

RESOLUTION NO.

PARLIAMENT

WHEREAS by virtue of section 11 (1) of the *National Petroleum Corporation*, Cap. 280 the Corporation may, with the consent of the Minister, borrow money required by it for meeting any of the obligations or discharging any of the functions of the Corporation, upon such terms as the Minister approves;

AND WHEREAS by virtue of section 12(1) of the Act the Crown may guarantee in such manner and on such terms and conditions as Parliament thinks fit the repayment of any amount borrowed by the Board and the payment of the interest payable on the amount;

AND WHEREAS the National Petroleum Corporation on the 15th day of January, 2007, entered into an agreement with The Bank of Nova Scotia, a company registered under the *Companies Act*, Cap. 308, for the grant of a loan of \$14.4 million by way of a credit facility on the terms and conditions set out in the *Schedule* to this Resolution for the purpose of liquidating a debt owed to the Barbados National Bank of 14.4 million dollars;

SCHEDULE

TERMS AND CONDITIONS

- Type: Non-Revolver Term Loan.
- Purpose: Liquidating a debt owed to the Barbados National Bank of 14.4 million dollars.
- Currency: Barbados Dollars ("BDS").
- Availment: The Borrower may avail the Facility A by way of direct advances evidenced by Demand Promissory Note(s), provided all terms and conditions of the credit are met. Facility A is to be fully drawn by no later than March 31, 2007.
- Interest Rate: The Bank's Base Lending Rate from time to time less 2.50% per annum, with interest payable monthly in arrears. The Bank's existing Base Lending Rate is 10.25% and this is subject to change at any time.

The interest rate shall be subject to revision based on the Government of Barbados' Sovereign Long-Term Local Currency Credit rating, as indicated by Standard & Poor's ("S&P") and Moody's Investment Service ("Moody's") more specifically set out in the following Pricing Grid.

In the event the investment ratings differ, pricing will be determined by the higher of the S&P and Moody's ratings.

- Security:** The following security is to be held in support of The Facility, evidenced in documents in a form and content acceptable to the Bank, is to be provided before any advance is made:
- (a) Agreement in legal contract form incorporating the Guarantee of the Government of Barbados;
 - (b) The Government of Barbados is to provide an appropriately worded Letter of Comfort outlining its intention to provide its full faith and support ("Guarantee") for the Facility pending approval of the Guarantee by Parliament. Such Guarantee is to be provided by May 31, 2007. The Guarantee is to be supported by an unqualified legal opinion from the bank's outside legal counsel.
- Conditions Precedent:** The obligation of the Bank to make this credit facility available to the Borrower is subject to, and conditional upon, the receipt of appropriate governmental and/or regulatory approval(s) where applicable, agreeing to the borrowing, and pledging of security therefor, as outlined herein.
- General Conditions:** Until all debts and liabilities under the credit facility has been discharged in full, the following conditions will apply in respect of The Facility:
- (a) The Facility will be subject to review from time to time but not less than annually;
 - (b) The Borrower's Annual Audited Annual Financial Statements as at March 31st, are to be provided within 150 days after each fiscal year end, at latest August 31st;

**Indemnity
Provision:**

If the introduction or implementation of, or any change in, or the interpretation of, or any change in its application to the Borrower or any guarantor of, any law or any regulation or guideline issued by a central bank or other governmental authority (whether or not having the force of law), including, without limitation, any reserve or special deposit requirement or any tax (other than tax on the Bank's general income) or any capital requirement, has due to the Bank's compliance the effect, directly or indirectly, of (i) increasing the cost to the Bank of performing its obligations hereunder or under any avallment hereunder; (ii) reducing any amount received or receivable by the Bank or its effective return hereunder or in respect of any avallment hereunder or on its capital; or (iii) causing the Bank to make any payment or to forgo any return based on any amount received or receivable by the Bank hereunder or in respect of any avallment hereunder, then upon demand from time to time the Borrower or any guarantor shall pay such amounts as shall compensate the Bank for any such costs, reduction, payment or forgone return (collectively "Increased Costs") as such amounts are calculated in a certificate reasonable prepared by the Bank.

In the event of the Borrower or any guarantor becoming liable for such Increased Costs, the Borrower or any guarantor shall have the right to prepay in full, without penalty, the outstanding principal balance under the affected credit other than the face amount of any document or instrument issued or accepted by the Bank for the account of the Borrower or any guarantor, including, without limitation, a Letter of Credit, a Letter of Guarantee or

- (e) to provide the Bank with immediate written notice of any environmental problem and any hazardous materials or substances which have an adverse effect on the property, equipment, or business activities of the Borrower and with any other environmental information requested by the bank from time to time;
- (f) to conduct all environmental remedial activities which a commercially reasonable person would perform in similar circumstances to meet its environmental responsibilities and if the Borrower fails to do so, the Bank may perform such activities; and
- (g) to pay for any environmental investigations, assessments or remedial activities with respect to any property of the Borrower that may be performed for or by the Bank from time to time.

If the Borrower notifies the Bank of any specified activity or change or provides the Bank with any information pursuant to subsection (c), (d) or (e) or if the Bank receives any environmental information from other sources, the Bank, in its sole discretion, may decide that an adverse change in the environmental condition of the Borrower or any of the property, equipment, or business activities of the Borrower has occurred which decision will constitute, in the absence of manifest error, conclusive evidence of the adverse change. Following this decision being made by the Bank, the Bank shall notify the Borrower of the Bank's decision concerning the adverse change.

- Evidence of Indebtedness: The Bank's accounts, books and records constitute, in the absence of manifest error, conclusive evidence of the advances made under this Credit, repayments on accounts thereof and the indebtedness of the Borrower to the Bank.
- Periodic Review: The obligation of the Bank to make further advances or other accommodation available under any creditor(s) of the Borrower under which the indebtedness or liability of the Borrower is payable on demand, is subject to periodic review and to no adverse change occurring in the financial condition or the environmental condition of the Borrower or any guarantor.
- Acceleration: (a) All indebtedness and liability of the Borrower to the Bank payable on demand, is repayable by the Borrower to the Bank at any time on demand.
- (b) All indebtedness and liability of the Borrower to the Bank not payable on demand, shall, at the option of the Bank, become immediately due and payable, the security held by the Bank shall immediately become enforceable, and the obligation of the Bank to make further advances or other accommodation available under the Credit shall terminate, if any one of the following Events of Default occurs:
- (i) the Borrower or any guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the bank;

- (vi) any course of action is undertaken by the Borrower or any guarantor or with respect to the Borrower or any guarantor which would result in the Borrower's re-organization, amalgamation or merger with another corporation or the transfer of all or substantially all of the Borrower's or any guarantor's assets;
- (vii) any guarantee of indebtedness and liability under the credit facilities is withdrawn, determined to be invalid or otherwise rendered ineffective;
- (viii) any adverse change occurs in the financial condition of the Borrower or any guarantor;
- (ix) any adverse change occurs in the environmental condition of:
 - (A) the Borrower or any guarantor of the Borrower; or
 - (B) any property, equipment or business activities of the Borrower or any guarantor of the Borrower.

Costs:

All costs, including legal and appraisal fees incurred by the Bank relative to security and other documentation and enforcement thereof, shall be for the account of the Borrower and may be charged to the Borrower's deposit account when submitted.

ADDENDUM

The National Petroleum Corporation on the 15th day of January, 2007, entered into an agreement with the Bank of Nova Scotia for a non-refundable term loan in the sum of \$14.4 million. Security was given to the Bank by way of a letter of comfort by the Government and an undertaking was given that the Government would subsequently provide security by way of guarantee.

The proceeds of the bond issue are to be used to liquidate an existing loan with the Barbados National Bank.

The approval of Parliament is being sought in accordance with section 12 of the *National Petroleum Corporation Act* for the guarantee by the Government of the principal and interest necessary to enable the discharge of the loan by the National Petroleum Corporation.