Dear [Name]:

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-103-2017)

On July 31, 2018, the Department of Natural Resources received your request for access to the following records/information:

A copy of the framework agreement for Bay du Nord.

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to the requested records. The records are attached.

We are providing access to the most information possible but have made several redactions in accordance with Sections; 35 (1) (d), 35 (1) (f), 35 (1) (g), 39 (1) (a) (ii), 39 (1) (b), 39 (1) (c) (i), and 39 (2) of ATIPPA, 2015 as follows:

35. (1) (d) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party;

35. (1)(f) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose positions, plans, procedures, criteria or instructions developed for the purpose of contractual or other negotiations by or on behalf of the government of the province or a public body, or considerations which relate to those negotiations;

35. (1)(g) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which
could reasonably be expected to prejudice the financial or economic interest of the
government of the province or a public body;

39. (1) (a) (ii) The head of a public body shall refuse to disclose to an applicant
information that would reveal commercial, financial, labour relations, scientific or
technical information of a third party;

39. (1) (b) The head of a public body shall refuse to disclose to an applicant information
that is supplied, implicitly or explicitly, in confidence;

39. (1) (c) (i) The head of a public body shall refuse to disclose to an applicant
information the disclosure of which could reasonably be expected to harm significantly
the competitive position or interfere significantly with the negotiating position of the
third party,

39. (2) The head of a public body shall refuse to disclose to an applicant information
The head of a public body shall refuse to disclose to an applicant information that was
obtained on a tax return, gathered for the purpose of determining tax liability or
collecting a tax, or royalty information submitted on royalty returns, except where that
information is non-identifying aggregate royalty information.

We have redacted in full pages 39 and 40 under 35 (1) (d), 35 (1) (f), 35 (1) (g) and 39 (2)
of ATIPPA, 2015.

As set out in section 42 of the Act you may ask the Information and Privacy Commissioner to review the department’s decision to provide access to the requested information. A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your request should identify your concerns with the department’s response and why you are requesting a review.

The request for review may be addressed to the Information and Privacy Commissioner
is as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P.O. Box 13004, Stn. A
St. John’s, NL. A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500
Pursuant to section 52 of the Act, you may also appeal directly to the Supreme Court Trial Division within 15 business days after receiving the department’s decision.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

For further details about how an access to information request is processed, please refer to the Access to Information Policy and Procedures Manual at http://www.atipp.gov.nl.ca/info/index.html.

If you have any questions, please feel free to contact me at 709-729-0463 or rhynes@gov.nl.ca.

Sincerely,

Rod Hynes
ATIPP Coordinator
BAY DU NORD FRAMEWORK AGREEMENT

BETWEEN

HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF NEWFOUNDLAND AND LABRADOR

AND

EQUINOR CANADA LTD.

AND

HUSKY OIL OPERATIONS LIMITED

AND

NALCOR ENERGY – OIL AND GAS INC.

JULY 26, 2018
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BAY DU NORD FRAMEWORK AGREEMENT

THIS BAY DU NORD FRAMEWORK AGREEMENT (the “Agreement”) dated as of July 26, 2018 is made by and between each of the following:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR (the “Province”);

EQUINOR CANADA LTD., a corporation existing under the laws of Alberta, having its head office in the City of Calgary, in the Province of Alberta (“Equinor”);

HUSKY OIL OPERATIONS LIMITED, a corporation existing under the laws of Alberta, having its head office in the City of Calgary, in the Province of Alberta (“Husky”); AND

NALCOR ENERGY – OIL AND GAS INC., a corporation existing under the laws of Newfoundland and Labrador, having its head office in the City of St. John’s, in the Province of Newfoundland and Labrador (“Nalcor Oil”).

RECITALS

A. The Project provides a unique opportunity to develop a project in a deep water environment that will succeed and compete on a global setting where the Proponents are committed to assisting the Province in increasing the capacity and competitiveness of the oil and gas supply chain in the Province.

B. The Proponents aspire to minimize the carbon intensity of the Project.

C. The Province, Nalcor Oil and the Proponents wish to set forth in this Agreement their respective rights and obligations in respect of royalties, local benefits requirements, and ownership participation in the Project by Nalcor Oil.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration and in consideration of the premises and the mutual and other covenants and agreements herein contained, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties agree as follows:

ARTICLE 1
DEFINITIONS, INTERPRETATION AND EXHIBITS

1.1 Definitions

In this Agreement, unless expressly stated to the contrary or the context otherwise requires, words and phrases used in this Agreement that are (i) defined in this Article 1 shall have the meanings given to them in this Article 1 and (ii) not defined in this Article 1 but are defined in the Royalty Regulations shall have the meanings as set out in the Royalty Regulations.

(b) "Acquisition Agreement" has the meaning given to such term in Section 4.1(b)(ii).

(c) "Affiliate" shall have the same meaning as "affiliated persons" in Section 251.1 of the *Income Tax Act* (Canada), as amended from time to time.

(d) "Agreement", "this Agreement" or "the Agreement" means this agreement including all Exhibits.

(e) "Assignment" means an assignment, transfer or other disposition (including a distribution in the course of a winding-up).

(f) "Baccalieu Area" means:
   
   (i) as of the Effective Date, that portion of lands within EL 1154 and EL 1143 as included in the "Baccalieu Proposed Significant Discovery Declaration" as set out in Exhibit "A"; and

   (ii) following the issuance by the C-NLOPB of one or more significant discovery licences including all or a portion of such lands, such significant discovery licences including any production licences arising directly therefrom and any extension, renewal, replacement or amendment thereof agreed to in writing by the C-NLOPB.

(g) "Benefits Agreement" has the meaning given to such term in Section 4.1(b)(i).

(h) "Benefits Plan" means a Canada-Newfoundland and Labrador benefits plan submitted by the Operator on behalf of the Proponents to the C-NLOPB under section 45 of the Accord Acts.

(i) "Canada" means Her Majesty the Queen in Right of Canada or the geographical territory of Canada as the context may require.

(j) "Claims" includes claims, demands, complaints, actions, suits, causes of action, assessments or reassessments, charges, judgments, debts and liabilities, whether contingent or otherwise.

(k) "Closing Date" means the date on which the Proponents and Nalcor Oil enter into the Acquisition Agreement.

(l) "C-NLOPB" means the Canada-Newfoundland and Labrador Offshore Petroleum Board established pursuant to the Accord Acts.

(m) "Development Plan" means a development plan for the Project submitted to and approved by the C-NLOPB in accordance with the Accord Acts.

(n) "Development Project" means the exploration, development and production of petroleum substances from the Project Lands and the ownership, lease,
construction, operation, maintenance, decommissioning and abandonment of all the assets in which the Proponents hold an undivided interest in relation to such activities.

(o) “Effective Date” means the first date indicated on the first page of this Agreement.

(p) “EL 1143” means exploration licence No. 1143 effective as of January 15, 2016 issued by the C-NLOPB as currently set out in Exhibit “A”, including any production licence arising directly therefrom and any extension, renewal, replacement or amendment thereof agreed to in writing by the C-NLOPB.

(q) “EL 1154” means exploration licence No. 1154 effective as of January 15, 2018 issued by the C-NLOPB as currently set out in Exhibit “A”, including any production licence arising directly therefrom and any extension, renewal, replacement or amendment thereof agreed to in writing by the C-NLOPB.

(r) “Federal Accord Act” means the Canada-Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c.3, as amended from time to time, and includes the regulations made and, from time to time, in force under that Act.

(s) “Formal Agreements” has the meaning given to such term is Section 4.1(b).

(t) “Minister” means the Minister of Natural Resources in and for the Province.

(u) “Operator” means the Proponent designated by the Proponents as operator in relation to any project developed on the Project Lands.

(v) “Parties” means the parties to this Agreement and “Party” means any one of those parties.

(w) “Person” means a natural person, firm, trust, partnership, association, corporation, unincorporated organization, union, government or government agency.

(x) “Petroleum and Natural Gas Act” means the Petroleum and Natural Gas Act RSNL 1990, c.P-10 as amended from time to time.

(y) “Project” means the Project Lands; the initial development project using a FPSO connected to a subsea template and deviated wells for the exploration, development and production of petroleum substances from the Project Lands; and the ownership, lease, construction, operation, maintenance, decommissioning and abandonment of all the assets in which the Proponents hold an undivided interest in relation to such activities.

(z) “Project Lands” means SDL1055 and the Baccalieu Area, each as currently described in Exhibit “A”.
(aa) "Project Sanction" shall be the date on which the Proponents execute the project authorization for expenditure sanctioning the Project to proceed.

(bb) "Proponents" means the current working interest owners of the Project, and any of their respective successors or permitted assigns, and "Proponent" means any one of those Proponents.

(cc) "Province" means the Province of Newfoundland and Labrador, Her Majesty the Queen in Right of the Province of Newfoundland and Labrador, or the geographical territory of the Province of Newfoundland and Labrador, as the context may require.

(dd) "Provincial Accord Act" means the "Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act", RSNL 1990, c. C-2, as amended, and includes the regulations made and, from time to time, in force under that Act.

(ee) "Purchase Price" has the meaning given to such term in Exhibit "C".

(ff) "Required Filings" means approvals, authorizations, consents, permits or other action or filing required by or from any regulatory authority as a result of entering into this Agreement or any of the Formal Agreements; the Accord Acts; or pursuant to any licences insofar as they are part of the Project Lands.

(gg) "Royalty Regulations" means the "Offshore Oil Royalty Regulations NLR 37/17 promulgated by Newfoundland and Labrador under the Petroleum and Natural Gas Act, as may be amended.

(hh) "SDL1055" means significant discovery licence No. 1055 effective as of November 17, 2017 issued by the C-NLOPB as currently set out in Exhibit "A", including any production licence arising directly therefrom and any extension, renewal, replacement or amendment thereof agreed to in writing by the C-NLOPB.

(ii) "Termination Date" means the latest of: (i) the settlement of all royalty accounts between the Province and the Proponents in respect of the Project, and (ii) the completion of abandonment of all wells in the Project Lands, and of other work necessary to be conducted in respect thereof, all in accordance with the requirements of all applicable regulations and regulatory authorities.

1.2 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to its subject matter and shall be interpreted and enforced without giving paramountcy to any part of this Agreement over any other part.
1.3 Divisions and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect or be considered in the construction or interpretation of this Agreement.

1.4 Article, Section and Exhibit Reference

Unless the context otherwise requires, references to an Article, Section or Exhibit shall be to this Agreement.

1.5 Number, Gender and Inclusion

Unless the context otherwise requires, in this Agreement:

(a) words importing the singular shall include the plural and vice versa;
(b) words importing a particular gender shall include all genders; and
(c) references to “includes” or “including” shall mean “includes (or including) without limitation”.

1.6 Currency References

Unless specifically stated otherwise, all monetary amounts refer to the lawful currency of Canada.

1.7 Incorporation of Exhibits

Exhibits “A”, “B”, “C”, “D” and “E” are incorporated into and form part of this Agreement.

ARTICLE 2
EFFECTIVE DATE AND TERM

2.1 Effective Date

This Agreement shall become effective upon the Effective Date.

2.2 Term

(a) This Agreement will be contractually binding from the Effective Date until terminated in accordance with Section 2.3.

(b) Each Formal Agreement shall provide that the terms of this Agreement applicable to such Formal Agreement shall cease to be binding on the parties thereto upon such Formal Agreement becoming effective.
For certainty, the terms of this Agreement applicable to each Formal Agreement shall cease to be binding on the Parties upon such Formal Agreement becoming effective.

2.3 Termination

Unless the Parties otherwise agree, this Agreement will terminate upon the Termination Date.

2.4 Survival

Despite the termination of this Agreement for any reason, all provisions in this Agreement containing releases, defence obligations and indemnities, and all provisions relating to confidentiality, and governing law, and all causes of action which arose prior to completion or termination, shall survive until their respective terms, they are no longer operative, or are otherwise limited by an applicable statute of limitations.

2.5 Project Sanction Obligations

The entering into of this Agreement does not obligate the Proponents to sanction or continue the Project or any other Development Project, which shall be in the sole discretion of the Proponents.

ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties of Equinor and Husky

Acknowledging that the Province and Nalcor Oil are relying on such representations and warranties, each of Equinor and Husky represents and warrants to the Province and Nalcor Oil in respect of itself only that:

(a) this Agreement shall, upon execution and delivery, constitute legal, valid and binding obligations of it enforceable against it in accordance with its respective terms, except as limited by applicable bankruptcy laws or laws affecting the enforcement of creditors’ rights generally and general principles of the law of equity;

(b) it is a corporation which has been duly incorporated or organized, as applicable, under the laws of its jurisdiction of incorporation or organization, as applicable, is validly existing under such laws and is registered to carry on business in Canada and the Province of Newfoundland and Labrador;

(c) it has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its respective obligations herein;
the execution and delivery of this Agreement and the consummation of the transactions contemplated herein by it has been duly authorized by all necessary corporate action on its part;

it is not a party to, bound or affected by or subject to any indenture, agreement or instrument which, with or without the giving of notice or the lapse of time, or both, would be violated, contravened or breached by or under which default would occur as a result of the execution, delivery or performance of this Agreement or by the consummation of any of the transactions provided for in any of them;

it is not bound or affected by or subject to any laws applicable to it which, with or without the giving of notice or the lapse of time, or both, would be violated, contravened or breached by, or under which default would occur as a result of the execution, delivery or performance of this Agreement or the consummation of any of the transactions provided for herein;

except for Required Filings, or other Ministerial or government authority, no approval, authorization, consent, permit or other action by, or filing with, any government entity is required in connection with the execution and delivery of this Agreement and the performance of the respective obligations hereunder or thereunder, except as contemplated herein;

there is no suit, action, litigation, arbitration proceeding or proceeding by a governmental authority, including appeals and applications for review, in progress, pending or, to its knowledge, threatened against or involving it, or any judgment, decree, injunction or order of any court or arbitrator which could adversely affect its capacity or power to execute and deliver this Agreement or to consummate the transactions contemplated herein or which could materially adversely affect its assets, financial condition or future prospects; and

it will not make any application to the C-NLOPB which would prejudice its ability to implement this Agreement or to complete the Formal Agreements as contemplated by this Agreement.

3.2 Representations and Warranties of the Province

Acknowledging that the Equinor and Husky are relying on such representations and warranties, the Province represents and warrants to Equinor and Husky that:

(a) this Agreement shall, upon execution and delivery, constitute legal, valid and binding obligations of it enforceable against it in accordance with its terms except as limited by general principles of the law of equity; and

(b) it has all necessary power, authority and capacity to enter into this Agreement and to perform its respective obligations herein.
3.3 **Representations and Warranties of Nalcor Oil**

Acknowledging that Equinor and Husky are relying on such representations and warranties, Nalcor Oil represents and warrants to Equinor and Husky that:

(a) this Agreement shall, upon execution and delivery, constitute legal, valid and binding obligations of it enforceable against it in accordance with its terms except as limited by general principles of the law of equity;

(b) Nalcor Oil is a corporation which has been duly incorporated or organized, as applicable, under the laws of its jurisdiction of incorporation or organization, as applicable, and is validly existing under such laws and is permitted by law to carry on business in Canada and the Province of Newfoundland and Labrador;

(c) it has all necessary power, authority and capacity to enter into this Agreement and to perform its respective obligations herein;

(d) the execution and delivery of this Agreement and the consummation of the transactions contemplated herein by it has been duly authorized by all necessary corporate action on its part;

(e) it is not bound or affected by or subject to any laws applicable to it which, with or without the giving of notice or the lapse of time, or both, would be violated, contravened or breached by, or under which default would occur as a result of the execution, delivery or performance of this Agreement or the consummation of any of the transactions provided for herein;

(f) it is not a party to, bound or affected by or subject to any indenture, agreement or instrument which, with or without the giving of notice or the lapse of time, or both, would be violated, contravened or breached by or under which default would occur as the result of the execution, delivery or performance of this Agreement or any of the instruments or the consummation of any of the transactions provided for in any of them;

(g) no approval, authorization, consent, permit or other action by, or filing with, any government entity is required in connection with the execution and delivery of this Agreement and the performance of the respective obligations hereunder or thereunder, except as contemplated herein; and

(h) there is no suit, action, litigation, arbitration proceeding or proceeding by a governmental authority, including appeals and applications for review in progress, pending or, to its knowledge, threatened against or involving it, or any judgment, decree, injunction or order of any court or arbitrator which could adversely affect its capacity or power to execute and deliver this Agreement or to consummate the transactions contemplated herein or which could materially adversely affect its assets, financial condition or future prospects.
3.4 **Exclusion of Other Representations and Warranties**

The representations and warranties of a Party expressly set forth in this Agreement are the sole representations and warranties of that Party in respect of the subject matter of this Agreement. All other representations and warranties, whether express or implied, statutory or otherwise, are, to the extent permitted by law, hereby expressly excluded.

3.5 **Indemnities**

(a) Equinor will indemnify the Province and Nalcor Oil from damages arising out of any breach of any covenant, representation or warranty of it set out in Section 3.1, and will include an indemnity that is substantially the same as the indemnity set out in this Section 3.5(a), as well as the representations and warranties set out in Section 3.1, in each Formal Agreement.

(b) Husky will indemnify the Province and Nalcor Oil from damages arising out of any breach of any covenant, representation or warranty of it set out in Section 3.1, and will include an indemnity that is substantially the same as the indemnity set out in this Section 3.5(b), as well as the representations and warranties set out in Section 3.1, in each Formal Agreement.

(c) Nalcor Oil will indemnify the Proponents from damages arising out of any breach of any covenant, representation or warranty of Nalcor Oil set out in Section 3.3, and will include an indemnity that is substantially the same as the indemnity set out in this Section 3.5(c), as well as the representations and warranties set out in Section 3.3, in each Formal Agreement to which it is a party.

(d) The Province will indemnify the Proponents from damages arising out of any breach of any covenant, representation or warranty of the Province set out in Section 3.2, and will include an indemnity that is substantially the same as the indemnity set out in this Section 3.5(d), as well as the representations and warranties set out in Section 3.2, in each Formal Agreement to which it is a party.

**ARTICLE 4
FORMAL AGREEMENTS**

4.1 **Formal Agreements**

(a) Nalcor Oil shall be conveyed a ten percent (10%) undivided working interest in the Project pursuant to the terms contained in Exhibit “C”.

(b) The Parties will act in good faith to finalize, execute and deliver the following definitive agreements (the “Formal Agreements”) in accordance with this Article 4:
(i) a benefits agreement between the Province and the Proponents incorporating the terms set out in Exhibit “B” (the “Benefits Agreement”);  

(ii) an acquisition agreement between the Proponents and Nalcor Oil incorporating the terms set out in Exhibit “C” (the “Acquisition Agreement”); and  

(iii) any other agreement necessary to implement the terms of this Agreement.  

(c) The terms described in this Agreement for each Formal Agreement shall form the substantial basis for each such Formal Agreement and shall not be revised except with the concurrence of all parties thereto and in accordance with this Article 4.  

(d) Each Formal Agreement shall provide that the terms of this Agreement, and the exhibits hereto, applicable to such Formal Agreement shall cease to be binding on the parties thereto upon such Formal Agreement becoming effective.  

(e) The Proponents will provide to the Province and Nalcor Oil, as applicable, within sixty (60) days of the Effective Date, initial comprehensive drafts of the:  

(i) Benefits Agreement incorporating the terms set out in Exhibit “B”; and  

(ii) Acquisition Agreement incorporating the terms set out in Exhibit “C”.  

(f) The Parties will make their best efforts to agree to the Benefits Agreement based on the terms set out in Exhibit “B” no later than June 15, 2019.  

(g) The Parties will make their best efforts to agree to the Acquisition Agreement based on the terms set out in Exhibit “C” no later than June 15, 2019.  

(h) While the Parties recognize the importance of executing and delivering the Formal Agreements, the Parties acknowledge and agree that, until such time as the Parties have entered into the Formal Agreements, the terms set out in Exhibits “B” and “C” hereto are legally binding and enforceable commitments of the Parties.  

(i) The Proponents agree that prior to the Closing Date:  

(i) they will not alter or amend any operating agreement or any other material agreement relating to the Project that in any way negatively and uniquely affects Nalcor Oil’s proposed interest in the Project; and  

(ii) they shall keep Nalcor Oil reasonably apprised of the progress of the development of the Project.
(j) The Proponents shall include Nalcor Oil in any discussions between the Proponents with respect to lifting, transportation or marketing arrangements to be applicable to the Project. If lifting, marketing and transportation agreements have not been negotiated six months prior to first production, the Proponents will ensure that Nalcor Oil’s participating interest share of production will be lifted, transported and marketed on Nalcor Oil’s behalf on terms that are similar, fair and as reasonable as those undertaken by the Proponents, until such agreements are reached.

ARTICLE 5
PROVINCIAL REVIEW, APPROVAL AND SUPPORT

5.1 Support of Province

The Province shall, on the request of the Proponents, assist the Proponents in securing commitments from Canada and municipal governments in the Province in regards to the regulatory framework applicable to the Project and to support the efforts of the Proponents in responding to any future legislative or regulatory changes that may be proposed by Canada or a municipal government in the Province that might adversely affect the Project, provided such action, in the opinion of the Province, does not negatively impact the Province or require the Province to take any legislative or regulatory action.

5.2 Benefits Plan

(a) The terms contained in Exhibit “B” or the Benefits Agreement, as applicable, will be appended or otherwise reflected in the Benefits Plan or other filings that may be submitted on behalf of the Proponents to the C-NLOPB.

(b) If the application meets the requirements of the Accord Acts, and the terms contained in Exhibit “B” or the Benefits Agreement, as applicable, are reflected or otherwise incorporated into either the Benefits Plan application or the development plan application filed in respect of the Project, then the Province:

(i) will accept compliance by the Proponents with the terms contained in Exhibit “B” or the Benefits Agreement, as applicable, as sufficient and acceptable compliance by the Proponents with the benefits requirements of the Accord Acts, and the Province will communicate the same to the C-NLOPB; and

(ii) in its review of any fundamental decision relating to the Project, will be satisfied for benefits purposes with the application for a Benefits Plan submitted by the Proponents.

5.3 Fundamental Decision

The Province and the Proponents acknowledge and agree that, in consideration of the Proponents entering into this Agreement, the Province shall in its review of any
fundamental decision relating to the Project be satisfied with the fiscal regime applicable to the Project pursuant to this Agreement.

ARTICLE 6
ASSIGNMENT

6.1 Assignment of Project Lands

Where a Proponent makes an Assignment of all or part of its interest in the Project Lands, an Assignment by that Proponent of its rights and obligations under this Agreement relating to that assigned interest shall not be effective for the purposes of this Agreement unless:

(a) such Assignment is made in conjunction with the Assignment by that Proponent of an equivalent proportion of its interest in the Project Lands;

(b) prior to such Assignment becoming effective for the purposes of this Agreement, the Proponent and the intended assignee have executed and delivered to the Province an agreement in form and content substantially the same as the form of Assignment Agreement contained in Exhibit “E”;

(c) the Proponent contemporaneously assigns an equivalent proportion of its rights and obligations under the Formal Agreements to the assignee as part of such transaction, in compliance with the terms contained therein; and

(d) the Proponent has complied with the requirements of section 41 of the Royalty Regulations with respect to the royalty share payable pursuant to the Royalty Regulations.

6.2 Continuing Liability

An assigning Proponent who satisfies the requirements of Section 6.1:

(a) shall be released and discharged from the observance and performance of (i) all terms and covenants of this Agreement, and (ii) all obligations and liabilities of this Agreement, which arise or occur on or after the effective date of such assignment with respect to the assigned rights, duties and obligations of the assignor under this Agreement; and

(b) shall not be released or discharged from the observance and performance of all terms and covenants of this Agreement and any term, covenant, duty, obligation or liability which relates to the rights, duties and obligations of the assignor under this Agreement retained by the assigning Proponent.
ARTICLE 7
NOTICES

7.1 Form and Delivery

Notices that are required or permitted under this Agreement will be in writing and will be delivered by hand or by courier, to the Party to whom it is to be given at its address set forth below:

**Province:**
Her Majesty the Queen in Right of the Province of Newfoundland and Labrador
50 Elizabeth Ave.
P.O. Box 8700
St. John’s, NL A1B 4J6
Attention: Minister of Natural Resources

**Equinor:**
Equinor Canada Ltd.
2 Steers Cove, Level 3
St. John’s, NL A1C 6J5
Attention: Project Director, Bay du Nord

**Husky:**
Husky Oil Operations Limited
351 Water Street
St. John’s, NL A1C 1C2
Attention: Senior Vice President, Atlantic Region

**Nalcor Oil:**
Suite 301, 45 Hebron Way
St. John’s, NL A1A 0P9
Attention: James Keating

7.2 Delivery

For the purposes of this Agreement, notices given by one Party to any other Party will be considered to have been given at the time of delivery.

7.3 Change of Address

A Party may give notice of a change of address in the manner provided in Section 7.1, in which event notices shall thereafter be given to that Party at such changed address.
ARTICLE 8
SEPARATE RIGHTS AND OBLIGATIONS

8.1 Proponents

The rights and obligations of each Proponent under this Agreement are separate to that Proponent with respect to its respective undivided interest in the Project Lands. To the extent that this Agreement imposes a separate liability upon a Proponent to perform a duty or obligation, or creates a separate right in favour of a Proponent, then only that Proponent, and no other Proponent, shall be liable for the performance of such duty or obligation, or entitled to such right. Nothing in this Agreement shall be construed as creating any joint, joint and several or collective rights or obligations on the part of the Proponents.

8.2 Separate Treatment

This Agreement is made between the Province and each of the Proponents separately with respect to its respective undivided interest in the Project Lands. In the administration of this Agreement the Province will deal separately with each Proponent. Any actions or omissions taken or not taken, any waivers granted or any benefits or indulgences conferred by:

(a) the Province with respect to any Proponent shall not benefit another Proponent or prejudice or limit the Province in its dealings with any other Proponent; and

(b) any Proponent with respect to the Province shall not benefit or prejudice or limit any other Proponent in its dealings with the Province;

with respect to that or any other matter under this Agreement.

8.3 Consistent Treatment

The Province shall, in similar circumstances, afford a similar interpretation and application of the terms of this Agreement to each Proponent to that afforded another Proponent.

8.4 Nalcor Oil

(a) Sections 8.2 and 8.3 shall not apply to Nalcor Oil as long as Nalcor Oil is a Crown corporation of the Province.

(b) The Parties acknowledge that the Province may:

(i) make amendments to the Petroleum and Natural Gas Act;

(ii) make amendments to the Royalty Regulations; or
(iii) make an agreement pursuant to section 33 of Petroleum and Natural Gas Act; to adjust, vary or suspend Nalcor Oil's liability for the payment of royalties on oil produced from the Project Lands.

(c) The amendments or agreement in Section 8.4(b) shall apply to the royalties payable by Nalcor Oil on oil produced from the Project Lands, notwithstanding any other provision of this Agreement, to the extent such amendments or agreement does not affect the royalties payable by any of the other Proponents on oil produced from the Project Lands.

8.5 US Tax

Nothing in this Agreement shall constitute or create a partnership among the Parties or between any of them. Except as expressly provided for in this Section 8.5, nothing in this Agreement shall constitute any Party as the agent of any other Party, nor shall any Party have, or represent that it has, the authority or power to act or to undertake or create any obligation or responsibility on behalf or in the name of any other Party. The Parties agree that if this Agreement or the relationship established hereby constitutes a partnership as defined in section 761(a) of the United States Internal Revenue Code, they elect to be excluded from the application of any sections of Subchapter K of such Code, and the Operator is authorized to execute and file any forms or other documentation as is required for such election.

ARTICLE 9
LEGISLATIVE AND REGULATORY STABILITY

9.1 Legislative and Regulatory Stability

Other than the royalty regime imposed by the Royalty Regulations: (i) no other royalty shall be imposed on the Proponents in respect of petroleum substances produced from the Project Lands; and (ii) no additional tax, levy, fee or charge shall be imposed by the Province solely on the Project or the Project Lands or on the Proponents solely in relation to their interest in the Project or the Project Lands.

ARTICLE 10
MISCELLANEOUS

10.1 Prior Agreements

This Agreement comprises the complete and exclusive agreement of the Parties regarding the subject matter of this Agreement and supersedes all oral and written communications, negotiations, representations or agreements in relation to that subject matter made or entered into before the Effective Date.
10.2 Dispute Resolution

(a) In the event of a dispute arising from or in connection with Exhibit “B”, senior management of the Proponents and Nalcor Oil and senior officials from the Province shall attempt to resolve such dispute through good faith discussions. In the event that the Parties are not able to resolve such dispute within ninety (90) days of each Party having been advised of the dispute, either Party may take action to resolve the dispute as permitted by law.

(b) The Parties agree that any disagreement, dispute, conflict or controversy between them connected with or arising under this Agreement or the Royalty Regulations shall be referred to the Supreme Court of Newfoundland and Labrador, General Division and the Rules of the Supreme Court, 1986 (as amended) shall apply mutatis mutandis to any such proceeding. No leave shall be required to commence such a proceeding. Any such proceeding shall be commenced pursuant to Rule 5 of the Rules of the Supreme Court, 1986 (as amended). The originating application or statement of claim shall be served in the prescribed form and method, and by filing a copy of it with the registrar of the Supreme Court of Newfoundland and Labrador.

10.3 Governing Law

This Agreement shall be subject to and interpreted, construed and enforced in accordance with the laws in force in the Province of Newfoundland and Labrador.

10.4 Amendment

No amendment to this Agreement is effective unless made in writing and signed by authorized representatives of all Parties.

10.5 Waiver

No waiver by any Party of this Agreement’s terms, provisions or conditions shall be effective unless specifically evidenced in writing and signed by or on behalf of the Party granting such waiver. A Party’s failure to pursue remedies for breach of this Agreement or the granting of any time, extensions of time or other indulgences to another Party does not constitute a waiver by such Party of any breach of this Agreement or raise any defense against Claims against a Party for breach of this Agreement. The waiver or failure to require the performance of any covenant or obligation contained in this Agreement or to pursue rights or remedies for breach of this Agreement does not waive a later breach of that or any covenant or obligation.

10.6 Severability

Each provision of this Agreement is severable and if all or part of any provision is determined to be invalid, unenforceable or illegal under any existing or future laws of Canada or the Province by a court or arbitrator of competent jurisdiction or by operation of such laws:
such determination shall not impair the operation of or affect the validity and enforceability of the remaining provisions of the Agreement; and

(b) the Parties shall negotiate in good faith to modify this Agreement to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

10.7 Drafting

Preparation of this Agreement has been a joint effort of the Parties and the resulting Agreement must not be construed more severely against one or more of the Parties than against any of the others.

10.8 Further Assurances

Each of the Parties shall at its own cost and expense, from time to time and without further consideration, execute or cause to be executed all documents which are necessary or desirable to give effect to the provisions of this Agreement.

10.9 No Third-Party Benefits

This Agreement is solely for the benefit of the Parties, and this Agreement does not, and shall not be deemed to, confer upon or give to any other Person any benefit, remedy, claim, liability, reimbursement, cause of action or other right in relation to any of the Parties, nor is it the intent of the Parties that third parties have any right to claim benefits from, or to compel performance by, any of the Parties under this Agreement.

10.10 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective successors and permitted assigns as provided for herein.

10.11 Counterparts

This Agreement may be executed in counterparts and a set of counterparts executed by each of the Parties shall constitute a single document. A facsimile or other electronically reproduced counterpart signature page executed by a Party shall be sufficient evidence of execution for the purposes of this Article 10.

[Remainder of page intentionally left blank.]
The Parties have executed this Agreement as evidenced by the following signatures of authorized representatives of the Parties.

**PROVINCE:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR**

By: .................................................................
Name: .................................................................
Title: .................................................................

By: .................................................................
Name: .................................................................
Title: .................................................................

**PROONENTS:**

**EQUINOR CANADA LTD.**

By: .................................................................
Name: .................................................................
Title: .................................................................

**HUSKY OIL OPERATIONS LIMITED**

By: .................................................................
Name: .................................................................
Title: .................................................................

**NALCOR OIL:**

**NALCOR ENERGY – OIL AND GAS INC.**

By: .................................................................
Name: .................................................................
Title: .................................................................

By: .................................................................
Name: .................................................................
Title: .................................................................
The Parties have executed this Agreement as evidenced by the following signatures of authorized representatives of the Parties.

PROVINCE:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

By: __________________________
Name: __________________________
Title: __________________________

By: __________________________
Name: __________________________
Title: __________________________

PROPONEENTS:

EQUINOR CANADA LTD.

By: __________________________
Name: Nina Birgitte Koch
Title: President

HUSKY OIL OPERATIONS LIMITED

By: __________________________
Name: __________________________
Title: __________________________

NALCOR OIL:

NALCOR ENERGY – OIL AND GAS INC.

By: __________________________
Name: __________________________
Title: __________________________

By: __________________________
Name: __________________________
Title: __________________________
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PROVINCE:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

By: ________________
Name: ________________
Title: ________________

By: ________________
Name: ________________
Title: ________________

PROPONENTS:

EQUINOR CANADA LTD.

By: __________________
Name: __________________
Title: __________________

HUSKY OIL OPERATIONS LIMITED

By: __________________
Name: __________________
Title: __________________

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Title: __________________

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**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR**

By:

Name:
Title:

By:

Name:
Title:

**PROPONENTS:**

**EQUINOR CANADA LTD.**

By:

Name:
Title:

**HUSKY OIL OPERATIONS LIMITED**

By:

Name:
Title:

By:

Name:
Title:

**NALCOR OIL:**

**NALCOR ENERGY – OIL AND GAS INC.**

By: [Signature]

Name: LAURIE KOCH
Title: GM COMMERCIAL

By: [Signature]

Name: [Signature]
Title: EXECUTIVE VICE PRESIDENT
EXHIBIT “A”

PROJECT LANDS

Bay du Nord Significant Discovery Licence 1055:

<table>
<thead>
<tr>
<th>N.E. Grid Coordinates</th>
<th>Sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>48°10’N, 46°15’W</td>
<td>61, 71, 72, 81, 82, 91</td>
</tr>
<tr>
<td>48°00’N, 46°15’W</td>
<td>45, 46, 55-58, 65-70, 75-80, 85-90, 95-98, 100</td>
</tr>
<tr>
<td>48°00’N, 46°30’W</td>
<td>5-7</td>
</tr>
</tbody>
</table>

Baccalieu Proposed Significant Discovery Declaration:

<table>
<thead>
<tr>
<th>N.E. Grid Coordinates</th>
<th>Sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>48°10’N, 46°00’W</td>
<td>71, 81</td>
</tr>
<tr>
<td>48°00’N, 46°00’W</td>
<td>68, 69, 77-80, 87-90, 98</td>
</tr>
</tbody>
</table>

LEGAL CAL:1600894.11
## EXHIBIT “B”

### BENEFITS TERMS

| Project Expenditures and Employment | Pre-Development and Development Phase. Total Project development phase expenditures are estimated at $6.8 billion with an estimated $3.4 billion to be spent in the Province.  

The Project is estimated to generate 8.8 million person hours of employment through Professional Work (as defined below) and fabrication during the pre-development and development phases with 4 million person hours estimated to be performed in the Province.  

**Drilling and Completions.** Proponents shall complete substantially all (at least 90%) of the engineering and execution of drilling and completions in the Province. Drilling and completions is estimated at 5.2 million person hours, substantially all of which are estimated to be performed in the Province.  

**Operations.** Following commencement of commercial production, Proponents shall staff substantially all (at least 90%) of the offshore and onshore operations of the Project in the Province, including engineering, maintenance, logistics, research and development, and support functions. Operations phase expenditures are estimated to be $4.1 billion, substantially all of which is estimated to be spent in the Province. Operations phase employment is estimated at 12 million person hours, substantially all of which are estimated to be performed in the Province. Proponents shall establish an integrated operations centre located in the Province, where appropriate levels of staffing and decision making will take place. |
|---|
| Project Design and Procurement and Contracting Principles | Over the life of the Project, the Proponents will design and scope the components of the Project, and will adopt a contracting and procurement strategy, so as to give first consideration to services provided from within the Province and to goods manufactured in the Province, where those services and goods are competitive in terms of fair market price, quality and delivery.  

The Project procurement and contracting strategy shall also reflect the principle that, in respect of any fabrication in the Province, the intent is that the associated detailed engineering shall also be performed in the Province. For greater certainty, this is not intended to limit engineering that will be performed within the Province solely to engineering in respect of goods manufactured in the Province, and additional engineering may occur in the Province in respect of goods manufactured outside of the... |
<table>
<thead>
<tr>
<th>Fabrication</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Proponents estimate that at least 5,000 MT will be fabricated in the Province, identified by the Proponents as potential fabrication opportunities for SDL1055 (Bay du Nord area) and 400 MT of fabrication opportunities for the Baccalieu Area. If there is any increase in the tonnage of such potential fabrication opportunities, the Proponents shall fabricate no less than 50.5% of such increased tonnage in the Province.</td>
</tr>
<tr>
<td>At a minimum, the Proponents shall fabricate in the Province an aggregate amount of (i) 4,600 MT of scope related to subsea, mooring and facilities topsides for Bay du Nord, plus (ii) 400 MT of scope related to the subsea infrastructure required for the tie-back of Baccalieu to the FPSO; provided, however, that if the Proponents do not proceed with the development of Baccalieu then this commitment shall remain at 4,600 MT.</td>
</tr>
<tr>
<td>In addition, the Proponents will make a capital investment in the Province by providing a large-scale steel roller to the local supply chain community for fabrication work on the Project, which may then be used for long-term future work.</td>
</tr>
<tr>
<td>With respect to Bay du Nord, the Proponents expect that an aggregate of 4,600 MTs will be fabricated in the Province on a commercially competitive basis in terms of fair market price, quality and delivery by the commencement of commercial production from Bay du Nord.</td>
</tr>
</tbody>
</table>
Prior to the FPSO being mobilized to its station offshore in the Project area (but in any event after final integration and commissioning of the FPSO has been completed and provided that doing so will not have an adverse impact on the Project schedule), the FPSO shall undergo final provisioning and supply in the Province.

<table>
<thead>
<tr>
<th>Pre-Development Phase and Development Phase Engineering, Project and Procurement Management Person Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>There will not be less than an aggregate of 1.7 million person hours of combined engineering, project management and procurement management work (collectively, “Professional Work”) performed in the Province on Project-related development work. Such person hours shall include engineering person hours for concept selection, FEED and detailed engineering. Professional Work shall also include drilling and completions engineering, and decision-making and management activities for the Operator and contractors during all development phases, including concept selection, construction and fabrication, drilling and completions, and operations readiness.</td>
</tr>
<tr>
<td><strong>Project Management.</strong> Proponents shall complete substantially all (at least 90%), but not less than 320,000 person hours of pre-development and development project management activities in the Province.</td>
</tr>
<tr>
<td><strong>Procurement Management.</strong> Proponents shall complete substantially all (at least 90%), but not less than 280,000 person hours of pre-development and development procurement management activities in the Province.</td>
</tr>
<tr>
<td><strong>Engineering.</strong> Proponents shall complete the majority of pre-development and development engineering (at least 51% but not less than 1.1 million person hours) in the Province with a focus on performing subsea, umbilical, risers and flowlines (SURF) engineering in the Province.</td>
</tr>
<tr>
<td>Where FEED or detailed engineering work is performed outside of the Province, the Proponents will use all commercially reasonable efforts to make available (on commercially reasonable terms) employment, engineering, technical or other professional positions to qualified residents of the Province at the locations where such work is being performed.</td>
</tr>
</tbody>
</table>

| Procurement and Contracting |
| Operator will have and maintain a contracts and procurement office in the Province to coordinate and manage procurement related activities. |
Requests for proposals shall require that bidders use standards that meet requirements of Canadian governmental guidelines.

Operator will provide web-based access to procurement opportunities and activities in relation to the Project, including with respect to FEED or detailed engineering work that is performed outside of the Province.

Operator shall conduct supplier development workshops in relation to the Project for the local service and supply community to prepare for bidding opportunities.

<table>
<thead>
<tr>
<th>Sustainability and Competence Development</th>
</tr>
</thead>
</table>
| The Proponents will make a capital investment in the Province by providing a large-scale steel roller capable for the fabrication of suction anchors for the Project, as determined by the Proponents, to the local supplier who is successful in its bid for the fabrication of such suction anchors. The Proponents have identified the lack of such a steel roller as a gap in the local supply chain capacity and, therefore, will award the steel roller to the successful supplier not only for its fabrication work on the Project, but also for its long-term use in the future. As part of the required education and training expenditures in respect of the Project as set out in this Exhibit “B”, the Proponents will also provide training in respect of the use of the steel roller.

Proponents will work with the Province to achieve the ambition of increasing capacity, competence and competitiveness of the local supply chain in the Province. In this regard, the Proponents will establish and maintain a supply chain development forum to:

- enhance operator-supplier collaboration to identify and enhance supply chain opportunities;
- share information relating to relevant Operator global activities and the opportunities that may lie within, including with respect to renewable energies and digital innovation;
- identify, and suggest solutions to, capacity, competency or competitiveness gaps;
- help facilitate access to, and information sharing with, key global contractors;
- identify potential secondment opportunities and assist to facilitate where possible; and
- identify potential joint venture and export possibilities.

<table>
<thead>
<tr>
<th>Gender Equity and Diversity Program</th>
</tr>
</thead>
</table>
| The Parties acknowledge that this section will be subject to review and approval by certain governmental authorities of the Province and shall be interpreted in accordance with the policies, practices and directives of those governmental authorities.

The Parties acknowledge and agree that the Gender Equity and Diversity...
Plan requisite to this section shall be attached to the Benefits Agreement and shall be included in any Benefits Plan submitted by the Proponents to the C-NLOPB in respect of the Project.

In connection with the finalization of the Benefits Agreement with the Province, the Operator will develop (and subsequently implement) a Gender Equity and Diversity Program for its Project activities in the Province (the "Gender Equity and Diversity Program") for all phases of the Project, which Gender Equity and Diversity Program will be attached as a schedule to the Benefits Agreement. This program will complement the Operator’s corporate gender equity and diversity policies and will focus on the groups designated and defined under the Canada Newfoundland and Labrador Benefits Plan Guidelines.

The objectives of this program will be to:

- address employment equity for the Project, including full access to employment opportunities for and employment of qualified women and other targeted groups in the Project, with an emphasis on continuous improvement;
- implement proactive programs and practices that contribute to the creation of an inclusive work environment and corporate culture by focussing on results; and
- promote accountability and responsibility for gender equity and diversity.

The Gender Equity and Diversity Program shall include a Gender Equity and Diversity Plan (the “GEDP”) which will establish quantitative and qualitative objectives and goals. The Operator agrees that it will initially set such goals and objectives by taking into consideration the availability of women and other targeted groups in particular occupational categories as identified by:

- recent reports from Statistics Canada;
- recent data sources from local academic institutions regarding graduation rates in occupational categories applicable to the Project;
- apprentice availabilities; and
- association/regulatory body registrations.

The GEDP will institute effective initiatives, processes and management practices to facilitate employment, retention and career advancement of women and other targeted groups in all phases of the Project, and at all facilities, sites and offices in the Province where work performed by the Operator and main contractors relating to the Project is taking place.
The GEDP will include the following provisions:

- the Operator will put in place the necessary organizational resources and accountabilities to develop and implement the GEDP;
- the Operator will, as necessary for Project employment of women and other targeted groups:
  - create training opportunities in consultation with training and educational institutions in the Province;
  - develop targeted recruitment programs to meet qualitative and quantitative goals and objectives of the GEDP; and
  - extend Equinor’s Corporate Graduate Program to the Province to develop young local professionals for future professional and technical careers in the industry;
- the Operator will provide facilities for the Project that are inclusive, and accommodating of safe and respectful living and working environments;
- the Operator must ensure, when developing new collective or other labour agreements for the Project, that name hire and other provisions necessary for an inclusive work environment are in place to guarantee that women and other targeted groups have equitable access to employment opportunities and are able to work in a safe and inclusive environment;
- the Operator will require that each main contractor to the Project in the Province provide the Operator with a plan for compliance with the GEDP, and will require that contracts related to the execution of the Project in the Province include an acknowledgement from successful bidders that they are aware of the existence and importance of the GEDP and their contributing role in implementation and compliance;
- the Operator will include specific goals and objectives to increase representation of women and other targeted groups in occupational areas where they have been historically under-represented, this must include the use of apprentices;
- the Operator will include specific goals and objectives to increase business access for companies owned and operated by women and other targeted groups;
- the Operator will develop an implementation schedule specific to the GEDP, and monitor and report on progress to the C-NLOPB for distribution to government;
- the Operator will include a commitment to utilize progress reports, incorporating principles of continuous improvement, to direct actions for the next reporting period; and
- the Operator will consult on the development and progress of the GEDP with stakeholders and will participate in any consultations requested by the Province or the C-NLOPB regarding the
| **Research and Development** | Proponents will comply with all requirements (and guidelines) of the C-NLOPB with respect to research and development, and education and training, activities associated with the Project.

As part of the required research and development expenditures in respect of the Project, and in support of Advance 2030, the Proponents will commit at least CAD $75 million (the “Centre of Excellence Funding”) over ten (10) years to position Newfoundland and Labrador as a global Centre of Excellence for deep water oil and gas development, with a focus on subsea technology solutions, renewable energy solutions, digitalization and related areas of ocean innovation. |
| **Operator’s Office and Employment** | Operator shall have and maintain an office in the Province, where appropriate levels of staffing, management and decision making will take place.

A Project team located in the Province shall be established. Recruitment of new staff for the Project team shall be conducted from within the Province, and first consideration in hiring shall be given to qualified Residents of the Province, consistent with the Accord Acts.

The Operator will provide web-based access to employment opportunities in the Province. |
| **Proponents Obligations** | The obligations of the Proponents to provide any of the benefits contemplated by this Exhibit “B”, other than the benefits to be provided before Project Sanction, are subject to each of the following having first occurred:

- the C-NLOPB has approved a Benefits Plan for the Project;
- the federal Minister of Natural Resources and the Minister of Natural Resources in and for the Province have approved the Development Plan; and
- Project Sanction. |
| **Life-of-field Benefits Reporting and Operator-Supplier Development Initiatives** | The Proponents shall report on the obligations under this Exhibit to the Province during the ‘life-of-field’ in a format agreed upon by the Province and the Proponents.

The Proponents shall work with stakeholders over the life of the Project to support supplier development initiatives that enhance local procurement, export, joint ventures and/or diversification opportunities for supply and service companies in Newfoundland and Labrador.

The Proponents shall establish a Supply and Service Opportunities Forum
with dedicated resources and shall provide the Province with an annual workplan of activities that supports the identification of business opportunities, fosters operator-supplier collaboration, and focuses on global competitiveness.
EXHIBIT “C”

EQUITY TERMS

1. Subject to Section 2 of this Exhibit, on the Closing Date:

   (a) Nalcor Oil shall acquire a 10 percent (10%) undivided working interest in the Project Assets (the “Nalcor Oil Working Interest”), where the “Project Assets” means the Project Lands and other properties, assets and undertakings, real or personal, tangible or intangible, forming part of or used for purposes of the Project from time to time, the ownership, leasing or other acquisition costs of which have been jointly funded by the Proponents in relation to the Project, including any seismic data applicable to the Project Lands that may be jointly owned or licenced by the Proponents, provided that if the Proponents do not have the right to convey or provide to Nalcor Oil any licensed Project Assets then the Proponents shall be obliged to undertake good faith efforts and cooperation to assist Nalcor Oil in acquiring a licence to such assets or data.

   (b) Nalcor Oil shall pay to the Proponents the amount of CAD (the “Purchase Price”) for the Nalcor Oil Working Interest.

   (c) Nalcor Oil shall pay its Nalcor Oil Working Interest percentage of Project costs, incurred by the Proponents between December 31, 2017 and the Closing Date,

   (d) The Nalcor Oil Working Interest shall be sold by the Proponents, and the Purchase Price and Project Costs shall be allocated among the Proponents, pro rata in the same proportions as their respective working interests in each of SDL1055 and the Baccalieu Area.

   (e) Nalcor Oil will become a party to and will have, and be subject to, all the rights, obligations and liabilities of a Proponent under the Project and will be novated into the existing joint operating agreements in respect of the Project and SDL1055 and the Baccalieu Area (the “JOAs”) and any other agreements among the Proponents relating to the Project and SDL1055 or the Baccalieu Area to which Nalcor Oil is required to become a party as a result of the acquisition of the Nalcor Oil Working Interest.

2. Nalcor Oil’s obligations to complete the transactions contemplated in this Exhibit shall be subject to (i) satisfactory completion of Nalcor Oil’s due diligence in respect of the Nalcor Oil Working Interest and (ii) Nalcor Oil obtaining financing on terms acceptable to Nalcor Oil.
3. There shall be established a data room in a similar fashion to any third party transaction, and the data room shall be established in St. John’s, NL (the “Data Room”). The Proponents and Nalcor Oil shall meet within two weeks of execution of this Agreement in order to discuss the contents of the Data Room which shall include, at a minimum, all Project data, including all contracts, all seismic data and interpretations, all management committee materials and documents, including those of its subcommittees, and all expense materials, in each case subject to any applicable confidentiality restrictions that would prohibit such disclosure.

4. Seismic data disclosed and provided pursuant to this Agreement shall include all seismic data in the possession of the Proponents that is applicable to the Project, whether owned or licenced, unless the possessing Proponent describes the data that is being withheld, gives a full and satisfactory reason for its being withheld, and the manner that it may be obtained such as through a licence agreement with a particular licensor. Any such Proponent shall make good faith efforts to assist and cooperate with Nalcor Oil in obtaining any such data.

5. The Acquisition Agreement shall have representations and warranties consistent with third party, arms-length transfers of a working interest.

6. Nalcor Oil shall make all royalty payments required to be made to the Province in respect of the Nalcor Oil Working Interest.

7. Nalcor Oil shall separately own, take in kind and dispose of its working interest share of all hydrocarbons produced from the Project.

8. Nalcor Oil shall be responsible, through the terms of the JOAs, only for its pro rata share of the abandonment and reclamation costs for those assets for which it has pays historic costs and which it acquires pursuant to the Acquisition Agreement.

9. Nalcor Oil shall indemnify the Proponents against any and all environmental liabilities and obligations of the Proponents in relation to the Nalcor Oil Working Interest that arise from or relate to acts, omissions, events or circumstances occurring before, on or after the Closing Date.

10. Nalcor Oil shall provide financial assurances with respect to its obligations under the Acquisition Agreement and in respect of the Project and under the JOAs.

11. In exercising its decision-making authority with respect to decisions that require the unanimous approval of the Proponents under any operating agreements pertaining to the Project Lands, Nalcor Oil shall conduct itself in a manner that meets commercial criteria that would not be considered unreasonable in the petroleum industry, which assessment shall be made as though Nalcor Oil were a taxable entity bearing similar fiscal obligations to the Proponents. Such restrictions shall only remain in place for so long as Nalcor Oil is a Crown Corporation.

12. Nalcor Oil shall have the right to participate in the initiation of permitted sole risk or independent operations if doing so meets commercial criteria that would not be considered unreasonable in the petroleum industry, which assessment shall be made as though Nalcor
Oil were a taxable entity bearing similar fiscal obligations to the Proponents. Such restrictions shall only remain in place for so long as Nalcor Oil is a Crown Corporation.

13. The Nalcor Oil Working Interest acquired by Nalcor Oil pursuant to the Acquisition Agreement shall be subject to a right of first refusal in favour of each of the Proponents, which shall provide the Proponents with the right to acquire such interest prior to Nalcor Oil completing any transaction for the sale of such interest. This right of first refusal shall not apply to any transfer by Nalcor Oil to an affiliate. If Nalcor Oil transfers to an affiliate, then the right of first refusal shall apply to any transfer by such affiliate (or any sale or other disposition of such affiliate) to an unaffiliated third party.

14. The closing documents shall include:

   a. assignment and novation agreements in respect of the JOAs;

   b. the Acquisition Agreement;

   c. licence transfers or trust agreements to the extent a separate significant discovery licence has not been issued in respect of the Baccalieu Area as of the Closing Date; and

   d. any other agreement required to give effect to Nalcor Oil’s ownership participation in the Project.

15. The Acquisition Agreement and all of the agreements entered into as a result of this Exhibit “C”, including any dispute resolution provisions contained therein, shall be governed by the laws in force in the Province of Newfoundland and Labrador. The Parties agree to attorn to the jurisdiction of the courts in the Province of Newfoundland and Labrador with respect to the Acquisition Agreement and all of the agreements entered into as a result of this Exhibit “C”, and any mediations or arbitrations shall be undertaken in the Province of Newfoundland and Labrador.
The Offshore Oil Royalty Regulations (NLR 37/17), as amended from time to time, enacted pursuant to the Petroleum and Natural Gas Act, RSNL 1990, c.P-10 (in this Exhibit the “Royalty Regulations”) shall apply to the Project, subject to the following:

1. Sections 9 and 13 of the Royalty Regulations, as they existed on the Effective Date, shall apply to the Project and the calculation of royalties payable on oil produced from the Project Lands as a matter of law for the life of the Project and the term of this Agreement.

2. Pre-development costs in respect of the Project up to December 31, 2017 will be the “Bay du Nord Pre-Development Costs”), subject to audit and certification by the Minister as contemplated in Section 3 of this Exhibit. If the Proponents proceed with the development of the Baccalieu Area, then additional pre-development costs in the amount of (the “Baccalieu Area Pre-Development Costs”) will be included in respect of the Project, subject to audit and certification by the Minister as contemplated in Section 3 of this Exhibit. No other costs incurred prior to January 1, 2018 shall be included as eligible pre-development costs in respect of the Project. The Bay du Nord Pre-Development Costs and the Baccalieu Area Pre-Development Costs are set out in Appendix 1 to this Exhibit.

3. Pursuant to the Royalty Regulations, the Province shall have the right to audit all eligible pre-development costs of the Proponents specified in Section 2 of this Exhibit, provided that such costs shall not be ineligible as a result of (i) not being directly attributable to the Project Lands or (ii) being a cost under another lease within Newfoundland and Labrador to the extent that such cost or part of a cost has not been claimed, deducted or included by a Proponent under another lease. The Province shall use its best efforts to complete the audit of all eligible pre-development costs noted in Section 2 of this Exhibit by March 31, 2019. The Province shall issue the pre-development costs certification for the Bay du Nord Pre-Development Costs upon completion of the audit. The Province shall use its best efforts to issue the pre-development costs certification for the Baccalieu Area Pre-Development Costs within six (6) months of the Proponents determining that they are proceeding with the development of the Baccalieu Area (if the decision relating to the Baccalieu Area development occurs subsequent to March 31, 2019).

4. Pursuant to section 60(5) of the Royalty Regulations:

   a. the difference between (i) the eligible pre-development costs certified pursuant to Section 3 of this Exhibit (being the Bay du Nord Pre-Development Costs and the Baccalieu Area Pre-Development Costs, subject to audit by the Minister as contemplated in Section 3 of this Exhibit) and (ii) the which the Purchase Price is based (the “Historic Cost Amount”), shall be allocated 65% to Equinor and 35% to Husky as certified eligible pre-development costs in respect of the Project; and
b. the Historic Cost Amount (including the amount of the Purchase Price) shall be allocated 58.5% to Equinor, 31.5% to Husky and 10% to Nalcor Oil as certified eligible pre-development costs in respect of the Project, provided that if the equity transaction contemplated in Exhibit “C” and to be effected pursuant to the Acquisition Agreement is not completed, then the Historic Cost Amount shall also be allocated 65% to Equinor and 35% to Husky.

5. The commitment towards the Centre of Excellence Funding (as defined in Exhibit “B” under Research and Development) shall not be disallowed as an eligible expense for royalty purposes merely as a result of (i) not being directly attributable to the Project Lands, (ii) being a cost under another lease within Newfoundland and Labrador to the extent that such cost or part of a cost has not been claimed, deducted or included by a Proponent under another lease, or (iii) otherwise disallowed under section 63(1)(q) of the Royalty Regulations.

6. For greater certainty, in relation to eligible transportations costs, a tanker shall be deemed to be out of service during any idle time or any other time that it is not carrying oil.

7. All currency conversions required from currencies other than Canadian currency to Canadian currency shall be converted at the daily rate (to the nearest 1/10000th of a dollar, using unbiased rounding) for the applicable currency conversion published daily by the Bank of Canada, and the conversions shall be conducted in accordance with Canadian generally accepted accounting principles.

8. Where more than one production licence is issued to the Proponents for the production of oil from the Project Lands, those production licences shall be treated collectively as one lease for purposes of the calculation and payment of royalties on oil produced from the Project Lands pursuant to section 4(4) of the Royalty Regulations. The Proponents will use all commercially reasonable efforts to cause the proportionate interests held by each of the Proponents to be the same in all Project Lands subject to this Agreement, unless otherwise agreed.
EXHIBIT “E”

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT made ________________, 20__.

AMONG:

[ASSIGNOR]

– and –

[ASSIGNEE]

WHEREAS the Assignor is a party to the Framework Agreement;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises and the covenants and agreements herein set forth, the parties agree as follows:

1. Definitions

Unless the context otherwise requires, words and phrases in this Agreement that are (i) defined in the Framework Agreement shall have the meanings ascribed to them in the Framework Agreement; and (ii) not defined in the Framework Agreement shall have the following meanings ascribed to them:

(a) “Agreement” means this assignment agreement;

(b) “Assigned Property” means either the legal or beneficial interest or both in all or a portion of an interest in the Project Lands which is owned by the Assignor immediately prior to the Effective Date, which the Assignor proposes to dispose of to the Assignee as and from the Effective Date and which is specified in Appendix “A”;

(c) “Assignee” means ●;

(d) “Assignor” means ●;

(e) “Effective Date” means the date of execution of this Agreement or such other date as the parties to this Agreement may agree; and

(f) “Framework Agreement” means the agreement, dated ●, which is entitled “Bay du Nord Framework Agreement” and is made between the Proponents, the Province and Nalcor Oil, including any amendments thereto.

2. Assignment by Assignor
(a) The Assignor hereby acknowledges that it has agreed to absolutely and unconditionally dispose of the Assigned Property to the Assignee as and from the Effective Date.

(b) The Assignor does hereby assign, set over, transfer and convey unto the Assignee, as and from the Effective Date, all of the interest of the Assignor in and under the Framework Agreement, that relates to the Assigned Property, and all benefit and advantage derived or to be derived therefrom, to have and to hold the same unto the Assignee absolutely, subject to the performance and observance by the Assignee of the terms, conditions and obligations contained in the Framework Agreement, that relates to the Assigned Property.

3. Acceptance by Assignee

(a) The Assignee hereby acknowledges that it has absolutely and unconditionally agreed to acquire the Assigned Property from the Assignor as and from the Effective Date.

(b) The Assignee hereby accepts the assignment set forth in Section 2(b) and covenants and agrees that it shall at all times from and after the Effective Date be bound by, observe and perform all the terms and provisions to be observed and performed by the Assignor under the Framework Agreement, that relate to the Assigned Property, to the same extent as if the Assignee had been a party thereto in the place and stead of the Assignor.

4. Further Assurances

The Assignor covenants and agrees with the Assignee that it shall and will, from time to time and at all times hereafter, at the request of the Assignee, execute such further assurances and do all such further acts as may be reasonably required for the purpose of vesting in the Assignee all of the interest of the Assignor in and under the Framework Agreement, that relates to the Assigned Property.

5. Further Assignment

Any further assignment of the Framework Agreement shall be made only in accordance with the provisions of Article 6 of the Framework Agreement.

6. Benefit

This Agreement shall inure to the benefit of, and be binding upon, the parties and their respective successors and assigns.

7. Notice

The address of Assignee for notices under the Framework Agreement shall be:
8. Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws in force in the Province of Newfoundland and Labrador and the reference to such laws shall not, by the application of conflicts of laws rules, or otherwise, require the application of the laws in force in any jurisdiction other than the Province of Newfoundland and Labrador.

9. Counterparts

This Agreement may be executed in counterparts and a set of counterparts executed by each of the parties hereto shall constitute a single document. A facsimile or other electronically reproduced counterpart signature page executed by a party shall be sufficient evidence of execution for the purposes of this Section 9.
IN WITNESS WHEREOF the parties to this Agreement have executed it as of the date first above written.

[ASSIGNOR]

By: __________________________
    Name: •
    Title: •

[ASSIGNEE]

By: __________________________
    Name: •
    Title: •