

**LETTER OF  
REPRESENTATIONS AND WARRANTIES**

**(BARANAN BLOCK)**

**(TALISMAN)**

**To:** THE GOVERNMENT OF THE KURDISTAN REGION OF IRAQ (the "Government")

**By:** **TALISMAN (BLOCK K9) B.V.**, a limited liability company (*Besloten Vennootschap met beperkte aansprakelijkheid*) established and existing under the laws of The Netherlands, whose registered office is at Atrium Building, Strawinskylaan 3159 1077, ZX Amsterdam, The Netherlands (the "Company"); and

**TALISMAN ENERGY INC.**, a corporation incorporated under the federal laws of Canada ("TALISMAN ENERGY")

**Date:** 26 July 2011

This Letter of Representations and Warranties (this "Letter") is provided by the Company and Talisman Energy to the Government (a) in respect of an Assignment and Novation Agreement (the "Colwyn Assignment") between the Company and Colwyn Investments Limited ("Colwyn") in regard to a Production Sharing Contract between the Government, Colwyn, and the Company in respect of the Baranan contract area (the "Contract"), (b) in respect of the Assignment, Novation, and First Amendment Agreement between the Government, Murphy Baranan Oil Co., Ltd., and the Company (the "TPI Assignment"), and (c) in respect of a Guarantee of Murphy Oil Corporation and Talisman Energy (the "Guarantee") in favour of the Government. The Company and Talisman acknowledge that the Government is relying upon each of the representations and warranties made in this Letter in consenting to the Colwyn Assignment, entering into the TPI Assignment, and accepting the Guarantee.

**1. DEFINITIONS; INTERPRETATION; REPETITION**

**1.1** As used in this Letter:

"Affiliate" means in relation to any other Person:

- (a) if the Person is a subsidiary of another company, such Person's ultimate holding company and any subsidiary (other than the Person itself) of such ultimate holding company; or
- (b) if such Person is not a subsidiary of another company, any subsidiary of such Person.

For the purpose of this definition: (a) "holding company" and "subsidiary" have the meanings given to those expressions in Section 1159 of the Companies Act 2006; and (b) in relation to the Company, every Talisman Group Member is an Affiliate of the Company. "Charter Documents" is defined in clause 2.3.

"Colwyn Assignment" is defined in the introductory clause.

"Company" is defined in the preamble.

"**Contract**" is defined in the introductory clause.

"**Government**" is defined in the preamble.

"**Guarantee**" is defined in the introductory clause.

"**Letter**" is defined in the introductory clause.

"**Person**" means an individual or other entity (legal or otherwise), including a corporation, joint stock company, limited liability company, partnership or joint venture.

"**Prescribed Person**" means a public official (i.e., any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of the Government) or any political party or political party official or candidate for office in the Kurdistan Region or Iraq.

"**Talisman Energy**" is defined in the introductory clause.

"**Talisman Group**" means in relation to the Company, the group of companies comprising Talisman Energy and all direct and indirect Affiliates of Talisman Energy.

"**Talisman Group Member**" means a constituent of the Talisman Group.

"**TPI Assignment**" is defined in the introductory clause.

- 1.2 The representations set out in clauses 2 and 4 of this Letter are made on the date of this Letter, the date of the Colwyn Assignment, the date of the Guarantee, and the date of the TPI Assignment.
- 1.3 No representations and warranties are made and none should be construed in respect of the laws of the Kurdistan Region of Iraq or of the Republic of Iraq or the actions or inactions of any governmental authority in Iraq.
- 1.4 This Letter will have no legal effect if: (a) the Government, the Company, and Colwyn do not enter into the Colwyn Assignment; and (b) the Government, Murphy Baranan Oil Co., Ltd., and the Company do not enter into the TPI Assignment.

## **2. REPRESENTATIONS OF THE COMPANY AND TALISMAN ENERGY**

The Company and Talisman Energy each represent to the Government:

- 2.1 The Company has been duly formed and is validly existing as a private limited liability company under the laws of the Netherlands.
- 2.2 The Company is an indirectly owned subsidiary of Talisman Energy.
- 2.3 The Company has the corporate power and corporate authority under to own its properties and assets and to enter into and perform the Colwyn Assignment, the TPI Assignment, and the Contract under its charter documents ("**Charter Documents**").
- 2.4 The execution, delivery, and performance by the Company of the Colwyn Assignment and the TPI Assignment have been duly authorised by all requisite corporate action on the part of the Company.

- 2.5 The choice of the laws of England as the law governing the Colwyn Assignment, the TPI Assignment, and the Contract is valid and binding upon the Company under the laws of the Netherlands, insofar as the laws of the Netherlands are applicable, and under English law. When duly and properly signed and delivered by the parties thereto, the Colwyn Assignment, the TPI Assignment, and the Contract will constitute the legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with their respective terms, subject to such exceptions as may exist under applicable law.
- 2.6 Neither (i) the signing and delivery by the Company of the Contract, the Colwyn Assignment, and the TPI Assignment, nor (ii) the performance by the Company of its contractual obligations under any of the Contract, the Colwyn Assignment, and the TPI Assignment violates or conflicts (or will violate or conflict) with: (a) the Charter Documents, (b) the provisions of any applicable law of the Netherlands or of Canada, (c) the provisions of any agreement or instrument to which the Company is a party, or (d) any order, judgment, or decree of any court or governmental authority in any jurisdiction which is expressed to be binding on the Company.
- 2.7 The signing and performance of the Colwyn Assignment and the TPI Assignment by the Company do not require any order, consent, permit, or approval of any governmental authority with competent jurisdiction over the Company.
- 2.8 The Company has not passed a resolution to voluntarily dissolve or merge. No petition has been presented by a court for the bankruptcy or moratorium of payment of the Company. No receiver, trustee, administrator, or similar officer has been appointed in respect of the Company or its assets, and no decision has been taken to dissolve the Company involuntarily.
- 2.9 There are no actions, suits, proceedings, or investigations pending or, to its knowledge, threatened, against the Company before any court, arbitral tribunal, or any governmental body that could impair the Company's ability to perform its obligations under the Colwyn Assignment, the TPI Assignment, or the Contract.
- 2.10 The Company is not in violation or default with respect to any order, decree, writ, or injunction of any court, arbitral tribunal, or governmental body that could impair its ability to perform its obligations under the Colwyn Assignment, the TPI Assignment, or the Contract.
- 2.11 With respect to the Colwyn Assignment, the TPI Assignment, or the Contract, neither the Company nor any other Talisman Group Member, and no other Person acting on behalf of the Company or on behalf of any Talisman Group Member, has in any such case:
- (a) made, offered, or authorised (and has not agreed to make and does not expect will be made) any payment, gift, promise or other advantage, whether directly or through any other Person, to or for the use or benefit of any Prescribed Person; where

- (b) such payment, gift, promise, or advantage violates (assuming the foregoing are applicable to the Company or a Talisman Group Member, whether or not actually applicable or in effect):
  - (1) the Foreign Corrupt Practices Act of 1977 (Pub. L. No. 95-213, §§101-104) of the United States of America, as amended;
  - (2) the laws of the Kurdistan Region or of the Republic of Iraq;
  - (3) the Corruption of Foreign Public Officials Act of Canada, as amended;
  - (4) the Bribery Act of 2010 (England), as amended; or
  - (5) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on 17 December 1997, which entered into force on 15 February 1999, and the Convention's Commentaries.
- 2.15 No shares, debt instruments, or revenues of the Company are (directly or indirectly) held (or are to be held pursuant to any agreement) or payable (directly or indirectly) to or for the benefit of any Prescribed Person, including any form of interest in the Contract or in relation to the Contract.
- 2.16 Neither the Company, nor any other Talisman Group Member is or has been finally adjudged to be in violation of any law applicable to it relating to terrorism or money laundering.
- 2.17 Neither the Company, nor any other Talisman Group Member is a party to any agreement, howsoever characterised, or committed to enter into any such agreement, for the services of any broker, finder, facilitator, or other intermediary in respect of the Contract or the Colwyn Assignment.
- 2.18 The Company is not in default of any material obligation under the Contract.
- 2.19 No representation by the Company or Talisman contained in this Letter contains any untrue statement of material fact or omits to state a material fact necessary to make such representation not misleading.
- 2.20 In entering into the Colwyn Assignment and the TPI Assignment, the Company is not relying upon any representation or warranty of the Government, except as set forth in the TPI Assignment, the Colwyn Assignment, or the Contract. In entering into the Contract, the Company did not rely upon any representation or warranty of the Government, except as set forth in the Contract. The Company and Talisman Energy each acknowledge that the Government has made no representation or warranty to the Company, any Talisman Group Member, or any Person acting on behalf of the Company or any Talisman Group Member, except as set forth in the TPI Assignment, the Colwyn Assignment, or the Contract.

### **3. WARRANTIES**

The Company and Talisman Energy each warrant to the Government that the Company has, or will have when needed from Talisman Energy or other Talisman

Group Members, the technical, financial, and managerial capability to perform its obligations under the Contract.

**4. INDIVIDUAL REPRESENTATIONS OF Talisman Energy**

Talisman Energy represents to the Government:

- 4.1 Talisman Energy (a) is a corporation incorporated under the federal laws of Canada, and (b) has the corporate power and corporate authority to own its assets and properties and to enter into and perform the Guarantee.
- 4.2 Shares of Talisman Energy are listed and traded on the Toronto Stock Exchange and the New York Stock Exchange. The most recent annual and quarterly financing statements and reports of Talisman Energy which have been filed with the Securities and Exchange Commission of the United States of America are available at [www.talisman-energy.com](http://www.talisman-energy.com).
- 4.3 Talisman Energy and Talisman Group Members have a record of commitment to the Ten Principles of the Global Compact, launched by the United Nations on 26 July 2000.
- 4.4 No Talisman Group Member is barred from receiving contracts by any governmental authority in any country. Notwithstanding the foregoing, the Government acknowledges Talisman Group Members must comply with all applicable laws, sanctions and public policies including but not limited to any applicable sanctions and laws prohibiting Talisman Group Members from receiving contracts to perform work in certain countries.
- 4.5 The execution, delivery, and performance by Talisman Energy of the Guarantee have been duly authorised by all requisite corporate action on the part of Talisman Energy.
- 4.6 When duly and properly signed and delivered by Talisman Energy, the Guarantee will constitute the legal, valid, and binding obligation of Talisman Energy, enforceable against Talisman Energy in accordance with its terms, subject to such exceptions as may exist under applicable Laws.
- 4.7 There are no actions, suits, proceedings, or investigations pending or, to its knowledge threatened against Talisman Energy before any court, arbitral tribunal, or any governmental body that could materially impair its ability to perform its obligations under the Guarantee.
- 4.8 Talisman Energy has no knowledge of any violation or default with respect to any order, decree, writ, or injunction of any court, arbitral tribunal, or any governmental body that could materially and adversely impair its ability to perform its obligations under the Guarantee.
- 4.9 The signing and delivery of the Guarantee will not violate or result in a default under any agreement or other instrument binding upon Talisman Energy or its assets, or give rise to any right or claim that could materially impair its ability to perform its obligations under the Guarantee.

**5. RELIANCE**

The Government may rely on the representations set forth in this Letter whether or not the Government has information or belief that any representation is incorrect in any respect when made or repeated regardless of any investigation conducted by or on behalf of the Government.

**6. MERGER**

Except as set out immediately below, this Letter and the Colwyn Assignment contain all of the representations and warranties of the Company and Talisman Energy in respect of the Colwyn Assignment, the TPI Assignment, and the Guarantee. All prior negotiations and agreements between the Government, the Company, and Talisman Energy on or related to the representations and warranties contained in this Letter are expressly merged into and superseded by this Letter. The Government is not entitled to rely upon any representation or warranty of the Company or of Talisman Energy, except for those expressly set forth in this Letter, in the Colwyn Assignment, in the TPI Assignment, in the Guarantee (to the extent made by Talisman Energy), in the Contract, or any other agreement or document signed and delivered by the Company or Talisman Energy, as applicable.

**7. GOVERNING LAW; DISPUTES; NO THIRD PARTY RIGHTS**

7.1 The Letter is governed by English law.

7.2 Neither the Company nor Talisman Energy intend that any Person other than the Government may rely on all or any part of this Letter. Neither the Company nor Talisman Energy intend that any part of this Letter is enforceable solely by virtue of the Contracts (Rights of Third Parties) Act of 1999 by any Person other than the Government.

**8. COUNTERPARTS**

This Letter may be delivered by the Company and Talisman Energy in counterparts, each of which will constitute an original, and both of which, collectively, constitute only one Letter. The signatures of the Company, Talisman Energy, and the Government need not appear on the same counterpart. The delivery by email of an executed counterpart signature page in PDF, JPEG, or equivalent electronic format by the Company and Talisman Energy to the Government is as effective as executing and delivering this Letter in the presence of the Government. The acceptance of the Government is not required to make this Letter effective, and the Government may deliver a signed counterpart signature page in PDF, JPEG, or equivalent electronic format, which will be as effective to establish receipt as if the Government accepted receipt in the presence of the Company and Talisman Energy.

*[Signature page follows.]*

TALISMAN (BLOCK K9) B.V.

By: *Blahmichuk*  
Name: RAW ASHTYMICHUK  
Its: DULY AUTHORIZED ATTORNEY

TALISMAN ENERGY INC.

By: .....  
Name: .....  
Its: .....

By: .....  
Name: .....  
Its: .....

Received for and on behalf of the  
GOVERNMENT OF THE KURDISTAN REGION OF IRAQ


By:.....  
Ashti Hawrami  
Minister of Natural Resources  
Kurdistan Regional Government  
On behalf of the Ministry of Natural Resources in the  
Kurdistan Region

[Signature page to Letter of Representations and Warranties by Talisman (Block K9) B.V.  
and Talisman Energy Inc. re: Baranan]

TALISMAN (BLOCK K9) B.V.

By: .....  
Name: .....  
Its: .....

TALISMAN ENERGY INC.

By:   
Name: **Robert R. Rooney**  
Its: **Executive Vice President, Legal and General Counsel**

By:   
Name: **Leslie A. Lawson**  
Its: **Assistant Corporate Secretary**

Received for and on behalf of the  
**GOVERNMENT OF THE KURDISTAN REGION OF IRAQ**

By:.....  
Ashtl Hawrami  
Minister of Natural Resources  
Kurdistan Regional Government  
On behalf of the **Ministry of Natural Resources in the  
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By: .....  
Name: .....  
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Received for and on behalf of the  
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