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BACKGROUND TO THE SECOND AMENDMENT TO THE PETEOLEUM AGREEMENT OF 23rd APRIL 2010.

The Agreement was signed on the 23rd April, 2010 between the Government of the Republic of Sierra Leone represented by the Director General of the Petroleum Resources Unit of the office of the President of the Republic of Sierra Leone now the Petroleum Directorate and European Hydrocarbons, for contract area, designated as Block SL-03 Offshore Sierra Leone.

Under the terms of the Agreement, contractor is entitled to an initial Exploration Period commencing on the effective date (The effective date being the date of ratification by Parliament the 22nd February 2011) and terminating on the third contract year, with a duration period of three (3) years.

Also, there is a first Extension Period of two (2) years, which terminate at the end of the fifth year of the contract period.

There is also an additional second Extension of two (2) years which terminate at the end of the Seventh year of the contract period with duration of two (2) years.

The Agreement was terminated on the 27th August 2013 due to differences of opinion on the interpretation of the meaning of 'Effective Date' and a perceived failure to comply with relinquishment obligation pursuant to Article 5.1(a) of the Agreement dated 23rd day of April 2010.

Following discussions between the State and European Hydrocarbons Limited pursuant to Article 24.1 and Article 27 of the Petroleum Agreement, pursuant to which the Parties agree to cooperate in every possible manner to achieve the objectives of the Agreement dated 23rd April, 2010, and having regard tc the policy of the State to encourage investors in the Upstream oil and ga: sector in Sierra Leone and to avoid protracted and costly Arbitratio proceedings, the Director General Petroleum Directorate, acting unde Executive Clearance by His Excellency the President reinstated the Agreemer

between the European Hydrocarbons and the State in respect of Contract area designated Block SL-03 subject to certain amendments and conditions as set out in the First Amendment dated 23rd day of September 2013.

The initial exploration period expired on the 23rd April, 2015 with Contractor fulfilling all obligations, including the acquisition of 2,500Km Sq. 3D Seismic.

In April 2015, Contractor notified the Petroleum Directorate of its intention to enter into the First Extension Period on the Contract area designated SL-03 and approval was so granted.

In accordance with the requirements of the Petroleum Licence Agreement, Contractor has relinquished 50% of the SL-03 licence area, reducing the licence area from 3,860 KM Sq. to 1,930 KM Sq.

Contemporaneously with the approval of the entry into the First Extension Period, the Petroleum Directorate cognisance of the global down turn in the upstream Oil and Gas Industry agreed to modify the work programme, minimum expenditure requirements and social obligations in favour of Contractor during the first Extension Period in the licence area.