



ANNEX 3

Prequalification to be Eligible as Local Participant in the 2024 Licensing Round

Liberia’s Petroleum Law requires the LPRA to provide opportunity for local Liberian companies owned by natural persons of Liberian citizenship to obtain a 5% interest in petroleum agreements in the form of production sharing agreements (“PSCs”) awarded under the Petroleum Law. This Annex explains the prequalification requirements.

It also specifies that this interest may not be a carried interest. This means that the local participant must be able to source the funds required for its 5% share of the costs incurred in carrying out the exploration program (and, if there is a discovery, the development expenses) required under a PSC.

The LPRA will provide each entity selected to negotiate a PSC under the 2024 Licensing Round with a list of all entities determined to be qualified as local participants and will request that such entities be considered for inclusion as a participant in such PSC.

Part 1. Local Companies Prequalified in connection with 2020 Bid Round

A local company that was prequalified for the 2020 Bid Round will continue to be prequalified for the 2024 Licensing Round so long as the company certifies prior to the end of the prequalification period set forth in the Invitation to Participate in the 2024 Licensing Round that information supplied by the company as a basis for its 2020 prequalification remains true and correct in all material respects and there have been no material adverse changes in the financial condition of the company. Any change to a pure factual item, such as a tax identification number or the identity of its officers and directors, is deemed material for the purposes of the 2024 Licensing Round.

If such a company cannot so certify as to all such information, it must so certify as to that information as to which there are no material changes and present the corrected information by October 15, 2024, and the Authority will determine whether the changed information is such to warrant a determination that the company should no longer be regarded as prequalified.

The information required to be submitted in 2020 was as follows:

I. Legal Documentation

The information listed below should be provided as part of the application.

- 1) Name of Applicant (as set forth in its formal organizational documents)

- 2) Date of Incorporation or organization
- 3) Address of applicant's Registered Office
- 4) Registration number
- 5) An outline of the corporate structure, including an explanatory diagram, if appropriate, showing parent, subsidiary and affiliate companies.
- 6) List of all companies or individuals known to the applicant which directly or indirectly own or have beneficial interest (including voting or equity interest of more than 5%) in the applicant.
- 7) Any civil or criminal penalties sought from or assessed against the company, or any entity controlled by it relating to the operations of the company

II. Documents demonstrating Financial and Technical Capability

The information listed below should be provided as part of the application.

- 1) Details of financial status for successive years preceding the application (audited financial statements of applicant or its parent company or affiliates)
- 2) An indication of sources of funding to meet the financial obligations as part of the work program for executing the petroleum agreement if awarded. This may include,
 - a. Internal sources; and/or
 - b. Other sources.
- 3) Tax Identification Number of Company.
- 4) Organization chart of Company indicating names and titles of persons holding senior management positions and the manner in which the responsibilities for operations, and for legal compliance, environmental compliance and safety compliance with respect to operations are organized.

Please note that each entity prequalified to participate in the 2024 Licensing Round will be asked to certify before becoming a party to a PSC that no Politically Exposed Person has any economic interest (a) in the entity, (b) in any entity controlling such entity, or (c) in any contract to which the entity or any such controlling entity is a party, and that neither such entity, nor any entity controlling, controlled by or under common control with such entity nor any officer or director of any such entity 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 participation of the applicant in a PSC.

Local companies seeking continued qualification under this Part 1 must pay a non-refundable fee of US\$250 (Two Hundred Fifty United States Dollars) into the Authority's account and show proof of payment by including the bank deposit slip in the application

package. Checks or cash will not be accepted. No application will be processed in the absence of payment. Companies wishing to participate should submit a request for banking information from LPRA at info@lpra.gov.lr.

Note that prequalification in 2020 assumed that the entity that was prequalified would itself be the participant in a PSC. If the entity anticipates forming a subsidiary to participate in a PSC, please additionally provide the information required by Part 2 of this Annex regarding such subsidiary and its relationship to the pre-approved entity.

Other information concerning the form, timing and similar requirements for submissions under Part 1 is contained in Part 3, below.

Part 2. Local Companies newly seeking Prequalification

The local entity that actually participates in the PSC must be a Liberian corporation all of the outstanding equity securities of which are either (x) owned by individuals who are Liberian citizens, or (y) directly or indirectly owned by a Liberian corporation all of the equity securities of which are owned by individuals who are Liberian citizens.

If the proposed participant is not directly owned by Liberian citizens as provided in clause (x) of the preceding paragraph, the applicant must be the parent entity that is directly owned by Liberian citizens.

- 2.1 The applicant shall provide the following information and, if a subsidiary of the applicant is proposed to be the direct participant in the PSC, shall provide the same information for the proposed participant.
 - a) Entity name;
 - (b) copy of certificate of incorporation or other organizational document of the applicant;
 - (c) Names, addresses and nationalities of directors and officers;
 - (d) location of principal executive office and of an office in Liberia, if the principal executive office is not in Liberia; and
 - (e) addresses for physical and electronic notices and other formal communications in connection with the application for prequalification.
- 2.2 If the applicant will not be the direct participant in a PSC, set forth the details of the relationship between the applicant and the proposed participant, and certify that

all of the equity securities of the proposed participant are directly or indirectly owned legally and beneficially by the applicant.

- 2.3 Provide the name, address and nationality of each holder of record of equity securities of the applicant, identify the equity securities held by each such holder, and include a statement from each such holder of record that it is the beneficial owner of the equity securities held by it.
- 2.4 Identify any Politically Exposed Person known to the applicant to be an officer, director or employee of, or to have a direct economic interest (a) in the applicant, (b) in the entity that will participate in a PSC, (c) in any legal entity intervening between the two , or (d) in any contract to which the applicant or any entity owned or controlled by the applicant is a party. For the purposes of this paragraph 2.3 and paragraph 2.2(g), knowledge of a director or a senior executive officer of the applicant is deemed the knowledge of the applicant.

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

- 2.5 Include a representation signed by the chief executive office of applicant that neither the applicant, nor any entity controlling, controlled by or under common control with the applicant nor any officer or director of any such entity has made, caused to be made undertaken to make a payment to or for the benefit of any Politically Exposed Person in connection with the potential or actual participation of the applicant or a subsidiary of the applicant in a PSC.
- 2.6 Provide an audited consolidated financial statement for the applicant for the three most recent years for which such statements are available. If audited financial statements do not exist, provide unaudited statements for the same period certified by the applicant’s chief financial officer. If the entity has existed for a shorter period, provide the financial statements covering its period of existence.
- 2.7 Provide an explanation of how the applicant proposes to finance its obligations under a PSC for the exploration period. Please keep in mind that the Petroleum Law specifies that the local participant interest may not be a carried interest. This means that the local participant must be able to source the funds required for its 5% share of the costs incurred in carrying out the exploration program required under a petroleum agreement.
- 2.8 Each entity prequalified to participate in the 2024 Licensing Round will be asked to certify before becoming a party to a PSC that no Politically Exposed Person has any economic interest (a) in the entity, (b) in any entity controlling such entity, or (c) in any contract to which the entity or any such controlling entity is a party, and that neither the such entity, nor any entity controlling, controlled by or under common control with such entity nor any officer or director of any such entity 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 participation of the applicant in a PSC.

Local companies seeking first time qualification under this Part 2 must pay a non-refundable fee of US\$500 (Five Hundred United States Dollars) into the Authority's account and show proof of payment by including the bank deposit slip in the application package. Checks or cash will not be accepted. No application will be processed in the absence of payment. Companies wishing to participate should submit a request for banking information from LPRA at info@lpra.gov.lr.

Other information concerning the form, timing and similar requirements for applications is contained in Part 3, below.

Part 3. Other Matters

- 3.1 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 2.1(a) through (f) above, and any material change in any other prequalification information provided pursuant to this Annex. A known change in the beneficial ownership of the equity securities of the applicant or the ultimate parent entity is material.
- 3.2 The LPRA may withdraw a favorable prequalification determination for the reasons specified in section 15.9 of the Petroleum Law 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 perform its obligations under a PSC.
- 3.3 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.
- 3.4 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 would help the applicant's case. It is not obligated to delay the negotiation process for any block or blocks to facilitate such resubmission.

- 3.5 Prequalification applications made under Part 1 or Part 2 of the Annex shall be filed in the same manner and at the same time as provided for applications for operator prequalification in the Invitation to Participate to which this Annex is attached.

Part 4. 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;
 - (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.