



RECONNAISSANCE PERMIT AGREEMENT

For The Reconnaissance and Evaluation

of

G-Blocks: XX, XX, XX

- between -

The Government of the Republic of Sierra Leone

- and -

COMPANY NAME



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**THE PETROLEUM DIRECTORATE OF SIERRA LEONE
OFFICE OF THE PRESIDENT**

COMPANY
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THIS RECONNAISSANCE PERMIT AGREEMENT NO: PDSL-RPA-00X/2X, 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 “Permit Holder”).

CITATION AND COMMENCEMENT

This agreement may be cited as the Reconnaissance Permit Agreement No: PDSL-RPA- 00X/2X for **G-Blocks XXX, YYY and ZZZ** covering a total surface area of **XXX** square kilometres (**XXX sq.km**) as of 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 interested qualified companies to undertake Reconnaissance activities and Evaluate the Petroleum potential of all blocks declared by the State to be open for Petroleum Operations.
3. The Director General has been authorized to enter into an agreement to grant a Reconnaissance Permit to the Permit Holder for the purposes of evaluating the Petroleum potential.
4. The Area of Interest that is the subject matter of this Reconnaissance Permit Agreement has been declared open for Petroleum Operations by the Director General, and the Government of Sierra Leone desires to encourage and promote prospect evaluation within the said area of the Area of Interest.
5. The Permit Holder, having the financial ability, technical competence and professional skills necessary for carrying out the Reconnaissance Program herein described; desires to enter into a Reconnaissance Permit Agreement with the State for the evaluation of the Petroleum potential 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 “**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 directly holds five percent (5%) or more of the share capital or voting rights in the Licensee;
- 1.3 “**Associated Gas**” means Natural Gas produced from a well in association with Crude Oil;
- 1.4 “**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;
- 1.5 “**Block**” or “**Graticular Block**” means a portion of the Licence Area as depicted by the reference map in Article 17. Any reference to “Block” in this Licence Agreement means “Graticular Block”;
- 1.6 “**Business Day**” means weekday i.e., Monday to Friday;
- 1.7 “**Calendar Year**” means the period of twelve (12) months of the Gregorian calendar, commencing on January 1 and ending on the succeeding December 31;

- 1.8 “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;
- 1.9 “Data Use Agreement”** means a contractual document used for the transfer of non-public data that is subject to some restriction on its use;
- 1.10 “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;
- 1.11 “Effective Date”** means the date on which this Reconnaissance Permit Agreement comes into effect;
- 1.12 “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, 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 Permit Holder to pay any sum of money due under this Reconnaissance Permit Agreement;
- 1.13 “Foreign National Employee”** means an expatriate employee of the Permit Holder, its Affiliates, or its Sub-contractors who is not a citizen of Sierra Leone;
- 1.14 “IT Act”** means the Income Tax Act of 2000 and all amendments thereto;
- 1.15 “Month”** means a month of the Calendar Year;
- 1.16 “MMBO”** means Millions of Barrels of Crude Oil;
- 1.17 “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;

- 1.18 “Non-Associated Gas”** means Natural Gas produced from a well other than in association with Crude Oil;
- 1.19 “Operator”** means the same as is defined in The Act;
- 1.20 “Party”** means the State or Permit Holder, as the case may be;
- 1.21 “Permit Area or Area of Interest”** means the area covered by this Reconnaissance Permit Agreement in which the Permit Holder is authorized to evaluate for Petroleum potential, which is described in Annex 1 attached hereto and made a part of this Reconnaissance Permit Agreement, but excluding any portions of such area in respect of which Permit Holder’s rights hereunder are from time to time relinquished or surrendered pursuant to this Reconnaissance Permit Agreement;
- 1.22 “Permit Holder”** means **Company Name**, the Party to whom the rights conferred by this Reconnaissance Permit Agreement have been lawfully assigned;
- 1.23 “Permit Period or Validity Period”** means a period of twenty-four (24) calendar months, commencing on the Effective Date;
- 1.24 “Petroleum”** means Crude Oil or Natural Gas or a combination of both;
- 1.25 “Petroleum Licence Agreement”** means a contractual agreement between a contractor (Oil/Gas Company) and the State whereby the contractor bears all of the exploration costs and risks and the development and production costs in return for a stipulated share of the production resulting from this effort;
- 1.26 “Petroleum Product”** means any product derived from Petroleum by any refining or other process;
- 1.27 “Quarter”** means a quarter, commencing January 1, April 1, July 1 or October 1;
- 1.28 “Reconnaissance Permit”** means the right to evaluate for petroleum potential, issued by the Director General Petroleum Directorate acting on behalf of the government of Sierra Leone, and includes the Annexes attached hereto;

- 1.29 **“Remedy”** means to make good, or making good, such Default including performing the obligation of Permit Holder under the Reconnaissance Permit;
- 1.30 **“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;
- 1.31 **Specified Rate”** means the Secured Overnight Financing Rate (SOFR) in effect on the last business day of the last preceding month, plus two and half per cent (2.5%);
- 1.32 **“State”** means the Government of the Republic of Sierra Leone;
- 1.33 **“Subcontractor”** has the meaning assigned to that term in the Petroleum Act;
- 1.34 **“Term”** has the meaning assigned to it in Article 3;
- 1.35 **“Work Program”** means the work plan for the conduct of Reconnaissance Operations of the Permit Holder.



**THE PETROLEUM DIRECTORATE OF SIERRA LEONE
OFFICE OF THE PRESIDENT**

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2. ARTICLE 2: GRANT OF NON-EXCLUSIVE RIGHTS

2.1 The Director General hereby grants the Permit Holder a non-exclusive right to conduct Reconnaissance operations within and with respect to the Area of Interest and shall for this purpose be obliged to at its own risk, be liable for all associated costs and charges, deployment of personnel and equipment, technology losses and damages.

3. ARTICLE 3: VALIDITY PERIOD / EFFECTIVE DATE

- 3.1** This Reconnaissance Permit Agreement is non-exclusive and non-renewable, and the State has the exclusive right to cancel the Permit by notification to the Permit Holder of the imminent issue of an Exploration and Production Licence Agreement for the Permit Area under this Agreement.
- 3.2** This (Non-Exclusive) Reconnaissance Permit Agreement shall be valid for a period of twenty-four (24) Calendar months ("Validity Period") commencing at the "Effective Date" defined as the date of notification of the decision, signed by the Director General, granting to the Permit Holder the (Non-Exclusive) Reconnaissance Permit.
- 3.3** This Reconnaissance Permit Agreement becomes invalid when the State enters into an Exclusive Exploration and Production Licence Agreement for the Permit Area under this Agreement.
- 3.4** This Reconnaissance Permit Agreement becomes invalid for failure to pay surface rental fees as prescribed in Article 14 below.



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4. ARTICLE 4: AREA OF INTEREST

4.1 This (Non-Exclusive) Reconnaissance Permit Agreement 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 Agreement as Annex 1.

5. ARTICLE 5: MINIMUM RECONNAISSANCE WORK PROGRAM

5.1 Upon the Effective Date of this (Non-Exclusive) Reconnaissance Permit Agreement, the Permit Holder commits to undertake on the Area of Interest the following Minimum Reconnaissance Work Program pursuant to this Agreement:

a) XXX

b) YYY

c) ZZZ

5.2 The cost to execute this Minimum Reconnaissance Work Program is estimated to be **XXX** United States Dollars (**US\$XXX.00**).

5.3 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 the Permit Holder's compliance with its commitments related to this Agreement.

6. ARTICLE 6: PENALTY

6.1 It is the intention of the Parties that the Reconnaissance Work set out in the Minimum Reconnaissance Work Program shall be carried out by the Permit Holder as a minimum commitment. However, if for any reason other than Force Majeure, the Permit Holder has not completed the Minimum Reconnaissance Work Program during the Validity Period to which it is committed under Article 5, then the Permit Holder shall pay a penalty equal to the estimated cost of the Minimum Reconnaissance Work Program set out in Article 5.

7. ARTICLE 7: DELIVERABLES

- 7.1** The Permit Holder assumes the obligation to deliver to the State, 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.
- 7.2** Furthermore, the Permit Holder is under the obligation to communicate to the State all technical results obtained and shall hold periodic technical presentations at any location decided by mutual agreement, at least every two (2) months during the Validity Period.

8. ARTICLE 8: PDSL DATA

- 8.1** During the Validity Period of this (Non-Exclusive) Reconnaissance Permit Agreement, the State shall subject to the Data Use Agreement (where applicable), promptly make available to the Permit Holder, for reproduction, at the Permit Holder's costs, all geological, geophysical, well data and any other relevant data in its possession regarding the Area of Interest upon payment of requisite fees by the Permit Holder to the State.
- 8.2** It is agreed that all data supplied to the Permit Holder by the State shall remain the exclusive property of the State.
- 8.3** It is agreed that all data acquired by the Permit Holder during the Reconnaissance Period is the property of the State and thus will be handed over to the State when requested and no later than 5 Calendar Days upon completion of the Permit Period.
- 8.4** It is agreed that the Permit Holder cannot sell, or exchange data obtained during the Reconnaissance Period.

9. ARTICLE 9: OPTIONS

9.1 Not later than sixty (60) days before the end of the Validity Period, the Permit Holder shall notify the State of its decision concerning one of the following options:

- a) to relinquish all its rights in the Area of Interest; or
- b) its intention to apply for a Petroleum Exploration and Production Licence relating to the Area of Interest or any other available area in the Sierra Leone Basin.

10 ARTICLE 10: FORCE MAJEURE

10.1 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 fulfil shall be suspended to the extent that this non-performance is due to an event of Force Majeure.

10.2 With respect to this Agreement, an event of Force Majeure shall have the meaning ascribed to it in Article 1.

10.3 The Party that considers itself unable to fulfil its obligations due to an event of Force Majeure, shall inform the other Party thereof in writing no later than fifteen (15) Calendar Days of the Force Majeure. 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 Agreement.



11 ARTICLE 11: GOVERNING LAWS

11.1 This Agreement shall be governed and interpreted in accordance with the Laws of Sierra Leone.

12 ARTICLE 12: ARBITRATION

- 12.1** If any dispute results from this Agreement, the Parties shall make their best endeavours to come to an amicable and equitable settlement. If such settlement cannot be reached, the Parties shall enter into arbitration as defined here below;
- 12.2** All disputes to which this Agreement 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;
- 12.3** Any arbitral judgment shall be settled in conformity with generally accepted international petroleum practices and shall apply the Sierra Leone Law;
- 12.4** 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;
- 12.5** 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;
- 12.6** 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.

13 ARTICLE 13: CONFIDENTIALITY

13.1 Each one of the Parties shall deal with the terms of this Agreement, as well as all information gathered by it as a result of the operations prescribed in this Agreement ("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 Agreement, or if required by applicable law;
- b) is made by one Party to any affiliate, contractor, sub-contractor, or to any other third party in relation to the operations described in this Agreement, on the condition that the recipient commits himself to the confidentiality prescribed by this Agreement;
- c) is approved in writing by all of the Parties;
- d) is divulged to a credit establishment or any other financial institution for the financing of a loan or other financial agreement entered into for financing operations prescribed in this Agreement, 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 the Permit Holder in an application for the award of an Exploration and Production Licence, 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.

13.2 The Permit Holder shall inform the State before sending any press release or answers to any information demanded or requested by any stock exchange regulation relating to this Agreement.

14 ARTICLE 14: PAYMENT OF FEES

14.1 The Permit Holder shall pay a non-refundable sum of **One Hundred Thousand** United States Dollars (**US\$100,000.00**) to the State as a surface rental fee in respect to the Area of Interest within ten (10) Calendar Days of notification of an award of a Reconnaissance Permit.

14.2 The Permit Holder shall pay a non-refundable sum of **One Hundred and Fifty Thousand** United States Dollars (**US\$150,000.00**) to the State as training funds in respect to the Area of Interest within ten (10) Calendar Days of notification of an award of a Reconnaissance Permit.

14.3 Failure to make the requisite payment of surface rental fees as prescribed in Articles 14.1 and 14.2 will automatically cancel the grant of a Reconnaissance Permit.

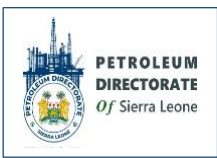


**THE PETROLEUM DIRECTORATE OF SIERRA LEONE
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15 ARTICLE 15: GUARANTEE

15.1 “The Permit Holder shall provide a guarantee in a form approved by the Director General in compliance with the Act”.



**THE PETROLEUM DIRECTORATE OF SIERRA LEONE
OFFICE OF THE PRESIDENT**



16 ARTICLE 16: NOTICE

16.1 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:

	Government of Sierra Leone	The Licensee
ADDRESS:	Director General Petroleum House 20 Mandalay Street, Kingtom Freetown, Sierra Leone	
TEL NO:	+232 (0) 74 33 65 10	
EMAIL:	directorgeneral@pd.gov.sl	

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:

DATE:

DATE:

BY:

BY:

FODAY B.L. MANSARAY
DIRECTOR GENERAL OF PDSL

HON. SHEKU BANGURA
MINISTER OF FINANCE

FOR THE PERMIT HOLDER REPRESENTED BY:

DATE:

DATE:

BY:

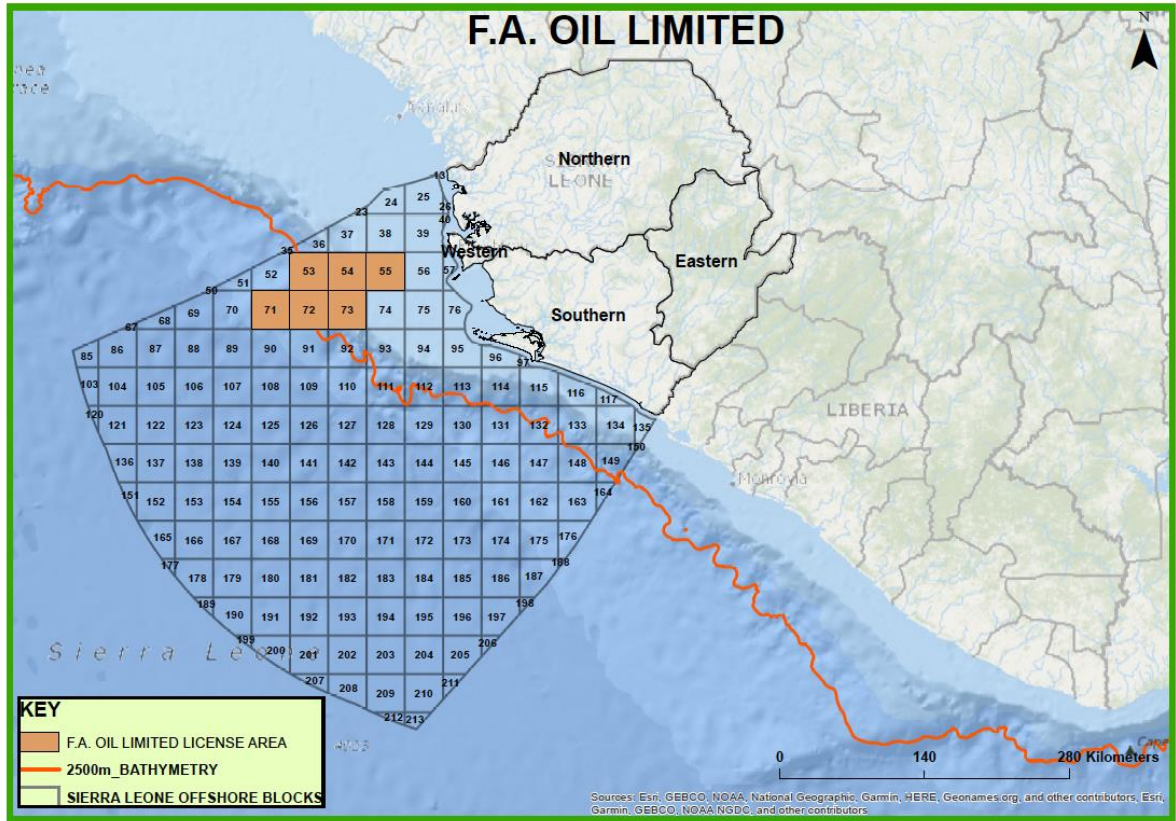
BY:

NAME
DESIGNATION

NAME
DESIGNATION

17 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 **X,XXX sq.km**:

LICENCE AREA COORDINATES:

NO.	FID	LONGITUDE	LATITUDE	X-COORDINATE	Y-COORDINATE
1	23	14° 2' 36.24	8° 41' 18.42	14.0434	8.68845
2	24	13° 48' 21.24	8° 46' 12.61	13.8059	8.77017
3	25	13° 29' 51.36	8° 48' 50	13.4976	8.81389
4	26	13° 18' 50.04	8° 43' 48.68	13.3139	8.73019

NO.	FID	LONGITUDE	LATITUDE	X-COORDINATE	Y-COORDINATE
5	35	14° 41' 36.6	8° 20' 45.92	14.6935	8.34609
6	36	14° 27' 38.88	8° 24' 32.15	14.4608	8.40893
7	37	14° 9' 19.44	8° 29' 6.86	14.1554	8.48524
8	38	13° 49' 59.88	8° 30' 0	13.8333	8.5
9	39	13° 30' 3.24	8° 29' 59.93	13.5009	8.49998
10	40	13° 19' 0.48	8° 31' 33.96	13.3168	8.5261
11	52	14° 49' 5.52	8° 8' 39.7	14.8182	8.14436
12	53	14° 30' 0	8° 10' 0.01	14.5	8.16667
13	54	14° 10' 0.12	8° 10' 0.01	14.1667	8.16667
14	55	13° 49' 59.88	8° 10' 0.01	13.8333	8.16667
15	56	13° 30' 0	8° 10' 0.01	13.5	8.16667
16	57	13° 17' 17.52	8° 11' 9.78	13.2882	8.18605
17	71	14° 49' 59.88	7° 49' 59.99	14.8333	7.83333
18	72	14° 30' 0	7° 49' 59.99	14.5	7.83333
19	73	14° 10' 0.12	7° 49' 59.99	14.1667	7.83333
20	74	13° 49' 59.88	7° 49' 59.99	13.8333	7.83333
21	75	13° 30' 0	7° 49' 59.99	13.5	7.83333
22	76	13° 13' 58.08	7° 49' 32.09	13.2328	7.82558
23	90	14° 49' 59.88	7° 30' 0	14.8333	7.5

NO.	FID	LONGITUDE	LATITUDE	X-COORDINATE	Y-COORDINATE
24	91	14° 30' 0	7° 30' 0	14.5	7.5
25	92	14° 10' 0.12	7° 30' 0	14.1667	7.5
26	93	13° 49' 59.88	7° 30' 0	13.8333	7.5
27	94	13° 30' 0"	7° 30' 00	13.5	7.5
28	95	13° 11' 0.6	7° 28' 58.94	13.1835	7.48304
29	108	14° 49' 59.88	7° 10' 0.01	14.8333	7.16667
30	109	14° 30' 0	7° 10' 0.01	14.5	7.16667
31	110	14° 10' 0.12	7° 10' 0.01	14.1667	7.16667
32	111	13° 49' 59.88"	7° 10' 0.01	13.8333	7.16667
33	112	13° 30' 0	7° 10' 0.01	13.5	7.16667
34	113	13° 10' 0.12	7° 10' 0.01	13.1667	7.16667
35	128	13° 49' 59.88	6° 49' 59.99	13.8333	6.83333
36	129	13° 30' 0	6° 49' 59.99	13.5	6.83333
37	130	13° 10' 0.12	6° 49' 59.99	13.1667	6.83333
38	131	12° 49' 59.88	6° 49' 59.99	12.8333	6.83333
39	132	12° 30' 0	6° 49' 59.99	12.5	6.83333
40	143	13° 49' 59.88	6° 30' 0	13.8333	6.5
41	144	13° 30' 0	6° 30' 0	13.5	6.5
42	145	13° 10' 0.12	6° 30' 0	13.1667	6.5

NO.	FID	LONGITUDE	LATITUDE	X-COORDINATE	Y-COORDINATE
43	146	12° 49' 59.88	6° 30' 0"	12.8333	6.5
44	147	12° 30' 0	6° 30' 0	12.5	6.5
45	148	12° 10' 0.12	6° 30' 0	12.1667	6.5
46	149	11° 51' 43.2	6° 31' 14.92	11.862	6.52081
47	150	11° 39' 5.4	6° 38' 37.97	11.6515	6.64388
48	159	13° 30' 0	6° 10' 0.01	13.5	6.16667
49	160	13° 10' 0.12	6° 10' 0.01	13.1667	6.16667
50	161	12° 49' 59.88	6° 10' 0.01	12.8333	6.16667
51	162	12° 30' 0	6° 10' 0.01	12.5	6.16667
52	163	12° 10' 8.04	6° 10' 7.57	12.1689	6.16877
53	164	11° 56' 48.12	6° 14' 41.17	11.9467	6.24477
54	174	12° 49' 59.88	5° 49' 59.99	12.8333	5.83333
55	175	12° 30' 0	5° 49' 59.99	12.5	5.83333



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