

Edward L. Morse
Two Quinby Ridge Road
Armonk, New York 10504]

20 September 2009

The Directors
1Malaysia Development Berhad
Level 21, Suite 21.01
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

The Directors
1MDB PetroSaudi Limited
11, rue du General Dufour
1204 Geneva
Switzerland

Dear Sirs,

**Letter of Engagement for the Evaluation of the Petroleum Exploration
and Production Assets of PetroSaudi International Limited**

The Directors of 1Malaysia Development Berhad ('1MDB' or the 'Directors') and 1MDB PetroSaudi Limited ('1MDB PS') wish to appoint Edward L. Morse (the 'Consultant') to undertake an independent valuation of the hydrocarbon assets of PetroSaudi International Limited ('PSI') and its subsidiary companies (the 'PSI Assets'). We understand that the PSI Assets consist of exploration and production licences onshore Argentina and offshore Turkmenistan.

This letter sets out our terms of engagement for this appointment.

Appointment and Qualification

1. We acknowledge that this appointment is made on a one-off basis, with no continuing obligation implied, and that our remuneration will be determined in accordance with Paragraph 16 of this document.
2. The Consultant is an independent advisor specialising in providing professional advice to businesses and government organisations operating in the energy sector. The Consultant has undertaken a large number of reserves audits and reviews, asset valuations and due diligence reports in relation to petroleum industry operations.

Independence

3. The Consultant hereby confirms its independence to act in this engagement. The Consultant does not have any interest in PSI or the PSI Assets nor any of their affiliated companies, except for the provision of professional services on a fee basis. The Consultant has no commercial arrangement with any other person or company involved in the PSI Assets.

Responsibilities of 1MDB PS

4. 1MDB PS shall be responsible for ensuring that all data, interpretations and working documents pertaining to the PSI Assets are made available to us as and when required and that proper and orderly records are maintained in sufficient detail for our analysis.

Access to Information

5. We expect to have unrestricted access to the files, raw data, working materials (both paper and electronic) and technical reports (both internal and external) pertaining to each of the PSI Assets.
6. We expect to have the right to hold meetings with PSI's Directors and/or technical staff as required in order to ensure the completion of a thorough and timely evaluation.

Reporting

7. We shall make a report to 1MDB and 1MDB PS detailing the findings of our evaluation.
8. Our report shall make an independent determination of the range of prospective values of the PSI Assets, using internationally recognised standards and procedures.
9. In arriving at our opinions we are also required to consider the following matters, and to report to you on any aspect of which we are not satisfied, namely whether
 - a. Proper records have been kept by PSI;
 - b. We have obtained all the information and explanations which we consider necessary for the purposes of our evaluation; and,
 - c. The information provided by PSI is consistent with their statements of potential production volumes and asset values.

10. We shall report to you by way of a cover letter, accompanied by valuation reports, which will detail the analysis, findings and conclusions of our evaluation. The cover letter shall include any significant matters arising out of the evaluation, which might be of a material nature.

Work Scope

11. We shall conduct our evaluation in accordance with industry standards.
12. The scope of work for this evaluation shall, at a minimum, include:
 - a. A description of each of the sub-surface assets, emphasising the geological context, knowledge base.
 - b. An independent estimate of the present value of each asset in accordance with established industry practices.

Restrictions and Exclusions

13. The Consultant's work shall be restricted essentially to an assessment of the range of potential economic value of the PSI Assets. Any other matters which arise during the course of the Consultant's work shall be considered incidental to their studies, notwithstanding the Consultant's responsibilities to report to the relevant bodies any matters which might be of a material nature.
14. The Consultant's work shall specifically exclude the following:
 - a. Any evaluation of PSI's title to the properties being evaluated;
 - b. Any site visit to verify the physical existence and/or technical integrity of any assets other than those specified above;
 - c. Assessment of the environmental impact of future activities;
 - d. Evaluation of commercial issues such as financial interest relationships, 3rd party access rights or sales agreements, quality of services, or any other rights, obligations and encumbrances related to the properties. In this regard, any information provided by PSI will be taken at face value;
 - e. Any assessment of management and staff competency.

Inherent Uncertainties and Risks

15. It should be understood that the monetisation of petroleum resources is subject to government policies and market conditions. The Consultant will conduct their evaluation based on their understanding of the currently prevailing policies and market conditions. Future policy, legislative, fiscal or market changes may cause the total

quantities of petroleum recovered, their apportionment between concession holders, government agencies and other interested parties, and their value under prevailing market conditions to vary from those estimated by this evaluation.

Fees

16. Our professional fee for this work will be US\$ 100,000.00. In addition, any reasonable expenses necessarily incurred to fulfil our duties under this engagement shall be reimbursed. An invoice for our professional fees will be raised on 30 September 2009. We understand that 1MDB PS will be responsible for paying our fees.
17. Fees for additional assignments, which you may commission, outside the work scope outlined above, will be agreed with you in writing in advance of the work, together with terms of reference, our agreed fee for those additional assignments and an estimate of the timescale involved.

Confidentiality

18. We agree to keep confidential any information that is provided to us by PSI or its advisors and which is not publicly available and not to disclose such information to third parties, unless instructed by PSI or unless otherwise required by law or regulations applicable to our engagement in which event we will use reasonable endeavours to consult with PSI in advance.

Complaints Procedures

19. If at any time you would like to discuss with us how the services can be improved or if you have a complaint about them, you are invited to contact the undermentioned on the above number. If your problem is not resolved, you will have the right to refer the matter to independent arbitration.

Applicable Law

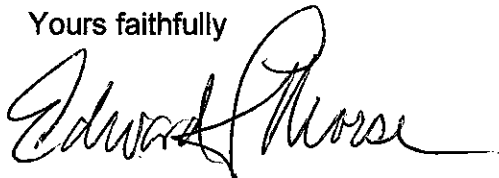
20. This engagement letter shall be governed by, and construed in accordance with, English law. The courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter and any matter arising from it. Each party irrevocably waives any rights it might have to object to an action being brought in those courts, to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

Agreement of Terms

21. If the contents of this letter are not in accordance with your understanding of the arrangements made, we shall be pleased to receive your observations and to give you

any further information you require. Otherwise, we should be grateful if you would confirm in writing your agreement to the terms of this letter by signing the enclosed copy and returning it to us.

Yours faithfully



Edward L. Morse

On behalf of 1Malaysia Development Berhad
I confirm the above terms.

Signed

Name

Position

Date

On behalf of 1MDB PetroSaudi Limited
I confirm the above terms.

Signed

Name

Position

Date