

## MEMO

### IN REGARDS TO SETTLEMENT

#### BETWEEN

KAUPTHING BANK HF. AND KAUPTHING BANK LUXEMBOURG S.A.

#### Circumstances:

1. By judgment of the Luxembourg *Tribunal d'arrondissement* (the "Court") dated 9 October 2008, Kaupthing Bank Luxembourg S.A. ("**Kaupthing Luxembourg**") has been admitted to the regime of suspension of payment (*sursis de paiement*) for a period of 6 months and the Court has appointed two administrators (the "**Luxembourg Administrators**").
2. In accordance with the provisions of Act 125/2008, on 9 October 2008 the Icelandic Financial Supervisory Authority assumed the power of the shareholders of Kaupthing Bank hf. ("**Kaupthing Iceland**") and appointed a Resolution Committee to replace the board of directors. By judgment of the District Court of Reykjavík dated 24 November 2008, Kaupthing Iceland was granted a moratorium on payments to creditors until 13 February 2009, and Mr. Ólafur Garðarsson, Advocate to the Supreme Court of Iceland, was appointed Moratorium Supervisor (the Resolution Committee and Mr. Garðarsson are collectively referred to as the "**Iceland Administrators**").
3. Kaupthing Iceland has received a conditional offer (the "**Offer**") from Libya Africa Investment Portfolio (the "**Buyer**") to take ownership of 100% of the shares of Kaupthing Luxembourg. It is a condition of the Offer that the outstanding debts of Kaupthing Iceland to Kaupthing Luxembourg be settled with final effect. To that end, Kaupthing Iceland and Kaupthing Luxembourg have entered into discussions with the goal of finalising a settlement agreement based on the terms of this memorandum (the "**Settlement Agreement**"), to be signed by the parties hereto.
4. The Settlement Agreement is to take effect upon the completion of the restructuring of Kaupthing Luxembourg, which shall be deemed to take place immediately upon the Buyer or another acceptable counterparty becoming a shareholder of Kaupthing Luxembourg.

As part of the restructuring of Kaupthing Luxembourg, and due to the negative capital position of Kaupthing Luxembourg since 19 November 2008, Kaupthing Iceland, as majority shareholder of Kaupthing Luxembourg, is required to attend to an Extraordinary General Meeting of shareholders of Kaupthing Luxembourg, to be held in Luxembourg during the month of April 2009 and at any EGM adjourned or reconvened for the same purpose and with the same agenda item and in its name and its behalf (the "**EGM**"). At the

EGM, Kaupthing Iceland shall act and vote in favour of the proposed, but not limited to, the following resolutions:

- reduction of the share capital to zero and cancellation of all existing shares without consideration payable on such shares and/or to the existing shareholders followed immediately by a share capital increase with the issue of new shares to a new investor;
  - to waive any prior notice for the EGM and any right to subscribe to such new shares and accept the subscription to such new shares by a new investor.
5. Kaupthing Iceland and Kaupthing Luxembourg have agreed on the net value of all outstanding foreign exchange transactions, interbank money market loans, and other similar transactions existing between them. Pursuant to the terms of a Set-Off Agreement between the parties dated as of 7 October 2008, these transactions were automatically terminated on 9 October 2008. The resulting net amount owed from Kaupthing Iceland to Kaupthing Luxembourg is EUR 793,300,000 (the "**Set-Off Amount**"), including the BCL Equivalent Loan described in greater detail below.
6. On 6 October 2008, Kaupthing Luxembourg sent two guarantee calls to Kaupthing Iceland with respect to guarantees issued by Kaupthing Iceland in favour of Everest Equities Limited and Komi Investments S.A. Kaupthing Iceland in turn transferred certain bonds to Kaupthing Luxembourg on 8 October 2008, the details of which are attached hereto as Schedule "A", (the "**October Bonds**"), the value of which was to be applied against the amount claimed and outstanding under the said specific guarantees.

Pursuant to the Settlement Agreement, all of Kaupthing Iceland's rights to, under and over the October Bonds will be transferred to Kaupthing Luxembourg. Kaupthing Luxembourg shall thereafter retain the October Bonds and collect the interest thereon and the proceeds therefrom as they mature, until such time as such interest and proceeds amount to, in the aggregate, the value assigned to the October Bonds pursuant to the Settlement Agreement. Kaupthing Luxembourg shall then assign all remaining October Bonds to Kaupthing Iceland. Kaupthing Iceland will therefore benefit from the upside of the remaining October Bonds, including all repayments and redemptions, interest, and all other advantages attached thereto.

7. Prior to 9 October 2008, Kaupthing Iceland transferred certain bonds, the details of which are attached hereto as Schedule "B", (the "**BCL Bonds**") to Kaupthing Luxembourg to be used by Kaupthing Luxembourg as posted collateral to obtain loans from the Banque Centrale de Luxembourg (the "**BCL**") under the European Central Bank's lending programme. In return for this transfer, Kaupthing Luxembourg granted loans to Kaupthing Iceland in equivalent amounts and on the same dates as the loans advanced by the BCL to Kaupthing Luxembourg (the "**BCL Equivalent Loans**"). The amount outstanding under the BCL Equivalent Loans is EUR 767,394,193. However, the current collateral value of the BCL Bonds has decreased significantly since

they were acquired, meaning that there is a gap between the current value and the auction value of the BCL Bonds, as follows:

Current value of the BCL Bonds (agreed between the parties)	EUR 768,600,000
Current auction value of the BCL Bonds*	EUR 577,000,000
<b>Difference:</b>	<b>EUR 191,600,000</b>

\*Please note that the current auction value of the BCL Bonds is in accordance with official bids BCL received subsequent to a public call for bids on 30 October 2008. This is therefore the value which would likely to be received at a public auction.

8. Kaupthing Iceland has issued a number of guarantees in favour of Kaupthing Luxembourg with respect to certain loans granted by Kaupthing Luxembourg to, *inter alia*, certain of its clients, having a total value of EUR 1,115,000,000 (the "Kaupthing Iceland Guarantees"). Certain of these guarantees have been paid in full and cancelled (totalling EUR 690,000,000). The remainder of the Kaupthing Iceland Guarantees include the following:

Client	Issue Date	Maturity Date	Nominal Amount EUR equivalent	Called EUR equivalent	Residual to be received based on net exposure
Holly Beach S.A.	Jul.08	31-Jan-09	120,000,000	83,494,143	53,344,962
Komi Investments	Jun.08	31-Oct-08	40,000,000	36,651,837	28,252,192
Everest Equities Ltd.	Jun.08	31-Oct-08	40,000,000	40,000,000	40,000,000
<b>Total:</b>			<b>200,000,000</b>	<b>160,145,980</b>	<b>121,597,154</b> <b>Rounded to 121,600,000</b>

These guarantees have been called, and the amounts outstanding thereunder have been agreed between both parties. These amounts reflect adjustments due to, *inter alia*, a partial payment received from Kaupthing Iceland in the amount of EUR 17,674,851 with respect to Holly Beach S.A.

In addition, there are two guarantees that Kaupthing Iceland has issued in favour of Kaupthing Luxembourg, which have been called by Kaupthing Luxembourg but with respect to which the extent of the losses to Kaupthing Luxembourg is not certain at the date of this memo (as the loss has not yet crystallised, the called EUR equivalent numbers are used in the calculations later in the memo):

Client	Issue Date	Maturity Date	Nominal Amount EUR equivalent	Called EUR equivalent	Net exposure
Kaupthing Capital Partners	01-Dec-07	30-Nov-08	45,000,000	45,000,000	76,948,849
Immo Croissance SICAV FIS	Jul.08	31-Oct-08	125,000,000	122,634,424	124,365,611
<b>Total:</b>			<b>170,000,000</b>	<b>167,634,424</b> <b>Rounded to 167,600,000</b>	<b>201,314,460</b>

In addition to the two groups of guarantees described above, Kaupthing Iceland has issued two guarantees which have not yet been called, and the potential exposure for Kaupthing Iceland under these guarantees is as follows:

Client	Issue Date	Maturity Date	Nominal Amount EUR equivalent	Net exposure
LMB Invest	Jul.08	31-Jan-09	15,000,000	0
SKLux S.A. S.P.F.	Jul.08	31-Jan-09	40,000,000	0
<b>Total:</b>			<b>55,000,000</b>	<b>0</b>

9. Kaupthing Iceland holds an account in its name with Kaupthing Luxembourg, bearing account number 600140 (the “**Kaupthing Iceland Account**”), which is governed by the General Terms and Conditions of Kaupthing Luxembourg (the “**GTCs**”)<sup>1</sup>.
10. Kaupthing Iceland has acquired all the rights, title and interest to and in the cash and accrued interest on the accounts held with Kaupthing Luxembourg by Kaupthing Hedge, a mutual investment fund existing under the laws of the Grand Duchy of Luxembourg (the “**Kaupthing Hedge Account**”). As set out in a Notice of Transfer dated 20 November 2008, and signed by Alpha Management Company S.A., Kaupthing Bank Sverige AB and Kaupthing Iceland, under the terms of an agreement dated 31 October 2008 between Alpha Management Company S.A., in its capacity as management company of Kaupthing Hedge, and Kaupthing Bank Sverige AB, and following payment made by Kaupthing Bank Sverige AB to Kaupthing Hedge’s account with its new custodian in an amount corresponding to the funds on the Kaupthing Hedge Account, Kaupthing Iceland has obtained full control over, and all rights, title and interest to and in, the Kaupthing Hedge Account. The Kaupthing Hedge Account consists of three accounts bearing numbers 401855, 401856 and 401857.

Kaupthing Iceland will allow the transfer of the assets on the Kaupthing Hedge Account to the Kaupthing Iceland Account prior to the Settlement Agreement taking effect.

11. Kaupthing Luxembourg holds a certain number of bonds in custody which belong to Black Sunshine Investments S.à.r.l., Omertia S.A., Rintham Inc, and Tacey Corp. (the “**Black Sunshine Bonds**”) together with cash on the accounts of Black Sunshine Investments S.à.r.l., Omertia S.A., Rintham Inc, and Tacey Corp. (the “**Black Sunshine Cash**”). The purchase price for the Black Sunshine Bonds was secured by loans from Kaupthing Iceland to each of Black Sunshine Investments S.à.r.l., Omertia S.A., Rintham Inc, and Tacey Corp. (the “**Black Sunshine Loans**”). The Black Sunshine Loans expired on 31 December 2008 and have not yet been repaid.

<sup>1</sup> See Schedule “C” for relevant provisions.

Prior to the Settlement Agreement taking effect, Black Sunshine Investments S.à.r.l., Omertia S.A., Rintham Inc, and Tacey Corp. shall sell the Black Sunshine Bonds to Kaupthing Luxembourg for EUR 22,300,000 (the “**Black Sunshine Purchase Price**”), and the proceeds of the sale, as well as the Black Sunshine Cash, will be transferred to the Kaupthing Iceland Account in full and final payment of all debts outstanding under the Black Sunshine Loans. The transferred funds will form part of the cash in the Kaupthing Iceland Account which will be transferred to Kaupthing Luxembourg pursuant to this Agreement.

Kaupthing Luxembourg shall thereafter retain the Black Sunshine Bonds and collect the interest thereon and the proceeds therefrom as they mature, until such time as such interest and proceeds amount to, in the aggregate, the Black Sunshine Purchase Price. Kaupthing Luxembourg shall then assign all remaining Black Sunshine Bonds to Kaupthing Iceland. Kaupthing Iceland will therefore benefit from the upside of the remaining Black Sunshine Bonds, including all repayments and redemptions, interest, and all other advantages attached thereto.

12. On 3 October 2008, the rights and obligations of Kaupthing Luxembourg under a Secured Investment Line Agreement with Kevin Stanford, dated 27 September 2006 (the “**SILA**”) were transferred to Kaupthing Iceland for value received. The SILA includes a requirement that a certain value be maintained in the borrower’s portfolio at all times, failing which the lender can require the borrower to provide supplementary collateral. The SILA also includes a pledge over all assets of Kevin Stanford held with Kaupthing Luxembourg, including the listed assets described in Schedule “D” (the “**Kevin Stanford Assets**”). The Kevin Stanford Assets remain in Kaupthing Luxembourg currently. Mr. Stanford’s portfolio fell below the required value, and on 23 October 2008 Kaupthing Iceland sent a letter to him requesting the immediate transfer of GBP 73,200,633 by no later than 29 October 2008 in order to meet the collateral requirements under the SILA. These funds were not provided by Mr. Stanford, and the debt called in the letter of 29 October 2008 remains outstanding.

Prior to the Settlement Agreement taking effect, Kaupthing Iceland shall enforce its pledge over the Kevin Stanford Assets and shall sell the Kevin Stanford Assets to Kaupthing Luxembourg for EUR 25,000,000 (the “**Stanford Purchase Price**”), and the proceeds of the sale shall be transferred to the Kaupthing Iceland Account in partial payment of the debts outstanding under the SILA. The transferred funds will form part of the cash in the Kaupthing Iceland Account which will be transferred to Kaupthing Luxembourg pursuant to the Settlement Agreement.

Kaupthing Luxembourg shall thereafter retain the Kevin Stanford Assets and sell them as it deems appropriate, according to market conditions, until such time as the proceeds from such sales amount to, in the aggregate, the Stanford Purchase Price. Kaupthing Luxembourg shall then assign all remaining Kevin Stanford Assets, and any proceeds received above the Stanford Purchase Price,

to Kaupthing Iceland. Kaupthing Iceland will therefore benefit from the upside of the remaining Kevin Stanford Assets.

**Alternatives:**

If the conditions of the Offer are not met and the projected sale does not take place, it is likely that the only alternative will be the liquidation of Kaupthing Luxembourg. If Kaupthing Luxembourg is liquidated, Kaupthing Iceland will have a potential exposure of the full amount of any of the Kaupthing Iceland Guarantees which have not yet been repaid (including the uncalled guarantees) and the BCL Equivalent Loans, minus the value obtained for the BCL Bonds (which will likely be sold at auction prices). The amount of this exposure will be approximately EUR 594,200,000 (EUR 121,600,000 + EUR 201,300,000 + EUR 55,000,000 – EUR 577,000,000).

To meet the conditions of the Offer and to avoid the liquidation of Kaupthing Luxembourg, a settlement agreement could be reached between the parties which would include the following payments by Kaupthing Iceland (amounts have been rounded to the nearest 100,000):

Liability of Kaupthing Iceland towards Kaupthing Luxembourg (the Set-Off Amount) – see reference 1	EUR 793,300,000
Total called and reconciled under the Kaupthing Iceland Guarantees	EUR 121,600,000
Transfer of the BCL Bonds (valued as a going concern rather than at auction price)	(EUR 768,600,000)
<b>Kaupthing Iceland net debt / (assets)</b>	<b>EUR 146,300,000</b>
<b>Suggested Settlement</b>	
1. Value of the October Bonds	(EUR 68,000,000)
2. Cash on the Kaupthing Iceland Account	(EUR 78,300,000)
<i>Cash on the Kaupthing Account consists of:</i>	
a) Proceeds of the Black Sunshine Bonds and the Black Sunshine Cash	EUR 32,300,000
b) Value of cash on the Kaupthing Hedge Account	EUR 21,000,000
c) Proceeds of the Kevin Stanford Assets	EUR 25,000,000
	<b>EUR 0</b>

<b>Kaupthing Iceland will benefit from the settlement as follows:</b>	
Risk in the BCL Bonds – transferred from Kaupthing Iceland to new owner, based on BCL valuation of 31 October 2008	EUR 191,600,000
Risk in the BCL Bonds – additional margin due to valuation	EUR 47,000,000
Risk in the October Bonds, same percentage as in the BCL Bonds portfolio, transferred to new owner, based on the BCL valuation of 31 October 2008	EUR 14,300,000
Risk in the October Bonds – additional margin due to valuation	EUR 6,000,000
Guarantee release <sup>2</sup>	EUR 167,600,000
Assets under freezing order lifted <sup>3</sup>	EUR 14,000,000
<b>Total</b>	<b>EUR 440,500,000</b>

#### Reference 1

<b>Summary of Kaupthing Luxembourg balances in Kaupthing Iceland accounting system</b>	
Money Market loans (deposits) in Iceland	EUR 797,000,000
Net derivative balance	(EUR 3,700,000)
<b>Total</b>	<b>EUR 793,300,000</b>

#### Secured Claims:

The Settlement Agreement will require the transfer of only two sets of assets from Kaupthing Iceland to Kaupthing Luxembourg: the BCL and October Bonds, and the cash on the Kaupthing Iceland Account.

The net claims of Kaupthing Luxembourg have been **100% secured** by assets of Kaupthing Iceland deposited with Kaupthing Luxembourg, either directly from Kaupthing Iceland (this is the case for the BCL Bonds and the October Bonds), or as a result of the transfer of funds by third parties to the Kaupthing Iceland Account (this is the case for the cash on the Kaupthing Hedge Account, the proceeds of the Kevin Stanford Assets, the proceeds of the Black Sunshine Bonds, and the Black Sunshine

<sup>2</sup> This includes the value of the Immo-Croissance and KCP guarantees, which have already been called. It does not include the value of the LMB and SKLux guarantees (nominal EUR 55,000,000), even though these guarantees are still active, as there is no exposure on the underlying account and the guarantees will expire shortly – Kaupthing Luxembourg will not advance any further loans before their expiry, so the risk of calling the guarantees is nil.

<sup>3</sup> These assets include the assets of KInvest, Kaupthing Advisory and Kaupthing Management Company.

Cash). Pursuant to the GTCs, 100% of these assets have become pledged to Kaupthing Luxembourg as security for any outstanding debts of Kaupthing Iceland towards Kaupthing Luxembourg. The settlement agreement therefore does not require Kaupthing Iceland to make any payment to Kaupthing Luxembourg for an unsecured claim.

The GTCs, which apply to Kaupthing Iceland as an account holder with Kaupthing Luxembourg, create a pledge in favour of Kaupthing Luxembourg over certain assets of every customer, including cash claims on the customer's account and securities which are entrusted to Kaupthing Luxembourg at any time. Upon a default by the customer, Kaupthing Luxembourg may enforce its pledge and offset the secured assets against the outstanding debt without further notice to the customer.

#### **Suspension of Payment:**

It is important to note that, in addition to the set-off rights included in the GTCs, Kaupthing Luxembourg is also currently bound by the court-ordered regime of suspension of payments. Under this regime, no cash on customers' accounts may leave Kaupthing Luxembourg, and no securities may be transferred out on behalf of a customer unless that customer has no liabilities toward Kaupthing Luxembourg. These provisions also apply to Kaupthing Iceland as a customer of Kaupthing Luxembourg. As a result, Kaupthing Iceland cannot transfer out the BCL Bonds or the October Bonds, nor can it arrange the transfer of the cash on the Kaupthing Iceland Account out of Kaupthing Luxembourg. Even if Kaupthing Iceland had no debt toward Kaupthing Luxembourg, none of the cash on the Kaupthing Iceland Account could be transferred out of Kaupthing Luxembourg until the regime of suspension of payments is lifted. Although a transfer of securities during the regime is possible, as Kaupthing Iceland has outstanding debts towards Kaupthing Luxembourg in excess of the value of the assets and cash being held on its behalf, none of the securities listed above may be transferred out of Kaupthing Luxembourg until the debt is settled.

#### **Effect of Settlement Agreement:**

Upon execution of the Settlement Agreement and full delivery of the cash and assets to be transferred thereunder, all debts of the parties towards each other arising prior to the date of the Agreement, or arising in connection with the Agreement, shall be fully and finally settled, and neither party shall have any further claim on the other for any such debts.

#### **Conclusion:**

The benefits for Kaupthing Iceland and its creditors of entering into the Settlement Agreement are the following:

- The full liabilities under the Kaupthing Iceland Guarantees will be cancelled (a total value of approximately EUR 289,200,000 (including called guarantees of 121,600,000 + 167,600,000)).



- All risks on the BCL Bonds portfolio (an approximate value of brutto EUR 768,600,000, but if sold at auction price resulting in a total loss of EUR 238,600,000) will be taken over by Kaupthing Bank Luxembourg.
- All risks on the October Bonds (an approximate value of brutto EUR 68,000,000, but if sold on the same terms as the BCL Bonds, resulting in a total loss of EUR 20,300,000) will be taken over by Kaupthing Bank Luxembourg.
- All liabilities in relation to the BCL Equivalent Loans will be cancelled.
- The asset freezing order currently in place in favour of Kaupthing Luxembourg will be lifted and cancelled without any further legal litigation, cost and uncertainty.
- All risks of litigation and claims arising from debts owed by Kaupthing Iceland to Kaupthing Luxembourg, and vice versa, will be negated.
- By meeting the conditions of the Offer and allowing the sale to proceed, Kaupthing Iceland would be saving approximately 23,000 deposit holders, including holders of deposits in Luxembourg, Belgium and Switzerland. This will have a significant and positive political impact.
- The sale of Kaupthing Luxembourg and its positive consequences for depositors will have a favourable effect on the reputation and status of Kaupthing Iceland and of Iceland itself within the EU and throughout the international community.

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Dated 20 February 2009, and executed in as many originals as there are signatories hereto.

**KAUPTHING BANK HF.**

**KAUPTHING BANK LUXEMBOURG S.A.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Magnús Guðmundsson  
CEO

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Björn Jónsson  
Deputy CEO

**APPROVED BY  
THE ICELAND ADMINISTRATORS**

**APPROVED BY  
THE LUXEMBOURG ADMINISTRATORS,** in  
accordance with and for the purpose of article  
60-2(15) of the law dated 5 April 1993 on the  
financial sector, as amended

\_\_\_\_\_

\_\_\_\_\_

Me Franz Fayot

\_\_\_\_\_

**PRICEWATERHOUSECOOPERS S.À.R.L.**

\_\_\_\_\_

Ólafur Garðarsson

Per: \_\_\_\_\_

Emmanuelle Caruel-Henniaux

**Schedule "A"**

**October Bonds**

<b>ISIN Code</b>	<b>Amount</b>	<b>Currency</b>
US93933VAY48	25,000,000.00	USD
XS0284968426	13,000,000.00	GBP
XS0226781242	20,000,000.00	EUR
US12543JAA51	45,000,000.00	USD
US784657AB44	32,500,000.00	USD
USG17751AE19	26,000,000.00	USD
XS0226519352	10,000,000.00	USD
XS0260366157	13,125,000.00	USD
XS0310147359	11,250,000.00	USD

Schedule "B"

BCL Bonds

ISIN/CUSIP	Amount	Currency
ES0214977086	15,000,000.00	EUR
ES0313249007	10,000,000.00	EUR
ES0313860134	10,000,000.00	EUR
ES0313980023	15,000,000.00	EUR
ES0314843238	20,000,000.00	EUR
ES0314977259	10,000,000.00	EUR
ES0314977259	15,000,000.00	EUR
FR0010436485	10,000,000.00	EUR
FR0010436485	12,000,000.00	EUR
FR0010491787	8,000,000.00	EUR
PTBCT30M0000	10,000,000.00	EUR
PTBCT30M0000	6,000,000.00	EUR
PTBCT50M0008	15,000,000.00	EUR
XSD184291523	4,800,000.00	EUR
XSD187199756	27,000,000.00	EUR
XSD193174983	10,000,000.00	EUR
XSD193174983	5,000,000.00	EUR
XSD193174983	5,000,000.00	EUR
XSD193174983	5,000,000.00	EUR
XSD193174983	5,000,000.00	EUR
XSD201740056	15,000,000.00	EUR
XSD205341414	10,000,000.00	EUR
XSD210628128	2,000,000.00	EUR
XSD210746243	5,000,000.00	EUR
XSD211145965	10,000,000.00	EUR
XSD211145965	15,000,000.00	EUR
XSD214101874	10,000,000.00	EUR
XSD214101874	15,000,000.00	EUR
XSD215258046	10,000,000.00	EUR
XSD215258046	15,000,000.00	EUR
XSD218809142	10,000,000.00	EUR
XSD219734166	8,000,000.00	EUR
XSD221671547	10,000,000.00	EUR
XSD221671547	15,000,000.00	EUR
XSD221770521	10,000,000.00	EUR
XSD309038890	11,000,000.00	EUR
XSD306307694	10,000,000.00	EUR

ISIN/CUSIP	Amount	Currency
XSD230514860	4,000,000.00	EUR
XSD231140970	10,000,000.00	EUR
XSD238379514	10,000,000.00	EUR
XSD242030426	10,000,000.00	EUR
XSD242030426	10,000,000.00	EUR
XSD244141247	25,000,000.00	EUR
XSD255101270	6,000,000.00	EUR
XSD255101270	9,000,000.00	EUR
XSD267742921	15,000,000.00	EUR
XSD267837473	10,000,000.00	EUR
XSD267893112	20,000,000.00	EUR
XSD270722167	15,000,000.00	EUR
XSD271939273	14,000,000.00	EUR
XSD272260513	10,000,000.00	EUR
XSD273441278	10,000,000.00	EUR
XSD273441278	15,000,000.00	EUR
XSD277118559	12,000,000.00	EUR
XSD277118559	7,000,000.00	EUR
XSD282533206	10,000,000.00	EUR
XSD282533206	20,000,000.00	EUR
XSD283267184	22,000,000.00	EUR
XSD284635702	15,000,000.00	EUR
XSD284635702	7,000,000.00	EUR
XSD285176706	10,000,000.00	EUR
XSD285176706	1,800,000.00	EUR
XSD286244925	10,000,000.00	EUR
XSD288206153	10,000,000.00	EUR
XSD289485061	15,000,000.00	EUR
XSD291422979	15,000,000.00	EUR
XSD293709662	10,000,000.00	EUR
XSD294698492	5,000,000.00	EUR
XSD296702268	15,000,000.00	EUR
XSD298329516	15,000,000.00	EUR
XSD305080177	15,000,000.00	EUR
XSD305150137	25,000,000.00	EUR

## Schedule "C"

### General Terms and Conditions of Kaupthing Luxembourg

The relevant provisions of the General Terms and Conditions of Kaupthing Luxembourg read in part as follows:

#### 8.1. Pledge

The Customer herewith pledges in favour of the Bank all securities and precious metals entrusted now and in the future to the Bank, as well as all cash claims (eg. term deposit, current account) that the Customer may have now or in the future against the Bank on the balance from time to time on the Customer's account, in whatever currency, in order to secure any present and future payment obligations of the Customer vis-à-vis the Bank whether in principal, interest, fees or costs resulting i.e. from loans, overdrafts, derivatives transactions, counter-guarantees etc. [...]

#### 8.2. Set-Off

[...]

- 8.2.2. In case of default by the Customer all debts of any nature, including term obligations that the Customer has towards the Bank, will immediately become due. The Bank is entitled to offset those debts, without formal notice and in the order of priority it considers most suitable, against the assets of the Customer with the Bank. In order to facilitate the set-off, assets other than cash deposits shall be realized at the market rate at the time of the set-off in conformity with Luxembourg law and the resulting proceeds shall be applied as a cash deposit. If the asset is not listed at an exchange the Bank shall be entitled to determine the value of the asset at its own discretion. Any foreign exchange balance may be converted into one of the existing currencies of the account at the prevailing rates. Derivatives may be closed by the Bank, at the Customer's risk and for the Customer's account.
- 8.2.3. The Bank may, at any time and without prior authorization, off-set assets against liabilities between the joint and the various accounts opened or to be opened with the name of any one of the joint account holders, whatever the nature of the currencies of such accounts. In such case the joint and the various accounts opened with the name of any one of the joint account holders will be considered to make part of one single current account.

**Schedule "D"**

**Kevin Stanford Portfolio**

Account	Quantity	Shares	Cur	listed not listed
200069	50,000	Brazauro Res Wts	CAD	listed
200069	4,194,500	Kirkland Lake Gold	CAD	listed
100977	403,000	Suroco Energy Inc	CAD	listed
200069	160,000	Block Shield Corp	GBP	listed
200069	75,000	Libertas Capital Grp	GBP	listed
200069	15,000	Mercator Gold PLC	GBP	listed
101989	14,585,720	Mulberry Group plc	GBP	listed
100977	200,000	Rambler Metals & Min	GBP	listed
200069	675,000	Rambler Metals & Min	GBP	listed
200069	9,215,000	Belvedere Resources	CAD	listed
200069	1,000,000	Tatonka Oil & Gas	USD	listed
200069	518,500	Kirkland Lake Gold	GBP	listed