

**BAY DU NORD ROYALTY AGREEMENT**

**BETWEEN**

**HIS MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR**

**AND**

**EQUINOR CANADA LTD.**

**AND**

**BP CANADA ENERGY GROUP ULC**

**AND**

**OIL AND GAS CORPORATION OF NEWFOUNDLAND AND LABRADOR**

**March 3, 2026**

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EXHIBIT “B”           ASSIGNMENT AGREEMENT

## **BAY DU NORD ROYALTY AGREEMENT**

**THIS BAY DU NORD ROYALTY AGREEMENT** (the “**Agreement**”) dated as of March 3, 2026 is made by and between each of the following:

**HIS MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR** (the “**Province**”);

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

**BP CANADA ENERGY GROUP ULC**, an unlimited liability company existing under the laws of Nova Scotia, having its office in the City of Calgary, in the Province of Alberta (“**BP**”); and

**OIL AND GAS CORPORATION OF NEWFOUNDLAND AND LABRADOR**, a body corporate existing pursuant to the *Oil and Gas Corporation Act*, being Chapter O-6.1, of the Statutes of Newfoundland and Labrador, 2019 (“**OilCo**”).

### RECITALS

- A. Section 33 of the Petroleum and Natural Gas Act authorizes the Province to make an agreement that is inconsistent with the Royalty Regulations.
- B. The Province and the Proponents wish to set forth in this Agreement their respective rights and obligations in respect of royalties for the Project.

In consideration of the mutual promises set out in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

## **ARTICLE 1 DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions**

In this Agreement, unless expressly stated to the contrary or the context otherwise requires, words and phrases used in this Agreement: (i) that are defined in the Royalty Regulations shall have the meaning given to them in the Royalty Regulations; and (ii) that are not defined in the Royalty Regulations shall have the meaning given to them in this Section 1.1:

- (a) “**Accord Acts**” means the Federal Accord Act and the Provincial Accord Act.
- (b) “**Affiliate**” has the same meaning as “affiliated persons” in Section 251.1 of the Income Tax Act (Canada), as amended from time to time.
- (c) “**Agreement**”, “**this Agreement**” or “**the Agreement**” means this Bay du Nord Royalty Agreement, including all Exhibits attached hereto.
- (d) “**Allowance for Decommissioning Costs**” has the meaning given to that term in Section 4.5(b).

- (e) “**Assignment**” means an assignment, transfer or other disposition (including a distribution in the course of a winding-up).
- (f) “**Benefits Agreement**” means the agreement between the Proponents, OilCo and the Province dated the Effective Date and titled the “Bay du Nord Benefits Agreement”.
- (g) “**Business Day**” means any day other than a Saturday, Sunday or a statutory holiday in St. John’s, Newfoundland and Labrador.
- (h) “**Canada**” means His Majesty the King in Right of Canada or the geographical territory of Canada as the context may require.
- (i) “**Carried Costs**” has the meaning given to that term in the Equity Option Framework Agreement.
- (j) “**Carried Costs Account**” has the meaning given to that term in the Equity Option Framework Agreement.
- (k) “**Claims**” includes claims, demands, complaints, actions, suits, causes of action, assessments or reassessments, charges, judgments, debts and liabilities, whether contingent or otherwise.
- (l) “**C-NLOER**” means the Canada-Newfoundland and Labrador Offshore Energy Regulator established pursuant to the Accord Acts.
- (m) “**Development Plan**” means the development plans for the Project (including any amendments thereto) relating to the development of all or any portion of the Project Lands through the FPSO, including by subsea-only development and tie-back to the FPSO, submitted to the C-NLOER pursuant to the Accord Acts.
- (n) “**Effective Date**” means the first date indicated on the first page of this Agreement.
- (o) “**EL1171**” means exploration licence No. 1171 effective as of January 15, 2023, issued by the C-NLOER as currently set out in Exhibit “A”, including any significant discovery licence issued by the C-NLOER in respect of any lands within EL1171 and any Production Licence arising directly from any such significant discovery licence, and any extension, renewal, replacement or amendment thereof agreed to in writing by the C-NLOER.
- (p) “**EL1172**” means exploration licence No. 1172 effective as of January 15, 2023, issued by the C-NLOER as currently set out in Exhibit “A”, including any significant discovery licence issued by the C-NLOER in respect of any lands within EL1172 and any Production Licence arising directly from any such significant discovery licence, and any extension, renewal, replacement or amendment thereof agreed to in writing by the C-NLOER.
- (q) “**EL1173**” means exploration licence No. 1173 effective as of January 15, 2023, issued by the C-NLOER as currently set out in Exhibit “A”, including any significant discovery licence issued by the C-NLOER in respect of any lands within

EL1173 and any Production Licence arising directly from any such significant discovery licence, and any extension, renewal, replacement or amendment thereof agreed to in writing by the C-NLOER.

- (r) **“Equity Interest”** has the meaning given to that term in Section 2.5(a)(i).
- (s) **“Equity Option Framework Agreement”** means the agreement between the Proponents and OilCo dated the Effective Date and titled the “Equity Option Framework Agreement”.
- (t) **“Federal Accord Act”** means the *Canada-Newfoundland and Labrador Atlantic Accord Implementation and Offshore Renewable Energy Management Act*, SC 1987, c.3, as amended from time to time, and includes the regulations made and, from time to time, in force under that act.
- (u) **“FPSO”** means the floating production, storage and offloading system to be constructed, purchased or otherwise acquired to develop the Project.
- (v) **“Governmental Authority”** means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation (but explicitly excludes OilCo and its Affiliate corporations), court, board, tribunal or dispute settlement panel or body:
  - (i) having jurisdiction over the Project; or
  - (ii) exercising, or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power over the Project or any of the Proponents specifically in relation to the Project.
- (w) **“Historic Cost Amount”** has the meaning given to that term in Section 4.2(e)(ii).
- (x) **“Minister”** means the minister responsible to administer the Petroleum and Natural Gas Act and the Royalty Regulations.
- (y) **“Operator”** means the Proponent designated by the Proponents as operator in relation to any project developed on the Project Lands.
- (z) **“Option”** has the meaning given to that term in Section 2.5(a)(i).
- (aa) **“Parties”** means the parties to this Agreement and **“Party”** means any one of those parties.
- (bb) **“Person”** means a natural person, firm, trust, partnership, association, corporation, unincorporated organization, union, government or government agency.
- (cc) **“Petroleum and Natural Gas Act”** means the *Petroleum and Natural Gas Act* RSNL 1990, cP-10, as amended from time to time.
- (dd) **“Production Licence”** means a production licence issued by the C-NLOER.

- (ee) **“Production Phase”** has the meaning given to that term in the Benefits Agreement.
- (ff) **“Project”** means the project carried out on or in respect of the Project Lands in preparation of or under the Development Plan.
- (gg) **“Project Lands”** means:
  - (i) SDL1047, SDL1055, SDL1056, SDL1057, SDL1058, SDL1059, SDL1060, EL1171, EL1172 and EL1173, each as currently described in Exhibit “A”; and
  - (ii) any other exploration licence issued by the C-NLOER to the Proponents that includes any lands located in the Project Tie-Back Area, including any significant discovery licence issued by the C-NLOER in respect of any lands within any such exploration licence and any Production Licence arising directly from any such significant discovery licence, and any extension, renewal, replacement or amendment thereof agreed to in writing by the C-NLOER.
- (hh) **“Project Sanction”** shall be the date on which the Proponents execute the project authorization for expenditure sanctioning the Project to proceed.
- (ii) **“Project Tie-Back Area”** means the area within a fifty (50) kilometre (or such greater distance as would be technically feasible to develop by subsea tie-back to the FPSO) radius of the location of the FPSO as of the start of the Production Phase, which area is indicatively described in Exhibit “A” based on the currently estimated first location of the FPSO as of the start of the Production Phase.
- (jj) **“Proponents”** means collectively, Equinor, BP and, subject to Section 2.5, OilCo, and any successors to, or permitted assigns of, the interest holders of the Project Lands of any of those Persons, and **“Proponent”** means any one of them.
- (kk) **“Province”** means the Province of Newfoundland and Labrador, His Majesty in Right of Newfoundland and Labrador, or the geographical territory of the province of Newfoundland and Labrador, as the context may require.
- (ll) **“Provincial Accord Act”** means *Canada-Newfoundland and Labrador Atlantic Accord Implementation and Offshore Renewable Energy Management Newfoundland and Labrador Act*, RSNL 1990, cC-2, as amended from time to time, and includes the regulations made and, from time to time, in force under that Act.
- (mm) **“Purchase Price”** has the meaning given to that term in the Equity Option Framework Agreement.
- (nn) **“Required Filings”** means approvals, authorizations, consents, permits or other action or filing required by or from any Governmental Authority:
  - (i) as a result of entering into this Agreement;
  - (ii) under the Accord Acts; or

- (iii) pursuant to any licences insofar as they are part of the Project Lands.
- (oo) **“Royalty Regulations”** means the *Offshore Oil Royalty Regulations*, NLR 37/17, as may be amended.
- (pp) **“SDL1047”** means significant discovery licence No. 1047 effective as of February 22, 2010, issued by the C-NLOER 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-NLOER.
- (qq) **“SDL1055”** means significant discovery licence No. 1055 effective as of November 17, 2017, issued by the C-NLOER 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-NLOER.
- (rr) **“SDL1056”** means significant discovery licence No. 1056 effective as of June 28, 2019, issued by the C-NLOER 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-NLOER.
- (ss) **“SDL1057”** means significant discovery licence No. 1057 effective as of June 28, 2019, issued by the C-NLOER 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-NLOER.
- (tt) **“SDL1058”** means significant discovery licence No. 1058 effective as of October 28, 2020, issued by the C-NLOER 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-NLOER.
- (uu) **“SDL1059”** means significant discovery licence No. 1059 effective as of January 20, 2023, issued by the C-NLOER 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-NLOER.
- (vv) **“SDL1060”** means significant discovery licence No. 1060 effective as of January 15, 2024, issued by the C-NLOER 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-NLOER.
- (ww) **“Sierra Club Application”** means the application by Sierra Club Canada Foundation et al for judicial review in the Federal Court (T-938-22), and appeal therefrom in the Federal Court of Appeal (A-238-23), regarding the Minister of Environment and Climate Change’s decision that the Project was not likely to cause significant adverse environmental effects.
- (xx) **“Total Royalty Obligation”** has the meaning given to that term in Section 4.5(d)(ii).

(yy) “**Total Royalty Paid**” has the meaning given to that term in Section 4.5(d)(i).

## **1.2 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.

## **1.3 Interpretation of Royalty Regulations**

- (a) All references in the Royalty Regulations as modified by this Agreement to the “regulations” shall be interpreted as referring to the Royalty Regulations as modified by this Agreement.
- (b) All references in the Royalty Regulations as modified by this Agreement to a lease shall mean a production licence pursuant to section 30(1)(c) of the Petroleum and Natural Gas Act.

## **1.4 Incorporation of Exhibits**

The following exhibits are incorporated into and form part of this Agreement:

Exhibit “A”	Project Lands
Exhibit “B”	Assignment Agreement

## **1.5 Article, Section and Exhibit Reference**

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

## **1.6 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”.

## **1.7 Interpretation**

- (a) 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.
- (b) Except, and only to the extent as expressly set forth in this Article 1, Article 2, Article 4, and Article 5, this Agreement shall be interpreted and enforced without

reference to the provisions of any other agreement or document with respect to the Project made by, between or among any one or more of the Parties, or any one or more of the Parties and other Persons, including the Benefits Agreement and the Equity Option Framework Agreement.

## **1.8 Currency References**

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

## **ARTICLE 2 EFFECTIVE DATE AND TERM**

### **2.1 Effective Date**

This Agreement shall become effective upon the Effective Date.

### **2.2 Term**

Except as expressly otherwise provided herein, this Agreement shall remain in force until the date that all accounts between the Parties have been finally settled following the termination of any exploration, development and production of hydrocarbon resources from the Project Lands and completion of all final decommissioning, abandonment, reclamation and environmental remediation activities associated with the production of oil from the Project Lands, and thereafter shall continue in force with respect to all matters occurring prior to that date.

### **2.3 Termination**

If, at any time after the third anniversary of the Effective Date, the Proponents have not obtained approval from the C-NLOER of the Development Plan, then absent agreement to the contrary, the Province and the Operator shall each have the right to terminate this Agreement on thirty (30) days notice to the other Parties.

### **2.4 Project Sanction Obligations**

- (a) The entering into of this Agreement does not obligate the Proponents to sanction or continue the Project, which shall be in the sole discretion of the Proponents.
- (b) The Proponents shall provide the Province with notice of Project Sanction within ten (10) Business Days of Project Sanction.

### **2.5 OilCo's Obligations**

- (a) The rights and obligations of OilCo contemplated by this Agreement, except those set out in Sections 3.2 (Representations and Warranties of OilCo), 3.5(c) (Indemnities), 5.3 (Assignment by OilCo Prior to Becoming a Proponent), Article 6 (Notices), and Article 9 (Miscellaneous), are subject to:
  - (i) OilCo exercising the option under the Equity Option Framework Agreement (the "**Option**") to acquire up to a ten percent (10%) undivided working interest in the Project (the "**Equity Interest**"); and

- (ii) OilCo completing the acquisition of the working interest from the Proponents in accordance with the acquisition agreement to be entered by the Parties upon OilCo exercising the Option.
- (b) Upon satisfaction of the conditions set out in Sections 2.5(a)(i) and 2.5(a)(ii), OilCo shall be deemed to be a Proponent for all purposes under this Agreement and shall be bound by all terms, conditions, rights, and obligations applicable to the Proponents hereunder.
- (c) If the Option expires (or is deemed to expire) pursuant to the Equity Option Framework Agreement, or OilCo does not acquire the working interest in the Project for any reason, then OilCo shall provide thirty (30) days written notice to the other Parties of such event and OilCo shall cease to be a party to this Agreement with no further rights or obligations hereunder.

### **ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS**

#### **3.1 Representations and Warranties of Equinor and BP**

Acknowledging that the Province is relying on such representations and warranties, each of Equinor and BP represents and warrants to the Province 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;
- (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 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;
- (f) 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;

- (g) except for Required Filings, no approval, authorization, consent, permit or other action by, or filing with, any Governmental Authority 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;
- (h) other than the Sierra Club Application, 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
- (i) it will not make any application to the C-NLOER which would prejudice its ability to implement this Agreement.

### **3.2 Representations and Warranties of OilCo**

Acknowledging that the Province is relying on such representations and warranties, OilCo represents and warrants to the Province 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) OilCo 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) OilCo is entering into this Agreement on its own behalf;
- (d) it has all necessary power, authority and capacity to enter into this Agreement and to perform its respective obligations herein;
- (e) 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;
- (f) 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;

- (g) 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;
- (h) 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
- (i) 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.

### **3.3 Representations and Warranties of the Province**

Acknowledging that each Proponent is relying on such representations and warranties, the Province represents and warrants to each Proponent 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.

### **3.4 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 OilCo from damages arising out of any breach of any covenant, representation or warranty of it set out in Section 3.1.
- (b) BP will indemnify the Province and OilCo from damages arising out of any breach of any covenant, representation or warranty of it set out in Section 3.1.
- (c) OilCo will indemnify each of the Proponents from damages arising out of any breach of any covenant, representation or warranty of OilCo set out in Section 3.2.

- (d) The Province will indemnify each of the Proponents from damages arising out of any breach of any covenant, representation or warranty of the Province set out in Section 3.3.

**ARTICLE 4  
ROYALTY AGREEMENT**

**4.1 Authority**

- (a) The Parties agree that this Agreement is an agreement within the meaning of section 33 of the Petroleum and Natural Gas Act.
- (b) Royalties payable on oil produced from the Project shall be determined pursuant to the application of the Royalty Regulations as modified pursuant to this Agreement.
- (c) Where and to the extent a provision of this Agreement is inconsistent with a provision of the Royalty Regulations or any other regulation promulgated under Part II of the Petroleum and Natural Gas Act, the relevant provision of this Agreement shall prevail over such inconsistent provision of the Royalty Regulations or any other regulation promulgated under Part II of the Petroleum and Natural Gas Act, to and only to the extent necessary to give effect to the relevant provision of this Agreement.

**4.2 Eligible Pre-Development Costs**

- (a) Pursuant to sections 60(2) and 60(4) of the Royalty Regulations, the eligible pre-development costs in respect of the Project up to December 31, 2025 are [REDACTED] of which:
  - (i) the [REDACTED] of eligible pre-development costs incurred prior to January 1, 2018 have been audited pursuant to the Royalty Regulations, and the Province shall issue the pre-development costs certification for these eligible pre-development costs within thirty (30) days of the commencement date; and
  - (ii) the [REDACTED] of eligible pre-development costs incurred from January 1, 2018 up to December 31, 2025 shall be subject to audit and certification by the Minister in accordance with the Royalty Regulations.
- (b) No other costs incurred prior to January 1, 2026 shall be included as eligible pre-development costs in respect of the Project, unless otherwise approved by the Minister in accordance with subsection 60(4) of the Royalty Regulations.
- (c) Pursuant to the Royalty Regulations, the Province shall have the right to audit all eligible pre-development costs of the Proponents specified in Section 4.2(a)(ii), 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, or (iii) not

having been incurred by the Operator and shared by all of the Proponents in proportion to their respective working interest share in any lease.

- (d) The Province shall use its best efforts to complete the audit of all eligible pre-development costs specified in Section 4.2(a)(ii) within two years of the commencement date. The Province shall issue the pre-development costs certification for the eligible pre-development costs specified in Section 4.2(a)(ii) upon completion of the audit.
- (e) Pursuant to section 60(5) of the Royalty Regulations:
  - (i) the amount of [REDACTED] shall be allocated 100% to Equinor;
  - (ii) the difference between (A) the aggregate eligible pre-development costs certified pursuant to Sections 4.2(a)(i) and 4.2(d) less (B) the sum of (1) the amount of [REDACTED] plus (2) the amount equal to the Purchase Price divided by the Equity Interest (in this Section 4.2(e), the “**Historic Cost Amount**”), shall be allocated [REDACTED] to Equinor and [REDACTED] to BP as certified eligible pre-development costs in respect of the Project; and
  - (iii) the Historic Cost Amount (including the amount of the Purchase Price) shall be allocated:
    - (A) to Equinor as to the percentage equal to (A) [REDACTED] multiplied by (B) the percentage equal to 100% less the Equity Interest;
    - (B) to BP as to the percentage equal to (A) [REDACTED] multiplied by (B) the percentage equal to 100% less the Equity Interest; and
    - (C) to OilCo as to the Equity Interest,

in each case as certified eligible pre-development costs in respect of the Project, provided that if OilCo does not exercise the Option pursuant to and in accordance with the Equity Option Framework Agreement or if the transaction for the acquisition by OilCo of the Equity Interest pursuant to the Equity Option Framework Agreement fails to be completed for any reason, then the Historic Cost Amount shall also be allocated [REDACTED] to Equinor and [REDACTED] to BP.

### **4.3 Fabrication Funds**

Any amount paid by or on behalf of a Proponent to the Province (it being understood that the Operator may pay such amounts to the Province on behalf of the Proponents) pursuant to Section 4.4 of the Benefits Agreement shall be deemed to be an eligible capital cost of that Proponent.

### **4.4 Research and Development**

The Proponents commitment of \$100,000,000 of funding to advance the Province's global capacity for innovation in areas such as additive manufacturing, artificial intelligence, marine technologies, autonomous systems and robotics (as contemplated in Section 4.9 of the Benefits Agreement) 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.

#### 4.5 Decommissioning Costs

- (a) Starting with the month in which the Production Phase commences:
- (i) for the purposes of calculating the recovery factor of a Proponent for a month pursuant to section 9(2) of the Royalty Regulations, the amount calculated pursuant to Section 4.5(b) for that Proponent for that month shall be included as eligible operating costs of that Proponent for that month, up to a maximum cumulative amount equal to that Proponent's working interest share of the Allowance for Decommissioning Costs; and
  - (ii) for the purposes of calculating the net revenue of a Proponent for a month pursuant to section 12 of the Royalty Regulations, the amount calculated pursuant to Section 4.5(b) for that Proponent for that month shall be included as eligible operating costs of that Proponent for that month, up to a maximum cumulative amount equal to that Proponent's working interest share of the Allowance for Decommissioning Costs.
- (b) The amount to be included as eligible operating costs by a Proponent for a month pursuant to Section 4.5(a)(i) and 4.5(a)(ii) shall be calculated in accordance with the following:

$$(A / B) \times C$$

where:

- A = that Proponent's working interest share of [REDACTED] (the "Allowance for Decommissioning Costs");
  - B = that Proponent's working interest share of 430,000,000 barrels; and
  - C = that Proponent's working interest share of the volume of oil produced from the Project (measured in barrels) during that month up to that Proponent's working interest share of 430,000,000 barrels.
- (c) If the cumulative amount included as eligible operating costs by a Proponent pursuant to Section 4.5(b) is:
- (i) greater than that Proponent's working interest share of the net decommissioning costs (being the result of subtracting decommissioning revenue from decommissioning costs) set out in a decommissioning carry-back statement submitted pursuant to section 51(2) of the Royalty Regulations, then the excess shall be incidental revenue for the period in which the carry-back statement is prepared; or

- (ii) less than that Proponent's working interest share of the net decommissioning costs (being the result of subtracting decommissioning revenue from decommissioning costs) set out in a decommissioning carry-back statement submitted pursuant to section 51(2) of the Royalty Regulations, then the shortfall shall be deemed to be net decommissioning costs and shall be used to reduce net revenue to zero for the period in which the carry-back statement is prepared, and the provisions of sections 51(6), (7) and (10) of the Royalty Regulations shall apply in respect of previous periods, as applicable.
- (d) Within ninety (90) days following the end of the period in which substantial completion of the decommissioning of the Project has occurred, a Proponent shall calculate:
  - (i) the cumulative amount of total royalty paid by that Proponent for all prior periods, including as a result of any adjustments pursuant to Section 4.5(c) (for each Proponent, the "**Total Royalty Paid**"); and
  - (ii) the cumulative amount of total royalty that would have been payable by that Proponent for all prior periods if the total royalty payable by that Proponent for each month of all such prior periods had been calculated in accordance with the Royalty Regulations with no adjustments pursuant to this Section 4.5, including the unadjusted application of section 50 to 53 of the Royalty Regulations (for each Proponent, the "**Total Royalty Obligation**").
- (e) In connection with the annual reconciliation for the period in which substantial completion of the decommissioning of the Project has occurred, a Proponent shall pay to the Province as total royalty for that period the amount equal to the difference between the Total Royalty Obligation of that Proponent less the Total Royalty Paid of that Proponent, provided that no interest shall be payable in respect of such amount pursuant to section 58 of the Royalty Regulations.

#### **4.6 Oilco Carried Costs**

If Oilco exercises the option pursuant to the Equity Option Framework Agreement and elects to pay the Purchase Price by adding the amount of the Purchase Price to the Carried Costs Account, then any Carried Costs shall not be ineligible as a result of not having been incurred by the Operator and shared by all of the Proponents in proportion to their respective working interest share in any lease.

#### **4.7 General**

- (a) 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.
- (b) 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.

- (c) 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.
- (d) Pursuant to section 14 of the Royalty Regulations, the commencement date of the Project and each lease comprising the Project Lands shall be Project Sanction.

## **ARTICLE 5 ASSIGNMENT**

### **5.1 Assignment**

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 "B";
- (c) the Proponent contemporaneously assigns an equivalent proportion of its rights and obligations under the Benefits Agreement, and the Equity Option Framework Agreement, 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 40 of the Royalty Regulations as modified by this Agreement with respect to the royalty share payable pursuant to the Royalty Regulations as modified by this Agreement.

### **5.2 Continuing Liability**

An assigning Proponent who satisfies the requirements of Section 5.1:

- (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.

### **5.3 Assignment by OilCo Prior to Becoming a Proponent**

- (a) Except as permitted pursuant to Section 5.3(b), prior to the Closing Date (as such term is defined in the Equity Option Framework Agreement), OilCo shall not make an Assignment of all or any portion of its rights and obligations under this Agreement.
- (b) Prior to the Closing Date, OilCo may make an Assignment of all (but not less than all) of its rights and obligations under this Agreement to any Affiliate that is wholly owned by the Province (whether directly or indirectly) whose objects allow it to enter into this Agreement, provided that OilCo also contemporaneously assigns all (but not less than all) of its rights and obligations under the Benefits Agreement and the Equity Option Framework Agreement to that Affiliate as part of such transaction, in compliance with the terms contained therein.
- (c) Upon any such Assignment and upon the execution and delivery of an assignment agreement in form and content substantially the same as the form of Assignment Agreement contained in Exhibit "B", OilCo 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.
- (d) Upon OilCo becoming a Proponent, any assignment by OilCo shall be governed by Section 5.1.

## **ARTICLE 6 NOTICES**

### **6.1 Form and Delivery**

Any notice, consent, acknowledgement, approval, designation or other communication to be given by one Party to the other Parties 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 as follows:

**Province:** His Majesty in Right of Newfoundland and Labrador  
50 Elizabeth Ave.  
P.O. Box 8700  
St. John's, NL A1B 4J6

Attention: Minister of Energy and Mines

**Equinor:** Equinor Canada Ltd.  
2 Steers Cove, Level 3  
St. John's, NL A1C 6J5

Attention: Project Director, Bay du Nord

**BP:** BP Canada Energy Group ULC  
Suite 740, Cabot Place, 100 New Gower Street  
St. John's, NL A1C 6K3

Attention: VP, Canada

**OilCo:** Oil and Gas Corporation of Newfoundland and Labrador  
Suite 301, 45 Hebron Way  
St. John's, NL A1A 0P9

Attention: Chief Executive Officer

## **6.2 Delivery**

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

## **6.3 Change of Address**

A Party may give notice of a change of address in the manner provided in Section 6.1, in which event notices shall thereafter be given to that Party at such changed address.

# **ARTICLE 7 RELATIONSHIP**

## **7.1 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. 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.

## **7.2 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. 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.

### **7.3 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.

### **7.4 No Partnership**

Nothing in this Agreement shall constitute or create a partnership among the Proponents or the Proponents and the Province or between any of them. Except as expressly provided for in this Section 7.4, 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.

### **7.5 OilCo**

- (a) Sections 7.2 and 7.3 shall not apply to OilCo as long as OilCo 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 OilCo's liability for the payment of royalties on oil produced from the Project Lands.
- (c) The amendments or agreement in paragraph (b) above shall apply to the royalties payable by OilCo 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.

## **ARTICLE 8 LEGISLATIVE AND REGULATORY STABILITY**

### **8.1 Royalty**

The Province hereby covenants that other than the royalty regime imposed by the Royalty Regulations as modified by this Agreement: (a) no other royalty shall be imposed on the

Proponents in respect of oil produced from the Project Lands; and (b) subject to legislation of general application, no additional tax, levy, fee or charge shall be imposed by the Province on the Project or the Project Lands or on the Proponents in relation to their interest in the Project or the Project Lands.

## **ARTICLE 9 MISCELLANEOUS**

### **9.1 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.

### **9.2 Courts and 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. Each of the Parties hereby attorns to the exclusive jurisdiction of the courts of the Province of Newfoundland and Labrador, and all courts of appeal therefrom, for the resolution of any matters arising under this Agreement over which the courts have jurisdiction.

### **9.3 Amendment**

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

### **9.4 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.

### **9.5 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:

- (a) 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.

## **9.6 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, survive indefinitely or until by their respective terms, they are no longer operative or are otherwise limited by an applicable statute of limitations.

## **9.7 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 of the Parties than against any other Party.

## **9.8 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.

## **9.9 No Third Party Benefits**

This Agreement is solely for the benefit of the Proponents and the Province, 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.

## **9.10 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.

## **9.11 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 produced signature page of a counterpart executed by a Party shall be sufficient evidence of execution for the purposes of this Section 9.11.

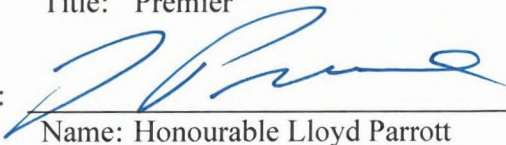
*[Remainder of page intentionally left blank.]*

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

PROVINCE:

**HIS MAJESTY IN RIGHT OF  
NEWFOUNDLAND AND LABRADOR**

By:   
Name: Honourable Tony Wakeham  
Title: Premier

By:   
Name: Honourable Lloyd Parrott  
Title: Minister of Energy and Mines

PROPONENTS:

**EQUINOR CANADA LTD.**

By: \_\_\_\_\_  
Name: Tore M. Løseth  
Title: Country President

**BP CANADA ENERGY GROUP ULC**

By: \_\_\_\_\_  
Name: Elsa Lassemblee-Leon  
Title: VP Canada

**OIL AND GAS CORPORATION OF  
NEWFOUNDLAND AND LABRADOR**

By: \_\_\_\_\_  
Name: James M. Keating  
Title: Chief Executive Officer

*Signature page to the Bay du Nord Royalty Agreement dated March 3, 2026*

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Title: Country President

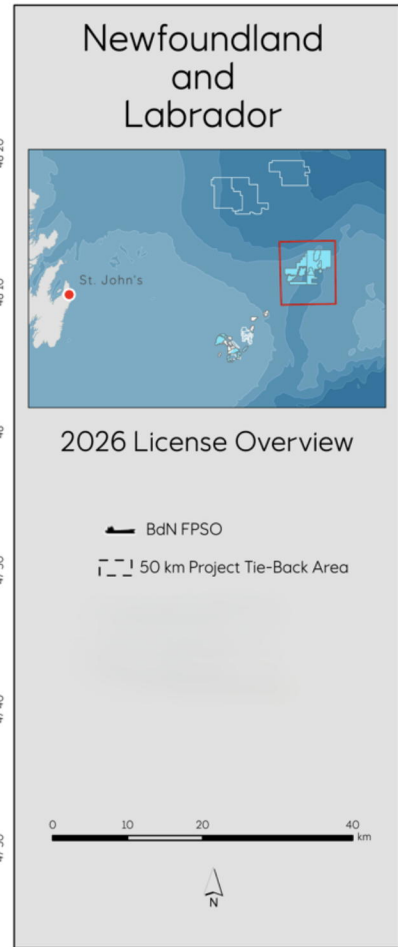
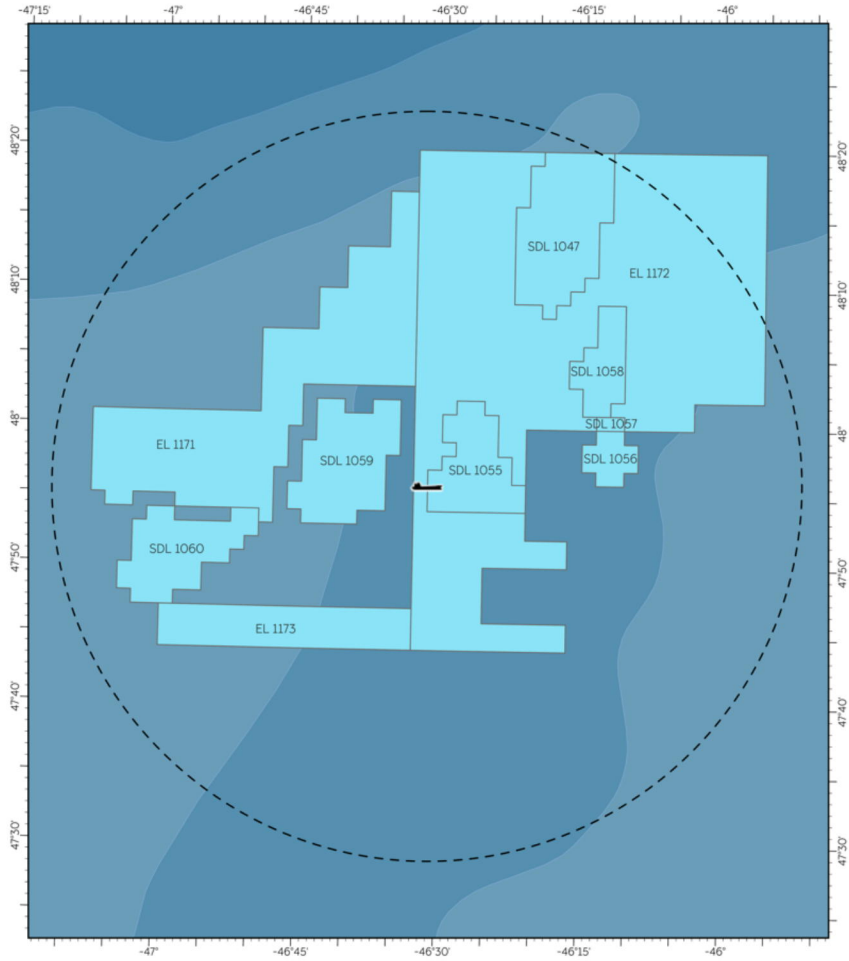
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By:  \_\_\_\_\_  
Name: James M. Keating  
Title: Chief Executive Officer

*Signature page to the Bay du Nord Royalty Agreement dated March 3, 2026*





**EXHIBIT “B”**

**ASSIGNMENT AGREEMENT**

**THIS ASSIGNMENT AGREEMENT** made \_\_\_\_\_, 20\_\_.

**AMONG:**

[ASSIGNOR]

– and –

[ASSIGNEE]

**WHEREAS** the Assignor is a party to the Royalty 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 (i) that are defined in the Royalty Agreement shall have the meanings ascribed to them in the Royalty Agreement; and (ii) that are not defined in the Royalty Agreement shall have the following meanings ascribed to them in this Section 1:

- (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) **“Royalty Agreement”** means the agreement which is entitled “Bay Du Nord Royalty Agreement” and is made between the Proponents and the Province dated as of March 3, 2026, 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 Royalty Agreement, to the extent relevant 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 Royalty Agreement, to the extent relevant 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 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 Royalty 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 Royalty Agreement, that relates to the Assigned Property.

## **5. Further Assignment**

Any further assignment of the Royalty Agreement shall be made only in accordance with the provisions of Article 5 of the Royalty Agreement.

## **6. Benefit**

This Agreement shall enure 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 Royalty Agreement shall be:

- 
- 

Attention: ●

## **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.

**[Remainder of page intentionally left blank.]**

IN WITNESS WHEREOF the parties to this Agreement have executed it as of the date first above written.

**[ASSIGNOR]**

**[ASSIGNEE]**

By: \_\_\_\_\_  
Name: ●  
Title: ●

By: \_\_\_\_\_  
Name: ●  
Title: ●

By: \_\_\_\_\_  
Name: ●  
Title: ●

By: \_\_\_\_\_  
Name: ●  
Title: ●