as the case may be, the corresponding derivative form thereof);
 - (N) "**rights**" includes rights, authorities, discretions, remedies, liberties, powers, easements, quasi-easements and appurtenances (in each case, of any nature whatsoever);
 - (O) the "**winding-up**" of a person also includes the amalgamation, reconstruction, reorganisation, administration, dissolution, liquidation, merger or consolidation of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets;
 - (P) a provision of law is a reference to that provision as amended or re-enacted and includes all laws and official requirements made under or deriving validity from it;
 - (Q) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (R) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality) or two or more of the foregoing;
 - (S) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (T) unless otherwise indicated, a time of day is a reference to Beijing time; and
 - (U) words importing the singular include the plural and vice versa.
- 1.2.2 Section, Clause and Schedule headings are for ease of reference only.
- 1.2.3 Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- 1.2.4 A Default (other than an Event of Default) is "**continuing**" if it has not been remedied or waived. An Event of Default is "**continuing**" if it has not been waived.

[Handwritten signature]
3/6

EXECUTION VERSION

- 1.2.5 Where this Agreement specifies an amount in a given currency (the "**specified currency**") "**or its equivalent**", the "**equivalent**" is a reference to the amount of any other currency which, when converted into the specified currency utilising the Lender's spot rate of exchange for the purchase of the specified currency with that other currency at or about 11 a.m. on the relevant date, is equal to the relevant amount in the specified currency.
- 1.2.6 The words "**include**" and "**including**" shall be construed as "**including without limitation**" (and cognate expressions shall be construed similarly).
- 1.3 **Third party rights**

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 of England to enforce or to enjoy the benefit of any term of this Agreement.

**SECTION 2
THE FACILITY**

2. THE FACILITY

2.1 The Facility

Subject to the terms of this Agreement, the Lender makes available to the Borrower:

2.1.1 a Dollar term loan facility in an aggregate amount equal to the Tranche A Commitment; and

2.1.2 a Dollar term loan facility in an aggregate amount equal to the Tranche B Commitment.

2.2 Commitments

2.2.1 Subject to sub-clause 2.2.2 below on the date of this Agreement, the currency and amount of:

(A) the Tranche A Commitment is US\$800,000,000; and

(B) the Tranche B Commitment is US\$200,000,000.

2.2.2 The Commitment of the Lender is subject to any cancellation or reduction thereof in accordance with this Agreement.

3. PURPOSE

3.1 Purpose

The Borrower shall apply all amounts borrowed by it:

3.1.1 under the Tranche A Facility, as freely available of funds to be used in investment programs or projects in the infrastructure, mining, telecommunications, transportation, housing, social development and energy sectors; and

3.1.2 under the Tranche B Facility, 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.

3.2 Monitoring

The Lender may but is not obliged to monitor the application of the use of the proceeds of the Facilities by the Borrower. For the avoidance of doubt, any such monitoring shall be without prejudice to the Borrower's right to apply the proceeds of the Facilities as agreed in Clause 3.1 (*Purpose*).

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

- 4.1.1 The Borrower may not deliver a Utilisation Request unless the Lender has received all of the documents and other evidence listed in and appearing to comply with the requirements of Schedule 1 (*Conditions Precedent*) in form and substance satisfactory to the Lender.
- 4.1.2 The Lender shall notify the Borrower promptly upon receiving such documents and other evidence.

4.2 Further conditions precedent

The Lender will be obliged to comply with Clause 5.4 (*Loan*) only if on the date of the Utilisation Request and on the proposed Utilisation Date:

- 4.2.1 PetroEcuador is in compliance with the terms of each Transaction Document to which it is a party;
- 4.2.2 In respect of a proposed Utilisation of the Tranche B Facility, the Lender has received a certified copy of the list of Approved Projects as agreed with the Lender.
- 4.2.3 in respect of a proposed Utilisation of the Tranche B Facility, the Lender has received in form and substance reasonably satisfactory to the Lender:
 - (A) certified true copies of the contracts(s) with Approved Contractors in connection with Approved Projects to be financed by the proposed Utilisation;
 - (B) evidence that all conditions precedent required to be satisfied as of the date of the Utilisation Request in respect of the contracts referred to in (A) above have been satisfied and that such contracts are in full force and effect; and
 - (C) invoices or similar document(s) requiring payment issued in respect of such contracts or other evidence reasonably satisfactory to the Lender demonstrating that payment is owed in respect of such contracts together having an aggregate value of no less than the proposed Utilisation,in respect of which the proceeds of the proposed Utilisation are to be applied;
- 4.2.4 in respect of a proposed Utilisation of the Tranche A Facility, the amount standing to the credit of the Proceeds Account is no less than the Initial Required Amount;
- 4.2.5 in respect of a proposed Utilisation of the Tranche B Facility, the amount standing to the credit of the Proceeds Account is no less than the Long Term Required Amount;

EXECUTION VERSION

- 4.2.6 the Lender is satisfied that each other party to the Confidentiality Letter are in compliance with their respective obligations under the Confidentiality Letter;
- 4.2.7 no Default or Mandatory Prepayment Event is continuing or would result from the proposed Loan; and
- 4.2.8 the representations made by the Borrower under Clause 15 (*Representations*) are true in all material respects.

**SECTION 3
UTILISATION****5. UTILISATION****5.1 Delivery of the Utilisation Request**

The Borrower may utilise a Facility by delivery to the Lender of a duly completed Utilisation Request not later than twenty (20) Business Days before the proposed Utilisation Date. The Utilisation Request shall be delivered by SWIFT and/or fax.

5.2 Completion of the Utilisation Request

5.2.1 A Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (A) it identifies the Facility to be utilised;
- (B) (1) in the case of the Tranche A Facility, the proposed Utilisation Date is a Business Day within the Tranche A Availability Period; and
(2) in the case of the Tranche B Facility, the proposed Utilisation Date is a Business Day within the Tranche B Availability Period;
- (C) in the case of a Utilisation of the Tranche A Facility or Tranche B Facility, the Utilisation Request specifies that the proposed Tranche A Loan or proposed Tranche B Loan (as the case may be) is/are to be deposited directly by the Lender into the account of the Borrower notified to the Lender;
- (D) the currency and amount of the Utilisation complies with Clause 5.3 (*Currency and amount*); and
- (E) the proposed first Interest Period complies with Clause 9 (*Interest Periods*).

5.2.2 Only one Loan may be requested in each Utilisation Request.

5.2.3 No more than:

- (A) eight (8) Utilisation Requests may be issued in respect of the Tranche A Facility; and
- (B) twenty (20) Utilisation Requests may be issued in respect of the Tranche B Facility.

5.3 Currency and amount

5.3.1 The currency specified in a Utilisation Request must be Dollars.

- 5.3.2 The amount of a proposed Loan in a Utilisation Request delivered in respect of:
- (A) the Tranche A Facility must be no less than US\$20,000,000 and in higher multiple integrals of US\$5,000,000; or
 - (B) the Tranche B Facility must be no less than US\$5,000,000 and in higher multiple integrals of US\$1,000,000.

5.4 **Loan**

If the conditions set out in Clause 4 (*Conditions of Utilisation*) and 5.1 (*Delivery of the Utilisation Request*) to 5.3 (*Currency and amount*) above have been met, the Lender shall make the Loan available on the Utilisation Date. For the avoidance of doubt, the Lender shall be deemed to have satisfied its obligations under this Clause 5.4 (*Loan*) if it initiates and takes all steps necessary on the part of the Lender for the transmission of the proceeds of the Loan to the Borrower in accordance with the Utilisation Request and all expenses arising from remittance of such proceeds shall be borne by the Borrower.

5.5 **Cancellation of unutilised Tranche A Commitment or Tranche B Commitment**

- 5.5.1 At close of business in Beijing on the last day of the Tranche A Availability Period, the unutilised amount of the Tranche A Commitment shall be immediately and automatically reduced to zero.
- 5.5.2 At close of business in Beijing on the last day of the Tranche B Availability Period, the unutilised amount of the Tranche B Commitment shall be immediately and automatically reduced to zero.

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

6. REPAYMENT

6.1 Repayment of the Tranche A Loan

- 6.1.1 The Borrower shall repay the Tranche A Loan in fourteen (14) equal instalments (each a "**Tranche A Repayment Instalment**" and together being the "**Tranche A Repayment Instalments**") in the amounts and on the Repayment Dates set out in Part I of Schedule 4 (*Tranche A Repayment Schedule*).
- 6.1.2 Without prejudice to sub-clause 6.1.1 above, all outstanding amounts of the Tranche A Loan shall be repaid on or before the Tranche A Final Repayment Date.
- 6.1.3 For the avoidance of doubt, the Repayment Dates in respect of the Tranche A Loan shall coincide with the Interest Payment Dates.

6.2 Repayment of the Tranche B Loan

- 6.2.1 The Borrower shall repay the Tranche B Loan in fourteen (14) equal instalments (each a "**Tranche B Repayment Instalment**" and together being the "**Tranche B Repayment Instalments**") in the amounts and on the Repayment Dates set out in Part II of Schedule 4 (*Tranche B Repayment Schedule*).
- 6.2.2 Without prejudice to sub-clause 6.2.1 above, all outstanding amounts of the Tranche B Loan shall be repaid on or before the Tranche B Final Repayment Date.
- 6.2.3 For the avoidance of doubt, the Repayment Dates in respect of the Tranche B Loan shall coincide with the Interest Payment Dates.

6.3 Payment to Repayment Account

- 6.3.1 For each Interest Period, the Borrower shall pay all interest accrued, or that will accrue, on the Loans for that Interest Period and each Repayment Instalment to the Repayment Account no less than ten (10) days prior to each Repayment Date or Interest Payment Date (as the case may be). Once the Borrower has paid such amounts into the Repayment Account in cleared funds, any risk of loss of such funds passes to the Lender.
- 6.3.2 The Borrower hereby authorises the Lender to, and the Lender shall, apply amounts standing to the credit of the Repayment Account on each Interest Payment Date or Repayment Date in payment of the relevant Repayment Instalment and/or interest payment (as the case may be).
- 6.3.3 The Lender shall pay interest on amounts standing to the credit of the Repayment Account at its daily rate of Dollar deposits published from time to time. Such interest will be paid by the Lender as soon as practicable after each Interest Payment Date to the account nominated by the Borrower as notified to the Lender.

- 6.3.4 Other than as set out in this Agreement, the Lender shall maintain the Repayment Account in accordance with its usual practices.
- 6.3.5 The parties agree that in any Interest Period the failure by the Borrower to pay funds into the Repayment Account in accordance with sub-clause 6.3.1 above:
- (A) shall create a matured obligation of the Borrower to immediately pay to the Lender the amount of the Repayment Instalment and all interest due in respect of that Interest Period; and
 - (B) without prejudice to any rights of the Lender in respect of any existing or future Default, does not constitute a Default.
- 6.3.6 All amounts received by the Lender (by direct payment, deduction or other means) in satisfaction of the Borrower's obligation in paragraph 6.3.5(A) shall be applied towards satisfaction of the relevant Repayment Instalment and interest accrued (which shall be an amount equal to the amount of interest that would have been paid to the Lender on the Interest Payment Date) and the Lender shall deem such application to have occurred on the relevant Interest Payment Date.
- 6.3.7 To further implement the payment mechanisms described in this Clause 6.3 (*Payment to Prepayment Account*), the Lender and Borrower agree that the Lender will effect its rights, and the Borrower will perform its obligations under this Clause 6.3 (*Payment to Prepayment Account*) in accordance with the Payment Procedure Mechanism.

6.4 Reborrowing

The Borrower may not reborrow any part of a Facility which is repaid.

7. PREPAYMENT AND CANCELLATION

7.1 Illegality

If, at any time, it is or will become unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain a Loan:

- 7.1.1 the Lender shall notify the Borrower upon becoming aware of that event;
- 7.1.2 upon the Lender notifying the Borrower, the Total Commitments will be immediately cancelled; and
- 7.1.3 the Borrower shall repay each Loan on the last day of the Interest Period for the Loan occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the notice (being no later than the last day of any applicable grace period permitted by law).

7.2 Voluntary cancellation

- 7.2.1 The Borrower may, if it gives the Lender not less than ten (10) Business Days' (or such shorter period as the Lender may agree) prior notice, reduce the Total Commitments to zero or by such amount (being a minimum amount of US\$25,000,000 or a higher whole multiple of US\$25,000,000) as the Borrower may specify in such notice.
- 7.2.2 Any reduction of the Total Commitment shall be applied equally between the Tranche A Commitment and the Tranche B Commitment.
- 7.2.3 Upon any voluntary cancellation by the Borrower of all or any part of the Total Commitments in accordance with this Clause 7.2 (*Voluntary cancellation*), the Borrower shall on the date of cancellation pay to the Lender a cancellation fee of two (2) per cent. of the amount cancelled.

7.3 Voluntary prepayment of Loans

- 7.3.1 The Borrower may, if it gives the Lender not less than ten (10) Business Days' prior written notice prepay, on the next succeeding Interest Payment Date, the whole or any part of the Loans (but, if in part, being an amount that reduces the amount of the Loans by a minimum amount of US\$25,000,000 or a higher whole multiple of US\$25,000,000).
- 7.3.2 The Loans may be prepaid only after the last day of the Tranche A Availability Period (or, if earlier, the day on which the Total Commitment is zero).
- 7.3.3 Any prepayment under this Clause 7.3 (*Voluntary prepayment of Loans*) shall be applied pro rata between the outstanding Tranche A Loans and Tranche B Loans and satisfy the obligations under Clause 6.1 (*Repayment of the Tranche A Loan*) and Clause 6.2 (*Repayment of the Tranche B Loan*) (as the case may be) and be applied towards the outstanding Tranche A Repayment Instalments and Tranche B Repayment Instalments due in inverse order of their maturity.
- 7.3.4 Upon any voluntary prepayment by the Borrower in accordance with Clause 7.3 (*Voluntary prepayment Loans*), the Borrower shall on the date of prepayment pay to the Lender a prepayment fee of two (2) per cent. of the amount prepaid.

7.4 Mandatory Prepayment

- 7.4.1 Further to the agreement by the Borrower in the Four Party Agreement, if:
- (A) PetroEcuador fails to comply with its obligations, or there is an event of default (after taking into account any applicable grace periods or cure periods), caused by the PetroEcuador, under the Sales and Purchase Contract;
 - (B) 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;

- (C) PetroEcuador fails to comply with its obligations under the Account Management Agreement;
- (D) the Borrower or PetroEcuador fails to comply with its obligations under the Four Party Agreement; or
- (E) the Borrower fails to comply with the Letter of Commitment,

upon written notice from the Lender to the Borrower (a "**Prepayment Notice**"), the Total Commitments will immediately be cancelled and the Borrower shall prepay each Loan and all interest accrued on the first Interest Payment Date falling after the date of the Prepayment Notice or, if earlier, the date specified by the Lender in the Prepayment Notice (being a date no earlier than ten (10) days from the date of the Prepayment Notice).

- 7.4.2 The Borrower shall notify the Lender of any event or circumstance that constitutes or may reasonably be expected to constitute a Mandatory Prepayment Event within five (5) days of becoming aware of its occurrence.

7.5 Restrictions

- 7.5.1 Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and Cancellation*) shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- 7.5.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.
- 7.5.3 The Borrower may not re-borrow any part of a Facility which is prepaid.
- 7.5.4 The Borrower shall not repay or prepay all or any part of any Loan or reduce all or any part of the Total Commitments except at the times and in the manner expressly provided for in this Agreement.
- 7.5.5 If any amount of the Total Commitments is reduced in accordance with this Agreement, the amount of such reduction may not be subsequently reinstated without the prior written consent of the Lender.

SECTION 5
COSTS OF UTILISATION

8. INTEREST

8.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the Interest Rate.

8.2 Payment of interest

The Borrower shall pay accrued interest at the Interest Rate in arrears on the outstanding principal amount on each Loan on each Interest Payment Date.

8.3 Default interest

8.3.1 If the Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on such Unpaid Sum from the due date to the date of actual payment (both before and after judgment) at a rate which is 3 per cent. above the Interest Rate.

8.3.2 Any interest accruing under this Clause 8.3 (*Default interest*) shall be immediately payable by the Borrower on demand by the Lender.

8.3.3 If any Unpaid Sum consists of all or part of a Loan which became due on a day which was not an Interest Payment Date relating to the Loan:

(A) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan; and

(B) the rate of interest applying to the Unpaid Sum during that first Interest Period shall be 3 per cent. higher than the rate which would have applied if the Unpaid Sum had not become due.

8.3.4 For the avoidance of doubt, default interest (if unpaid) arising on an Unpaid Sum will not be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

9. INTEREST PERIODS

9.1 Interest Periods

9.1.1 Each Interest Period in respect of a Loan shall be a period of three (3) Months beginning on an Interest Payment Date and ending on and including the day immediately before the next following Interest Payment Date, except in the case of the first Interest Period applicable to that Loan when it shall be the period beginning on the Utilisation Date of that Loan and ending on and including the day immediately preceding the next following Interest Payment Date.

9.1.2 An Interest Period for a Tranche A Loan shall not extend beyond the Tranche A Final Repayment Date and an Interest Period for a Tranche B Loan shall not extend beyond the Tranche B Final Repayment Date.

9.2 Changes to Interest Periods

9.2.1 The Lender may, with the consent of the Borrower, shorten an Interest Period for any Loan to ensure there are sufficient Loans (with an aggregate amount equal to or greater than the Repayment Instalment) which have an Interest Period ending on a Repayment Date for the Borrower to make the Repayment Instalment due on that date.

9.2.2 If the Lender intends to make any change to an Interest Period referred to in this Clause 9.2 (*Changes to Interest Periods*), it shall promptly notify the Borrower.

9.3 Consolidation of Loans

If two or more Interest Periods end on the same date, those Tranche A Loans or Tranche B Loans will be consolidated into, and treated as, a single Tranche A Loan or Tranche B Loan (as the case may be) on that Interest Payment Date.

9.4 Break Costs

9.4.1 The Borrower shall, within three (3) Business Days of demand by the Lender, pay to the Lender its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the Borrower on a day other than the relevant Interest Payment Date for that Loan or Unpaid Sum.

9.4.2 The Lender shall, as soon as reasonably practicable after a demand by the Borrower, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

10. FEES

Up-front fee

The Borrower shall pay to the Lender an up-front fee equal to 1.07% of the Total Commitment.

22 37

SECTION 6
ADDITIONAL PAYMENT OBLIGATIONS

11. TAX GROSS UP AND INDEMNITIES

11.1 Tax gross-up

All payments to be made by the Borrower to the Lender under the Finance Documents shall be made free and clear of and without any Tax Deduction unless the Borrower is required to make a Tax Deduction, in which case the sum payable by the Borrower (in respect of which such Tax Deduction is required to be made) shall be increased to the extent necessary to ensure that the Lender receives a sum net of any deduction or withholding equal to the sum which it would have received had no such Tax Deduction been made or required to be made.

11.2 Tax indemnity

11.2.1 Without prejudice to Clause 11.1 (*Tax gross-up*), if the Lender is required to make any payment of or on account of Tax on or in relation to any sum received or receivable under the Finance Documents (including any sum deemed for purposes of Tax to be received or receivable by the Lender whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against the Lender, the Borrower shall, within three (3) Business Days of demand by the Lender, promptly indemnify the Lender against such payment or liability, together with any interest, penalties, costs and expenses payable or incurred in connection therewith, provided that this Clause 11.2 (*Tax indemnity*) shall not apply to any Tax imposed on and calculated by reference to the net income of the Lender actually received or receivable by the Lender (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by the Lender but not actually receivable).

11.2.2 If the Borrower makes a Tax Payment and the Lender determines that:

- (A) a Tax Credit is attributable to that Tax Payment; and
- (B) that Lender has obtained, utilised and retained that Tax Credit,

the Lender shall pay an amount to the Borrower which the Lender determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Borrower.

11.2.3 If the Lender requests compensation under sub-clause 11.2.1 or if the Borrower is required to pay any additional amount to the Lender or any Governmental Agency on account of the Lender pursuant to this Clause 11.2 (*Tax indemnity*), then the Lender shall (subject to overall policy considerations of the Lender) use reasonable efforts (which shall not require the Lender to incur an unreimbursed loss or unreimbursed cost or expense or otherwise take any action inconsistent with legal or regulatory restrictions or suffer any disadvantage or burden reasonably deemed by it to be significant):

(A) file any certificate or document reasonably requested in writing by the Borrower; or

(B) designate another Applicable Lending Office,

if such filing or designation would reduce or eliminate its claims for compensation under this Clause 11.2 (*Tax indemnity*) or would reduce or eliminate amounts payable pursuant to this Clause 11.2 (*Tax indemnity*) in the future; provided that such designation is made on such terms that in the reasonable judgment of the Lender, the Lender and its Applicable Lending Office suffer no material economic, legal or regulatory disadvantage. The Borrower shall pay all reasonable costs and expenses incurred by the Lender in connection with any such filing or designation. Nothing in this sub-clause 11.2.3 shall affect or postpone any of the obligations of the Borrower or the right of the Lender provided in Clause 11.1 (*Tax gross up*) or Clause 11.2 (*Tax indemnity*).

11.2.4 The Lender shall notify the Borrower of any event giving rise to a claim under sub-clause 11.2.1.

11.3 Stamp taxes

The Borrower shall:

11.3.1 pay all stamp duty, registration and other similar Taxes payable in respect of any Finance Document; and

11.3.2 within three (3) Business Days of demand, indemnify the Lender against any cost, loss or liability that the Lender incurs in relation to any stamp duty, registration or other similar Tax paid or payable in respect of any Finance Document.

11.4 Indirect tax

11.4.1 All consideration expressed to be payable under a Finance Document by the Borrower to the Lender shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by the Lender to the Borrower in connection with a Finance Document, the Borrower shall pay to the Lender (in addition to and at the same time as paying the consideration) an amount equal to the amount of the Indirect Tax.

11.4.2 Where a Finance Document requires the Borrower to reimburse the Lender for any costs or expenses, the Borrower shall also at the same time pay and indemnify the Lender against all Indirect Tax incurred by the Lender in respect of the costs or expenses to the extent the Lender reasonably determines that it is not entitled to credit or repayment in respect of the Indirect Tax.

12. INCREASED COSTS

12.1 Increased costs

12.1.1 Subject to Clause 12.3 (*Exceptions*) the Borrower shall, within three (3) Business Days of a demand by the Lender, pay the amount of any Increased Costs incurred

by the Lender as a result of (A) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (B) compliance with any law or regulation made, after the Execution Date. The terms "law" and "regulation" in this sub-clause 12.1.1 shall include, without limitation, any law or regulation concerning capital adequacy, prudential limits, liquidity, reserve assets or Tax.

12.1.2 In this Agreement "**Increased Costs**" means:

- (A) a reduction in the rate of return from a Facility or on the Lender's overall capital (including, without limitation, as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by the Lender);
- (B) an additional or increased cost; or
- (C) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by the Lender to the extent that it is attributable to the undertaking, funding or performance by the Lender of any of its obligations under any Finance Document or any funding of any Loan or Unpaid Sum.

12.2 Increased cost claims

The Lender shall notify the Borrower of any event giving rise to a claim under Clause 12.1 (*Increased costs*) and shall, as soon as practicable after a request by the Borrower, provide a certificate confirming the amount of its Increased Costs.

12.3 Exceptions

12.3.1 Clause 12.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

- (A) attributable to a Tax Deduction required by law to be made by the Borrower;
- (B) compensated for by Clause 11.2 (*Tax indemnity*) (or would have been compensated for under Clause 11.2 (*Tax indemnity*) but was not so compensated solely because the exclusion in sub-clause 11.2.1 applied); or
- (C) attributable to the wilful breach by the Lender of any law or regulation.

12.3.2 In this Clause 12.3 (*Exceptions*), a reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 1.1 (*Definitions*).

13. OTHER INDEMNITIES

13.1 Currency indemnity

13.1.1 If any sum due from the Borrower under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be

converted from the currency (the "First Currency") in which that Sum is payable into another currency (the "Second Currency") for the purpose of:

- (A) making or filing a claim or proof against the Borrower; or
- (B) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall as an independent obligation, within three (3) Business Days of demand, indemnify the Lender against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (i) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (ii) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- 13.1.2 The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

13.2 Other indemnities

The Borrower shall, within three (3) Business Days of demand, indemnify the Lender against any cost, loss or liability incurred by the Lender as a result of:

- 13.2.1 the occurrence of any Event of Default;
- 13.2.2 any enquiry, investigation, subpoena (or similar order) or litigation with respect to the Borrower or with respect to the transactions contemplated or financed under this Agreement undertaken and/or instigated by the Lender in good faith;
- 13.2.3 any enquiry, investigation, subpoena (or similar order) or litigation with respect to the Borrower or with respect to the transactions contemplated or financed under this Agreement undertaken and/or instigated by any third party;
- 13.2.4 a failure by the Borrower to pay any amount due under a Finance Document on its due date (after taking into account any applicable grace period) or in the relevant currency;
- 13.2.5 funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in the Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by the Lender alone);
- 13.2.6 a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower;
- 13.2.7 investigating any event which it reasonably believes is a Default;
- 13.2.8 acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;

13.2.9 the Borrower applying any Loan proceeds in a manner not expressly contemplated by this Agreement; or

13.2.10 the Lender, its officers, directors and employees carrying out their obligations under this Agreement, unless such cost, loss or liability is caused by the gross negligence, bad faith or wilful misconduct of the Lender, and excluding from such costs, losses and liabilities the salaries and/or wages of such officers, directors and employees.

14. COSTS AND EXPENSES

14.1 Amendment costs

If the Borrower requests an amendment, waiver or consent to any Finance Document or the parties agree (acting reasonably) that any additional documentation is required in respect of the transactions contemplated by the Transaction Documents, at any time after the Execution Date, the Borrower shall, within three (3) Business Days of demand, reimburse the Lender for the amount of all reasonable costs and expenses (including legal fees) incurred by the Lender in responding to, evaluating, negotiating or complying with that request or the negotiation, preparation, printing and execution of such agreed additional documentation.

14.2 Enforcement costs

The Borrower shall promptly on demand pay to the Lender the amount of all costs and expenses (including legal fees) properly incurred by the Lender in connection with a Default under, or the preservation or enforcement of any rights under, any Finance Document.

SECTION 7
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

15. REPRESENTATIONS

The Borrower makes the representations and warranties set out in this Clause 15 (*Representations*) to the Lender on the Execution Date.

15.1 Status

15.1.1 The Ministry of Finance of the Republic of Ecuador is the entity legally competent to enter into the transactions contemplated by this Agreement for and on behalf of the Republic of Ecuador.

15.1.2 The Borrower has the power to own its assets and to conduct its business as it is being conducted.

15.1.3 The Borrower has the power to sue and be sued in its own name.

15.2 Binding obligations

15.2.1 The obligations expressed to be assumed by the Borrower in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations of the Borrower and each Finance Document is in the proper form for enforcement in the Republic of Ecuador.

15.2.2 The obligations expressed to be assumed by the Borrower in each Finance Document are obligations of the Republic of Ecuador.

15.3 Non-conflict with other obligations

The entry into and performance by the Borrower of, and the transactions contemplated by, the Finance Documents to which it is a party do not and will not conflict with:

15.3.1 any treaty, law or regulation or any official or judicial order applicable to it;

15.3.2 the constitution of the Republic of Ecuador; or

15.3.3 any agreement or instrument binding upon the Borrower, or any of the assets of the Borrower and as representative for and on behalf of the Republic of Ecuador.

15.4 Power and authority

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, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

15.5 Validity and admissibility in evidence

All Authorisations required or desirable:

- 15.5.1 to enable the Borrower lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party;
- 15.5.2 to make the Finance Documents to which the Borrower is a party admissible in evidence in the Republic of Ecuador; and
- 15.5.3 for the Borrower to carry on its business, and which are material, have been obtained or effected and are in full force and effect.

15.6 Governing law and arbitration

- 15.6.1 The choice of English law as the governing law of the Finance Documents will be recognised and enforced in the Republic of Ecuador.
- 15.6.2 Any arbitral award obtained in England in relation to a Finance Document will be recognised and enforced in the Republic of Ecuador.

15.7 Deduction of Tax

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document under any applicable law of the Republic of Ecuador.

15.8 No filing or stamp taxes

It is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in the Republic of Ecuador or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents or the enforcement of the Finance Documents.

15.9 No default

- 15.9.1 No Event of Default or Mandatory Prepayment Event is continuing or might be expected to result from the making of the Utilisation.
- 15.9.2 No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on the Borrower or to which the assets of the Borrower are subject which, in either case has or could reasonably be expected to have a Material Adverse Effect.

15.10 No misleading information

All information supplied by the Borrower in connection with the transactions contemplated by the Finance Documents, is true, complete and accurate in all material respects as at the date it was given and, to the knowledge of the Borrower (having made all reasonable enquiries) is not misleading in any respect.

15.11 Authorised Signatures

Any person specified as its authorised signatory under Schedule 1 (*Conditions Precedent*) or Clause 16.1 (*Information*) is authorised to sign the Utilisation Request and other notices on its behalf.

29 3/4

15.12 No adverse consequences

It is not necessary under the laws of the Republic of Ecuador:

15.12.1 in order to enable the Lender to enforce its rights under any Finance Document;
or

15.12.2 by reason of execution of any Finance Document or performance by the Lender of any of its obligations under any Finance Document,

that the Lender should be licensed, qualified or otherwise entitled to carry on business in the Republic of Ecuador. The Lender shall not be deemed to be resident, domiciled or carrying on business in the Republic of Ecuador by reason only of the execution of, or performance of its obligations under, a Finance Document.

15.13 No IMF approval

The execution and delivery by the Borrower of Finance Documents and the performance of its obligations under the Finance Documents:

15.13.1 do not require any approval of the International Monetary Fund; and

15.13.2 are not in breach of any agreement entered into between the Republic of Ecuador and the International Monetary Fund.

15.14 Acts of commercial credit

The execution and delivery of this Agreement by the Borrower constitute, and the Borrower's performance of and compliance with its obligations under this Agreement will constitute, acts of commercial credit done and performed under the laws of the Republic of Ecuador.

15.15 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body, agency or other competent authority (including any arising from or relating to Environmental Law) has to the best of its knowledge and belief been started or threatened against it which will or could reasonably be expected to have a Material Adverse Effect.

15.16 No breach of laws

It has not breached any law or regulation (whether such breach is of the laws of the Republic of Ecuador, the laws of any other state, public international law or otherwise) which breach has or is reasonably likely to have a Material Adverse Effect.

15.17 Pari Passu ranking

Its payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to entities generally.

15.18 Existing Security

15.18.1 No Security exists on or over its assets except as permitted by Clause 17.6 (*Negative pledge*).

15.18.2 No contracts or arrangements, conditional or unconditional, exist for the creation by the Borrower of any Security, except as permitted by Clause 17.6 (*Negative Pledge*).

15.19 No omissions

None of the representations and warranties set out in Clauses 15.1 (*Status*) to 15.18 (*Existing Security*) (both clauses included) omits any matter the omission of which makes any of such representation and warranty misleading in any material respect.

15.20 Repetition

The representations set out in Clauses 15.1 (*Status*) to 15.19 (*No omissions*) (both clauses included) shall be deemed to be made by the Borrower by reference to the facts and circumstances then existing on the date of the Utilisation Request, of each Utilisation, each Repayment Date and each Interest Payment Date.

16. INFORMATION UNDERTAKINGS

The undertakings in this Clause 16 (*Information Undertakings*) remain in force from the Execution Date for so long as any amount is outstanding under the Finance Documents or any part of the Total Commitments is in force.

16.1 Information

The Borrower shall supply to the Lender:

16.1.1 as soon as the same becomes available, but in any event within five (5) Business Days of publication, its published budget;

16.1.2 promptly, all documents dispatched by the Borrower to its creditors generally;

16.1.3 promptly, such further information regarding the financial and economic condition, business and operations of the Borrower or any other Public Entity relevant to the transactions under the Finance Documents as the Lender may reasonably request;

16.1.4 promptly, notice of any change in authorised signatories of the Borrower accompanied by specimen signatures of any new authorised signatories;

16.1.5 promptly upon become aware of them, the details of any material alteration or modification to its law, constitutional documents and/or any other instrument governing its establishment or incorporation and of any public proposal filed in Congress or decision of any Governmental Agency known to the Borrower which envisages the introduction of such alteration or modification, in each case which has or could reasonably be expected to have a Material Adverse Effect; and

16.1.6 promptly upon becoming aware of them, any event or condition which has or may reasonably be expected to have a Material Adverse Effect.

16.2 Proceedings

16.2.1 The Borrower shall supply to the Lender promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against it where the amount claimed exceeds US\$200,000,000 (or its equivalent in another currency or currencies) and which has or could reasonably be expected to have a Material Adverse Effect.

16.2.2 The Borrower will not be required to supply any information in respect of sub-clause 16.2.1 above to the extent that doing so could or could potentially result in the breach of any agreement or order to which the Borrower is subject or cause the Borrower to waive or lose any attorney client, work product or other privilege or protection to which it is entitled.

16.3 Notification of default

16.3.1 The Borrower shall notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

16.3.2 Promptly upon a request by the Lender, the Borrower shall supply to the Lender a Compliance Certificate signed by two of its authorised signatories on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

17. GENERAL UNDERTAKINGS

The undertakings in this Clause 17 (*General Undertakings*) remain in force from the Execution Date for so long as any amount is outstanding under the Finance Documents or any part of the Total Commitment is in force.

17.1 Use of Proceeds

The Borrower shall ensure that the proceeds of each Utilisation will only be used for the purposes specified in Clause 3.1 (*Purpose*) of this Agreement.

17.2 Undertakings with respect of the proceeds of the Loan

17.2.1 The Borrower shall:

- (A) freely apply the proceeds of the Tranche A Loan exclusively for the purpose specified in sub-clause 3.1.1 above;
- (B) apply the proceeds of the Tranche B Loan exclusively for the purpose specified in sub-clause 3.1.2 above;
- (C) deliver to the Lender, by no later than 6 months after the end of the Tranche A Availability Period a certificate signed by an authorised

EXECUTION VERSION

signatory of the Borrower certifying that the proceeds of the Tranche A Facility have been applied towards Tranche A Projects;

- (D) deliver to the Lender within twenty (20) Business Days of the date of each Utilisation of the Tranche B Facility evidence reasonably satisfactory to the Lender of:
 - (1) payment of the proceeds of the Utilisation of the Tranche B Facility to the relevant Approved Contractor(s) against those documents delivered to the Lender pursuant to paragraph 4.2.2(C) in respect of such Utilisation; and
 - (2) receipt of such payment by the relevant Approved Contractor(s);
 - (E) furnish the Lender with a Quarterly Report on each Interest Payment Date.
 - (F) procure that the proceeds of the Loan are not invested in, and do not contribute (financially or otherwise) to any project involving child labour, gambling, drugs or other illicit substances or projects involving the military;
 - (G) provide to the Lender all information available to the Borrower and reasonably requested by the Lender in respect of Approved Projects to which the proceeds of the Tranche B Facility have been applied and such information shall include, but not be limited to:
 - (1) reports in relation to the progress of Approved Projects in which the proceeds of the Tranche B Facility have been applied; and
 - (2) news reports (including pictures and video) of which the Borrower is aware and can obtain by reasonable means in relation to Approved Projects in which the proceeds of the Tranche B Facility have been applied which have a significant impact on the social and economic development of the Republic of Ecuador.
 - (H) obtain and arrange, at the Lender's reasonable request, site visits for the Lender to the sites of Approved Projects in which the proceeds of the Tranche B Facility have been applied at such times and in such manner as agreed between the Parties; and
 - (I) permit the Lender to provide support (technical and otherwise) as requested by the Borrower to the Approved Projects in which the proceeds of the Tranche B Facility have been applied.
- 17.2.2 Notwithstanding sub-clause 17.2.1 above and for the avoidance of doubt, the Borrower and associated parties in the Republic of Ecuador shall be solely responsible for the administration and management of the proceeds of the Loan in accordance with this Agreement and selection of any contractors retained for the development of Approved Projects.

17.3 Authorisations

The Borrower shall promptly:

17.3.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and

17.3.2 supply certified copies to the Lender of,

any Authorisation required to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document in the Republic of Ecuador.

17.4 Compliance with laws

17.4.1 The Borrower shall comply in all material respects with all laws and official requirements to which it may be subject (including public international law).

17.4.2 The Borrower shall promptly notify the Lender of the introduction, amendment, repeal or withdrawal of

(A) any law or regulation by the Congress of the Republic of Ecuador;

(B) any regulation published in the Official Gazette of the Republic of Ecuador

which, in each case, has or could reasonably be expected to have a Material Adverse Effect.

17.5 Pari passu ranking

The Borrower shall ensure that its payment obligations under the Finance Documents rank and continue to rank at least pari passu with all of its other unsecured and unsubordinated Financial Indebtedness.

17.6 Negative pledge

17.6.1 The Borrower has agreed that as long as all or any part of the Loans remain outstanding, the Borrower will not create or suffer to exist, any Lien, upon any of its assets or revenues to secure the payment of any External Indebtedness of Borrower unless, when such Lien is created, the obligations of Borrower under this Agreement are secured equally and ratably with such External Indebtedness.

17.6.2 Notwithstanding sub-clause 17.6.1 above, the Borrower may create or permit to subsist:

(A) any Lien on property to secure External Indebtedness arising in the ordinary course of business to finance export, import or other trade transactions, which matures (after giving effect to renewals and refinancing) no more than one year after it was originally incurred;

- (B) any Lien upon property to secure the purchase price of such property or to secure any External Indebtedness incurred solely for the purpose of financing the acquisition of such property;
- (C) any Lien on property arising by operation of law (or pursuant to any agreement establishing a Lien equivalent to one which would otherwise exist under relevant local law), including without limitation any right of set-off with respect to demand or time deposits with financial institutions and bankers' liens with respect to property held by financial institutions;
- (D) any Lien existing on such property at the time of its acquisition;
- (E) any Lien in existence as of the date of execution of this Agreement;
- (F) any Lien securing External Indebtedness issued upon surrender or cancellation of the principal amount of such indebtedness to the extent the Lien is created to secure the External Indebtedness;
- (G) any Lien created in connection with any Project Financing, as defined below, provided that the properties to which any such Lien applies are solely with respect to (i) properties which are the subject of such Project Financing or (ii) revenues or claims which arise from the operation, failure to meet specifications, failure to complete, exploitation, sale or loss of, or damage to, such properties;
- (H) additional Liens created in any calendar year upon assets, revenues or receivables of Borrower having, when encumbered, a fair market value not exceeding an aggregate amount equal to US\$50,000,000 (or the equivalent in other currencies) to collateralize, or to purchase collateral, guarantees or other credit support in respect of, new borrowings by Borrower, provided that, to the extent that in any calendar year US\$50,000,000 (or the equivalent in other currencies) exceeds such aggregate fair market value of the assets, revenues or receivables so encumbered during that year, the aggregate fair market value of assets, revenues or receivables which may be encumbered in subsequent calendar years shall be increased by the amount of such excess; provided, however, that the fair market value of assets, revenue or receivables so encumbered in any calendar year will in no event exceed US\$150,000,000 (or equivalent in other currencies); and
- (I) any renewal or extension of any of the Liens described above; provided, that no renewal or extension of any permitted Lien shall (i) extend to or cover any property other than the property then subject to the Lien being extended or renewed or (ii) increase the amount of financing secured by that Lien.

17.7 Management of the Facilities

The Borrower shall provide all information and support reasonably required to enable the Lender to monitor the Borrower's compliance with the terms and conditions of this Agreement and the application of the proceeds of the Facilities by the Borrower. Such support shall include providing direct contact between the Borrower's senior personnel,

management and other relevant persons and the Lender at such times and in such manners as agreed between the Parties.

17.8 Establishment of Joint Office

The Borrower shall establish and maintain the Joint Office with the Lender in accordance with Schedule 6 (*Joint Office*).

18. EVENTS OF DEFAULT

Each of the events or circumstances set out in the following sub-clauses of this Clause 18 (other than Clause 18.19 (*Acceleration*)) is an Event of Default.

18.1 Non-payment

The Borrower does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless its failure to pay is in respect of:

18.1.1 any amount other than any amount payable pursuant to Clause 6.1 (*Repayment of Tranche A Loan*), Clause 6.2 (*Repayment of Tranche B Loan*) or Clause 8.2 (*Payment of interest*); and

18.1.2 is caused by an administrative or technical error and payment is made within five (5) Business Days.

18.2 Other obligations

18.2.1 The Borrower does not comply with any provision of the Finance Documents (other than those referred to in Clause 18.1 (*Non-payment*)).

18.2.2 No Event of Default under sub-clause 18.2.1 above will occur if the failure to comply is capable of remedy, and is remedied within twenty (20) Business Days of the earlier of the Lender giving notice to the Borrower or the Borrower becoming aware of the failure to comply.

18.3 Misrepresentation

Any representation or statement made or deemed to be made by the Borrower in the Finance Documents or any other document delivered by or on behalf of the Borrower under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

18.4 Cross default

18.4.1 Any Financial Indebtedness of the Borrower or the government of the Republic of Ecuador is not paid when due nor within any originally applicable grace period.

18.4.2 Any Financial Indebtedness of the Borrower or the government of the Republic of Ecuador is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

- 18.4.3 Any commitment for any Financial Indebtedness of the Borrower or the government of the Republic of Ecuador is cancelled or suspended by a creditor of the Borrower or the government of the Republic of Ecuador as a result of an event of default (however described).
- 18.4.4 Any creditor of the Borrower or the government of the Republic of Ecuador becomes entitled to declare any Financial Indebtedness of the Borrower or the government of the Republic of Ecuador due and payable prior to its specified maturity as a result of an event of default (however described).
- 18.4.5 Any Security securing Financial Indebtedness of the Borrower or the government of the Republic of Ecuador, becomes enforceable.
- 18.4.6 The Borrower or the government of the Republic of Ecuador proposes any rescheduling, reorganisation or conversion of all or any part of its Financial Indebtedness by reason of financial or economic difficulties which, for the avoidance of doubt excludes any rescheduling, reorganisation or conversion of all or any part of its Financial Indebtedness undertaken in the course of the prudent fiscal management to improve the financial condition of the Republic of Ecuador.
- 18.4.7 No Event of Default will occur under this Clause 18.4 (*Cross default*) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within sub-clauses 18.4.1 to 18.4.5 (inclusive) is less than US\$200,000,000 (or its equivalent in any other currency or currencies).

18.5 Moratorium on Financial Indebtedness

The Government of the Republic of Ecuador, the Central Bank of the Republic of Ecuador, the Borrower or any other Public Entity declares a moratorium, standstill or similar suspension of payments in respect of its Financial Indebtedness or the Financial Indebtedness of the Republic of Ecuador.

18.6 Creditors Process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Borrower which has or could reasonably be expected to have a Material Adverse Effect.

18.7 Insolvency

18.7.1 The Borrower:

- (A) is or is presumed or deemed to be unable (or is deemed by any law or court to be) or admits inability to pay its debts as they fall due;
- (B) stops or suspends (or announces an intention to stop or suspend) making payments on any of its Financial Indebtedness; or
- (C) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

18.7.2 Any step is taken or event occurs in any jurisdiction which would have an analogous or equivalent effect to those set out in sub-clauses 18.7.1 of this Clause.

18.8 Insolvency proceedings

18.8.1 Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, provisional supervision of the Borrower;
- (B) a composition, compromise, assignment or arrangement with any creditor of the Borrower; or
- (C) enforcement of any Security over any assets of the Borrower and such action, procedure or step would or could reasonably be expected to have a Material Adverse Effect unless discharged within thirty (30) Business Days of such step being taken,

or any procedure or step is taken in any jurisdiction which would have an analogous or equivalent effect.

18.9 Unlawfulness

It is or becomes unlawful for the Borrower to perform any of its obligations under the Finance Documents.

18.10 Legal proceedings

Litigation, arbitration of or before any court, arbitral body, agency or other competent authority has (to the best of its knowledge and belief) been started or threatened against the Borrower which has or could reasonably be expected to have a Material Adverse Effect , and such litigation or arbitration is not stayed or terminated within sixty (60) Business Days of its commencement.

18.11 IMF

The Borrower suspends or ceases to be a member in good standing of the International Monetary Fund or fully eligible to use the resources of the International Monetary Fund in accordance with the Articles of Agreement of the International Monetary Fund.

18.12 Repudiation

The Borrower repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

18.13 PRC Entities

18.13.1 The Borrower, any Governmental Agency or any Public Entity of the Republic of Ecuador, after the Execution Date:


38

- (A) condemns, nationalises, seizes or otherwise expropriates all or any substantial part of the property or other assets of a PRC Entity or its share capital;
- (B) assumes custody or control of the property or other assets or of the business or operations of a PRC Entity or its share capital;
- (C) takes any action for the dissolution or disestablishment of a PRC Entity or any action that would prevent a PRC Entity or its officers from carrying on all or a substantial part of its business or operations;
- (D) takes any action, other than actions having general effect in the Republic of Ecuador, which would disadvantage a PRC Entity in carrying out its business or operations in the Republic of Ecuador; or
- (E) commences any action or proceeding in relation to the matters described in paragraphs (A), (B) or (C) above.

18.13.2 The PRC Government has determined to sever diplomatic ties with the Republic of Ecuador, or the government of the Republic of Ecuador has determined to sever diplomatic ties with the PRC.

18.13.3 Sub-clause 18.13.1 shall not apply if any of the events or circumstances described in paragraphs 18.13.1(A) to 18.13.1(E) (inclusive) has occurred as a result of:

- (A) a breach by a PRC Entity of any of its obligations to the Borrower, any Government Agency or any Public Entity of the Republic of Ecuador; or
- (B) an action of the Republic of Ecuador having general effect and/or not specifically targeted to prejudice PRC Entities or the interests of the People's Republic of China in the Republic of Ecuador.

18.14 Financial cooperation

Any agreement on financial cooperation entered into between:

18.14.1 the Borrower and any Governmental Agency of the Republic of Ecuador; and

18.14.2 the PRC Government,

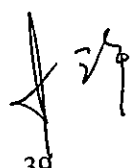
is terminated, suspended, revoked or amended in a manner which is materially prejudicial to the Lender, in the Lender's sole discretion.

18.15 Extraordinary Situation

Any significant civil strife, rebellion, war, revolution or natural disaster, has arisen which has or could reasonably be expected to have a Material Adverse Effect.

18.16 Change in Law

Any decree, ruling, law or regulation is issued or passed by any Public Entity which:



- 18.16.1 is wholly or partly inconsistent with the provisions of a Transaction Document; or
- 18.16.2 suspends, revokes, modifies, amends or diminishes any of the Lender's or PetroChina Intl.'s rights under any Transaction Document to which it is a party.

18.17 Failure to pay Final Judgment

A final non-appealable judgment of a court is rendered against the Borrower requiring it to pay an amount in excess of US\$200,000,000 and such payment is not made on or before its due date.

18.18 Material adverse change

Any other event or series of events occurs which has or could reasonably be expected to have a Material Adverse Effect.

18.19 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Lender may, by notice to the Borrower:

- 18.19.1 cancel all or part of the Total Commitments whereupon it shall immediately be cancelled;
- 18.19.2 declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or
- 18.19.3 declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Lender.

**SECTION 8
CHANGES TO THE PARTIES**

19. CHANGES TO THE LENDER

19.1.1 After the expiry of the Tranche A Availability Period, the Lender may assign any of its rights or transfer by novation any of its rights and obligations under this Agreement and the other Finance Documents:

- (A) to any of its branches or related companies;
- (B) to any bank or financial institution;
- (C) to any trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets; or
- (D) to any person controlled by any Government Agency of the PRC.

19.1.2 The Lender shall give thirty (30) days prior notice to the Borrower prior to any assignment or transfer pursuant to paragraph 19.1.1(B) or (C) above.

19.1.3 The Lender shall give notice to the Borrower after any assignment or transfer pursuant to paragraph 19.1.1(A) or (D) above.

19.1.4 The Borrower may not assign or transfer any of its rights or obligations under this Agreement or the other Finance Documents without the Lender's written consent.

20. DISCLOSURE OF INFORMATION

The Borrower and the Lender shall keep confidential and be permitted to disclose Confidential Information as defined in and in accordance with the terms of the Confidentiality Letter.

SECTION 9
ADMINISTRATION

21. PAYMENT MECHANICS

21.1 Payments to the Lender

21.1.1 On each date on which the Borrower is required to make a payment under a Finance Document, the Borrower shall make the same available to the Lender (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Lender as being customary at the time for settlement of transactions in the relevant currency in the place of payment. If no such time is specified, payment must be made no later than 11:00 a.m. Beijing time on such due date.

21.1.2 Payment shall be made to the account specified to the Borrower by the Lender.

21.2 Conversion

The Lender may (with the consent of the Borrower) apply any amount received by it in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Borrower under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

21.3 Partial payments

21.3.1 If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Lender may apply that payment towards the obligations of the Borrower under the Finance Documents in the following order:

- (A) first, in or towards payment of any unpaid fees, costs and expenses of the Lender under the Finance Documents;
- (B) secondly, in or towards payment of any default interest due but unpaid under this Agreement;
- (C) thirdly, in or towards payment of any accrued interest due but unpaid under this Agreement;
- (D) fourthly, in or towards payment of any principal due but unpaid under this Agreement; and
- (E) fifthly, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

21.3.2 The Lender may at its own discretion vary the order set out in paragraphs (B) to (E) of sub-clause 21.3.1 above.

21.3.3 Sub-clauses 21.3.1 and 21.3.2 above will override any appropriation made by the Borrower.

Handwritten signature and initials in the bottom right corner of the page.

21.4 No set-off by the Borrower

All payments to be made by the Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

21.5 Business Days

21.5.1 Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

21.5.2 During any extension of the due date for payment of any principal or Unpaid Sum under sub-clause 21.5.1 above, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

21.6 Currency of account

21.6.1 Dollars is the currency of account and payment for any sum due from the Borrower under any Finance Document.

21.6.2 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

21.6.3 Any amount expressed to be payable in a currency other than Dollars shall be paid in that other currency.

22. SET-OFF

The Lender may set off any matured obligation due from the Borrower under the Finance Documents (to the extent beneficially owned by the Lender) against any matured obligation owed by the Lender to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

23. NOTICES

23.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, shall be made by fax or letter.

23.2 Addresses

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 the Finance Documents is:

23.2.1 in the case of the Borrower, that identified with its name below:

Ministerio de Finanzas de Ecuador

Handwritten signature and initials in the bottom right corner of the page.

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

23.2.2 in the case of the Lender, that identified with its name below:

China Development Bank Corporation
Shandong Branch
Shandong Dasha No.2-1
Ma'anshan Road, Jinan
Shandong Province 250002
Peoples' 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 Party by not less than five (5) Business Days' notice.

23.3 Delivery

23.3.1 Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will be effective:

- (A) if by way of fax, only when received in legible form; or
- (B) if by way of letter, only when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

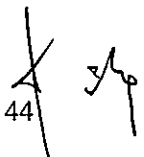
and, if a particular department or officer is specified as part of its address details provided under Clause 23.2 (*Addresses*), if addressed to that department or officer.

23.3.2 Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified with the Lender's signature below (or any substitute department or officer as the Lender shall specify for this purpose).

23.4 Electronic Communication

23.4.1 Any communication to be made between the Borrower and the Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Borrower and the Lender:

- (A) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (B) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and



(C) notify each other of any change to their address or any other such information supplied by them.

23.4.2 Any electronic communication made between the Borrower and the Lender will be effective only when actually received in readable form and in the case of any electronic communication made by the Lender to the Borrower only if it is addressed in such a manner as the Borrower shall specify for this purpose.

23.5 English language

23.5.1 Any notice given under or in connection with any Finance Document must be in English.

23.5.2 All other documents provided under or in connection with any Finance Document must be:

(A) in English; or

(B) if not in English, and if so required by the Lender, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document and the Lender will not be responsible for any loss caused by reliance on the English translation.

24. CALCULATIONS AND CERTIFICATES

24.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by the Lender are prima facie evidence of the matters to which they relate.

24.2 Notification of amounts due to the Borrower

In order to assist the Borrower in making payments under this Agreement, the Lender shall provide to the Borrower, no later than forty (40) calendar days prior to any Interest Payment Date, notice of the amount of the Repayment Instalment(s) and/or any interest due on that Interest Payment Date.

24.3 Certificates and Determinations

Any certification or determination by the Lender of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

24.4 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed (including the first but excluding the last) and a year of three hundred and sixty (360) days.

Handwritten signature and initials in the bottom right corner of the page.

25. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents 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.

26. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right 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.

27. AMENDMENTS AND WAIVERS

27.1 Written amendments and waivers

Any term of the Finance Documents may be amended or waived only in writing signed by the Borrower and the Lender. For the avoidance of doubt, this Clause does not prevent either the Borrower or the Lender exercising any discretion granted to it pursuant to Finance Documents.

27.2 Additional payments requiring amendments

If any term of this Agreement requires the Borrower to make additional payments which are not contemplated or foreseen as at the Execution Date, and the Borrower so requests, the Lender and the Borrower will negotiate and enter into a supplemental letter or agreement to document such additional payments. Failing any such agreement, the Borrower shall be solely liable for any such additional payments.

28. COUNTERPARTS

Each Finance Document 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 Finance Document.

Handwritten signature and initials, possibly 'A 3/4', located in the bottom right corner of the page.

SECTION 10
IMMUNITY, GOVERNING LAW AND DISPUTE RESOLUTION

29. IMMUNITY

- 29.1 The execution and delivery of this Agreement by the Borrower constitutes, and the Borrower'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). The Borrower 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 the Borrower 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.
- 29.2 Notwithstanding any term in this Agreement, the following and only the following assets of the Ministry or any state entity, 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 or other similar provisions or analogous legislation or otherwise in any other applicable jurisdiction, from any Proceedings:
- 29.2.1 any property which is used or designated for use in the performance of the functions of the diplomatic mission of Republic of Ecuador or its consular posts.;
 - 29.2.2 property of a military character or used or designated for use in the performance of military functions;
 - 29.2.3 property forming part of the cultural heritage of the Republic of Ecuador or part of its archives;
 - 29.2.4 unexploited non-extracted natural resources in Republic of Ecuador; or
 - 29.2.5 any other asset of Republic of Ecuador to the extent that immunity cannot be waived under the laws of Republic of Ecuador in effect on the date of this Agreement.
- 29.3 In this Clause 29 (*Immunity*), "**Proceedings**" means:
- 29.3.1 any execution on judgment, enforcement of arbitral award, set-off, deduction, attachment prior to judgment, attachment in aid of execution to which the Borrower or their respective assets may be entitled in any legal action or proceedings or arbitral proceedings;
 - 29.3.2 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

- 29.3.3 service of process upon the Borrower or any agent of the Borrower with respect to this Agreement or any of the transactions contemplated hereby.
- 29.4 The provisions of this Clause 29 (*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 29 (*Immunity*) 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 Borrower or the Republic of Ecuador.

30. GOVERNING LAW

This Agreement is governed by English law.

31. DISPUTE RESOLUTION

Any dispute, controversy or claim ("**Dispute**") arising out of or in connection with this Agreement or any of the Finance Documents 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:

31.1 Parties' addresses for service

The parties' addresses for service of any documents in relation to any such arbitration (including any request for arbitration) are set out in Clause 23.2 (*Addresses*).

31.2 Service of Request for Arbitration on all parties to the Finance Documents

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 and the Finance Documents.

31.3 Number and nomination of arbitrators

31.3.1 the number of arbitrators shall be three;

31.3.2 except as provided in sub-clauses 31.3.3 and 31.3.4 below, each party to the Dispute shall be entitled to nominate one arbitrator;

31.3.3 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);

31.3.4 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; and

31.3.5 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.

31.4 Seat of arbitration

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.

31.5 Language

The language to be used in the arbitration shall be English.

31.6 Intervention

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:

31.6.1 such intervention is based upon a Dispute substantially related to the Dispute in the relevant request for arbitration; and

31.6.2 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.

31.7 Counterclaims

Any joined or intervening Party may make a counterclaim against any Party, provided that:

31.7.1 such counterclaim is based upon a Dispute substantially related to the Dispute, in the relevant notice of arbitration; and

31.7.2 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.

31.8 Consolidation

If more than one arbitration is commenced under this Agreement or the Finance Documents, and any Party contends that two or more arbitrations 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.

31.9 Binding nature of award

31.9.1 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.

31.9.2 Any award rendered shall be final and binding and nothing shall prevent any Party from enforcing such award in any court.

31.10 No prejudice to obligations

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.

31.11 Waiver of right to appeal

For the purposes of arbitration pursuant to this Clause 31, 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.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

~~50~~ 24

**SCHEDULE 1
CONDITIONS PRECEDENT**

1. Borrower

- 1.1 A copy of the Presidential Decree No. 854 dated January 16, 2008 pursuant to which the President of the Republic of Ecuador renamed the Ministry of Finance.
- 1.2 Evidence that the Borrower has:
- 1.2.1 approved the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
- 1.2.2 authorised a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
- 1.2.3 authorised a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, the Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- 1.3 A specimen of the signature of each authorised person referred to in sub-paragraph 1.2 above.
- 1.4 A certificate from the Borrower confirming that borrowing the Loan up to the Total Commitments would not cause any borrowing or similar limit binding on it to be exceeded.
- 1.5 A certificate of an authorised signatory of the Borrower certifying that each copy document relating to it specified in this Schedule 1 is correct, complete and in full force and effect as at a date no earlier than the Execution Date.

2. Finance Documents

A signed original of each Finance Document and other instruments to be delivered to the Lender in accordance with the provisions therein.

3. Joint Office

A letter from the Borrower confirming the Borrower's appointees to the Joint Office.

4. Authorisations

- 4.1 A certified copy of the approval of the Debt and Finance Committee of the Republic of Ecuador authorising the transactions contemplated in the Transaction Documents.
- 4.2 A certified copy of the presidential decree from the President of the Republic of Ecuador validating the transactions contemplated in the Transaction Documents.
- 4.3 All authorisations and consents necessary under the laws of the Republic of Ecuador to authorise and effect the transactions contemplated by the Transaction Documents.

5. Other documents and evidence

- 5.1 The Lender having received the Payment Procedure Mechanism signed and acknowledged by the parties thereto.
- 5.2 The Lender having received the documents and evidence listed in Schedule 1 (*PetroEcuador Deliverables*), Schedule 2 (*PetroChina Intl. Deliverables*) and Schedule 3 (*Ministry Deliverables*) of the Four Party Agreement.
- 5.3 A certified copy of the Tranche A Projects List.
- 5.4 Evidence that the Repayment Account has been opened and is operational.
- 5.5 A certified copy of the authorisation from the Attorney General of the Republic of Ecuador authorising the Borrower's entry into each of the arbitration clauses contained in the Transaction Documents to which it is a party.
- 5.6 Certified true copies of all filing and registrations in respect of this Agreement required under the laws and regulations of the Republic of Ecuador to ensure the validity, legality and enforceability of this Agreement, including:
 - 5.6.1 registration of this Agreement with the Ministry of Finance of the Republic of Ecuador; and
 - 5.6.2 registration of this Agreement with the Central Bank of Ecuador,together with a certificate of the Borrower confirming that the abovementioned registrations have been effected and are in full force and effect.
- 5.7 A copy of any other Authorisation or other document, opinion or assurance which the Lender considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document.
- 5.8 Evidence that the up-front fee due from the Borrower pursuant to Clause 10 (*Fees*) have been paid or will be paid by the Utilisation Date.

**SCHEDULE 2
REQUESTS**

Utilisation Request

From: [●]

To: China Development Bank Corporation

Dated:

Dear Sirs

[] Facility Agreement dated [] (the "Facility Agreement")

1. We refer to the Facility Agreement. This is a Utilisation Request. Terms defined in the Facility Agreement shall have the same meaning in this Utilisation Request.
2. We wish to borrow a Loan on the following terms:

Proposed Utilisation Date: [] (or, if that is not a Business Day, the next Business Day)

Tranche to be utilised: [Tranche A / Tranche B (delete one as appropriate)]

Amount: [●]

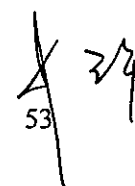
Account into which the Loan is to be paid [insert details of account]

1. We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.
2. The proceeds of the Loan should be credited to [account details].
3. This Utilisation Request is irrevocable.

Yours faithfully

.....
authorised signatory for

[●]

 53

**SCHEDULE 3
FORM OF COMPLIANCE CERTIFICATE**

From: [●]

To: China Development Bank Corporation

Dated:

Dear Sirs,

[] Facility Agreement dated [] (the "Facility Agreement")

1. We refer to the Facility Agreement. This is a Compliance Certificate. Terms used in the Facility Agreement shall have the same meaning in this Compliance Certificate.
2. We confirm that no Default is continuing.

Signed:

Authorised Signatory
of
[Borrower]

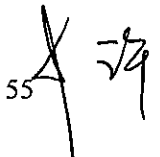
.....

Authorised Signatory
of
[Borrower]

~~54~~ 3/6

**SCHEDULE 4
REPAYMENT SCHEDULES****PART I - TRANCHE A REPAYMENT SCHEDULE**

Tranche A Repayment Instalment	Repayment Date	Tranche A Repayment Instalment Percentage
1	31 May 2011	7.16
2	31 August 2011	7.16
3	30 November 2011	7.14
4	29 February 2012	7.14
5	31 May 2012	7.14
6	31 August 2012	7.14
7	30 November 2012	7.14
8	28 February 2013	7.14
9	31 May 2013	7.14
10	31 August 2013	7.14
11	30 November 2013	7.14
12	28 February 2014	7.14
13	31 May 2014	7.14
14	31 August 2014	7.14



Part II – Tranche B Repayment Schedule

Tranche B Repayment Instalment	Repayment Date	Tranche B Repayment Instalment Percentage
1	31 May 2011	7.16
2	31 August 2011	7.16
3	30 November 2011	7.14
4	29 February 2012	7.14
5	31 May 2012	7.14
6	31 August 2012	7.14
7	30 November 2012	7.14
8	28 February 2013	7.14
9	31 May 2013	7.14
10	31 August 2013	7.14
11	30 November 2013	7.14
12	28 February 2014	7.14
13	31 May 2014	7.14
14	31 August 2014	7.14

**SCHEDULE 5
FORM OF QUARTERLY REPORT**

[to be placed on the Borrower's letterhead]

Quarterly Report to China Development Bank Corporation on application of the proceeds of the Tranche B Facility for the period [insert date] to [insert date] (the "**Reporting Period**"):

[Insert date]

This report is provided to China Development Bank Corporation ("CDB") in accordance with Clause [●] of the US\$1,000,000,000 facility agreement between ourselves and CDB dated [●] (the "**Facility Agreement**").

Terms defined in the Facility Agreement have the same meanings when used in this report.

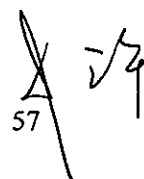
1. Total principal amount of the proceeds of the Tranche B Facility: [insert figure]
2. Total amount of the proceeds of the Tranche B Facility invested to date: [insert figure]
3. Total amount of the proceeds of the Tranche B Facility invested during the Reporting Period: [insert figure]
4. Total amount of the proceeds of the Tranche B Facility Approved Projects to which goods and/or services (including, without limitation, technological know-how) have been or will be supplied by Approved Contactors to date: [insert figure]
5. Total amount of the proceeds of the Tranche B Facility invested in Approved Projects to which goods and/or services (including, without limitation, technological know-how) have been or will be supplied by Approved Contractors in the Reporting Period: [insert figure]
6. Approved Projects in which the proceeds of the Tranche B Facility have been invested during the Reporting Period: See Appendix 1

Signed for and on behalf of

[●]

[insert name]

[President]

57 

Appendix 1

Approved Projects in which the proceeds of the Tranche B Facility have been invested during the Reporting Period

Approved Project Name	Approved Project Sponsor(s)	Approved Project Description	Approved Project start date and scheduled completion date (US\$)	Total amount required to be invested in respect of the Approved Project (US\$)	Amount of proceeds of the Tranche B Facility invested or to be invested in the Approved Project (US\$)	Amount of proceeds of the Tranche B Facility invested in the Approved Project during the Reporting Period (US\$)	Total amount of Loan proceeds invested in the Tranche A Project / Approved Project to date (US\$)	Total amount invested in the Tranche A Project / Approved Project to date by all parties (US\$)	Name of Approved Contractors?	Amount paid to Approved Contractors during the Reporting Period (US\$)

**SCHEDULE 6
JOINT OFFICE****1. Introduction**

China Development Bank Corporation ("CDB") has extended a US\$1,000,000,000 loan to the Ministry of Finance as representative for and on behalf of the Republic of Ecuador (the "**Ministry**"). The proceeds of the Tranche B Facility are to be used by the Ministry to toward the social, economic, infrastructure and energy development and enhancement in the Republic of Ecuador.

CDB and the Ministry are to establish a joint office (the "**Joint Office**") to provide forum to enhance the co-operation of the parties. The functions and operations of the Joint Office are set out below (the "**Joint Office Mechanism**")

2. Purpose

The primary functions of the Joint Office will be to:

- (a) recommend Eligible Projects to the Ministry;
- (b) recommend PRC Entities to participate in Eligible Projects;
- (c) conduct post Loan monitoring of the use of the Tranche B Facility and progress in respect of the Eligible Projects financed by the Tranche B Facility;
- (d) provide technical support to the Ministry and Eligible Projects financed by the Tranche B Facility;
- (e) provide a forum for discussions between CDB and the Ministry for future financial cooperation;
- (f) to provide a forum for the parties to maintain regular contact in respect of any issues arising in respect of the Loan and any future financial cooperation between the parties; and
- (g) to perform any other functions agreed by the Joint Office.

3. Members of the Joint Office

The Joint Office shall consist of:

- (a) two joint-chairman, one joint-chairman appointed by the Ministry and one joint-chairman appointed by CDB;
- (b) three additional members appointed by the Ministry; and
- (c) three additional members appointed by CDB.

If a party needs to replace one of its appointed members it shall inform the other in writing prior to such replacement taking effect. Such notice should also include name and contact details of the proposed new member of the Joint Office.

4. Meetings of the Joint Office

Meetings of the Joint Office shall be held in Quito, Ecuador and shall take place no less than once every three months and/or at such other times agreed within the Joint Office.

5. Amendment of Joint Office Mechanism

The Ministry and CDB may at any time amend, replace and/or supplement the Joint Office Mechanism by agreement in writing.

6. Consultation

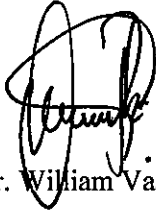
Any outstanding issues in relation to the operations and functions of the Joint Office shall be resolved through discussion between CDB and the Ministry.

SIGNATURE PAGE

Borrower

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

By:



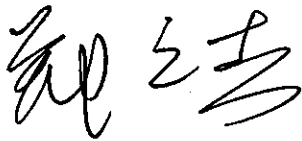
Name: Mr. William Vasconez Rubio

Title: General Legal Co-ordinator

Lender

CHINA DEVELOPMENT BANK CORPORATION

By:



Name: Mr Zheng Zhijie

Title: Vice President