



**PETROLEUM
DIRECTORATE**
Of Sierra Leone

RECONNAISSANCE CONTRACT

For the Reconnaissance and Evaluation

of

The Petroleum Potential of **XXX, XXX, XXX**

- between -

The Government of the Republic of Sierra Leone

- and -

Company Name

Contract No. 0XX/XX

DD/MM/YYYY

Table of Contents

1.	ARTICLE 1: DEFINITIONS.....	4
2.	ARTICLE 2: VALIDITY PERIOD / EFFECTIVE DATE.....	9
3.	ARTICLE 3: AREA OF INTEREST.....	10
4.	ARTICLE 4: MINIMUM RECONNAISSANCE WORK PROGRAM	11
5.	ARTICLE 5: PROFESSIONAL TRAINING.....	12
6.	ARTICLE 6: BANK GUARANTEE.....	13
7.	ARTICLE 7: PENALTY.....	14
8.	ARTICLE 8: DELIVERABLES	15
9.	ARTICLE 9: PDSL DATA	16
10.	ARTICLE 10: OPTIONS.....	17
11.	ARTICLE 11: FORCE MAJEURE.....	18
12.	ARTICLE 12: GOVERNING LAWS.....	19
13.	ARTICLE 13: ARBITRATION.....	20
14.	ARTICLE 14: CONFIDENTIALITY	21
15.	ARTICLE 15: NOTICE	22
16.	ANNEX 1: LICENCE AREA MAP	23
17.	ANNEX 2: FORMS OF PERFORMANCE GUARANTEE.....	24
17.1	FORM OF BANK GUARANTEE.....	24
17.2	FORM OF PARENT COMPANY GUARANTEE.....	26

THIS CONTRACT LICENCE NO: 0XX/XX, made this..... day..... of 20....., by and between the Government of the Republic of Sierra Leone (hereinafter referred to as “the State”), represented by the Director General of the Petroleum Directorate of the Office of the President of the Republic of Sierra Leone (hereinafter referred to as the “Director General”), and **Company Name** (hereinafter referred to as “Licensee”).

CITATION AND COMMENCEMENT

This contract may be cited as the Petroleum (Exploration and Production) Licence No: **0XX/XX** for G-Blocks **XXX, XXX, XXX** covering a total surface area of **XXXXXX sq.km** as at the Effective Date.

WITNESSETH:

1. All Petroleum existing in its natural state within Sierra Leone is the property of the Republic of Sierra Leone and held in trust by the State.
2. The Director General acting on behalf of the President and Government of Sierra Leone has by virtue of the Petroleum Act of 2011 the right to invite Licensees to undertake Exploration, Development and Production of Petroleum over all blocks declared by the State to be open for Petroleum Operations.
3. The Director General has been authorized to enter into a Petroleum Licence Agreement with Licensee for the purpose of Exploration, Development and Production of Petroleum Resources.
4. The License Area that is the subject matter of this Petroleum Licence has been declared open for Petroleum Operations by the Director General, and the Government of Sierra Leone desires to encourage and promote Exploration, Development and Production within the said area.
5. The Licensee, having the financial ability, technical competence and professional skills necessary for carrying out the Petroleum Operations herein described; desires to enter into a Petroleum Licence Agreement with the State for the Exploration, Development and Production of the Petroleum resources of the said area.

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed and declared as follows:

1. ARTICLE 1: DEFINITIONS

- 1.1 “Act”** means the Petroleum (Exploration and Production) Act 2011 and its amendment thereto;
- 1.2 “Accounting Guide”** means the accounting guide which is attached hereto as Annex 2 and made a part hereof;
- 1.3 “Affiliate”** means any person, whether a natural person, corporation, partnership, unincorporated association or other entity:
- a) in which one of the Parties hereto directly or indirectly holds more than fifty percent (50%) of the share capital or voting rights;
 - b) which holds directly or indirectly more than fifty percent (50%) of the share capital or voting rights in a Party hereto;
 - c) in which the share capital or voting rights are directly or indirectly and to an extent more than fifty percent (50%) held by a company or companies holding directly or indirectly more than fifty percent (50%) of the share capital or voting rights in a Party hereto; or
 - d) which holds directly five percent (5%) or more of the share capital or voting rights in Licensee;
- 1.4 “Appraisal Program”** means a program carried out following a Discovery of Petroleum for the purpose of delineating the accumulation of Petroleum to which that Discovery relates in terms of thickness and lateral extent and estimating the quantity of recoverable Petroleum therein;
- 1.5 “Appraisal Well”** means a well drilled for the purposes of an Appraisal Program;
- 1.6 “Associated Gas”** means Natural Gas produced from a well in association with Crude Oil;
- 1.7 “Barrel”** means a quantity or unit of Crude Oil equal to forty-two (42) United States gallons at a temperature of sixty (60) degrees Fahrenheit and at 14.65 psia pressure;
- 1.8 “Block” or “Graticular Block”** means a portion of the Licence Area as depicted by the reference map in Annex 1. Any reference to “Block” in this Licence Agreement means “Graticular Block”;
- 1.9 “Business Day”** means weekday i.e. Monday to Friday;
- 1.10 “Carried Interest”** means an interest held by the State in respect of which the Licensee pays for the Exploration and Development costs without any entitlement to reimbursement from the State;

- 1.11 “Calendar Year”** means the period of twelve (12) months of the Gregorian calendar, commencing on January 1 and ending on the succeeding December 31;
- 1.12 “Commercial Discovery”** means a Discovery which is determined to be commercial in accordance with the provisions of this Licence;
- 1.13 “Commercial Production Period”** means in respect of each Development and Production Area the period from the Date of Commencement of Commercial Production until the termination of this Licence or earlier relinquishment of such Development and Production Area;
- 1.14 “Licence Area”** means the area covered by this Licence in which Licensee is authorized to explore for, develop and produce Petroleum, which is described in Annex 1 attached hereto and made a part of this Licence, but excluding any portions of such area in respect of which Licensee’s rights hereunder are from time to time relinquished or surrendered pursuant to this Licence; “Contract Year” means a period of twelve (12) calendar months, commencing on the Effective Date or any anniversary thereof;
- 1.15 “Crude Oil”** means hydrocarbons which are liquid at 14.65 psia pressure and temperature of sixty (60) degrees Fahrenheit and includes condensates and distillates obtained from Natural Gas;
- 1.16 “Contract Year”** means a period of twelve (12) calendar months, commencing on the Effective Date or any anniversary thereof;
- 1.17 “Date of Commencement of Commercial Production”** means, in respect of each Development and Production Area, the date on which production of Petroleum under a program of regular production, lifting and sale commences;
- 1.18 “Date of Commercial Discovery”** means the date of approval of the Appraisal Report;
- 1.19 “Development” or “Development Operations”** means the preparation of a Development Plan, the building and installation of facilities for Production, and includes drilling of Development Wells, construction and installation of equipment, pipelines, facilities, plants and systems, in and outside the Licence Area, which are required for achieving Production, treatment, transport, storage and lifting of Petroleum, and preliminary Production and testing activities carried out prior to the Date of Commencement of Commercial Production, and includes all related planning and administrative work, and may also include the construction and installation of secondary and tertiary recovery systems;
- 1.20 “Development Costs”** means Petroleum Costs incurred in Development Operations;
- 1.21 “Development and Production Area”** means that portion of the Licence Area reasonably determined by Licensee on basis of the available seismic and well data

to cover the areal extent of an accumulation of Petroleum constituting a Commercial Discovery, enlarged in area by ten percent (10%), where possible, such enlargement to extend uniformly around the perimeter of such accumulation;

- 1.22 “Development Period”** means in respect of each Development and Production Area, the period from the Date of Commercial Discovery until the Date of Commencement of Commercial Production;
- 1.23 “Development Plan”** means the plan for development of a Commercial Discovery prepared by Licensee;
- 1.24 “Development Well”** means a well drilled in accordance with a Development Plan for producing Petroleum, for pressure maintenance or for increasing the Production rate;
- 1.25 “Director General”** means The Director General of the Petroleum Directorate appointed under Section 8 of the Act, and where the context so applies, the person appointed by the President of Sierra Leone to oversee the administration of the Act and all aspects of petroleum resources management;
- 1.26 “Discovery”** means finding during Exploration Operations, an accumulation of Petroleum which can be recovered at the surface in a flow measurable by conventional petroleum industry testing methods;
- 1.27 “Discovery Area”** means that portion of the Licence Area, reasonably determined by Licensee on the basis of the available seismic and well data to cover the areal extent of the geological structure in which a Discovery is made. A Discovery Area may be modified at any time by Licensee if justified on the basis of new information, but may not be modified after the date of completion of the Appraisal Program;
- 1.28 “Effective Date”** means the date on which this Licence comes into effect and, unless otherwise provided, shall be the date of ratification of this Licence by Parliament;
- 1.29 “Exploration” or “Exploration Operations”** means the search for Petroleum by geological, geophysical and other methods and the drilling of Exploration Well(s) and includes any activity in connection therewith or in preparation thereof and any relevant processing and appraisal work, including technical and economic feasibility studies, that may be carried out to determine whether a Discovery of Petroleum constitutes a Commercial Discovery;
- 1.30 “Exploration Period”** means the period commencing on the Effective Date and continuing during the time provided within which Licensee is authorized to carry out Exploration Operations and shall include any periods of extensions provided for in this Licence. The period shall terminate with respect to any Discovery Area on the Date of Commercial Discovery in respect of such Discovery Area;

- 1.31 “Exploration Well”** means a well drilled in the course of Exploration Operations conducted hereunder during the Exploration Period, but does not include an Appraisal Well;
- 1.32 “Force Majeure”** means any event beyond the reasonable control of the Party claiming to be affected by such event which has not been brought about at its instance, including, but not limited to, epidemics, earthquake, storm, flood, lightning or other adverse weather conditions, war, embargo, blockade, strike, riot or civil disorder which could hinder the performance of the party’s obligations. Force Majeure is not applicable to any default by Licensee to pay any sum of money due under this Licence;
- 1.33 “Foreign National Employee”** means an expatriate employee of Licensee, its Affiliates, or its Sub-contractors who is not a citizen of Sierra Leone;
- 1.34 “Gross Production”** means the total amount of Petroleum produced and saved from a Development and Production Area during Production Operations which is not used by Licensee in Petroleum Operations;
- 1.35 “IT Act”** means the Income Tax Act of 2000 and all amendments thereto;
- 1.36 “Licensee”** means **Company Name**, their successors and any person or persons to whom the rights conferred by this Licence may lawfully have been assigned;
- 1.37 “The Licence”** means the right to explore for and produce hydrocarbons issued by the Director General Petroleum Directorate acting on behalf of the government of Sierra Leone, and includes the Annexes attached hereto;
- 1.38 “Month”** means a month of the Calendar Year;
- 1.39 “Market Price”** has the meaning assigned to that term in article 11.3 of this licence;
- 1.40 “MMBO”** means Millions of Barrels of Crude Oil;
- 1.41 “Natural Gas”** means all hydrocarbons which are gaseous at 14.65 psia pressure and temperature of sixty (60) degrees Fahrenheit temperature and includes wet gas, dry gas and residue gas remaining after the extraction of liquid hydrocarbons from wet gas;
- 1.42 “Non-Associated Gas”** means Natural Gas produced from a well other than in association with Crude Oil;
- 1.43 “Operator”** means the same as is defined in The Act;
- 1.44 “Party”** means the State or Licensee, as the case may be;
- 1.45 “Petroleum”** means Crude Oil or Natural Gas or combination of both;

- 1.46 “Petroleum Costs”** means all expenditures made and costs incurred in the conduct of Petroleum Operations hereunder, determined in accordance with the Accounting Guide attached hereto as Annex 2;
- 1.47 “Petroleum Operations”** means all activities, both in and outside Sierra Leone, relating to the Exploration for, Development, Production, handling and transportation of Petroleum contemplated under this Licence and includes Exploration Operations, Development Operations and Production Operations and all activities in connection therewith;
- 1.48 “Petroleum Product”** means any product derived from Petroleum by any refining or other process;
- 1.49 “Production” or “Production Operations”** means activities not being Development Operations undertaken in order to extract, save, treat, measure, handle, store and transport Petroleum to storage and/or loading points and to carry out any type of primary and secondary operations, including recycling, recompression, maintenance of pressure and water flooding and all related activities such as planning and administrative work and shall also include maintenance, repair and replacement of facilities, and well work overs, conducted after the Date of Commencement of Commercial Production of the respective Development and Production Area;
- 1.50 “Production Costs”** means Petroleum Costs incurred in Production Operations;
- 1.51 “Quarter”** means a quarter, commencing January 1, April 1, July 1 or October 1;
- 1.52 “Remedy”** means to make good, or making good, such Default including performing the obligation of Licensee under the Licence;
- 1.53 “Sierra Leone”** means the territory of the Republic of Sierra Leone and includes the sea, seabed and subsoil, the Continental Shelf, the exclusive economic zone and all other areas within the jurisdiction;
- 1.54 “Specified Rate”** means the rate which the Barclays Bank, London, certifies to be the London Interbank offered rate (LIBOR) in the London Interbank Eurodollar market on thirty (30) day deposits, in effect on the last business day of the last respective preceding month, plus two and half per cent (2.5%);
- 1.55 “Standard Cubic Foot” or “SCF”** means the quantity of gas that occupies one (1) cubic foot at 14.65 psia pressure and sixty (60) degrees Fahrenheit temperature;
- 1.56 “State”** means the Government of the Republic of Sierra Leone;
- 1.57 “Subcontractor”** has the meaning assigned to that term in the Petroleum Act;
- 1.58 “Work Program”** means the annual plan for the conduct of Petroleum Operations.

2. ARTICLE 2: VALIDITY PERIOD / EFFECTIVE DATE

- 2.1** The (Exclusive) Reconnaissance License shall be valid for an initial period of twelve (12) months ("Initial Validity Period") commencing at the "Effective Date" defined as the date of notification of the decision, signed by the Minister in charge of Petroleum, granting to the Parties the (Exclusive) Reconnaissance License.
- 2.2** If necessary, the Initial Validity Period of the (Exclusive) Reconnaissance License, shall be extended (Extension Period) in accordance with section 25 of the Act and section 4 of the decree as mentioned above.
- 2.3** References herein to the "Validity Period" shall include both the Initial Validity Period and any Extension Period if applied for.

3. ARTICLE 3: AREA OF INTEREST

- 3.1** The (Exclusive) Reconnaissance License shall cover the Area of Interest which is the area shown on the map and defined by its coordinates and made a part of this Contract as Annex 1.

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4. ARTICLE 4: MINIMUM RECONNAISSANCE WORK PROGRAM

4.1 Upon the Effective Date of the (Exclusive) Reconnaissance License, **Company Name** commits to undertake on the Area of Interest the following Minimum Reconnaissance Work Program pursuant to this Contract:

a) -

b) -

c) -

4.2 The cost to execute this Minimum Reconnaissance Work Program is estimated to beUS Dollars (US \$).

4.3 Notwithstanding the preceding, it is understood and expressly agreed between the Parties, that it is the performance of the Minimum Reconnaissance Work Program and not the expenditures associated with the estimated cost thereof which shall determine **Company Name** compliance with its commitments related to this Contract.

4.4 In the event of a decision by the Parties to apply for an Extension Period, a consequent Minimum Reconnaissance Work Program will be negotiated between the Parties.

5. ARTICLE 5: PROFESSIONAL TRAINING

- 5.1** **Company Name** will contribute to the training of Petroleum Directorate of Sierra Leone (PDSL) personnel during the Validity Period of the (Exclusive) Reconnaissance License. During the Initial Validity Period, the amount allocated by **Company Name** for professional training of PDSL personnel isU.S Dollars (US \$)
- 5.2** The aforementioned amount will be used and shall include training fees (registration, insurance, living fees, travel fees), software and hardware acquisition, as well as promotion fees.
- 5.3** If the amount allocated to the training program has not been entirely spent during the Validity Period, **Company Name** will remit to PDSL the outstanding training budget amount according and upon PDSL written demand.
- 5.4** Furthermore, **Company Name** will commit for professional training a sum calculated pro rata temporis for any Extension Period if requested.

6. ARTICLE 6: BANK GUARANTEE

- 6.1 No later than the date of signature of this Contract, **Company Name** shall issue PDSL with an irrevocable on first demand bank guarantee, acceptable by PDSL, for the amount of United States Dollars (US \$.....), in order to cover the non-fulfillment by **Company Name** of the Minimum Reconnaissance Work Program.
- 6.2 If **Company Name** is in default regarding the total or partial fulfillment of the Minimum Reconnaissance Work Program, the amount of the bank guarantee will remain in place as far as the said works were not accomplished by **Company Name**. In the event of non-execution by **Company Name** of the Minimum Reconnaissance Work Program, **Company Name** will pay to PDSL a penalty equal to the estimated cost of the Minimum Reconnaissance Work Program.
- 6.3 If at any time before the end of the Initial Validity Period PDSL states that the Minimum Reconnaissance Work Program has been totally accomplished and that **Company Name** remitted to PDSL copies of all reports, documents and information generated pursuant to works executed by **Company Name**, the amount of the bank guarantee will be released after receipt by the bank of a notification signed by PDSL stating that **Company Name** had totally executed the Minimum Reconnaissance Work Program.
- 6.4 Except in case of Force Majeure, if **Company Name** does not fulfil totally or partially the Minimum Reconnaissance Work Program for a particular Validity Period to which it is committed under Article 4, PDSL shall call the Bank Guarantee in conformity with the terms and conditions set out in said Bank Guarantee.

7. ARTICLE 7: PENALTY

- 7.1** It is the intention of the Parties that the Reconnaissance Work set out in the Minimum Reconnaissance Work Programs shall be carried out by **Company Name** as a minimum commitment. However, if for any reason other than Force Majeure, **Company Name** has not completed the Minimum Reconnaissance Work Program for a particular Validity Period to which it is committed under Article 4, then **Company Name** shall pay a penalty equal to the estimated cost of the Minimum Reconnaissance Work Program set out in Article 4.
- 7.2** It is understood between the Parties that, in case PDSL did call the Bank Guarantee according to Article 6, the amount of such bank Guarantee, if already paid to PDSL, will be deducted from the amount of the penalty due to be paid according to the first paragraph of this Article 7. If the amount of the Bank Guarantee is not paid to PDSL, the amount of the penalty will be equal to the estimated cost of the Minimum Reconnaissance Work Program set out in Article 4.

8. ARTICLE 8: DELIVERABLES

- 8.1 **Company Name** assumes the obligation to deliver to PDSL, during the Validity Period or at the expiration thereof, complete reports on the research and evaluation studies and on all operations conducted within the Area of Interest, as well as the seismic records and data, established maps and all field data obtained over the Area of Interest.
- 8.2 Furthermore, **Company Name** is under the obligation to communicate to PDSL all technical results obtained and shall hold periodical technical presentations at any location decided by mutual agreement, at least two (2) months before the end of the Validity Period.

9. ARTICLE 9: PDSL DATA

- 9.1** During the Validity Period of the (Exclusive) Reconnaissance License, PDSL shall promptly make available to **Company Name**, for reproduction, at **Company Name** costs, all geological, geophysical, well data and any other relevant data in its possession regarding the Area of Interest and shall assist **Company Name** in every possible way.
- 9.2** It is agreed that all data supplied to **Company Name** by PDSL shall remain the exclusive property of PDSL.

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10. ARTICLE 10: OPTIONS

10.1 Not later than thirty (30) days before the end of the Initial Validity Period and the Extension Period if any, **Company Name** shall notify PDSL of its decision concerning one of the following options:

- a)** to abandon all its rights in the Area of Interest; or
- b)** to specifically designate the area which **Company Name** elects to retain for the continuation of the Minimum Reconnaissance Work Program under the Extension Period if applied for, in accordance with paragraph I above; or
- c)** to enter with PDSL into a petroleum agreement relating to the Area of Interest.

11. ARTICLE 11: FORCE MAJEURE

- 11.1** Non-performance by one of the Parties of any one of its obligations, (with the exception of non-payment of any sums that are due) shall be excused and the execution of one or the obligations it must fulfill shall be suspended to the extent that this non-performance is due to an event of Force Majeure.
- 11.2** With respect to this Contract, an event of Force Majeure shall be understood to mean any event which is normally beyond the control of one Party, or that said Party is not in a position to prevent or overcome by exercising due diligence or by incurring reasonable expenses as measured by oil industry standards.
- 11.3** The Party that considers itself unable to fulfill its obligations due to an event of Force Majeure, shall inform the other Party thereof in writing as soon as possible. The Parties shall consider what steps should be taken to ensure an orderly return to conditions allowing the execution of the provisions of this Reconnaissance Contract.
- 11.4** Any Validity Period that has been interrupted following an event of Force Majeure shall be extended by an equivalent period during which Force Majeure has lasted.

12. ARTICLE 12: GOVERNING LAWS

12.1 This Contract shall be governed and interpreted in accordance with the Laws of Sierra Leone.

12.2 The Parties' respective successors shall be bound and benefit from this Contract.

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13. ARTICLE 13: ARBITRATION

- 13.1** If any dispute results from this Contract, the Parties shall make their best endeavors to come to an amicable and equitable settlement. If such settlement cannot be reached, the Parties shall enter into arbitration as defined herebelow;
- 13.2** All disputes to which this Contract might give rise shall be finally settled by arbitration in accordance with the prevailing rules for Conciliation and Arbitration of the International Chamber of Commerce by a tribunal composed of three (3) arbitrators appointed in conformity with the said rules;
- 13.3** Any arbitral judgment shall be settled in conformity with generally accepted international petroleum practices and shall apply the Sierra Leone Law;
- 13.4** Any arbitration proceeding shall take place in England and shall be conducted in the English language. The arbitration judgment will be made in the English language;
- 13.5** It is agreed that recourse to arbitration shall be made directly with no need for any administrative or judicial procedure. The Parties expressly agree that the arbitration judgment shall be final and binding and that it may be recognized and enforced by any competent jurisdiction;
- 13.6** Each Party shall bear all costs and expenses incurred by it relating to Arbitration. The party prevailing in judgment shall be reimbursed all reasonable expenses related to said arbitration.

14. ARTICLE 14: CONFIDENTIALITY

14.1 Each one of the Parties shall deal with the terms of this Contract, as well as all information gathered by it as a result of the operations prescribed in this Contract ("Information"), as confidential and shall not divulge them to third parties, except in the following cases when divulging the Information:

- a) is required during any arbitration procedure or legal action prescribed by this Contract, or if required by applicable law;
- b) is made by one Party to any affiliate, contractor, sub-contractor, expert in good faith, or to any other third party in relation to the operations described in this Contract, on the condition that the recipient commits himself to the confidentiality prescribed by this Contract;
- c) is approved in writing by all of the Parties;
- d) is divulged to a credit establishment or any other financial institution for financing of a loan or other financial agreement entered into for financing operations prescribed in this Contract, under the condition that the recipient commits to treat the Information as confidential;
- e) is divulged to a third party who wishes to participate with **Company Name** in an application for the award of an Exploration Permit, provided that such a third party commits to treat the Information as confidential; or
- f) is divulged by one of the Parties as a public release for the purpose of complying with laws, regulations and requirements of the Sierra Leone Government or the respective Government of the other Party.

14.2 **Company Name** shall inform PDSL before sending any press release or answers to any information demanded or requested by any stock exchange regulation relating to this Contract.

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15. ARTICLE 15: NOTICE

15.1 Any Notice, Application, Request, Licence, Consent, Approval, Instruction, Delegation, Waiver or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been properly given when delivered in person to an authorized representative of the Party to whom such notice is directed or when actually received by such Party through registered mail or e-mail at the following address or at such other address as the Party shall specify in writing fifteen (15) days in advance:

ADDRESS	TELEPHONE NO:	EMAIL
Director General Petroleum Directorate Petroleum House 20 Mandalay Street, Kingtom Freetown, Sierra Leone	+232 _____ +232 _____	_____ _____

29.1 For Licensee:

ADDRESS	TELEPHONE NO:	EMAIL
_____ _____	_____ _____	_____ _____

IN WITNESS WHEREOF the parties have caused this agreement to be executed by their duly authorized representatives as of the date first written above.

FOR THE STATE REPRESENTED BY:

BY:

FODAY MANSARAY

DIRECTOR GENERAL

PETROLEUM DIRECTORATE

BY:

WITNESSED

DESIGNATION

PETROLEUM DIRECTORATE

FOR THE LICENSEE BY:

BY:

FOR LICENSEE

NAME

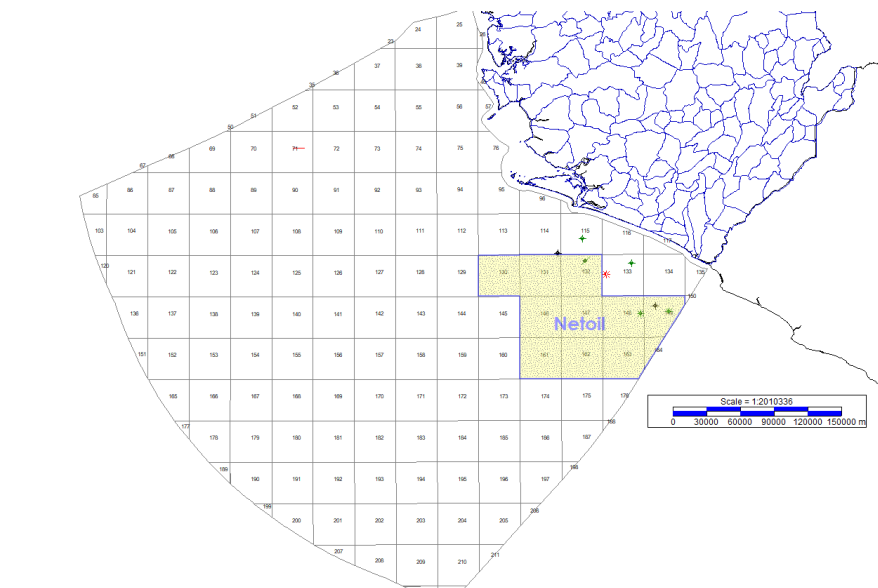
BY:

WITNESSED

NAME

16. ANNEX 1: LICENCE AREA MAP

LICENCE AREA MAP: On the Effective Date, the Licence Area, designated, is formed by the area included inside the perimeter constituted by the points indicated on the map below.



Below are the geographical coordinates of the Licence Area, with Surface Area amounting to **XXX** sq.km:

LICENCE AREA COORDINATES:

FID	LONGITUDE (X-COORDINATES)	LATITUDE (Y-COORDINATES)
1		
2		
3		
4		
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17. ANNEX 2: FORMS OF PERFORMANCE GUARANTEE

17.1 FORM OF BANK GUARANTEE

1. In consideration of the Government of Sierra Leone represented by the Director General of the Petroleum Directorate (hereinafter referred to as “the State”) having entered into a Petroleum Licence for the block _____ dated _____ (hereinafter referred to as “Licence”, which expression shall include all the amendments agreed to between the State and the Licensee, thereto), with M/s _____ having its registered office at _____ (hereinafter referred to as “Licensee”, which expression unless repugnant to the context or meaning thereof include all its successors, administrators, executors and assigns), and the State have agreed that the Licensee shall furnish to the State, a bank guarantee (hereinafter referred to as “Guarantee”) towards its minimum financial obligations as provided in the Contract for US\$(XXX) for the performance of its obligations under the Licence.
2. We _____ (name of the Bank) registered under the Law of _____ and having its registered office at _____ (hereinafter referred to as “the Bank”, which expression shall unless repugnant to the context or meaning thereof includes all its successors, administrators, executors and assigns) do hereby guarantee and undertake to pay to the State, immediately on the first demand in writing, any/all money(s) to the extent of US\$ _____ (in figures) and (US\$ _____ in words) without any demur, reservation, contest or protest and/or without any reference to the Licensee. Any such demand made by the State on the Bank by serving a written notice shall be conclusive and binding, without any proof, on the Bank as regards the amount due and payable, notwithstanding any dispute(s) pending before any court, tribunal, arbitrator, sole expert, conciliator, or any other authority and/or any other matter or thing whatsoever, as liability under these presents being absolute and unequivocal. We agree that the Guarantee herein contained shall be irrevocable and shall continue to be enforceable until it is discharged by the State in writing. This Guarantee shall not be determined, discharged, or affected by the liquidation, winding up, dissolution or insolvency of the Licensee and shall remain valid, binding and operative against the Bank.
3. The Bank also agree that the State at its option shall be entitled to enforce this Guarantee against the Bank as a principal debtor, in the first instance, without proceeding against the Licensee and notwithstanding any security or other guarantee that the State may have in relation to the Licensee’s liabilities.
4. The Bank further agree that the State shall have fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Contract or to extend time of performance by the said Licensee from time to time or to postpone for any time or from time to time exercise of any of the powers vested in the State against the said Licensee and to forebear or

enforce any of the terms and conditions relating to the said Contract and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Licensee or for any forbearance, act or omission on the part of the State or any indulgence by the State to the said Licensee or any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.

5. The Bank further agree that the Guarantee herein contained shall remain in full force during the period that is taken for the performance of the Licence and all dues of the state under or by virtue of this Licence have been fully paid and its claim satisfied or discharged or till the State discharges this Guarantee in writing, whichever is earlier.
6. This Guarantee shall not be discharged by any change in our constitution, or in the constitution of the Licensee.
7. The Bank confirm that this Guarantee has been issued with observance of appropriate laws of the country of issue.
8. The Bank also agree that this Guarantee shall be governed and construed in accordance with Sierra Leone Laws and subject to the exclusive jurisdiction of Sierra Leone courts.
9. Notwithstanding anything contained herein above, our liabilities under this Guarantee is limited to US\$ _____ (in figures) US\$ _____ (in words) and our Guarantee shall remain in force up to _____ and including sixty (60) days after the expiry date/extended date. Any claim under this Guarantee must be received before the expiry of sixty (60) days after the expiry date, or before the expiry of sixty (60) days from the extended date if any. If no such claim has been received by us within sixty (60) days after the said date/extended date the PRU's right under this guarantee will cease. However, if such a claim has been received by us within and up to sixty (60) days after the said date/extended date, all the PRU's rights under this Guarantee shall be valid and shall not cease until we have satisfied that claim.

In witness whereof, the Bank through its authorized officers has set its hand and stamp on this _____ day of _____ 2021 at _____. The seal of _____ was hereto duly affixed by _____ this _____ day of _____ 2021 in accordance with its bye-laws and this Guarantee was duly signed by _____ and _____ as required by the said bye-laws.

Company Secretary

Director

Witness

17.2 FORM OF PARENT COMPANY GUARANTEE

THIS GUARANTY, is made and undertaken this _____ day of _____, 2021, by **Company Name** (hereinafter known as the “Guarantor”), a corporation organized and existing under the laws of to the Director General, Petroleum Directorate, Office of the President, Sierra Leone (hereinafter known as the “Beneficiary”);

WITNESSETH:

WHEREAS **Company Name**, (hereinafter known as the “Company”) has entered into Petroleum, Exploration and Production) License No. _____ dated as of _____ (the “License”) with the Beneficiary;

WHEREAS the Guarantor directly or indirectly owns _____percent (____%) of the Company; and

NOW THEREFORE, in consideration of the premises the Guarantor and the Beneficiary do hereby covenant and agree as follows:

ARTICLE I

DEFINITIONS

17.2.1 Definition: Except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section 17.2.1, shall for all purposes of this Guaranty, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined.

Licence: The term “Licence” shall mean that certain License dated the ____ day of _____ 2021 between the Company and the Beneficiary, as such Licence was originally executed or as it may from time to time be supplemented, modified or amended as provided therein.

Banking Day: The term “Banking Day” shall mean a Day on which the banks in Sierra Leone are customarily open for business.

Beneficiary: The term “Beneficiary” shall mean the Government of Sierra Leone represented by the Director General of the Petroleum Directorate.

Guarantor: The term “Guarantor” shall mean **Company Name**, until a successor corporation shall have become such pursuant to the applicable provisions hereof, and thereafter, Guarantor shall mean such successor corporation.

Company: The term “Company” shall mean, **Company Name**, the holder of the License mentioned above until a successor company or corporation shall have become such pursuant to the terms of the Licence, and thereafter “Company” shall mean such successor company or corporation.

Guaranty: The term “Guaranty” shall mean this Guaranty Agreement as originally executed or as it may from time to time be supplemented, modified or amended as provided herein.

Guaranteed Obligations: The term “Guaranteed Obligations” shall have the meaning accorded such term in Section 3.1 of this Guaranty.

Person: The term “Person” shall mean an individual, a corporation, a limited liability entity, a partnership, a joint venture, an association, a joint stock company, a trust, an unincorporated organization or a government or any agency, authority or political subdivision thereof.

17.2.2 Other Defined Terms: Capitalized terms not otherwise defined in this Guaranty shall have the meaning ascribed thereto in the Licence.

ARTICLE II

REPRESENTATIONS OF GUARANTOR

17.2.3 Representations of Guarantor

The Guarantor makes the following representations to Beneficiary:

- a) The Guarantor has been duly incorporated and is validly existing under the laws of _____ and has full corporate power and authority to enter into this Guaranty and to carry out and is financially capable to consummate all transactions contemplated by this Guaranty.
- b) The execution and delivery of this Guaranty and the consummation of the transactions herein contemplated will not conflict with or constitute on the part of the Guarantor a breach of or default under its charter documents, its by-laws, or any indenture, or other material agreement or instrument to which the Guarantor is a party or by which it or its properties are bound or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Guarantor or any of its activities or properties.
- c) This Guaranty has been duly authorized executed and delivered by the Guarantor and constitutes the valid and binding obligation of the Guarantor.

ARTICLE III

GUARANTY AND AGREEMENTS

17.2.4 Guaranty

The Guarantor hereby unconditionally guarantees to and for the benefit of the Beneficiary the performance of the Company's work obligation for the Initial Exploration Period, First Extension Period and Second Extension Period in an amount equal to the Company's Minimum Expenditure specified in Article 4 of the Licence for the Initial Exploration Period, the First Extension Period and the Second Extension Period if and when the same shall become due (the "Guaranteed Obligations").

The Guarantor shall have no obligation hereunder until the Guarantor has received a written demand from the Beneficiary. All payments by the Guarantor shall be made in lawful money of the United States of America. The Guarantor's aggregate liability under this Guaranty shall not exceed the Company's Minimum Expenditure for the applicable period.

17.2.5 Unconditional Nature of Obligations.

The obligations of the Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire Guaranteed Obligations shall have been undertaken or paid as the case may be, and except as specifically otherwise provided in this Guaranty such obligation shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the Guarantor:

- a) the waiver, surrender, compromise, settlement, release or termination of any or all of the obligations, covenants or agreement of the Company under the Licence;
- b) the failure to give notice to the Guarantor of the occurrence of a breach or default under the Licence;
- c) the extension of the time for payment of any principal or interest or for any other payment under the Licence or of the time for performance of any other obligations, covenants or agreements under or arising out of the Licence;
- d) the modification, amendment or alteration (whether material or otherwise) of any obligation, covenant or agreement set forth in the Licence;
- e) the taking or the omission of any of the actions referred to in the Licence including any acceleration of sums owing thereunder;
- f) any failure, omission, delay or lack on the part of Beneficiary to enforce, assert or exercise any right, power or remedy conferred on it in the Licence;
- g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership; insolvency;

cy, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting Guarantor or the Company or any of their assets, or any allegation or contest of the validity of this Guaranty in any such proceeding;

- h) any defence based upon any legal disability of the Company or, to the extent permitted by law, any release, discharge, reduction or limitation or with respect to any sums owing by the Company or any other liability of the Company to the Beneficiary;
- i) to the extent permitted by law, the release or discharge by operation of law of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty; or
- j) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guaranty.

No set-off, counterclaim, reduction, or diminution of any obligation, or any defence of any kind or nature which the Guarantor has or may have against the Beneficiary shall be available hereunder to the Guarantor against the Beneficiary to reduce the payments to it under Section 3.1 of this Guaranty.

The Guarantor assumes responsibility for being and remaining informed of the financial condition of the Company and of all other circumstances bearing upon the risk of default of obligations and/or non-payment of amounts owing under the Licence which diligent inquiry would reveal and agrees that the Beneficiary shall not have a duty to advise the Guarantor of any information regarding such condition or any such circumstances.

17.2.6 Proceedings Against Guarantor

In the event of a default in the payment of the amounts guaranteed pursuant to the terms hereof when and as the same shall become due, the Beneficiary shall have the right to proceed first and directly against the Guarantor under this Guaranty without proceeding against the Company or exhausting any other remedies which it may have.

17.2.7 Costs

The Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by Beneficiary in enforcing or attempting to enforce this Guaranty following any default on the part of Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

17.2.8 Corporate Existence of Guarantor

The Guarantor covenants that so long as it has any outstanding obligations under this Guaranty, it will maintain its corporate existence, will not dissolve, sell or otherwise dispose

of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided that the Guarantor may, without violating the covenants in this Section 32.2.8 contained, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, unless the surviving resulting or transferee corporation, as the case may be, assumes all of the obligations of the Guarantor hereunder.

17.2.9 Reimbursement of Guarantor

If at any time after (a) the Company has defaulted in making any payment constituting Guaranteed Obligations (a “Defaulted Payment”) and (b) the Guarantor has paid such Defaulted Payment pursuant to Section 32.2.4 of this Guaranty, and the Beneficiary thereafter receives all or a portion of the Defaulted Payment from the Company, the Beneficiary hereby agrees to reimburse the Guarantor within thirty (30) days of receiving payment of such defaulted payment in an amount equal to all or whatever portion of the Defaulted Payment it has received from the Company.

17.2.10 Confidentiality

This Guaranty shall be kept confidential by the Guarantor and the Beneficiary, and the Guarantor and the Beneficiary hereby agree not to provide copies of this Guaranty or to disclose its specific terms to any person without the prior written consent of the other except:

- a) either the Guarantor or the Beneficiary, as applicable, may disclose to an applicable court in connection with any proceedings under this Guaranty;
- b) to the extent that it is required to disclose the same pursuant to any regulation, law or order of any court of competent jurisdiction, or any procedure for disclosure of documents, whether in proceedings before a court or not, (including any proceedings to enforce this Guaranty) or in regulatory proceedings, or pursuant to any law or regulation having the force of law; provided, however, that such party shall give the other advance written notice of its intention to disclose the same based on that requirement and a reasonable amount of time consistent with the requirement pursuant to which disclosure is to occur in which to seek adequate protective orders; and
- c) to the Guarantor’s or the Beneficiary’s as applicable, direct or indirect shareholders, directors, officers, employees, independent auditors, legal counsel and other professional advisors to the extent such persons have a need to know, in each case if such person is informed of its confidential nature and of their duty to maintain the confidentiality thereof, and who prior to any such disclosures shall have agreed to be bound by such duty of confidentiality.

ARTICLE IV

MISCELLANEOUS

17.2.11 Governing Law

This Guaranty shall be governed by the laws of Sierra Leone and England and Wales. The Guarantor and the Beneficiary hereby irrevocably and unconditionally consents to submit to arbitration as provided in Article 28 of this Agreement in respect of any issues arising out of or relating to, this Guaranty, or the transactions contemplated hereby.

17.2.12 Notices

All notices and other communications to the Guarantor or to the Beneficiary may be electronically communicated by email, hand delivered or sent by registered post to any party hereto at the addresses provided below in this Section 32.2.12.

All communications intended for the Guarantor shall be sent to:

Attention: _____

Email Address: _____

All communications intended for Beneficiary shall be sent to:

Attention: _____

Email: _____

Or at any other address email of which either party shall have notified the other in writing in the manner prescribed in this Section 32.2.12 for notification.

For all purposes of this Guaranty, a notice or communication will be deemed effective:

- a) if delivered by hand or sent by registered post, on the day it is delivered unless:
 - i. that day is not a day upon which commercial banks are open for the transaction of business in the city specified (“Banking Day”) at the address for notice provided by the recipient or,

- ii. if delivered after the close of business on a Banking Day, then on the next succeeding Banking Day, and
- b) if sent by email, on the date transmitted, provided that oral or written confirmation of receipt is obtained from the recipient by the sender unless the date of transmission and confirmation is not a Banking Day, in which case on the next succeeding Banking Day.

17.2.13 Banking Days

Except as otherwise provided in this Guaranty, if any date on which a payment is to be made, notice is to be given or other action taken hereunder is not a Banking Day, then such payment, notice or other action shall be made, given or taken on the next succeeding Banking Day in such place, and in the case of any payment, no interest shall accrue for that delay.

17.2.14 Successors and Assigns

This Guaranty shall be binding upon the Guarantor and its successors and assigns and inure to the benefit of Beneficiary and its permitted successors and assigns under the Licence. Except as provided in Section 32.2.8 hereof, neither the Guarantor nor the Company may assign its obligations hereunder without the prior written consent of the Beneficiary.

17.2.15 Guaranty for Benefit of Beneficiary

This Guaranty is entered into by the Guarantor for the benefit of the Beneficiary. Nothing contained herein shall be deemed to create any right in or permit any Person to enforce or make any claim hereunder or to be in whole or in part for the benefit of any person other than the Beneficiary and its lawful agents or representatives.

17.2.16 Term

This Guaranty shall terminate and be of no further force and effect upon the earliest of:

- a) six months after the date all Guarantee Obligations have been satisfied in full;
- b) released by the Beneficiary of the Guarantor from its obligations hereunder;
- c) release of the Company from all its obligations under the Licence; provided that all guaranteed Obligations incurred to the date of such release have been undertaken or in the case of payments paid in full; or
- d) six months after the date of termination of the Licence; provided that all guaranteed Obligations incurred to the date of such release have been undertaken or in the case of payments such payments paid in full.

17.2.17 Amendments and Waivers

The provisions and performance of this Guaranty may be suspended, waived or amended, but only if, such suspension amendment or waiver is in writing and is signed by both the Guarantor and the Beneficiary.

17.2.18 Headings

The article and section headings of this Guaranty are for convenience only and shall not affect the construction hereof.

17.2.19 Partial Invalidity

The invalidity of any one or more phrases, sentences, clauses or sections in this Guaranty shall not affect the validity or enforceability of the remaining portions of this Guaranty or any part thereof.

17.2.20 No Waiver, Remedies

No failure or delay by the Beneficiary in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

17.2.21 Entire Agreement

This Guaranty constitutes one of the forms of guaranty to be provided with respect to guaranteeing the performance of work programs and obligations under the License and supersedes all oral statements and prior writings with respect thereto.

17.2.22 Execution in Several Counterparts

This Guaranty may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original; but such counterparts shall together constitute but one and the same instrument.

17.2.23 Irrevocability

The obligations upon the Guarantor herein are irrevocable and unconditional, and any payments demanded from the Guarantor by the Beneficiary, with respect to the obligations of the Company under the Licence, in accordance with the terms of this Guaranty shall be immediately honored by the Guarantor without caveat or cavil.

IN WITNESS WHEREOF, THE GUARANTOR being a registered corporate legal entity have caused this Guaranty to be executed in its respective name and on its behalf by its respective duly authorized officer as of the date first above written.

[NAME OF GUARANTOR]

By

[NAME OF BENEFICIARY]

By

DRAFT