

234

**FIRST AMENDMENT TO  
PRODUCTION SHARING AGREEMENT**

**BETWEEN**

**THE DEMOCRATIC REPUBLIC OF SÃO TOMÉ E PRÍNCIPE**

**REPRESENTED BY THE  
AGÊNCIA NACIONAL DO PETRÓLEO DE SÃO TOMÉ E PRÍNCIPE**

**AND**

**SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, EMPRESA PUBLICA  
– SONANGOL, E.P.**

**AND**

**TOTALENERGIES EP SAO TOME AND PRINCIPE B.V**

**FOR**

**BLOCK 2**

Amendment executed on the 26<sup>th</sup> day of June 2024.

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THIS FIRST AMENDMENT TO THE PRODUCTION SHARING AGREEMENT is entered into the 26<sup>th</sup> day of June of 2024 ("**Amendment Effective Date**") among:

(1) **THE DEMOCRATIC REPUBLIC OF SÃO TOMÉ E PRÍNCIPE** (the "**State**") represented by the Agência Nacional do Petróleo de São Tomé e Príncipe, with registered office at Avenida das Nações Unidas n.º 225 A, P.O. Box n.º 1048, in São Tomé and Príncipe, hereinafter referred to as ("**ANP-STP**");

(2) **SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, A PUBLIC COMPANY – SONANGOL, E.P.**, a company incorporated and existing under the laws of the Republic of Angola, with registered office in Luanda, Rua Rainha Ginga n. 29/31, 18<sup>th</sup> Floor, P.O. Box 1316 Luanda, Republic of Angola, registered with the Commercial Registry Office of Luanda under number 1993.101, and Tax Taxpayer No. 5410003284, hereinafter referred to as ("**Sonangol, E. P.**" or "**Sonangol**"),

(3) **TOTALENERGIES EP SAO TOME AND PRINCIPE B.V.**, a company incorporated and existing under the laws of the Netherlands, with registered office in Bordewijklaan 18, 2591XR's-Gravenhage, The Hague, The Netherlands, with a branch registered in Sao Tome and Principe at the Commercial Registry under number 859426, with representation at Av. da Independência 392, II/III, P.O. Box 638, Sao Tome - Sao Tome and Principe, hereinafter referred to as "**TotalEnergies**".

WHEREAS

- A. On October 4<sup>th</sup>, 2013, ANP-STP and SINOANGOL STP Block 2 Limited entered into the Production Sharing Agreement ("**Contract**") regarding Block 2, located in the Exclusive Economic Zone (EEZ) of São Tomé e Príncipe;
- B. As a result of the referred Contract, SINOANGOL STP Block 2 Limited held 90% (ninety percent) of the Participating Interest in the Contract with the remaining 10% (ten percent) held by the State of São Tomé, through ANP-STP;
- C. By private written document, dated March 31<sup>st</sup>, 2014, SINOANGOL STP Block 2, Limited transferred to **Sonangol E.P.**, 30% (thirty percent) of the Participating Interest held in the Contract and the position of operator of Block 2, with the consent being requested, in writing, by SINOANGOL STP Block 2 Limited, on February 10<sup>th</sup>, 2014 and consented by ANP-STP on March 7<sup>th</sup>, 2014;



D. On December 5<sup>th</sup>, 2016, the State terminated its participation in the Contract with SINOANGOL STP Block 2 Limited, making 60% (sixty percent) of the Participating Interest available.

E. Considering that the State received and accepted a technical and financial proposal from TotalEnergies, with a view of acquiring the 60% (sixty percent) of Participating Interest referred to in recital D;

F. Consequently, the participating interests in the Block 2 Contract shall be held as follows, as of this date:

ANP-STP – 10% (Ten percent);

**Sonangol**, E. P. – 30% (Thirty percent);

TOTALENERGIES – 60% (Sixty percent).

ANP-STP, **Sonangol**, E.P. and TotalEnergies, may hereinafter be referred to individually as "Party" and collectively as "Parties" and hereby enter into this First Amendment to the Contract (the "**Amendment**").

THEREFORE, the Parties agree that:

1. As of the Amendment Effective Date , all references in the Contract to the Contractor (as defined in the Contract) will be understood as being made also to **Sonangol**, E.P. and TotalEnergies, to the extent and in proportion to their Participating Interests in the Contract.

2. All references in the Agreement to the Party or Parties will include, as applicable, ANP-STP, **Sonangol** E.P. and TotalEnergies.

3. As of the Amendment Effective Date, the Form of Parental Guarantee corresponding to the Schedule 6 to the Contract is hereby replaced by the Form of Parental Guarantee corresponding to the Schedule 6 to this Amendment. **Sonangol**, E. P. and TotalEnergies will submit their respective Parental Guarantees, in accordance with Schedule 6 to this Amendment.

4. As of the Effective Date of this Amendment, the Parties agree, under the terms and for the purposes of clauses 27.4 and 32.1 of the Contract, that the following clauses of the Contract will now have the following wording:

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#### 4.1. Clause 1.1 – Definitions

The definition of "LIBOR" is hereby deleted and the definition of "Secured Overnight Financing Rate" or "SOFR" is introduced. All references to LIBOR in the Contract, including its Schedules, are for all purposes replaced by SOFR.

*"SOFR" means for any day, the Secured Overnight Financing Rate of 6 months, published by the Chicago Mercantile Exchange (or any successor administrator) and published in the site of Chicago Mercantile Exchange <https://www.cmegroup.com/market-data/cme-group-benchmark-administration/term-sofr.html#term> (or the site of any administrator or successor editor). Where, in respect of any day, SOFR (i) is negative, SOFR shall be deemed to be zero or (ii) is not published for that day, then, the SOFR of 6 months from the closest preceding day shall apply. If the resulting combination between SOFR and the interest rate set out in clause 12.2 is contrary to any applicable usury law, then the amount of interest to be applied shall be the maximum amount permitted by applicable law. If no such rate is published during a period of five (5) consecutive business days, another rate chosen by mutual agreement between the National Petroleum Agency and the Contractor shall apply.*

#### 4.2. Clause 2.1 - Signature Bonus

TotalEnergies will pay the State a bonus in the amount of US\$ 2,500,000.00 (two million five hundred thousand United States dollars), for the transfer of 60% (sixty percent) of the Participating Interest, within thirty (30) days from this Amendment Effective Date, through deposit in the National Petroleum Account and in immediately available funds.

#### 4.3. Clause 2.5 - Social Projects

The Contractor commits to undertake social projects during the Exploration Period valued at the total amount of US\$ 6,000,000.00 (six million United States dollars) distributed as follows:

- Phase I: US\$ 666,667 (six hundred and sixty-six thousand, six hundred and sixty-seven United States dollars) per year, for a total of US\$ 2,000,000.00 (two million United States dollars);
- Phase II: US\$ 1,000,000 (one million United States dollars) per year, for a total of US\$ 2,000,000 (two million United States dollars);
- Phase III: US\$ 1,000,000 (one million United States dollars) per year, for a total of US\$ 2,000,000 (two million United States dollars).

  
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If Petroleum is produced from the Contract Area, the Contractor shall undertake additional social projects according to the following table:

Cumulative Production (million barrels) or Barrels equivalent)	Value (million US\$) of Project
20	2
40	3
60	4

**4.4. Clause 4.2 - Term**

The Exploration Period shall be divided as follows:

- Phase I: 3 (three) years from the Amendment Effective Date;
- Phase II: From the end of Phase I until two (2) years after the end of Phase I;  
and
- Phase III: From the end of Phase II until 2 (two) years after the end of Phase II,  
subject to any extensions, pursuant to Clauses 5.1 (b) and/or (c).

**4.5. Clause 4.6 Term**

Contractor shall have the right to produce Petroleum from each Development Area for a period of twenty (20) years from the date of the first commercial Production in the relevant Development Area (the "**Production Period**").

**4.6. Clause 5.1 (b) Commercial Discovery and Declaration of Commerciality**

The Contractor will then have a period of two (2) years (unless otherwise agreed with the National Petroleum Agency) from the declaration of a Discovery to declare the Discovery, on its own or in aggregation with other Discoveries, a Commercial Discovery, the which may be extended for one (1) year, subject to the approval of the National Petroleum Agency and observance of Clauses 2.5 (pro rata per annum) and 14.7, if the results of those activities indicate that further works of Appraisal are necessary.

**4.7. Clause 7.2 - Minimum Work Program and Budget**

The minimum Work Program for each phase of the Exploration Period is as follows (the "**Minimum Work Obligations**"):

Phase I: The Contractor shall:

→ 202  
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- acquire, process and interpret a minimum of 1,500 km<sup>2</sup> (one thousand five hundred square kilometers) of 3D (three-dimensional) seismic data within three (3) years after the Amendment Effective Date;

Phase II: If Contractor elects to enter Phase II, then during such phase II of the Exploration Period, Contractor shall:

- drill one (1) Exploration Well in the Contract Area with a vertical subsea depth (DTV) that may be decided by agreement between the Contractor and the National Petroleum Agency in the course of the Petroleum Operations;

Phase III: If Contractor elects to enter phase III of the Exploration Period, then during such phase III, the Contractor shall:

- drill one (1) Exploration Well or one (1) Appraisal Well in the Contract Area with a vertical subsea depth (DTV) that may be decided by agreement between the Contractor and the National Petroleum Agency in the course of Petroleum Operations;

#### 4.8. Clause 7.3 - Minimum Financial Commitments

- (a) The Contractor shall be obligated to incur the following minimum financial commitment (the "**Minimum Financial Commitment**"):
  - Phase I: \$5,500,000 (five million five hundred thousand United States dollars)
  - Phase II: \$30,000,000 (thirty million United States dollars)
  - Phase III: \$30,000,000 (thirty million United States dollars)
- (b) If the Contractor fulfils the Minimum Work Obligations set forth in Clause 7.2 for each phase of the Exploration Period, then the Contractor shall be deemed to have satisfied the Minimum Financial Commitments for each such phase.
- (c) If the Contractor fails to complete the Minimum Work Obligations for any phase of the Exploration Period and such commitment has not been carried over to the next phase in accordance with Clause 7.7. (if any) with the consent of the National Petroleum Agency, then the Contractor shall pay to the State, by means of a deposit into the National Petroleum Account: (i) the difference between the Minimum Financial Commitment for the phase in progress and the amount actually expended in Petroleum Operations for such phase; and (ii) 2 % (**two per cent**) of the Minimum Financial Commitment for the subsequent phase that is not initiated, as penalty, in full and complete

122

compensation for potential claims for violation of this Contract and, notwithstanding Clause 20, this Contract will automatically terminate.

**4.9. Clause 7.8 - Minimum Financial Commitments**

Expenditures or work by the Contractor in excess of the Minimum Work Obligations or Minimum Financial Commitment for any phase shall be credited against and reduce the Minimum Work Obligations or Minimum Financial Commitments for the subsequent phase.

**4.10. Clause 7.11 - Performance Guarantee**

- (a) Within thirty (30) days from the Effective Date, the Contractor shall submit a performance guarantee, in a format approved by the National Petroleum Agency and issued by a reputable international financial institution approved by the National Petroleum Agency, to cover the Minimum Financial Commitment for Phase I of the Exploration Period,
- (b) Should the Contractor satisfy in full the conditions for continuing Petroleum Operations at the end of Phase I of the Exploration Period pursuant to Clause 7.2, a replacement performance guarantee, in the same format and issued by a reputable international financial institution, unless otherwise agreed with the National Petroleum Agency, shall be submitted within thirty (30) days from the date of the extension to cover the Minimum Financial Commitment for Phase II of the Exploration Period,
- (c) Should the Contractor satisfy in full the conditions for continuing Petroleum Operations at the end of Phase II of the Exploration Period pursuant to Clause 7.2, a replacement performance guarantee in the same format and issued by a reputable international financial institution, unless otherwise agreed with the National Petroleum Agency, shall be submitted within thirty (30) days from the date of the extension to cover the Minimum Financial Commitment for Phase III of the Exploration Period.

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#### 4.11. Clause 9.2 - Rights and Obligations of the Parties

(e) exercise all rights, comply with all the obligations under the Petroleum Law, applicable economic sanctions and export controls and any other applicable laws, and pay the following fees to the State, by means of deposit into the account of National Petroleum Agency of São Tomé e Príncipe (all expressed in United States Dollars).

#### 4.12. Clause 10.1 Recovery of Operating Costs and Sharing of Petroleum Production.

The allocation of Available Crude Oil will be calculated on a Contract Area basis for Royalty Oil, Cost Oil and Profit Oil. The allocation of Available Crude Oil shall be in accordance with the Accounting Procedures, the Allocation and Lifting Procedures and this Clause 10 as follows:

- (a) Royalty Oil will be allocated to the State from the first day of Production, based on the daily total of Available Crude Oil from the Contract Area, set at a rate of 2% (two percent);
- (b) Cost Oil will be allocated to the Contractor in such quantity that results in an amount of Revenue sufficient for recovery of Operating Costs in the Contract Area. All costs will be recovered in United States dollars through the Cost Oil allocation;
- (c) Cost Oil will not exceed 80% (eighty percent) of Available Crude Oil in the Contract Area after deduction of the Royalty Oil in any accounting period;
- (d) Profit Oil, being the balance of Available Crude Oil after deducting Royalty Oil and Cost Oil will be allocated to each Party based on the pre-tax, nominal rate of return calculated on a quarterly basis for the Contract Area in accordance with the following table:

Rate of Return for Contract Area (% per annum)	Government Share of Profit Oil	Contractor Share of Profit Oil
<16%	0%	100%
>=16 % < 19%	10%	90%
>=19% < 23 %	20%	80%
>=23% < 26%	40%	60%
>=26%	50%	50%

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**4.13. Clause 10.2 Recovery of Operating Costs and Sharing of Petroleum Production.**

From the date of Commercial Discovery, the Contractor's rate of return will be determined at the end of each Quarter on the basis of the accumulated net cash flow for the Contract Area, using the following procedure:

- (a) The Contractor's net cash flow for the Contract Area for each Quarter will be:
  - (i) The sum of Contractor's Cost Oil and share of Contract Area Profit Oil regarding the Petroleum actually lifted in that Quarter at the Realizable Price;
  - (ii) Minus Operating Costs;
- (b) For this computation, neither any expenditure incurred prior to the date of Commercial Discovery for the Contract Area nor any Exploration Expenditure shall be included in the computation of the Contractor's net cash flow.
- (c) The Contractor's net cash flows for each Quarter are compounded and accumulated for the Contract Area from the date of the Commercial Discovery according to the following formula:

$$\text{ACNCF (Current Quarter)} = (100\% + \text{DQ}) \times \text{ACNCF (Previous Quarter)} + \text{NCF (Current Quarter)} 100\%$$

where:

ACNCF = accumulated compounded net cash flow

NCF = net cash flow

DQ = quarterly compound rate (in percent)

The calculation will be made using quarterly compound rates (in percent) of 3.78%, 4.45%, 5.31% and 6.95% which correspond to annual compound rates ("DA") of 16%, 19%, 23% and 26%, respectively.

- (d) The Contractor's rate of return in any given Quarter for the Contract Area shall be deemed to be between the highest DA which yields a positive or zero ACNCF and the lowest DA which causes the ACNCF to be negative.
- (e) The sharing of Profit Oil from the Contract Area between the State and the Contractor in a given Quarter must be in accordance with the table in Clause 10.1(d) above using the Contractor's deemed rate of return as per paragraph (d) in the immediately preceding Quarter in accordance with paragraph (c) of Clause 10.2.



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- (f) In the Contract Area, it is possible for the Contractor's deemed rate of return to decline as a result of negative cash flow in a Quarter with the consequence that Contractor's share of Profit Oil from the Contract Area would increase in the subsequent Quarter.
- (g) Pending finalization of accounts, Profit Oil from the Contract Area must be shared on the basis of provisional estimates, if necessary, of deemed rate of return as approved by the National Petroleum Agency. Adjustments shall be made with the procedure subsequently to be adopted by the National Petroleum Agency.

**4.14. Clause 10.6 Recovery of Operating Costs and Sharing of Petroleum Production.**

Any Party may, at the request of any other Party, lift such other Party's Available Crude Oil pursuant to Clause 10.3 and the Party carrying out the lifting must transfer, within thirty (30) days from the end of the month in which the lifting occurred, to the account of the non-lifting Party the Revenues from the sale to which the latter is entitled. Overdue payments shall bear interest at the rate of SOFR plus two percent (2%).

**4.15. Clause 12.3 Payments**

Any payments to be made pursuant to this Contract shall be made within twenty (20) days following the end of the month in which the obligation to make such payments is incurred.

**4.16. Clause 14.8 - Employment and Training of National of the State**

During the Production Period the Contractor shall spend each Calendar Year an amount equivalent to US\$ 250,000.00 (two hundred and fifty thousand United States dollars) on scholarships for the training of nationals of São Tomé and Príncipe at institutions to be selected by the National Petroleum Agency. In connection with the review of the annual Work Program and Budgets, the National Petroleum Agency may propose additional budgets for training and the Parties may jointly agree to such proposal.

**4.17. Clause 28 - Operator**

TotalEnergies is hereby designated as the Operator under this Contract to execute, for and on behalf of the Contractor, all Petroleum Operations in the Contract Area pursuant to and in accordance with this Contract and the Petroleum Law.

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#### 4.18. Clause 30 - Notices

30.1 Any notice or other communication required to be given by a Party to another shall be in writing (in Portuguese and English) and shall be considered as duly delivered if given by hand delivery in person, by courier or another electronic means of transmitting written communications which generates a written confirmation of delivery, by facsimile at the following addresses:

Agência Nacional do Petróleo de São Tomé e Príncipe (ANP-STP)

Avenida das Nações Unidas, 225 A

C.P.1048

Sao Tome, Sao Tome and Principe

Attn: Executive Director

E-mail: [anp\\_geral@cstome.net](mailto:anp_geral@cstome.net)

Tel: +239-2243350

Sonangol, E. P.

Address: Rua Rainha Ginga n. 29/31, 18 Andar, P.O. Box 1316 Luanda, Republic of Angola

Name: Sebastião Pai Querido Gaspar Martins; Presidente do Conselho de Administração

Email: [sebastiao.martins@sonangol.co.ao](mailto:sebastiao.martins@sonangol.co.ao)

Tel: (+244) 226 642 261 / (+244) 226 642 262

TotalEnergies

Address: TotalEnergies EP Sao Tome and Principe B.V.

Av. Da Independência n.º 392, 11/III, P.O.Box 638, São Tomé and Príncipe

Name: Rui Rodrigues; Managing Director

Email: [rui.rodrigues@totalenergies.com](mailto:rui.rodrigues@totalenergies.com)

Tel: (+244) 222 390 293 • (+244) 222 674 000

5. All other provisions of the Contract that have not been expressly modified by this Amendment shall remain unaffected and in full force and effect.

6. Capitalized terms in this Amendment that are not specifically defined herein shall have the same meaning as given to them in the Contract.

Signed and executed on 26<sup>th</sup> of June, 2024, in three (3) originals, each Party remaining in possession of one (1) of them.

  
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IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed the day and year first above written.

SIGNED AND DELIVERED for and on behalf of: THE STATE represented by Agência Nacional do Petróleo de São Tomé e Príncipe

Signature: *Alvaro Silva*  
Name: *Alvaro Silva*  
Designation: *Executive Director*

In the presence of:  
Signature: *[Signature]*  
Name: *António Zefenno*  
Designation: *Director Jurídica*

SIGNED AND DELIVERED for and on behalf of SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, EMPRESA PÚBLICA (Sonangol, E.P)

Signature: *B. Costa*  
Name: *BENEDITINO CHITANGUE*  
Designation: *EXECUTIVE DIRECTOR*

In the presence of:  
Signature:.....  
Name:.....  
Designation :.....

SIGNED AND DELIVERED in the name and on behalf of TOTAL E&P SAO TOME AND PRINCIPE B.V.

Signature: *[Signature]*  
Name: *Rui Rodrigues*  
Designation: *Director General*

In the presence of:  
Signature:.....  
Name:.....  
Designation :.....

*[Handwritten mark]*  
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## SCHEDULE 3

### ASSIGNMENT AND LIFTING PROCEDURES

1 - If Crude Oil is to be produced from the Contract Area, the Parties shall, in good faith and not fewer than twelve (12) months before the commencement of production, as promptly notified by the Operator, negotiate and agree the terms of a lifting agreement based on the 2001 version of the AIPN Model Lifting Agreement to cover the offtake of Available Crude Oil produced under the Contract. Consistent with the Field Development Program and subject to terms of the Contract, the lifting agreement shall make provision for:

- i) The Delivery Point;
- ii) Operator's regular periodic advice to the Parties of estimates of Available Crude Oil for succeeding periods, quantities of each type and/or grade of Crude Oil forecast to be produced consistent with the projected production schedule approved as part of the approved Work Program and each Party's entitlement for as far ahead as is necessary for Operator and the Parties to plan lifting arrangements, taking into account each such Party's entitlement at the beginning of, and scheduled liftings during, each period. Such advice shall also cover, for each type and/or grade of Crude Oil, the Available Crude Oil and deliveries for the preceding period, and overlifts and underlifts;
- iii) Nomination by the Parties to Operator of acceptance of their entitlements for the succeeding period, with such nominations in any one period being for each Party's entire entitlement during that period, subject to overlifting limits, underlifting limits, operational tolerances and minimum economic cargo sizes or as the Parties may otherwise agree;
- iv) Timely mitigation of the effects of overlifts and underlifts;
- v) If offshore loading or a shore terminal for vessel loading is involved, vetting procedures relating to risks regarding tankers and procedures for demurrage and (if applicable) availability of berths;
- vi) Procedures to make available to each Party its nominated quantities of each type and grade of Crude Oil, and to ensure that each Party takes delivery as it is made available in each period of its respective entitlement of grades, gravities and qualities of Crude Oil from the Contract Area;
- vii) To the extent that distribution of entitlements on such basis is impracticable due to availability of facilities and minimum cargo sizes, a method of making periodic adjustments; and
- viii) The right of the other Parties to sell an entitlement that a Party fails to nominate for acceptance under paragraph (iii) above or of which a Party fails to take delivery, in accordance with applicable agreed procedures, provided that such failure either breaches Operator's, or such Party's, obligations under the Contract, or is likely to result in the curtailment or shut-in of production. Such sales shall be made only to the limited extent necessary to avoid disruption in Petroleum Operations. Operator shall give all Parties as much notice as is practicable of such situation and that a right of sale option has arisen. Any sale shall be of the un-nominated or undelivered entitlement (as applicable) and for reasonable periods of time (in no event to exceed twelve (12) Calendar Months). Payment terms for production sold under this option shall be established in the lifting agreement.

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2. If a lifting agreement has not been agreed before the commencement of Production, the Operator shall act as lifting coordinator and the Parties shall be obligated to take and separately dispose of their entitlement to such Crude Oil (taking overlifts and underlifts into account) and in addition shall be bound by the principles set forth in this Schedule 3 until a lifting agreement is agreed by the Parties.

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## SCHEDULE 6

### FORM OF PARENTAL GUARANTEE

THIS GUARANTEE is made on this [INSERT DAY] of [INSERT MONTH AND YEAR]

BETWEEN:

- (1) **[THE GUARANTOR]**, a company organized and existing under the laws of [*insert* JURISDICTION], and having its registered office at [INSERT ADDRESS] (the Guarantor); and
- (2) **THE DEMOCRATIC REPUBLIC OF SAO TOME AND PRINCIPE** (the "State"), represented for the purposes of this Guarantee by the National Petroleum Agency.

**WHEREAS**, the Guarantor is the parent entity of [INSERT NAME OF COMPANY] organized and existing under the laws of [INSERT JURISDICTION], and having its registered office at [INSERT ADDRESS] (the "**Company**");

**WHEREAS**, the Company has entered into a production sharing contract (the Contract) with, among others, the State in respect of the Contract Area;

**WHEREAS**, the State desires that the execution and performance of the Contract by the Company be guaranteed by the Guarantor and the Guarantor desires to furnish this Guarantee as an inducement to the State to enter into the Contract and in consideration of the rights and benefits inuring to the Company thereunder; and

**WHEREAS**, the Guarantor accepts that it fully understands the contractual obligations under the Contract of the Company.

**NOW THEREFORE**, it is hereby agreed as follows:

#### 1. Definitions and Interpretation

All capitalized words and expressions in this Guarantee have the same meaning as in the Contract, unless otherwise specified herein.

#### 2. Scope of this Guarantee

The Guarantor hereby guarantees to the State the timely payment of any and all indebtedness and the procurement of the timely performance of all obligations whatsoever of the Company to the State arising under or in relation to the Contract, including the payment of any amounts required to be paid by the Company to the State when the same become due and payable; provided, however, that the liability of the Guarantor to the State hereunder shall not exceed the lesser of:

- (a) the liabilities of the Company to the State;
- (b) Company' s paying interest share of ten million Dollars (\$10,000,000) during the Exploration Period, as may be extended in accordance with the Contract; and

- (c) Company' s paying interest share of two hundred and fifty million Dollars (\$250,000,000) during the Production Period.

### **3. Waiver of Notice, Agreement to All Modifications**

The Guarantor hereby waives notice of the acceptance of this Guarantee by the State and of the state of indebtedness of the Company at any time, and expressly agrees to any extensions, renewals, modifications or acceleration of sums due to the State under the Contract or any of the terms of the Contract, all without relieving the Guarantor of any liability under this Guarantee.

### **4. Absolute and Unconditional Guarantee**

The obligations of the Guarantor shall be an absolute, unconditional and (except as provided in Article 2 above) unlimited guarantee of payment and procurement of performance to be performed strictly in accordance with the terms hereof, and without respect to such defences as might be available to the Company.

### **5. No Discharge of Guarantor**

The obligations of the Guarantor hereunder shall not in any way be released or otherwise affected by: a release or surrender by the Company of any collateral or other security it may hold or hereafter acquire for payment of any obligation hereby guaranteed; by any change, exchange or alteration of such collateral or other security; by the taking of or the failure to take any action with respect thereto either against the Company or against the Guarantor; or by any other circumstance which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

### **6. No Prior Action Required**

The State shall not be required to make demand for payment or performance first against the Company or any other Person or to proceed against any collateral or other security which might be held by the State or otherwise to take any action before resorting to the Guarantor hereunder.

### **7. Cumulative Rights**

All rights, powers and remedies of the State hereunder shall be cumulative and not alternative, and shall be in addition to all rights, powers and remedies given to the State by law or otherwise.

### **8. Continuing Guarantee**

This Guarantee is intended to be and shall be considered as a continuing guarantee of payment and performance and shall remain in full force and effect for so long as the Contract and any amendments thereto shall remain outstanding or there shall exist any liability of the Company to the State thereunder. **Notice of Demand**

Upon default in the performance of any of the obligations of the Company guaranteed hereunder, and provided that the State has communicated to the Company such default and the latter has not remedied or taken the necessary steps to remedy such default within a reasonable period of time, the State or its duly authorized attorney may give written notice to the Guarantor at its principal office in [INSERT JURISDICTION] of the amount due, and the Guarantor, within a period of ten (10) business days, will make, or cause to be made, payment of such amount as notified, in

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United States Dollars, at such bank or other place in [INSERT JURISDICTION] as the State shall designate and without set-off or reduction whatsoever of such payment in respect of any claim the Guarantor or the Company may then have or thereafter might have.

#### **9. Assignment**

The Guarantor shall not in any way effect, or cause or permit to be effected, the assignment or transfer of any of its obligations hereunder without the express written consent of the State.

#### **10. Subrogation**

Until all indebtedness hereby guaranteed has been paid in full, the Guarantor shall have no right of subrogation to any security, collateral or other rights which may be held by the State.

#### **11. Payment of Expenses**

The Guarantor shall pay to the State all reasonable costs and expenses, including attorney's fees, incurred by it in collecting or compromising any indebtedness of the Company hereby guaranteed or in enforcing the Contract or this Guarantee.

#### **12. Governing Law and Arbitration**

This Guarantee shall be governed by and interpreted in accordance with the laws of the State.

All disputes or claims arising out of or relating to this Guarantee shall be finally settled by arbitration, in accordance with the procedure set forth in the Contract; however, if in addition to the arbitration hereunder an arbitration has also been commenced under the Contract with respect to obligations hereby guaranteed, the arbitration commenced hereunder shall be consolidated with the arbitration commenced under the Contract and the arbitral body appointed hereunder shall be the same arbitral body appointed pursuant to the Contract. The arbitration shall be conducted in the Portuguese and English languages and the decision shall be final and binding on the parties.

#### **13. Severability of Provisions**

In the event that for any reason any provision hereof may prove illegal, unenforceable or invalid, the validity or enforceability of the remaining provisions hereof shall not be affected.

#### **14. Confidentiality**

The Guarantor agrees to treat this Guarantee and the Contract as confidential and shall not disclose, willingly or unwillingly, to any third party, except to the extent required by law or the requirements of any court or stock exchange on which a Party's or its Affiliate's stock is publicly traded, the terms and conditions hereof or thereof without the prior written consent of the State.

  
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**IN WITNESS WHEREOF**, the Guarantor and the State have entered into this Guarantee,  
this [INSERT DAY] day of [INSERT MONTH AND YEAR].

**[GUARANTOR]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**THE DEMOCRATIC REPUBLIC OF SÃO TOMÉ E PRÍNCIPE REPRESENTED BY  
THE AGENCIA NACIONAL DO PETROLEO DE SAO TOME E PRINCIPE**

By: \_\_\_\_\_

Title: \_\_\_\_\_

→  
RR