



ANNEX 2

Prequalification to be Eligible as Operator in the 2024 Licensing Round

In this 2024 Licensing Round, the Authority is seeking pre-qualification applications from entities having both the technical experience in exploration, development and production, and the financial capacity, to act as operator (directly or through an entity wholly owned by the applicant) under a petroleum agreement in the form of a production sharing agreement (“PSC”) across the range of depths of the blocks on offer.

If an applicant does not have experience as operator across the full range of depths on offer, it may nonetheless seek prequalification, but may be limited by its prior experience as to the blocks it may seek to be awarded.

If an applicant has had success in carrying out exploration programs at depths relevant to the blocks on offer, but not experience in carrying out development and production experience at those depths, it should refer to the related discussion in section 3 of the Invitation to Participate and make sure it responds to paragraph 1.2 below.

Part 4 below addresses prequalification for entities an operator wishes to bring in as a non-operator participant (other than local companies prequalified as local participants).

Part 1. Technical Experience relevant to qualification as operator

- 1.1 Describe the applicant’s offshore exploration, development and production experience as operator over the past decade, with specifics as to field locations and average depths at which drilling occurred.

The above information may be provided in tabular format. Do not identify more than the seven most recent programs, but if none of those programs was successful, identify the three most recent programs in which the applicant has served as operator in the development and production period.

Identify the entity acting directly as operator in each program (if not the applicant), and whether such entity was or was not wholly-owned, directly or indirectly) by the applicant. If not wholly-owned, identify additional direct or indirect owner(s) of interests in such entity. (Ignore director’s qualifying shares, if any).

- 1.2 If an applicant has not acted as operator in one or more successful project development and production programs in the depth range but does have

experience through exploration to appraisal in that depth range, provide in addition an explanation of how an operator experienced in project development will be brought in, and discuss what success the applicant has previously had in conducting an exploration program and then bringing in an experienced operator.

- 1.3 Indicate whether the applicant or an entity in the chain of ownership to the proposed actual operator is qualified under ISO 14001 or OHSAS 18001, and provide proof of certification, or if not, explain why not.
- 1.4 Identify qualifications and experience of the three most senior employees that will be directly responsible for carrying out the design and execution of an offshore petroleum exploration program under the license, if granted. If applicant can not yet identify specific persons, supply such information for the three most senior officials expressly in charge of such design and execution activities. Experience need not be with the corporate group responsible for the applicant.

NOTE: An entity with no experience as an operator, directly or through an entity or entities controlled by the applicant, will not be pre-qualified as an operator in the 2024 license negotiation program regardless of the previous experience of its individual officers and employees.

- 1.5 List all material civil and criminal claims against applicant and affiliates for health, safety or environment violations in upstream petroleum operations for the last five years, and indicate resolution if resolved. A claim is material if criminal charges were brought against any such entity or any of its officers or employees, or if damages or penalties in excess of US\$5,000,000 were sought or in excess of US\$1,000,000 were awarded against any such entity.
- 1.6 To the extent not covered by item 1.5, summarize significant spills, fires and explosions, or mechanical/structural failure over the past five years occurring in projects in which it or entities under common control with it have acted as operator, by jurisdiction. Any such event is significant if the aggregate loss or damage to the company and third parties is reasonably considered as exceeding US\$5,000,000.

Part 2. Financial Capacity Requirements Qualifications for Prequalification as Operator

- 2.1 Provide the most recent three years of audited consolidated financial statement for the ultimate parent company (and for the applicant if audited consolidated financial statements are prepared for it). If such financial statements appear in a United States Form 10-K or similar annual report filed with a securities regulator, provide the entire report and any later audited consolidated financial statements.

- 2.2 Provide an explanation of how the operator proposes to finance the exploration and appraisal period, assuming the operator will perform the exploration period work programs described in the form of PSC published on the Authority's website in connection with this Licensing Round (including its strategy to bring in additional PSC participants if that will be necessary and its past success in doing so), and how it would propose to finance development and production if a commercial discovery is made.
- 2.3 Include a statement of projected funding requirements for the entity delivering financial statements pursuant to clause 2.1, above, and projected sources of funds, taking into account the potential costs of exploration under PSCs awarded pursuant to this Invitation to Negotiate.

NOTES: (1) An applicant is free to say that it expects to raise a portion of the funds from third party participants in the relevant PSC, but it should be clear about the level of external funding believed to be necessary, and should include information demonstrating that it has successfully funded exploration projects in such a manner.

(2) The response to items 2.2 and 2.3 should take into account the number of blocks for which the applicant is prepared to undertake exploration responsibilities and other demands on the financial capacity of the applicant. It is understood that an applicant may seek more blocks than it expects to be awarded, but the answer should take into account the number of blocks that the applicant would ultimately hope to receive.

- 2.4 Provide a description (with reasonable specificity) of how it has successfully financed past exploration and appraisal programs (including success in attracting third party PSC participants to bear a portion of the costs, if that is mentioned in the response to Item 2.3) and, separately, how it has financed past development and production programs (if it has not transferred production and development operator responsibilities to another entity).
- 2.6 As noted in the form of PSC published on the Authority's website, the applicant will be expected to provide a guarantee of the operator's financial obligations under the PSC prior to the declaration of a commercial discovery. Indicate whether this will be provided by a guarantee from an affiliate of the operator or by a letter of credit or standard form of bank guarantee from an independent financial institution with a credit rating of at least A1/A+ from an internationally recognized rating agency, and if the former, provide audited financial statements of such entity for the three most recent fiscal years for which such statements are available.

Part 3. General Corporate Information

Notes for this Part 3: (The ultimate parent owner is the highest level corporate, partnership or other organization, or individual that acting on its own can control, directly or through other entities it controls, the actions of the applicant.

(2) In the case of a trust the trustee(s) of the trust are deemed to have the function of directors unless they are required to act only as instructed by one or more beneficiaries or other third parties, in which case the holders of the power to instruct are deemed to have the function of directors.

(3) If a group of entities or individuals (other than the directors or other individuals holding similar legal authority with respect to an entity) habitually or pursuant to agreement act in concert to direct the actions of the applicant or a parent of the applicant, each member of the group must be identified by name and address as a supplement to Item 3.1(c) below.

- 3.1 Provide the following information for the applicant and, in the case of items (a) through (d), if the applicant is not the ultimate parent owner, for the ultimate parent owner:
- (a) Entity name:
 - (b) Jurisdiction of organization
 - (c) Names and addresses of directors and principal executive officers
 - (d) Location of principal executive office
 - (d) Address for notices and other formal communications in connection with the application for prequalification
- 3.2 The proposed operator must be a Liberian corporation directly or indirectly 100% owned by applicant (ignoring any director's qualifying shares). Identify the corporation involved, if formed, and set forth the chain of ownership that does or will exist between that entity and the applicant. The operator will be asked to provide its articles of incorporation/association and evidence of its corporate good standing/payment of all taxes due prior to the execution by it of a PSC.
- 3.3 The applicant must provide the following information about ownership and control of the applicant:
- (a) If the applicant is not the ultimate parent owner, set forth (preferably in a chart) the chain of ownership or control from the applicant up to the ultimate parent owner.

- (b) Identify the owner(s) of any equity securities of any entity in such chain of ownership that are not legally and beneficially owned (directly or indirectly) by the ultimate parent owner, including any securities that are convertible into or may be exchanged for equity securities.
- (c) If the applicant or any entity in the chain of ownership is listed on a stock exchange provide copies of the two most recent annual filings (such as the United States SEC Form 10-K) required to be filed with such stock exchange.
- (d) In addition, provide the following information, as of the most recent practicable date:
 - (i) if the ultimate parent owner is listed on a stock exchange, identify any legal or beneficial owner (identified by filings with such exchange or otherwise known to the ultimate parent owner) of more than five percent (5%) of any class of such entity's equity securities. The information shall be given by class of securities, name (and address if known), total number of shares of the class owned, and the percentage of the class so owned;
 - (ii) if the ultimate parent owner is not an individual and is not listed on a stock exchange, disclose the identity of each legal and (if known) beneficial holder of equity securities of the ultimate parent owner (including equity securities as to which an individual or entity is known to have the right to acquire legal or beneficial ownership); and
 - (iii) if the ultimate parent owner is an individual, the individual should make the disclosure required in clause (g)(i) above with respect to the initial entity controlled by it in the chain of ownership leading to the applicant with respect to equity securities of such entity listed on a stock exchange, and should make the disclosure required in clause (g)(ii) as to any other equity securities of such entity.

Note: If the ultimate parent owner appears to be separated from the applicant by a chain of privately held companies, the LPRA can be expected to seek additional information about the legal and beneficial ownership of such companies.

- 3.4 Identify any Politically Exposed Person known to the applicant or the ultimate parent entity to have a direct economic interest (a) in the applicant, (b) in any

entity controlling the applicant, or (c) in any contract to which the entity or any affiliate of such entity is a party.

NOTE: See definition of “Politically Exposed Person” at the end of this Annex.

- 3.5 Include a representation that none of the applicant, or any entity controlling or controlled by the applicant has made a payment or undertaken to make a payment to or for the benefit of any Politically Exposed Person in connection with the potential or actual award of a PSC to the applicant or its designated operator.

NOTE: Similar representations will be required in any PSC to which the applicant or its designated operator becomes a party.

Part 4. Non - Operator Participants

If an operator wishes to bring in a non-operator participant to share the financial obligations under a PSC, such additional participant should submit information (1) sufficient to enable the LPRA to conclude that such entity has actual experience in such a role in the conditions to be expected under that PSC and has the financial capacity to discharge its predictable share of obligations coming due under such PSC, and (2) responsive to Part 3 of this Annex. This may be done at the time of the initial prequalification filing by the applicant, or at a later time.

A pre-qualification request for a non-operator participant (other than a local company participant) requires the payment of a US\$2500 filing fee, to be paid in the manner provided in the Invitation to Participate for the payment of the operator application fee.

Part 5. Other Matters

- 5.1 An applicant must notify the LPRA by electronic mail (addressed to the email address provided for the submission of applications) of any change in the information provided pursuant to sections 3.1(a) through (f) above, and any material change in any other prequalification information provided pursuant to this Annex. A known change in beneficial ownership resulting in an individual, entity or group becoming or losing the status of a 5% beneficial owner is material, as is any change which to a reasonable observer would cast doubt on its ability to conduct successfully its proposed exploration program.

- 5.2 The LPRA may withdraw a favorable prequalification determination for the reasons specified in section 15.9 of the Petroleum Law¹ or if the LPRA determines in its discretion after notification to the applicant that an adverse change materially increases the risk that the applicant will be unable to carry out a successful exploration program.
- 5.3 The LPRA reserves the right to seek additional information from, or otherwise perform due diligence and "know your customer" reviews relating to, any prequalification applicant, its officers, directors and shareholders, and may take the information gained thereby into account in determining whether to prequalify an applicant.
- 5.4 The LPRA will not rank prequalified applicants, but it will consider relative experience, financial capacity and reputational issues in selecting applicants for negotiations. The LPRA will inform applicants that it does not prequalify of the nature of the deficiencies in their applications, and will give them reasonable opportunity to submit additional information if it believes that additional information might help the applicant's case. It is not obligated to delay the negotiation process for any block or blocks to facilitate such resubmission.

Part 6. Definition of Politically Exposed Person

Politically Exposed Person means an individual entrusted with a prominent public function of the Republic of Liberia, and such individual's close family members and known close associates.

- (1) Persons entrusted with prominent public functions include
- (a) heads of state or heads of government;
 - (b) members of parliament or of similar legislative bodies;

¹ Petroleum Law 15.9: "... the Authority may cancel the qualification notice issued to a company where:

- (a) there is an adverse material change in the status of the company;
- (b) the company supplies false or misleading information; or
- (c) the company fails to supply material information, in respect of or following, the application for a pre-qualification notice."

- (c) members of the governing bodies of political parties;
 - (d) members of supreme courts, of constitutional courts or of any judicial body the decisions of which are not subject to further appeal except in exceptional circumstances;
 - (e) members of courts of auditors or of the boards of central banks;
 - (f) ambassadors, charges d'affaires and high-ranking officers in the armed forces;
 - (g) members of the administrative, management or supervisory bodies of State-owned enterprises; and
 - (h) ministers and deputy or assistant ministers, and persons holding similar positions in other agencies or instrumentalities of the State (such as non-ministerial agencies and bodies with regulatory functions).
- (2) A family member of a PEP includes
- (a) a spouse or civil partner of the PEP;
 - (b) children of the PEP and spouses or civil partners of the PEP's children;
 - (c) parents of the PEP; and
 - (d) siblings of a PEP
- (3) A known close associate of a PEP includes
- (a) an individual known to have joint beneficial ownership of a legal entity with a PEP or a legal arrangement or any other close business relations with a PEP;
 - (b) an individual who has sole beneficial ownership of a legal entity or a legal arrangement which is known to have been set up for the benefit of a PEP.
- (4) A person is a known close associate of a PEP if any member of senior management of the disclosing entity has actual knowledge of the existence of a relationship above described, or the existence of such a relationship is public knowledge.