

# PROSPECTUS



## SEACREST PETROLEO BERMUDA LIMITED

*(an exempted company limited by shares incorporated under the laws of Bermuda)*

### **Initial public offering of up to 286,000,000 shares at an offer price of NOK 10 per share Listing of the Company's shares on the Oslo Stock Exchange**

This prospectus (the "**Prospectus**") has been prepared in connection with the initial public offering (the "**Offering**") of common shares in Seacrest Petroleo Bermuda Limited, an exempted company limited by shares incorporated under the laws of Bermuda ("**Seacrest**", "**Seacrest Petroleo**" or the "**Company**", and together with its consolidated subsidiaries, the "**Group**"), and the listing expected on or around 20 February 2023 (the "**Listing**") on Oslo Børs or alternatively Euronext Expand, both stock exchanges being part of Euronext and operated by Oslo Børs ASA (together, the "**Oslo Stock Exchange**"), of the Company's common shares, each with a par value of USD 0.00001 (the "**Shares**"). The Offering comprises up to 260,000,000 new Shares to be issued by the Company (the "**New Shares**"). Unless the context indicates otherwise, the New Shares and the Additional Shares (as defined below) are together referred to as the "**Offer Shares**". The price (the "**Offer Price**") at which the Offer Shares will be sold is NOK 10 per Offer Share.

The Offering consists of (i) a private placement to (a) institutional and other professional investors in Norway, (b) investors outside Norway and the United States of America (the "**U.S.**" or the "**United States**"), in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**") and (c) "qualified institutional buyers" ("**QIBs**") in the United States as defined in Rule 144A ("**Rule 144A**") of the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") who have provided to the Company and to the Placement Agents (as such term is defined below) (and the Company and the Placement Agents have accepted) a duly executed representation letter in the form attached hereto as [Appendix H](#) of this Prospectus (an "**Investor Representation Letter**") in reliance on Section 4(a)(2) ("**Section 4(a)(2)**") of the U.S. Securities Act in a transaction not being subject to the registration requirements under the U.S. Securities Act (the "**Institutional Offering**"); and (ii) a retail offering to the public in Norway (the "**Retail Offering**"). All offers and sales in the U.S. will be made only to QIBs in reliance on Section 4(a)(2) in a transaction not being subject to the registration requirements under the U.S. Securities Act.

The Managers (as defined herein), may elect to over-allot a number of additional Shares equal to up to approximately 10% of the number of the New Shares allocated and sold in the Offering (the "**Additional Shares**"), implying a total transaction size of up to approximately USD 275 million (equivalent to approximately NOK 2,860 million). In order to facilitate such over-allotment, Seacrest Partners III, L.P. is expected to grant ABG Sundal Collier ASA (the "**Stabilization Manager**"), on behalf of the Managers, an option to borrow a number of Shares equal to the number of Additional Shares (the "**Borrowing Option**"). The Stabilization Manager, on behalf of the Managers, is expected to be granted an option by the Company to subscribe for a number of additional new Shares to be issued by the Company equal to the number of Additional Shares, at a price per Share equal to the Offer Price, to cover any short positions created by over-allotments in the Offering (the "**Greenshoe Option**"). The Greenshoe Option is exercisable, in whole or in part, within a 30-day period commencing at the time of the Listing, on the terms and subject to the conditions described in this Prospectus. The Company will receive the proceeds from the issuance of any Shares subscribed pursuant to the Greenshoe Option.

See Section 17 "**Terms of the Offering**" for further information on how the Offer Price is set. The Offer Price, and the number of Offer Shares sold in the Offering, is expected to be announced through a stock exchange notice on or around 16 February 2023. The offer period for the Institutional Offering (the "**Bookbuilding Period**") will commence at 09:00 (CET) on 9 February 2023, and close at 14:00 (CET) on 16 February 2023. The application period for the Retail Offering (the "**Application Period**") will commence at 09:00 (CET) on 9 February 2023 and close at 12:00 (CET) on 16 February 2023. The Bookbuilding Period and/or the Application Period may, at the Company's sole discretion in consultation with the Managers and for any reason, be extended beyond the set times, but will in no event be extended beyond 14:00 (CET) on 23 February 2023, subject to approval by the Norwegian FSA of a supplement to the Prospectus pursuant to Article 23 of the EU Prospectus Regulation (as defined herein), if the extension so requires.

The Shares and the New Shares will be, registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form. All Shares rank in parity with one another and carry one vote.

**Investing in the Shares involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, Section 2 "**Risk factors**" beginning on page 16 when considering an investment in the Company. The Shares have not been, and will not be,**

registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to persons who are QIBs and who have provided to the Company (and the Company has accepted) a duly executed Investor Representation Letter in reliance on Section 4(a)(2) in a transaction not being subject to the registration requirements under the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act. The Offering is not, and will not be, registered in Brazil. No public offering of the Shares will be made in Brazil. The shares may only be sold in Brazil to professional investors, as such term is defined in Article 11 of CVM Resolution No. 30, of May 11, 2021 ("Resolution No. 30"), and according to the terms of Article 8, item VI, of CVM Resolution No.160, of July 13, 2021 ("Resolution No. 160"). The distribution of this Prospectus and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required by the Company, the Managers and the International Placement Agents to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction. See Section 18 "*Selling and transfer restrictions*".

Prior to the Offering, the Shares have not been publicly traded. The Company will on or about 8 February 2023 apply for the Shares to be listed on the Oslo Stock Exchange. Completion of the Offering is subject to the approval of the Listing application by the Oslo Stock Exchange, the satisfaction of the conditions for the Listing set by the Oslo Stock Exchange and certain other conditions as further elaborated in Section 17.15 "*Conditions for completion of the Offering – Listing and trading of the Offer Shares*". The Shares will be eligible for clearing through the facilities of the Oslo Stock Exchange.

The due date for the payment of the Offer Shares in the Retail Offering and the Institutional Offering is expected to be on or around 21 February 2023, while the due date for the payment of the Offer Shares in the Institutional Offering is expected to be on or around 22 February 2023. Delivery of the Offer Shares in the Retail Offering is expected to take place on or around 21 February 2023 through the facilities of the VPS. Delivery of the Offer Shares in the Institutional Offering is expected to take place on or around 22 February 2023 through the facilities of the VPS. Trading in the Shares on the Oslo Stock Exchange is expected to commence on or around 20 February 2023, under the ticker code "SEAPT". If closing of the Offering does not take place on such date or at all, the Offering may be withdrawn, resulting in all applications for Offer Shares being disregarded, any allocations made being deemed not to have been made and any payments made being returned without any interest or other compensation. All dealings in the Shares prior to settlement and delivery are at the sole risk of the parties concerned.

**Joint global coordinators and  
joint bookrunners**

ABG Sundal Collier

Pareto Securities

**International placement agents**

Banco BTG Pactual S.A. - Cayman Branch

Itau BBA USA Securities, Inc.

**Joint bookrunner**

SpareBank 1 Markets

**The date of this Prospectus is 8 February 2023**

## IMPORTANT INFORMATION

This Prospectus has been prepared in connection with the Offering of the Offer Shares and the Listing of the Shares on the Oslo Stock Exchange.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (the "**Norwegian Securities Trading Act**") and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act (the "**EU Prospectus Regulation**"). This Prospectus has been prepared solely in the English language. This Prospectus has been approved by the Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*) (the "**Norwegian FSA**"), as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

For definitions of certain other terms used throughout this Prospectus, see Section 20 "*Definitions and glossary of terms*".

The Company has engaged ABG Sundal Collier ASA and Pareto Securities AS to act as joint global coordinators and joint bookrunners, and SpareBank 1 Markets AS to act as joint bookrunner (together, the "**Managers**"). The Company has also engaged Banco BTG Pactual SA - Cayman Branch and Itau BBA USA Securities, Inc. (the "**International Placement Agents**" and, together with the Managers or their affiliates, as the case may be, the "**Placement Agents**") as international placement agents exclusively in the context of the offering being made to (i) investors outside Norway and the U.S., in compliance with Regulation S, and (ii) QIBs in the United States as defined in Rule 144A who have provided to the Company and the Placement Agents (and the Company and the Placement Agents have accepted) a duly executed Investor Representation Letter in reliance on Section 4(a)(2) in a transaction not being subject to the registration requirements under the U.S. Securities Act. The International Placement Agents are not acting in the offering for institutional and other professional investors in Norway, nor in the Retail Offering.

The information contained herein is current as of the date hereof and is subject to change, completion and amendment without notice.

In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Offer Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the Listing, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, or the sale of any Offer Share, shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

No person is authorized to give information or to make any representation concerning the Company or in connection with the Offering or the sale of the Offer Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by the Company, the Managers or the International Placement Agents or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

**The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 18 "*Selling and transfer restrictions*".**

This Prospectus and the terms and conditions of the Offering as set out herein and any sale and purchase of Offer Shares hereunder shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering or this Prospectus.

**In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group and the terms of the Offering, including the merits and risks involved.** Neither the Company nor the Managers and the International Placement Agents, or any of their respective affiliates, representatives or advisors, are making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

All Sections of the Prospectus should be read in context with the information included in Section 4 "*General information*".

## EXCHANGE CONTROL

The Bermuda Monetary Authority (the "**BMA**") must generally approve all issues and transfers of shares of a Bermuda exempted company under the Exchange Control Act 1972 (and its related regulations) (the "**ECA**"). The BMA has given a general permission that permits the free issue of the Shares and their free transferability under the ECA for so long as the Shares remain listed on an appointed stock exchange (as such term is defined in the Companies Act 1981 of Bermuda, as amended (the "**Bermuda Companies Act**") (an "**Appointed Stock Exchange**")), which includes the Oslo Stock Exchange.

## NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Shares have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or under any U.S. state securities laws. The Offer Shares may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws.

Accordingly, the Offer Shares are being offered and sold: (i) in the United States only to QIBs who have provided to the Company (and the Company has accepted) a duly executed Investor Representation Letter in reliance on Section 4(a)(2) of the U.S. Securities Act in a transaction not being subject the registration requirements under the U.S. Securities Act and (ii) outside the United States in compliance with Regulation S. For certain restrictions on the sale and transfer of the Offer Shares, see Section 18.2.1 "*The United States*".

**Prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares, and are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities. See Section 18 "*Selling and transfer restrictions*".**

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers, the International Placement Agents or their respective affiliates, representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without prior written consent of the Company, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person, is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Shares.

## NOTICE TO INVESTORS IN THE UNITED KINGDOM

Offers of Offer Shares pursuant to the Offering are only being made to persons in the United Kingdom who are 'qualified investors' within the meaning of the UK version of the EU Prospectus Regulation (2017/1129/ EU) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

This Prospectus is only being distributed to and is only directed at, and any investment or investment activity to which the document relates is available only to, and will be engaged in only with (i) persons falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) high net worth bodies, corporate, unincorporated associations and partnerships and trustees of high value trusts falling within Article 49(2)(a) to (d) of the Order, and/or (iii) other persons to whom such investment or investment activity may lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

## NOTICE TO INVESTORS IN THE EEA

In any member state of the European Economic Area (the "**EEA**"), other than Norway (each a "**Relevant Member State**"), this communication is only addressed to and is only directed at persons who are "qualified investors" within the meaning of Article 2 of the EU Prospectus Regulation. The Prospectus has been prepared on the basis that all offers of Offer Shares outside Norway will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to produce a prospectus for offer of shares. Accordingly, any person making or intending to make any offer of Offer Shares which is the subject of the Offering contemplated in this Prospectus within any Relevant Member State should only do so in circumstances in which no obligation arises for the Company or any of the Managers and the International Placement Agents to publish a prospectus or pursuant to Article 1 of the EU Prospectus Regulation or a supplement prospectus pursuant to Article 23 of the EU Prospectus Regulation, in each case, in relation to such offer. Neither the Company nor the Managers and the International Placement Agents have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by the Managers and the International Placement Agents which constitute the final placement of Offer Shares contemplated in this Prospectus.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers, the International Placement Agents and the Company that:

- a) it is a "qualified investor" within the meaning of Article 2 of the EU Prospectus Regulation; and
- b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) such Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Managers and the International Placement Agents has been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares.

See Section 18 "*Selling and transfer restrictions*" for certain other notices to investors.

#### NOTICE TO INVESTORS IN BERMUDA

The Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 of Bermuda, the ECA and the Bermuda Companies Act. The Company has not engaged any distributor in Bermuda in connection with the offering and sale of the Offer Shares.

This document does not constitute a prospectus for the purposes of the Bermuda Companies Act and will not be filed with the Registrar of Companies in Bermuda.

#### NOTICE TO INVESTORS IN BRAZIL

The Offering have not been and will not be registered with the Brazilian securities commission ("Comissão de Valores Mobiliários" or "**CVM**"). No public offering of the Shares will be made in Brazil. The Offering will not be settled in Brazil or in Brazilian Reais. The Offer Shares may not be offered, sold, pledged or otherwise transferred within Brazil except pursuant to an exemption from the registration requirements of applicable Brazilian securities laws.

The use of advertising material intended for broad distribution is prohibited, to avoid the wide dissemination of the material.

The Offer Shares may only be sold in Brazil to professional investors, as defined in, and in reliance on, article 11 of CVM Resolution No. 30/2021, pursuant to article 8, item VI, of CVM Resolution No. 160.

Prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares, and are hereby notified that sellers of Offer Shares are relying on the exemption from the provisions of article 8, item VI, of CVM Resolution No. 160.

In Brazil, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective professional investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers and the International Placement Agents or their respective affiliates, representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without prior written consent of the Company and the International Placement Agents, is prohibited. Any reproduction or distribution of this Prospectus in Brazil, in whole or in part, and any disclosure of its contents to any other person, is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Shares.

#### INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital

protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other advisor) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

### STABILIZATION

In connection with the Offering, the Stabilization Manager (ABG Sundal Collier ASA), or its agents, on behalf of the Managers, may, in the event of over-allotment of Additional Shares, engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days from the commencement of trading of the Shares on the Oslo Stock Exchange. Specifically, the Stabilization Manager may affect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail (provided that the number of Shares allotted does not exceed 10% of the number of New Shares allocated and sold in the Offering), through buying Shares in the open market at prices equal to or lower than the Offer Price. However, stabilization action may not necessarily occur and may cease at any time. The Stabilization Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilization Manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Any stabilization action or over-allotment must be conducted by the Stabilization Manager in accordance with all applicable laws and rules and can be undertaken at the offices of the Stabilization Manager and on the Oslo Stock Exchange. Stabilization may result in an exchange or market price of the Shares that is higher than what might otherwise prevail, and the exchange or market price may reach a level that cannot be maintained on a permanent basis. Any stabilization activities will be conducted in accordance with the Commission Delegated Regulation (EU) 2016/1052, as implemented into Norwegian law by Section 3-1 (3) of the Norwegian Securities Trading Regulation, regarding buy-back programs and stabilization of financial instruments. Save as required by law or regulation, the Stabilization Manager does not intend to disclose the extent of any stabilization transactions under the Offering.

### ENFORCEMENT OF CIVIL LIABILITIES

The Company is an exempted company limited by shares incorporated under the laws of Bermuda. As a result, the rights of holders of the Shares will be governed by Bermuda law, the Company's memorandum of association (the "**Memorandum of Association**") and new bye-laws which will become effective upon the admission to trading of the Shares (the "**Bye-Laws**"). The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

None of the members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) or the members of the Group's executive management team (the "**Management**") are residents of the United States, and virtually all of the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with either Norway, Bermuda or Brazil. Uncertainty exists as to whether courts in Norway, Bermuda or Brazil will enforce judgments obtained in other jurisdictions, including the United States, against the Company or the Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway, Bermuda or Brazil against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway, Bermuda or Brazil. Similar restrictions may apply in other jurisdictions.

### AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. The Company is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

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<b>APPENDIX H</b>	Investor Representation Letter

## 1 SUMMARY

### SECTION A | INTRODUCTION AND WARNINGS

- **Warning**

This summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

- **The name and international securities identification number (ISIN) of the securities:**

The Company has, at the date of the Prospectus, authorised and issued common shares and series A preferred shares ("**Series A Shares**"). The issued Series A Shares will convert into common shares on a 1 for 1 basis immediately prior to the admission to trading of the Shares. Following that conversion, the Company will have one class of issued common shares, and all Shares will be equal in all respects. The Shares are registered in the VPS with ISIN BMG7947V1211.

Upon the admission to trading of the Shares, the Company will also have new authorised but unissued undesignated shares. No undesignated shares will be issued at that time and the Company has no intention at this time to establish the rights of or to issue any undesignated shares.

- **The identity and contact details of the issuer, including its legal entity identifier (LEI):**

Seacrest Petroleo Bermuda Limited, with company registration number 54716. The registered office is at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda, and the principal executive office is located at 99 Front Street, Hamilton HM 12, Bermuda.

LEI: 2138006AEHLIT6E5XM67

- **Where applicable, the identity and contact details of the offeror, including its LEI if the offeror has legal personality, or of the person asking for admission to trading on a regulated market:**

Not applicable.

- **The identity and contact details of the competent authority approving the Prospectus:**

The Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*), Revierstredet 3, P.O. Box 1187 Sentrum, N-0107 Oslo, Norway.

- **The date of approval of the Prospectus:**

8 February 2023.

### SECTION B | KEY INFORMATION ON THE ISSUER

(i) **Who is the issuer of the securities?**

The Company is a Bermuda exempted company with company registration number 54716. The Company's LEI code is 2138006AEHLIT6E5XM67. The Company was incorporated in Bermuda on 5 June 2019 as an exempted company limited by shares under the Bermuda Companies Act. The Company's registered office address is Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda, and its website is at [www.seacrestpetroleo.com](http://www.seacrestpetroleo.com).

Seacrest Petroleo's main purpose is to conduct, through subsidiaries, exploration, development and production of oil, natural gas and other hydrocarbon fluids. The Company's principal business is the acquisition and redevelopment of mature onshore producing oil and gas fields in Brazil, including through

participation in a number of the public bidding processes run by Petróleo Brasileiro S.A. ("**Petrobras**"), in respect of certain of Petrobras' onshore and shallow water offshore fields.

Seacrest Petroleo is headquartered in Bermuda.

As of 8 February 2023 and to the best of the Company's knowledge, the following shareholders in the Company have holdings in excess of the statutory thresholds for disclosure requirements:

Shareholder	Number of Shares	Percentage
Seacrest Partners III, L.P.	59,964,131	32.22
Commandery Investment Holdings Ltd	42,986,834	23.10
High Power Petroleum (SeaPulse) UK Ltd	18,099,706	9.72
Mercuria Energy Group Limited	16,768,938	9.01

As of the date of this Prospectus, the Management consists of the following individuals:

- Michael Stewart, CEO
- Scott Aitken, President of the Executive Committee
- Torgeir Dagsleth, Group CFO
- Rafael Grisolia, CFO, Brazil
- Juan Alves, Senior VP Production and Operations
- Erik Tiller, Executive Director
- Thomas Kandel, Asset Investment Director
- Peter O'Driscoll, General Counsel

The Company's independent auditor is KPMG Auditores Independentes Ltda. ("**KPMG Brazil**"), with business registration number 57.755.217/0003-90 and its registered address at Rua do Passeio, 38 – Setor 2 – 17o andar – Centro – Rio de Janeiro, Brazil. The partners of KPMG Brazil are members of the Institute of Independent Auditors of Brazil (IBRACON).

## (ii) What is the key financial information regarding the issuer?

Financial information in the Prospectus has been derived from the following financial statements (together, the "**Financial Information**"):

- 1) Consolidated financial statements of the Company as of and for the years ended 31 December 2021, 2020 and 2019 (the "**Annual Financial Statements**"), as further detailed in Sections 4.3.1 and 10 below. The Annual Financial Statements are prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and have been audited by KPMG Brazil. The Annual Financial Statements are included in [Appendix D](#) to this Prospectus.
- 2) Consolidated interim financial statements of the Company as of and for the nine-month period ended 30 September 2022, with comparable figures as of 31 December 2021 and for the nine-month period ended 30 September 2021 (the "**Interim Financial Statements**"), as further detailed in Sections 4.3.1 and 10 below. The Interim Financial Statements are prepared in accordance with IFRS standards, including the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as issued by the IASB ("**IAS 34**") and have been subject to a review by KPMG Brazil under ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The Interim Financial Statements are included in [Appendix E](#) to this Prospectus.

The following summarizes the consolidated financial data of the Group and has been derived from the Financial Information:

Consolidated statement of profit and loss data (in USD 1,000)	9 months ended	Year ended 31 December		
	30 September	2021	2020	2019
Total operating income	22,978	-	-	-
Loss from operating activities	-23,241	-14,558	-5,222	-1,110
Net loss for the period	-93,702	-14,011	-5,267	-1,113
<b>Total comprehensive loss</b>	<b>-86,943</b>	<b>-13,867</b>	<b>-4,226</b>	<b>-1,113</b>

Consolidated statement of financial position

(in USD 1,000)	30		31 December	
	September			
	2022	2021	2020	2019
Total assets	236,573	190,493	12,329	3
Total equity	-27,433	9,252	8,623	-2,006

Consolidated statements of cash flow

(in USD 1,000)	9 months		31 December	
	ended 30			
	September	2021	2020	2019
2022				
Net cash flows used in operating activities	-29,839	-6,871	-1,928	3
Net cash flows used in investing activities	-38,549	-33,714	-11,865	-
Net cash flows provided by financing activities	65,572	56,922	13,177	-
Increase / decrease in cash and cash equivalents	-2,816	16,337	-616	3
Cash and cash equivalents at the beginning of the period	16,909	428	3	-
Cash and cash equivalents at the end of the period	12,828	16,909	428	3

Pro forma financial information

On 23 February 2022, through its wholly owned Brazilian subsidiary Seacrest Petróleo SPE Norte Capixaba Ltda., the Company entered into a purchase agreement to acquire from Petrobras the assets that compose the Norte Capixaba Cluster, located in the Brazilian state of Espírito Santo. The aggregate purchase price for the Norte Capixaba Cluster, including certain contingent payments, is USD 544 million.

As of the date of this Prospectus, the consummation of the acquisition of the Norte Capixaba Cluster is expected to occur in February 2023, following completion of the Listing.

As a result of the acquisition, the Company has, in addition to the Financial Information, prepared an unaudited pro forma balance sheet (the "**Pro Forma Financial Information**"), to show how the acquisition of the Norte Capixaba Cluster would have affected the Company's financial position and consolidated balance sheet as of 30 September 2022, if the acquisition had taken place on 30 September 2022. The Pro Forma Financial Information does not contain unadjusted financial information for the Norte Capixaba Cluster. Such information would have been included in an ordinary pro forma compiled to Annex 20 to the Delegated Regulation (EU) 2019/980, and consequently, the Pro Forma Financial Information does not contain complete pro forma information pursuant to the full requirements of Annex 20. The Pro Forma Financial Information does not purport to represent what the Company's actual balance sheet or statement of profit or loss would have been had the events which were the subject of the adjustments occurred on the relevant dates. The Pro Forma Financial Information does not include all of the information required for financial statements under IFRS and should be read in conjunction with the Financial Information. See Section 11 "*Unaudited pro forma financial information*" for further information about the basis of preparation of the Pro Forma Financial Information.

Description of any qualifications in the audit report relating to the historical financial information

The auditor reports for the financial years ended 31 December 2021, 2020 and 2019 have been issued without any qualifications.

**(iii) What are the key risks that are specific to the issuer?**

- The Group's business depends significantly upon and may be adversely affected by oil prices, which are highly volatile
- The Group is exposed to risks related to the Cricaré Cluster acquisition and the Norte Capixaba Acquisition
- The Group is exposed to risk related to delays or non-completion of the Norte Capixaba Acquisition
- The Group is exposed to risk related to Petrobras' asset divestment program
- The Group may not be successful in acquiring new assets or hiring new qualified personnel due to a highly competitive environment
- The Group's results may differ significantly from the estimates and assumptions used by management in the evaluation of the Group's fields and reserves

- The Group may not be able to comply with the terms of its concession contracts, which may subject the Group to fines and to the loss of the relevant concession, its benefits or future revenues
- Failure to comply with, obtain or renew the licenses and permits required for each of the sectors in which the Group operates may have a material adverse effect on the Group's business
- The Group expects that all of the Group's operating revenue will come exclusively from one customer in the short-term
- The Group is subject to risks related to operations of the TNC and its dependency on third parties for the export of produced oil
- The Group is subject to third-party risk in terms of equipment, services and natural gas
- The construction, operation and expansion of facilities and equipment for oil and gas production involve significant risks
- The flow and transport of hydrocarbons involve risks that may result in accidents and operating costs for the Group
- There are risks of social movements and/or unions taking actions that negatively affect the Group's operations and/or cause damage to the Group's assets
- The Group's insurance policies may not be sufficient to cover all claims
- The political attention to climate change and protests against fossil fuel extraction may have a material adverse effect on the oil and gas business
- The costs related to decommissioning and abandonment of assets are unknown and can be substantial
- The Group is exposed to risk related to decommissioning guarantees and related security interests granted to the ANP
- The Group's oil and gas concession agreements are subject to expiration, and the Group may not be able to renew those agreements
- Oil and natural gas companies in Brazil do not have title to oil and natural gas reserves
- Operations in the oil and gas industry are subject to extensive regulation in Brazil
- The Group's operating results may be impacted by changes in Brazilian tax laws
- The Group's activities are subject to environmental, health and safety regulations, which may become more stringent in the future and cause an increase in the Group's liabilities and capital expenditures
- The Group is exposed to risk related to anti-corruption and anti-money laundering compliance in Brazil
- The Group will require a significant amount of cash to service current and future debt and sustain its operations, and its ability to generate sufficient cash depends on many factors beyond its control
- The Group's financing agreements contain financial covenants which the Group could fail to meet
- Substantially all of the Group's assets are pledged as security under the financing agreements
- The Group is exposed to currency risk
- The Group may not be able to secure financing on favourable terms, or at all, and future fundraising through the issuance of securities may result in the dilution of the participation of investors
- The Brazilian government exercises significant influence over the Brazilian economy and government actions may materially adversely affect the Brazilian market and the Group
- The Group is exposed to risks related to political instability in Brazil, including instability resulting from corruption investigations
- Brazil's credit ratings have been, and may be further downgraded, which may have a material adverse effect on the Group's funding costs

## SECTION C | KEY INFORMATION ON THE SECURITIES

### (i) What are the main features of the securities?

The Company will at the time of the admission to trading of the Shares have one class of issued shares, and all Shares will be equal in all respects. The Shares will be registered in book-entry form in the VPS and have ISIN BMG7947V1211.

As of the date of this Prospectus, the Company's authorised share capital is USD 3,981.25 divided into 350,000,000 Shares and 48,125,000 Series A Shares, each with a par value of USD 0.00001.

Upon the admission to trading of the Shares, all of the Series A Shares, all of which are issued, will convert on a 1 for 1 basis into common shares. All the Shares will at that time be designated as common shares, and all of the issued and outstanding Shares will be fully paid. Upon the admission to trading of the Shares,

the Company will also have new authorised but unissued undesignated shares. No undesignated shares will be issued at that time and the Company has no intention at this time to set the rights of or to issue any undesignated shares.

Upon the admission to trading of the Shares, the Company's authorised share capital will be USD 8,981.25 divided into 648,125,000 Shares and 250,000,000 undesignated shares, each with a par value of USD 0.00001.

All Shares in the Company rank *pari passu* in all respects and carry full and equal rights in the Company. All Shares have voting rights and other rights and obligations that are standard under the Bermuda Companies Act and are governed by Bermuda law. Pursuant to Bermuda law, shareholders' rights to dividends and distributions in respect of the Shares are subordinated to any other Company creditor in terms of priority of payment in the event of insolvency of the Company.

The Company's Memorandum of Association and Bye-Laws do not impose any limitations on the ownership rights of the Company's shareholders (except in limited circumstances where a shareholder defaults in its obligations to disclose the interests in its Shares to the Company following a request from the Company). The BMA has given a general permission pursuant to which the Company may freely issue shares to non-residents of Bermuda and there is free transferability of the Company's Shares among non-residents of Bermuda, for so long as the Company's Shares are listed on an Appointed Stock Exchange (including the Oslo Stock Exchange). There are no limitations on the right of non-Bermudians or non-residents of Bermuda to hold or vote the Company's Shares.

The Company has not paid dividends on its Shares during the period from its incorporation and up to the date of this Prospectus. The Company's priority is to return excess free cash to its shareholders whenever possible, as determined by the Board of Directors. Any dividends declared in the future will be at the sole discretion of the Board of Directors will depend upon earnings, market prospects, current capital expenditure programs and investment opportunities, and be subject to any restrictions contained in the Group's debt financing agreements.

**(ii) Where will the securities be traded?**

Prior to the Offering, the Shares have not been publicly traded. It is expected that the Oslo Stock Exchange on or around 13 February 2023 will approve the Shares to be admitted for trading on the Oslo Stock Exchange, subject to completion of the Offering and any other criteria set by the Oslo Stock Exchange. Trading in the Shares on the Oslo Stock Exchange is expected to commence on or around 20 February 2023, under the ticker code "SEAPT".

**(iii) What are the key risks that are specific to the securities?**

- There is no existing market for the Shares and an active trading market may not develop
- Future sales, or the possibility of future sales of substantial number of shares could affect the market price of the Shares
- Investor's rights and responsibilities as shareholders will be governed by Bermuda law
- The shareholders do not have pre-emptive rights
- The Company may not pay and/or be restricted from paying dividends in the future
- Brazilian foreign exchange controls and regulations could restrict conversions and remittances abroad of the dividend payments and other shareholder distributions paid in Brazil in reais (BRL) arising from the Company's Brazilian subsidiaries
- The Company and its Bermuda-registered subsidiaries are subject to economic substance requirements in Bermuda. The Company's Uruguay-registered subsidiary is subject to economic substance requirements in Uruguay
- The Company's Bye-laws, as well as Bermuda law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of the Company's Shares
- Norwegian investors may become subject to CFC taxation
- Shareholders may have difficulty enforcing judgements of U.S. and Norwegian courts against the Company in Bermuda courts
- Shareholders may have more difficulty protecting their interests than shareholders of a U.S. or Norwegian corporation

## SECTION D | KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

### (i) Under which conditions and timetable can I invest in this security?

The Offering comprises an offer of up to 260,000,000 New Shares to be issued by the Company to raise gross proceeds of up to approximately USD 250 million (equivalent to approximately NOK 2,600 million). The Offer Price at which the Offer Shares will be sold is NOK 10 per Offer Share.

The Offering consists of:

1. An Institutional Offering, in which Offer Shares are being offered to (a) institutional and other professional investors in Norway, (b) investors outside Norway and the United States, subject to applicable exemptions from the prospectus and registration requirements, and (c) investors in the United States who are QIBs in reliance on Section 4(a)(2) in a transaction not being subject to the registration requirements under the U.S. Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,000,000.
2. A Retail Offering, in which Offer Shares are being offered to the public in Norway, subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each investor. Investors who intend to place an order in excess of NOK 1,999,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering may be treated as one application with respect to the maximum application limit.

All offers and sales in the United States will be made only to QIBs pursuant to an exemption from the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be in compliance with Regulation S of the U.S. Securities Act.

The shares may only be sold in Brazil to professional investors, as such term is defined in CVM Resolution No. 30, and according to the terms of Article 8, item VI, of CVM Resolution No.160.

The Managers may elect to over-allot up to 26,000,000 Additional Shares, equalling up to approximately 10% of the number of New Shares sold in the Offering. In order to facilitate such over-allotment, Seacrest Partners III, L.P. is expected to grant the Stabilization Manager, on behalf of the Managers, an option to borrow a number of Shares equal to the number of Additional Shares. The Stabilization Manager, on behalf of the Managers, is expected to be granted an option by the Company to subscribe for a number of additional new Shares to be issued by the Company equal to the number of Additional Shares, at a price per Share equal to the Offer Price, to cover any short positions created by over-allotments in the Offering (the "**Greenshoe Option**"). The Greenshoe Option is exercisable, in whole or in part, within a 30-day period commencing at the time of the Listing, on the terms and subject to the conditions described in this Prospectus. The Company will receive the proceeds from the issuance of any Shares subscribed pursuant to the Greenshoe Option.

Following completion of the Offering, the immediate dilution for the existing Shareholders, assuming they do not participate in the Offering, is expected to be approximately 61.6%, or approximately 64.4%, if conversion of the Notes and exercise of Mercuria Warrant 3 and 12,432,710 options under the Share Option Plan are included.

The key dates in the Offering are set out below. The Company, in consultation with the Managers, reserves the right to extend the Bookbuilding Period for the Institutional Offering and/or the Application Period for the Retail Offering at any time and at its sole discretion.

Bookbuilding Period commences.....	9 February 2023 at 09:00 (CET)
Application Period commences .....	9 February 2023 at 09:00 (CET)
Application Period ends .....	16 February 2023 at 12:00 (CET)
Bookbuilding Period ends .....	16 February 2023 at 14:00 (CET)
Allocation and pricing of the Offer Shares .....	On or around 16 February 2023
Publication of the results of the Offering .....	On or around 16 February 2023
Distribution of allocation notes .....	On or around 17 February 2023
Registration of new share capital and issuance of the New Shares .....	On or around 17 February 2023
Listing and commencement of trading in the Shares .....	On or around 20 February 2023



Accounts from which payment will be debited in the Retail Offering to be sufficiently funded...	On or around 20 February 2023
Payment date in the Retail Offering .....	On or around 21 February 2023
Delivery of the Offer Shares in the Retail Offering (subject to timely payment) .....	On or around 21 February 2023
Payment date in the Institutional Offering .....	On or around 22 February 2023
Delivery of the Offer Shares in the Institutional Offering .....	On or around 22 February 2023

The Company will on or about 8 February 2023 apply for the Listing of its Shares on the Oslo Stock Exchange. It is expected that the Oslo Stock Exchange will approve the Listing application of the Company on or around 13 February 2023, conditional upon (i) the Company obtaining a minimum of 500 (Oslo Børs) or 100 (Euronext Expand) shareholders, each holding Shares with a value of more than NOK 10,000 and (ii) there being a minimum free float of the Shares of 25%. The Company expects that these conditions will be fulfilled through the Offering. The Company expects that the Listing will take place on or around 20 February 2023.

In the Institutional Offering, the Company, in consultation with the Managers, will determine the allocation of Offer Shares based on certain allocation principles.

In the Retail Offering, allocation will, for applications made through the VPS, be made using the VPS' automated simulation procedures. The Company, in consultation with the Managers, reserves the right to limit the total number of applicants to whom Offer Shares are allocated in order to keep the number of shareholders at an appropriate level, in which case the applicants to whom Offer Shares are allocated will be determined on a random basis by using the VPS automated simulation procedures and/or another random allocation mechanism in the VPS.

The Company's total costs and expenses of, and incidental to, the Offering and the Listing are estimated to amount to approximately USD 12.5 million (equivalent to approximately NOK 130 million). No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.

## (ii) Why is this Prospectus being produced?

The Company believes that the Offering and the Listing will:

- enable access to a wider equity capital markets to fund further growth;
- diversify the Company's shareholder base and enable other investors to take part in the Group's future growth and value creation;
- further improve the Group's ability to attract and retain key management and employees;
- enhance the Company's profile with investors, business partners, vendors and customers; and
- allow for a liquid market for the Shares going forward.

The gross proceeds to the Company from the Offering are expected to amount to up to approximately USD 250 million (equivalent to approximately NOK 2,600 million) and net proceeds of up to approximately USD 240 million (equivalent to approximately NOK 2,500 million), based on estimated total transaction costs of approximately USD 12.5 million (equivalent to approximately NOK 130 million) in connection with the Offering and the Listing to be paid by the Company.

The Company plans to use the net proceeds from the Offering pay a portion of the purchase price of the Norte Capixaba Acquisition (see Section 8.5) and for general corporate purposes.

The Managers and the International Placement Agents or their respective affiliates have provided from time to time, and may provide in the future, financial advisory, investment and commercial banking services, as well as financing, to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers and the International Placement Agents do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers and the International Placement Agents will receive a fee in connection with the Offering and, as such, have an interest in the Offering.

## 2 RISK FACTORS

### 2.1 Introduction

Investing in the Shares involves a high degree of risk. An investor should consider carefully the risks and uncertainties described below, together with all of the other information in this Prospectus, including Section 12 “*Operating and financial review*” and the Financial Information and the accompanying notes elsewhere in this Prospectus before deciding whether to invest in the Shares. The risks and uncertainties described in this Section 2 are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The risk factors included in this Section 2 “*Risk factors*” are presented in a limited number of categories, where each risk factor is placed in the most appropriate category based on the nature of the risk it represents. While the most material risk factor in each category is set out first, the remaining risk factors in each section are not ranked in order of materiality or probability of occurrence. The absence of negative past experiences associated with a given risk factor does not mean that the risks and uncertainties associated with that risk factor are not genuine or pose a potential threat to the Group. If any one of the following risks occur, the Group’s business, financial condition, operating results, cash flow and future prospects could be materially and adversely affected. In that event, the market price of the Shares could decline, resulting in loss of all or part of an investment in the Shares.

The information in this Section 2 is as of the date of this Prospectus.

### 2.2 Risks associated with the Group's business and the industry in which the Group operates

#### 2.2.1 *The Group's business depends significantly upon and may be adversely affected by oil prices, which are highly volatile*

The Group's revenues, cash flow, reserve estimates, profitability and rate of growth depend substantially on prevailing international and local prices of crude oil. Prices for crude oil may fluctuate substantially based on factors beyond the Group's control. Consequently, it is impossible to accurately predict future oil price movements. Prices for crude oil are volatile and have witnessed significant volatility in recent years. Oil prices are unstable and are subject to significant fluctuations for many reasons, including, but not limited to;

- changes in global and regional supply and demand, and expectations regarding future supply and demand for crude oil, even in response to relatively minor economic developments;
- geopolitical uncertainty;
- availability of pipelines, tankers and other transportation and processing facilities;
- proximity to, and the capacity and cost of, transportation;
- petroleum refining capacity;
- price, availability and government subsidies of alternative fuels;
- price and availability of new technologies;
- the ability and willingness of the members of the Organization of the Petroleum Exporting Countries (“OPEC”) and other oil-producing nations to set and maintain specified levels of production and prices;

- political, economic and military developments in producing regions, particularly Russia, the Middle East, Africa and Central and South America, and domestic and foreign governmental regulations and actions, including import and export restrictions, taxes, repatriations and nationalisations;
- global and regional economic conditions, particularly in large economies such as the United States of America and the Peoples Republic of China, which drive global consumption of crude oil; and
- trading activities by market participations and others either seeking to secure access to oil and gas or to hedge against commercial risks, or as part of investment portfolio activity.

Sustained lower prices for crude oil or price declines may lead to a material decrease in the Group's net production revenues.

Further, sustained lower prices for crude oil may also cause the Group to make substantial downward adjustments to its oil reserves. If this occurs, or the Group's estimates of production or economic factors change, the Group may be required to write-down the carrying value of its proved oil properties. If oil prices were to remain depressed over time, it could reduce the Group's ability to raise new debt or equity financing or to refinance any outstanding loans on terms satisfactory, or at all.

### **2.2.2     *The Group is exposed to risks related to the Cricaré Cluster acquisition and the Norte Capixaba Acquisition***

The accuracy of the Group's assessment of the assets related to the recently acquired Cricaré Cluster and the planned acquisition of the Norte Capixaba Cluster from Petrobras is inherently uncertain and may be insufficient to protect or indemnify the Group for any contingencies that may arise. The Cricaré Cluster and the Norte Capixaba Cluster (the "**Clusters**") may contain known and unknown liabilities, such as liabilities for environmental damage, for which the Group may not be entitled to contractual indemnification from Petrobras. Examples of such known liabilities in relation to the Cricaré Cluster, are three oil spills that have occurred in certain areas of the Cluster under Petrobras' ownership, all of which were deemed as minor incidents with a remote administrative, civil and criminal risk exposure. Furthermore, other environmental irregularities have been identified, including potential contamination from previous oil spills (see Section 8.15 "*Legal and regulatory proceedings*"), irregular disposal of waste and environmental plans being executed in damaged areas. A few environmental irregularities have also been identified in relation to the Norte Capixaba Cluster, including a lack of full compliance with requirements outlined in the environmental license, identified oil spill events which have been contained and where the oil has been removed, and an environmental plan being executed in a damaged area.

Once the Group acquires a Cluster, the Group becomes severally and jointly liable for the remediation measures and associated liabilities related to the sites' operations and environmental licenses. Under Brazilian law, the Group may in other circumstances also be held liable for environmental damage in connection with the Clusters, even if the Group was not negligent and was not involved in the operation of the relevant asset at the time the damage occurred. Although Petrobras and the Company have agreed in the documents relating to the acquisitions that occasional remediation measures and compensation measures arising from potential contamination identified prior to the relevant acquisition would remain Petrobras' responsibility, the agreements are not enforceable against third parties and the Water Resources Environmental Institute of the State of Espírito Santo ("**IEMA**"), who might seek to bring claims against the Group and demand the execution of remediation/compensation measures.

Furthermore, the Group may not have obtained complete information related to the validity and/or scope of the environmental licenses previously issued to Petrobras in connection with the Clusters. Any consequent defects in the environmental licenses issued or to be issued in favour of the Group upon the closing of the relevant acquisitions or failure by the Group to comply with environmental regulations, whether identified before or after the acquisitions, could subject the Group to administrative, civil and criminal liability and could adversely affect the Group's business prospects and results of operations.

### **2.2.3 The Group is exposed to risks related to delays or non-completion of the Norte Capixaba Acquisition**

As of the date of this Prospectus, the Norte Capixaba Acquisition has not been completed and remains subject to the obtaining of regulatory approvals and payment of the closing consideration. Consummation of the Norte Capixaba Acquisition is anticipated to occur in February 2023, following completion of the Listing.

The closing of the Norte Capixaba Acquisition is subject to several conditions, as further described in Section 8.5 "*Contemplated acquisition of the Norte Capixaba Cluster*". Prior to closing, the Norte Capixaba SPV shall, *inter alia*, have (i) received approval from the ANP for all amendments to the concession agreements and the transfer of operatorship under the concession agreements and (ii) obtained all the required environmental licenses in relation to the transferred assets and/or petroleum operations. The Norte Capixaba SPV obtained its principal approval from the ANP on 7 February 2023 and its required environmental licenses on 1 February 2023. The purchase agreement for the Norte Capixaba Acquisition establishes a longstop date for completion of the Transaction on 23 February 2023 (the "**Longstop Date**"). The Agreement provides that the Longstop Date can be extended by agreement of the parties and will be automatically extended for an additional period of six months if approval from the ANP and/or required environmental licenses have not been received by the Longstop Date. Although the Group has no reason to believe that other closing conditions for the Norte Capixaba Acquisition will not be in place at the anticipated time of closing, there can be no assurances that such closing conditions will be fulfilled on time, or at all.

If any of the events described above were to occur in relation to the Norte Capixaba Acquisition, they could, among other effects, result in significant delays to the consummation of the Norte Capixaba Acquisition, reputational damage to the Group and increased operational and financing costs. They could also result in the Group being unable to execute its growth plans, including significant disruptions to the Group's plan to leverage the synergies it expects to generate by integrating the infrastructure of the Cricaré and Norte Capixaba Clusters.

Any of the above circumstances could materially and adversely affect Group's business, results of operations, cash flows, financial condition, prospects and reputation.

### **2.2.4 The Group is exposed to risks related to Petrobras' asset divestment program**

Petrobras' asset divestment program, pursuant to which the Group has acquired the Cricaré Cluster and will acquire the Norte Capixaba Cluster, is subject to controversy in the Brazilian congress and has been periodically challenged in the Brazilian courts, including in one ongoing case in which both Petrobras and one of the Group's subsidiaries are included as defendants (see Section 8.15 "*Legal and regulatory proceedings*"). Whilst none of those challenges have succeeded to date, the ongoing case and/or any future legal challenges could, if successful, delay or prevent the closing of the Norte Capixaba Acquisition, resulting in additional costs to the Group, or the acquisition of one or both of the Clusters could be annulled. If the Norte Capixaba Acquisition is not completed or if the Group fails to realize the benefits it anticipates from the acquisition of the Clusters, the Group's results of operations may be adversely affected.

### **2.2.5 The Group may not be successful in acquiring new assets or equipment or in hiring qualified personnel due to a highly competitive environment**

As a result of the highly competitive environment within the oil industry, the Group may be unable to acquire suitable assets, and/or secure drilling rigs and other equipment and services, as these may be in short supply. Due to the competitive environment, the Company may also experience difficulties in hiring and retaining qualified personnel necessary for the Group's operations and/or projects. Should the Company be unable to acquire suitable assets or equipment to hire and retain qualified personnel, this could adversely affect the Group's business prospects and results of operations.

**2.2.6 The Group's results may differ significantly from the estimates and assumptions used by management in the evaluation of the Group's fields and reserves**

Oil and gas reserves engineering is a subjective process of estimating accumulations of oil and gas that cannot be measured in an exact way. Estimates of other engineers may therefore differ materially from those set out herein. Assumptions and uncertainties are inherent in estimating quantities of proved oil and gas reserves, including projecting future rates of production, timing and amounts of development expenditures and prices of oil and gas, many of which are beyond the Group's control. Results of drilling, testing and production after the date of the estimate may require revisions to be made. For example, if the Group is unable to sell its oil and gas to customers, this may impact the estimate of the Group's oil and gas reserves. Accordingly, reserves estimates are often materially different from the quantities of oil and gas that are ultimately recovered, and if such recovered quantities are substantially lower than the initial reserves estimates, this could have a material adverse impact on the Group's business, financial condition and results of operations.

**2.2.7 The Group may not be able to comply with the terms of its concession contracts, which may subject the Group to fines and to the loss of the relevant concession, its benefits or future revenues**

The Group's oil exploration services must be conducted in accordance with public concessions, and non-compliance with applicable law, regulation or contractual provisions of the relevant concession may subject the Group to fines. Furthermore, the Group's concessions may in certain circumstances be terminated prior to their expiration, due to, *inter alia*, non-compliance with the terms of the concession contracts, expropriation for reasons of public interest and/or bankruptcy. In the event of expropriation for the benefit of the public, there is also a possibility that the Group may not be eligible for any compensation. Thus, should the Group be subject to fines, early termination of its concessions and/or expropriation, this could materially adversely affect the Group's business prospects and results of operations.

**2.2.8 Failure to comply with, obtain or renew the licenses and permits required for each of the sectors in which the Group operates may have a material adverse effect on the Group's business**

The Group is required to obtain and maintain licenses and permits with respect to the Group's operations from the applicable governmental authorities, including but not limited to environmental licenses, authorizations, permits and registries. The laws and regulations governing these licenses may occasionally require the Group, among other things, to purchase and install costly pollution control equipment or make operational changes to limit the Group's impact on the environment and/or the health of the Group's employees and local residents and communities. Any failure to comply with the terms of such laws, regulations and licenses, authorizations, permits and registries could result in administrative penalties, including fines as high as BRL 50 million, warnings, embargo on activities, partial or total suspension of activities, as well as the revocation of existing operating licenses and permits. Moreover, the Public Prosecutor Office in Brazil may commence civil proceedings to investigate irregularities and seek to recover damages and/or indemnification for environmental damages. It might also file a public civil action seeking the same results. At the criminal level, the legal entity of the Group involved in the irregular act may be subject to fines, restriction of rights and rendering of services to the community; and individuals who eventually contributed to the investigated acts, including managers, directors and employees, may be subject to imprisonment.

Governmental authorities may also modify the terms for granting or renewing licenses or require the Group to obtain additional licenses, authorizations, permits and registries, any of which could materially increase the Group's costs.

Any failure to comply with, obtain, maintain or renew the required licences, authorizations, permits and registries, could result in fines, loss or early termination of the licenses, authorizations, permits and registries, as well as embargoes on the Group's operations and breach of financing and commercial agreements, which could adversely affect the Group's business prospects and results of operations.

**2.2.9      *The Group expects that substantially of the Group's operating revenue will come exclusively from one customer in the short-term***

The Norte Capixaba SPV and Cricaré SPV have entered into an offtake agreement (the "**Offtake Agreement**") and a marketing agreement (the "**Marketing Agreement**") with Mercuria Energy Trading S.A. ("**Mercuria**") in which they have agreed that all of the oil produced in the Cricaré Cluster and Norte Capixaba Cluster shall be sold to or marketed by Mercuria until the later of (i) six years after the date of such agreements or (ii) until a combined total of 50 million barrels of oil across both the Cricaré and the Norte Capixaba Clusters have been sold and delivered to Mercuria under the Offtake Agreement or marketed by Mercuria under the Marketing Agreement (together, the "**Mercuria Offtake and Marketing Agreements**").

No security is provided by Mercuria under the Mercuria Offtake and Marketing Agreements. The contractual termination rights for both parties are limited to (i) force majeure events (no period is specified), (ii) breach of applicable laws and (iii) where either party becomes a "sanctioned entity" or enters into an insolvency process or similar. As such, the Company's revenues may be negatively impacted by non-payment, early termination, problems in the production chain or by negotiations with Mercuria. In the event of early termination of the Mercuria Offtake and Marketing Agreements, the Company may not be able, or may take a long time, to find new purchasers of the oil the Company produces. Any non-export sales of crude oil will result in extra taxes, such as PIS/COFINS and local VAT, being payable by the Company, which may negatively affect the Company's results of operations.

**2.2.10      *The Group is subject to risks related to operations of the TNC and its dependency on third parties for the export of produced oil***

Upon expiration of the service agreement with Petrobras Transporte S.A. ("**Transpetro**") relating to the operation of the TNC, which is part of the Norte Capixaba Cluster (see Section 8.9.1 "*Material agreements relating to distribution, export and sale*"), the Group may have to hire a new operator of the TNC or operate the TNC itself. If the Group decides to operate the terminal itself, the Group will need to obtain the required governmental authorizations from the ANP and other governmental entities and retain qualified personnel with the applicable expertise. The Company cannot guarantee that it will be able to timely obtain the required licenses or that it will be able to retain qualified personnel. The Company also cannot guarantee that it will be able to timely find a new service provider, that it will be able to hire any such provider on favourable commercial terms or that the contracted services will be up to the Group's quality standards. Any failure or interruptions in the operations of the TNC may adversely impact the Group's results and operations and the Group's business plan.

Due to Petrobras' failure to timely complete scheduled maintenance and repair work at the TNC, Petrobras has been using naphtha, a light refined product ("**C5+**"), to dilute the oil stored at the TNC, which is causing such oil to be off-specification for marine fuel usage. During the period after the Norte Capixaba Acquisition has been completed but prior to Petrobras' completion of its scheduled maintenance and repair work at the TNC (anticipated to be completed by May 2023), Mercuria will market the off-specification oil produced in the Cricaré Cluster and the Norte Capixaba Cluster under the Mercuria Offtake and Marketing Agreements. The Group is working on finding an alternative diluent that would maintain the marine fuel specification for oil stored at the TNC. Any delay in Petrobras' completion of its scheduled maintenance and repair work at the TNC or the Group's inability to find a suitable alternative diluent will affect the Group's ability to sell on-specification oil under the Mercuria Offtake and Marketing Agreements, which will have a negative effect on the Group's results and operations.

The Group is not yet authorized to carry out customs clearance procedures for import and export onsite at the TNC. To address this issue, the Group has temporarily arranged for crude oil intended for export to be transported to a nearby port for customs clearance.

In order to carry out the customs processes at the TNC, the Group must obtain certain governmental authorizations and certifications. The process of obtaining these authorizations and certifications involves assessments by various government authorities, as well as meeting the requirements established by such authorities which may be a

complex and time-consuming process. Until the Group has successfully obtained the authorizations required for onsite customs clearance, the Group must rely on third parties in order to export the Group's crude oil, which may be more costly and take longer than if the Group was able to use the TNC for such customs clearance procedures. Thus, failure of or delays in obtaining the necessary authorizations and certifications could impact the Group's revenue generation and result in an increase in the Group's operating and administrative expenses, negatively affecting the Group's results and business plans.

#### **2.2.11 The Group is subject to third-party risk in terms of equipment, services and natural gas**

Oil and gas production and development activities are dependent on the availability of specialised equipment, including, but not limited to, drilling and related equipment in the particular areas where such activities will be conducted. The Group relies on suppliers of such equipment and services, including suppliers of drilling and workover rigs, in the operation and implementation of the Group's plans at the Clusters for reopening wells, infill drilling and other field-related projects and may be adversely affected by failures or delays by any suppliers in fulfilling their contractual obligations. If suppliers delay or fail to deliver the supplies required for the Group's projects, the Group may not meet its operational goals within the expected time. The Group may ultimately need to postpone one or more of the Group's projects, which may have an adverse effect on the Group's results.

In addition, at present, the fields of the Norte Capixaba Cluster do not currently produce enough natural gas to sustain the processes required for its full operation. The Group intends to use gas produced on the Cricaré Cluster to provide the gas required to operate the Norte Capixaba Cluster, and the Company believes that the Cricaré Cluster gas will be sufficient to operate the Norte Capixaba Cluster until 2030. After 2030 or if prior to that time the Cricaré Cluster gas should prove insufficient to operate the Norte Capixaba Cluster, the Group will need to purchase natural gas to operate certain fields in the Norte Capixaba Cluster. In such circumstances, the Group may not be able to purchase enough natural gas in the market to completely fulfil the Group's needs or be unable to acquire any volume of natural gas at favourable commercial terms, which may require the Group to reduce its production of oil or incur higher costs, which could materially and adversely affect the Group's business, results of operations, cash flows, financial condition, prospects and reputation.

#### **2.2.12 The construction, operation and expansion of facilities and equipment for oil and gas production involve significant risks**

The increase in the Group's revenue depends significantly on the Group's ability to allocate capital efficiently and to develop and manage the Group's facilities, as well as the Group's ability to acquire and renew the required governmental authorizations, including approvals from the ANP and local, state and federal environmental authorities.

The Group may be unable to adequately pursue such construction, operation and expansion activities due to a number of factors, including: (i) the Group's inability or difficulty to obtain or renew the necessary governmental authorizations; (ii) environmental restrictions or changes in environmental laws, providing for new obligations or requiring measures that increase the costs of the Group's projects; (iii) issues with equipment; (iv) environmental accidents or damage, which may subject the Group to substantial liability, as well as reputational harm; (v) delays in construction or incurring costs higher than expected during construction; (vi) unavailability of financing at commercially attractive terms; (vii) the Group's inability or difficulty in acquiring or establishing and maintaining the appropriate real estate easements; (viii) delays or interruptions in the production of wells caused by restrictions on the Group's transportation, storage, production capacity or interruptions of the transportation of oil and natural gas; and (ix) adverse market conditions or lack of appropriate oil and natural gas transportation, which may compromise the Group's access to oil and natural gas markets.

If any of these or other problems occur, the Group may be required to incur in additional operating and financial costs and be subject to loss of the Group's licenses and authorizations, any of which may adversely affect the Group's business, the Group's financial condition and the Group's operational results.

**2.2.13 The flow and transport of hydrocarbons involve risks that may result in accidents and operating costs for the Group**

The Group uses its fully owned pipeline network to transport and sell the oil produced at the Group's fields. The oil is sent from the Group's fields to the TNC, and subsequently transported by ship. Interruptions or stoppages in the transportation caused by adverse weather conditions, strikes, blockages, delays or other incidents may impair the Group's ability to move the hydrocarbons produced by the Group to the TNC.

In addition, some production pipelines are located in environmentally sensitive areas and if any problem occurs in any of the main pipelines the Group uses, such as leakage or rupture, the Group's operations may be paralyzed, which may result in financial loss. These risks can also cause fatalities, significant damage to the Group's or third parties' properties, pollution and environmental damage and interruption of operations, which, in turn, may result in significant financial and reputational losses.

The transportation and handling activities of the tailings produced in the fields operated by the Group, such as water and oily sludge, are the Group's responsibility and involve a variety of inherent dangers and operational risks, such as leaks, accidents and mechanical problems, which may cause significant financial losses for the Group.

The proximity of some pipelines and storage locations for hazardous products to populated areas, including residential, commercial and industrial facilities, may increase the extent of damage resulting from these risks. The occurrence of any of these events may adversely affect the Group's image, reputation, results of operations, cash flow and financial condition.

**2.2.14 There are risks of social movements and/or unions taking actions that negatively affect the Group's operations and/or cause damage to the Group's assets**

The Group expects that a substantial number of the Group's employees, and some of the employees of the Group's subcontractors, will be represented by labour unions and covered by collective bargaining or other labour agreements, which are subject to periodic negotiation. Strikes and other labour disruptions at any of the Group's operations could adversely affect the operation of facilities and the timing of completion and cost of the Group's capital projects.

Social movements and labour unions are more active in Brazil than is common in many European countries and such groups may oppose the Group's operations or their expansion. Invasion and occupation of facilities such as the Group's by large numbers of opponents is a common occurrence, and in certain regions, remedies such as police protection or eviction procedures might be inadequate or unavailable. As a result, the Company cannot assure investors that the Group's assets will not be subject to invasion or occupation by opponents. In these cases, the Group's operations, image and reputation may be affected, and the Group may be subject to legal and administrative proceedings that could result in criminal or administrative penalties.

**2.2.15 The Group's insurance policies may not be sufficient to cover all claims**

The Group's operations are subject to a number of hazards and risks associated with such operations, including, but not limited to, fires, explosions, blowouts, and oil spills, each of which could result in substantial damage to oil and gas wells, production facilities, other property, and the environment, or result in personal injury and business interruption.

Although the Company maintains liability insurance that the Group considers adequate and consistent with industry standards, the Group's insurance policies may not adequately cover all risks and hazards to which the Group is exposed. A significant claim that is not covered by the Group's insurance, in full or in part, may result in large expenditures by the Group. Moreover, the Group may not be able to maintain insurance policies in the future at



reasonable costs or on acceptable terms, which may adversely affect the Group's business and the trading price of the Company's Shares.

**2.2.16 *The costs related to decommissioning and abandonment of assets are unknown and can be substantial***

With the exception of certain fields for which there are cost-sharing arrangements with Petrobras, the Group is responsible for the costs related to the abandonment and recovery of the Group's wells and facilities used for the production of oil reserves (decommissioning). The costs related to decommissioning may impair the Group's ability to focus capital on other businesses. In addition, the Group may remain liable for decommissioning and abandonment of fields even after they have been sold or transferred prior to the end of production, which could adversely affect the Group's financial condition, results of operations and prospects, including because decommissioning may occasionally involve recovering contaminated areas. An example of such risks are certain exploratory wells in the Cricaré Cluster which were to be deactivated under their operations by Petrobras and where the execution of certain deactivation measures is outstanding.

Although the obligation to properly deactivate wells which arose under the operatorship of Petrobras falls under Petrobras' responsibility under the terms of the sale and purchase agreements for the Clusters, this does not prevent third parties and IEMA from seeking remediation measures and compensation measures from the Group.

Failure to properly deactivate and/or decommission wells and facilities may expose the Group to administrative penalties, including fines as high as BRL 50 million, and/or warnings, embargo on activities and partial or total suspension of activities. Moreover, the Public Prosecutor Office in Brazil may commence civil proceedings to investigate irregularities and seek to recover environmental damages and/or indemnification. It might also file a public civil action seeking the same results. At the criminal level, the Company may be subject to fines, restriction of rights and rendering of services to the community; and individuals who are eventually determined to have contributed to the investigated acts, including those that were aware of a criminal act and did not act to stop it (i.e., directors, managers, employees and others), may be subject to imprisonment. Further, in some cases, environmental remediations may be time consuming and expensive.

The costs estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to the changes in reserves or changes in laws and regulations or their interpretation.

**2.2.17 *The Group is exposed to risk related to decommissioning guarantees and related securities to the ANP***

In September 2021, the ANP enacted Ordinance No. 854/2021, requiring the concession holder of the production fields to provide a guarantee or letter of credit, or to pledge assets, to secure decommissioning and abandonment costs, through the submission of letters of credit, corporate guarantees, oil and natural gas pledges or insurance. If the Group's proposed decommissioning guarantee arrangements are not accepted by the ANP, the Group may be required to submit other, more costly, forms of guarantees.

If the Group is unable to submit guarantees that are approved by the ANP, the assignment of concessions of the Norte Capixaba Cluster to the Group will not be concluded, since the submission of the decommissioning guarantees and related security is a requirement for the assignment of concessions under Brazilian law. If decommissioning guarantees submitted are not renewed on the terms provided for in the applicable regulation, the ANP may enforce the existing guarantees, and the Group may be subject to regulatory sanctions. Additionally, there is a shortage of banks who are able and willing to provide letters of credit for decommissioning guarantee purposes, which may require the Group to provide cash collateral and may lead the Group to avail itself of other, costlier forms of collateral acceptable to the ANP of the type specified above. Legal and regulatory risks

## **2.3 Legal and regulatory risks**

### **2.3.1 *The Group's oil and gas concession agreements are subject to expiration, and the Group may not be able to renew those agreements***

Each of the Group's concession agreements with the ANP expires 27 years after the date of the Declaration of Commerciality (Br.: *Declaração de Comercialidade*) of the corresponding field, which is a notice to the ANP stating that the field is suitable for commercial development, subject to extension periods if approved by the ANP.

The possibility of an extension, to be negotiated and approved by the ANP, is provided by article 43, II of the Petroleum Law, as well as in the concession agreements themselves. The Group may apply for an extension of the term of a concession prior to the end of the relevant concession agreement, subject to the presentation of a new Development Plan for the related fields, including proposed new investments, and compliance with applicable legal and regulatory requirements. Any contractual extension is subject to approval of the new Development Plan by the ANP. The ANP is not required to approve the Group's requests for extension of any of the Group's concession agreements, and may condition its approval of any extension on certain modifications to the Development Plan and the investments to be made. As a result of these factors, the Group may not be able to renew concession agreements relating to the Group's fields on time or at all, which could have a material adverse effect on the Group's results of operations and financial condition.

### **2.3.2 *Oil and natural gas companies in Brazil do not have title to oil and natural gas reserves***

In Brazil, the Federal Government retains ownership of oil and gas reserves, transferring to the concession holders exclusive rights to explore, develop and produce oil and gas pursuant to concession agreements with the ANP. The concession holder is in turn entitled to perform oil exploration and production activities for its own account, using its own equipment and facilities, and retaining property rights to oil and gas produced. The Federal Government defines the energy policy through the Brazilian National Council for Energy Policy (the "CNPE"), and performs regulatory functions through the ANP. If the Federal Government imposes additional restrictions or obstacles for production of oil and gas by reforming or amending the current legal framework, the Group's ability to generate revenue could be affected, which could have a material adverse effect on the Group's results of operations and financial condition.

### **2.3.3 *Operations in the oil and gas industry are subject to extensive regulation in Brazil***

The oil and natural gas industry in Brazil is subject to extensive regulation and intervention of the Federal Government. Regulation and government intervention include the imposition of specific drilling and exploration obligations or requirements, production restrictions, price controls, taxation, restrictions for disposal of assets, foreign currency controls, nationalization and expropriation or cancellation of contractual rights. Compliance with applicable regulations may entail significant expenses, including in connection with obtaining licenses to conduct operations, production individualization processes (if production extends to adjacent deposits), compliance with local content policies, and taxation. The Group is also subject to federal, state and municipal environmental laws and regulations, which could result in delays to the Group's projects, prohibit or severely restrict the Group's activities in environmentally protected or sensitive regions or areas, or impose obligations with significant compliance costs.

Failure to comply with such laws and regulations may also result in suspension or termination of operations and subjection to administrative, civil and criminal penalties. These laws and regulations may be changed or the enforcement authority may change its interpretation with respect to them, so as to substantially increase costs. Under laws and regulations applicable to the oil and gas industry in Brazil, there is potential liability for personal injury, property damage and other harm. Any such liability could have a material adverse effect on the Group's financial condition and results of operations.

### **2.3.4 The Group's operating results may be impacted by changes in Brazilian tax laws**

The Group's operating results may be impacted by changes in Brazilian tax laws, including changes in applicable tax rates or the introduction of new temporary or permanent taxes. These changes may impact the Group's financial margins and adversely impact the Group's operating and financial results.

There are proposals being discussed in the Brazilian congress to implement a broad tax reform, which may include a complete change in Brazilian indirect taxes (e.g., consolidation of existing taxes into a single tax).

Other proposals aim at introducing in Brazil an export tax to be triggered on the exportation of crude oil. Although no developments have occurred in the recent past with respect to these proposals and the tax rates for the proposed export tax are not yet known, if such a tax were to be introduced, there would likely be an adverse impact on the Group's plans to export all (or the greater portion) of its production, as well as the Group's financial and operating results.

If there is a tax reform or any other change in the applicable legislation and regulations that alters the applicable taxes or special regimes from which the Group currently benefits, the Group's business may be affected and the Group may consequently experience an adverse effect on the Group's financial and operating results.

It is currently expected that a 15% withholding tax (Nw.: *kildeskatt*) will be implemented during 2023 on dividend payments from Brazilian companies to foreign shareholders. If implemented, the withholding tax will increase taxation on dividend payments from the Group's Brazilian subsidiaries, which are wholly owned by the Group's Uruguayan subsidiary Seacrest Uruguay S.A. Furthermore, in 2019, Brazil and Uruguay signed a tax treaty, which is currently pending approval by the Brazilian congress. Once in force, the treaty will establish a 10% withholding tax cap on dividends if the effective beneficiary is a company that holds at least 25% of the company paying the dividends for not less than 365 days preceding the date of payment of the dividend (cumulative conditions); or a 15% withholding tax cap on dividends in all other cases. Any withholding tax on dividend payments from the Group's subsidiaries will, subject to applicable deductions and credits, ultimately reduce net dividend payments received by other companies in the Group, and may consequently have an adverse effect on the Group's financial and operating results.

A reform of the Brazilian transfer pricing rules is also anticipated. Brazil is expected to change its transfer pricing rules so that they converge with the OECD standard transfer pricing rules based on the arm's length principle. The exact implications of the new rules (if approved) and their impact, if any, on the Group will need to be analysed on a case-by-case basis.

### **2.3.5 The Group's activities are subject to environmental, health and safety regulations, which may become more stringent in the future and cause an increase in the Group's liabilities and capital expenditures**

The Group's activities are subject to environmental, health and safety regulations and evolving industry standards and international conventions. More stringent environmental legislation or regulations are also expected to be enacted over time, either through the approval of new standards or stricter interpretations of existing laws and regulations. If the Group fails to comply with applicable regulations, the Group may be subject to warnings, fines, embargoes, partial or total suspension of activities, cancellation of licenses and the revocation of authorizations or other restrictions on its development, construction, maintenance and sales activities, adversely affecting the Group's financial condition. The Public Prosecutor Office in Brazil may commence civil proceedings to investigate irregularities and seek to recover environmental damages and/or indemnification. It might also file a public civil action seeking the same results. At the criminal level, the Company may be subject to fines, restriction of rights and rendering of services to the community; and individuals who eventually are determined to have contributed to the investigated acts or did not act to stop a criminal act they were aware of, including director, managers and employees of the Group, may be subject to imprisonment. If the legislation and regulations become more stringent

in the future, the Group may also incur additional environmental compliance expenses and experience project delays or difficulty in obtaining all necessary licenses and permits.

### **2.3.6 *The Group is exposed to risk related to anti-corruption and anti-money laundering compliance in Brazil***

The oil industry in Brazil is deemed to be high risk from a corruption perspective, and the Group is therefore exposed to corruption risk. The Group is subject to anticorruption, anti-bribery, anti-money laundering and sanctions laws and regulations, including but not limited to, Brazilian Federal Law No. 12,846/2013 and the United States Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**"), and the Bermuda Bribery Act 2016 (the "**BBA**"). Each of the Clean Group Act, the FCPA and BBA impose liability on companies who engage in bribery of government officials, either directly or through intermediaries. Violations by the Group of such laws and regulations could result in criminal liability, administrative and civil lawsuits, significant fines and penalties, forfeiture of significant assets, as well as reputational harm. Furthermore, if compliance requirements become more stringent in the future, this could result in significant costs for the Group, or result in delays in the Group's business processes.

## **2.4 Financial risks**

### **2.4.1 *The Group will require a significant amount of cash to service current and future debt and sustain its operations and its ability to generate sufficient cash depends on many factors beyond its control***

The Group's ability to make payments on, or repay or refinance, any debt and to fund working capital and capital investments will depend on its future operating performance and ability to generate sufficient cash. This depends on the success of its business strategy and on general economic, financial, competitive, market, legislative, regulatory, technical and other factors as discussed in this Section 2 "*Risk Factors*", many of which are beyond the Group's control. The Group cannot assure that its business will generate sufficient cash flow from operations or that future debt and equity financings will be available to it in an amount sufficient to enable it to pay its debt or to fund its other liquidity needs. The Group cannot provide assurance that it will be able to refinance any debt on commercially reasonable terms or at all. Any failure by the Group to make debt repayments on a timely basis would likely result in a reduction of its credit rating which could also harm its ability to incur additional indebtedness. There can be no assurance that any assets that the Group may elect to sell can be sold or that, if sold, the timing of such sale will be acceptable and the amount of proceeds realized will be sufficient to satisfy its debt service and other liquidity needs.

If the Group is unsuccessful in any of these efforts, it may not have sufficient cash to meet its obligations, which could cause an event of default under any debt arrangements and could result in the debt being accelerated, lending reserves and certain bank accounts being frozen, enforcement of security and the Company and its subsidiaries being forced into bankruptcy or liquidation, which could result in an investor losing its investment in the Company's Shares in its entirety.

### **2.4.2 *The Group's financing agreements contain financial covenants which the Group could fail to meet***

The Group primarily finances its operations through equity, own cash flow and interest-bearing debt, mainly consisting of the Mercuria Financing Agreements and the New Credit Agreement (as defined in Section 12.5.2).

The Group's financing arrangements contain certain covenants and general undertakings, which are customary in financing of this type, which impose restrictions on the Group's operations, and impose financial restrictions on the Group. Specifically, the Mercuria Financing Agreements and the New Credit Agreement include covenants that require specific actions from the Group. Pursuant to the loan agreements with Mercuria (see Section 12.5.2 "*Indebtedness*"), the Group is, for instance, required to maintain a field life coverage ratio of not less than 1.5:1 at

all times, ensure that the borrowers maintain a minimum cash balance in a collection account, and ensure that total corporate sources always exceed total corporate uses, as demonstrated by the Group's cashflow projections. In addition, the Group is restricted from taking certain actions without Mercuria's consent, including, *inter alia*, acquiring new assets, incurring additional indebtedness or engaging in asset sales.

Any default or failure to comply with the covenants set forth in the Mercuria Financing Agreements or the New Credit Agreement may result in the acceleration of the Group's obligations under the Mercuria Financing Agreements or the New Credit Agreement, as applicable, and enforcement of the collateral securing such agreements, which may materially adversely affect the Group.

#### **2.4.3 *Nearly all of the Group's assets are pledged as security under the financing agreements***

Nearly all of the Group's assets are currently pledged as security under the Mercuria Financing Agreements and will be pledged as security under the New Credit Agreement. Any failure by the Group to make debt repayments on a timely basis could cause an event of default under any of the financing arrangements and could result in enforcement of the securities, with the effect of the Group losing title to such assets, which may have a materially adverse effect on the Group.

#### **2.4.4 *The Group is exposed to currency risk***

The Company's functional currency is USD. The Group expects that most of the Group's revenues will be derived from sales of oil quoted in or with reference to USD and be subject to oil price fluctuations. On the other hand, the Group expects that a substantial part of the Group's costs will be denominated in BRL (Brazilian reais). Therefore, changes in exchange rates may result in losses or gains on the Group's net USD-denominated indebtedness and accounts receivable and fair value losses or gains on currency derivatives the Group uses to stabilize the Group's cash flow in USD.

Movements in foreign exchange rates could negatively influence the Group's cash flow and results. Factors such as significant volatility in currency prices may also result in disruption of foreign exchange markets, which could limit the Group's ability to transfer or to convert certain currencies into USD and other currencies for the purpose of making timely payments of interest and principal on the Group's indebtedness.

Further, the Group may enter into hedging contracts with respect to both the oil price and foreign exchange movements, which could represent financial expenses and, in the context of oil price fluctuations, may limit the Group's earning potential as a result of the hedging strategy executed (e.g., minimum and maximum price locks) and the Group may not necessarily earn the full potential of future increases in the oil price. If the Group does not enter into hedging transactions, the Group may be more susceptible to reductions in the price of oil or exchange rate fluctuations.

An investor who owns shares in the Company is exposed to NOK as the Shares will be priced and traded in NOK on the Oslo Stock Exchange. Any movement in currency rates versus NOK could lead to fluctuations in the Company's results and this could impact the Share price.

#### **2.4.5 *The Group may not be able to secure financing on favourable terms, or at all, and future fundraising through the issuance of securities may result in the dilution of the participation of investors***

The oil and gas industry requires substantial capital investment and spending. The Group does not know when or if the Group's operations will generate sufficient cash to further fund the Group's ongoing operations. In the future, the Group may require additional capital to respond to business opportunities, refinancing needs, challenges, acquisitions, or unforeseen circumstances and may decide to engage in further equity or debt financings or enter

into credit facilities for other reasons. The Group may not be able to secure any such additional debt or equity financing or refinancing on favourable terms, in a timely manner, or at all.

Any debt financing obtained by the Group in the future could also include restrictive covenants relating to the Group's capital raising activities and other financial and operational matters, which may make it more difficult for the Group to obtain additional capital and to pursue business opportunities, including potential acquisitions. If the Group is unable to obtain adequate financing or financing on terms satisfactory to it when it requires, the Group's ability to continue to grow or support its business and to respond to business challenges could be significantly limited.

The Group may also raise additional funds to grow the Group's business and implement the Group's growth strategy through public or private issuances of the Company's Shares or securities convertible into, or exchangeable for, the Company's Shares, which may dilute investors' interest in the Company's share capital or result in a decrease in the market price of the Company's Shares.

## **2.5 Macroeconomic Risks**

### **2.5.1 *The Brazilian government exercises significant influence over the Brazilian economy and government actions may materially adversely affect the Brazilian market and the Group***

The recent election of Luiz Inácio Lula da Silva as President of Brazil may result in changes in Brazil's economic policies, including credit, monetary, tax and exchange policies, that are adverse to the oil and gas industry, including annulment of transactions and/or agreements made under the Petrobras divestment program. Such changes may materially adversely affect the Group.

Uncontrolled inflation, significant exchange rate variations, civil unrest, social instability and other political, economic and diplomatic events, as well as the Brazilian government's response to these events, could have a material adverse effect on the Group's results of operations and financial condition. In addition, uncertainty regarding the guidelines of economic policy may contribute to a lack of confidence and increased volatility in the Brazilian capital markets, as well as in the price of securities of Brazilian issuers. It is not possible to predict with any certainty how the approval of any reforms, such as labour, social security, political and tax reforms, will impact on the Brazilian economy. Continuing political uncertainty may affect the approval of important measures and lead to reversals in expectations.

It is difficult to foresee which measures may be adopted by the Brazilian government, or which measures (if and when implemented) may create instability in the Brazilian economy. For example, the deterioration in federal, state and municipal governments' fiscal results in recent years has led to an unprecedented increase in gross debt, as well as in the gross debt to Gross Domestic Product ("**GDP**") ratio. In this environment, the government may encounter difficulty honouring its commitment to pass on to the Group the credit instalments deducted from the salaries of its employees, increasing the Group's provisions for credit in general.

Due to the current political and economic instability in Brazil, there are substantial uncertainties in relation to future economic policies. Any changes in the regulations that govern the Group's sale of oil, for example, or continued policy uncertainty, may materially adversely affect the Group.

### **2.5.2 *The Group is exposed to risks related to political instability in Brazil, including instability resulting from corruption investigations,***

Historically, Brazil's political landscape has influenced and continues to influence the performance of the country's economy. Political crises have affected and continue to affect the confidence of both investors and the general public, which has resulted in an economic downturn and increased the volatility of securities issued by Brazilian companies.

On 8 January 2023, a mob invaded the Brazilian Congress, the federal government's headquarters and the Supreme Court in Brasília in a violent demonstration, seeking military intervention in response to the recent election of Luiz Inácio Lula da Silva as President of Brazil, which the protestors claimed was the subject of election fraud. The mob vandalized the buildings, but given that this took place on Sunday, the buildings were mostly empty. It is expected that this event will lead to increased political volatility and/or further civil unrest and may result in a shift in economic policies by the Lula da Silva administration.

The Brazilian capital markets have experienced an increase in volatility on account of the uncertainties generated by corruption investigations, led by the Federal Public Prosecutor's Office and other authorities, and its impact on the Brazilian economy and political environment. Certain members of the federal executive and legislative branches, as well as senior officers of large state-owned companies, have faced allegations of political corruption due to having allegedly accepted bribes in contracts awarded by the Brazilian government to various construction, infrastructure, oil and agribusiness companies. There can be no assurance that individuals directly or indirectly connected to the Group, including employees, executive officers, board members, suppliers, service providers, or subcontractors, are not or will not be involved in criminal investigations (whether or not related to corruption) that may adversely affect the Group's reputation, and thus also its financial condition.

### ***2.5.3 Brazil's credit ratings have been, and may be further downgraded, which may have a material adverse effect on the Group's funding costs***

Rating agencies regularly evaluate Brazil and its sovereign ratings based on a number of factors, including macroeconomic trends, physical and budgetary conditions, debt metrics and the prospect of changes in any of these factors. The rating agencies began to review Brazil's sovereign credit rating in September 2015, and subsequently, three major rating agencies downgraded Brazil's investment-grade status. As a result of Brazil losing its investment grade status with the three major rating agencies, the trading prices of debt and equity securities issued by Brazilian issuers were adversely affected. Any further downgrades of Brazil's sovereign credit rating could increase investors' risk perception and, consequently, may increase the Group's future borrowing costs and could have a material adverse effect on the Group's results of operations and financial condition.

## **2.6 Risks relating to the Shares and the Offering**

### ***2.6.1 There is no existing market for the Shares and an active trading market may not develop***

Prior to the Listing, there was no public market for the Shares, and there is no assurance that an active trading market for the Shares will develop or, if it does develop, will be sustained. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following the completion of this Offering. Investors may not be in a position to sell their Shares quickly or at market price if there is no active trading in the Shares.

### ***2.6.2 Future sales, or the possibility of future sales of substantial number of shares could affect the market price of the Shares***

The Company cannot predict what effect, if any, future sales of the shares, or the availability of shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their shares or the Company to sell equity securities in the future at a time and price that they deem appropriate.

### **2.6.3 *Investor's rights and responsibilities as shareholders will be governed by Bermuda law***

The Company's corporate affairs are governed by the Bermuda Companies Act and the Company's Memorandum of Association and Bye-Laws. The rights of the Company's shareholders and the responsibilities of the Board of Directors under Bermuda law may not be as clearly established as under the laws of other jurisdictions, including Norway. In addition, the rights of shareholders are governed by Bermuda law and the Bye-laws, and could differ from the rights of the shareholders under other jurisdictions, including Norway. The holders of the Shares may have more difficulty in protecting their interests in the face of actions by the Board of Directors than if the Company was incorporated in the United States, Norway or another jurisdiction.

### **2.6.4 *The shareholders do not have pre-emptive rights***

Under Bermuda law, shareholders do not have pre-emptive rights to subscribe for additional issues of a company's shares unless, and to the extent that, such right is expressly granted to shareholders under the bye-laws of a company or in a contract between shareholders and the company. The Bye-Laws do not provide for pre-emptive rights to subscribe for additional issues of the Shares. The Board of Directors is authorised to issue new Shares in the Company to such persons, at such times and on such terms as the Board of Directors determines, up to the total authorised share capital of the Company from time to time. As such, the holdings of shareholders of the Company may be diluted by the issuance of new Shares in the Company, which do not generally have to be approved by a general meeting of shareholders.

### **2.6.5 *The Company may not pay and/or be restricted from paying dividends in the future***

The Company has firm dividend restrictions pursuant to the Mercuria Financing Agreements, which restrict the Company from declaring distributions to its shareholders while indebtedness under the facilities remains outstanding. Other restrictions on payment of dividends will apply under the New Credit Agreement, and will replace those under the Senior Facility Agreement and the Junior Facility Agreement. Please see Sections 12.5.2 "Indebtedness" and 12.7 "Financing and other contractual obligations" for further information. Furthermore, under Bermuda law, the Company may not declare or pay a dividend or distribution if there are reasonable grounds for believing that (a) the Company is, or would after the payment of the dividend or distribution be, unable to pay its liabilities as they become due or (b) the realizable value of the Company's assets would as a result of the dividend or distribution be less than the Company's liabilities. In addition, since the Company is a holding company with no material assets other than the shares of the Company's subsidiaries through which the Company conducts the Group's operations, the Company's ability to pay dividends will depend on the Company's subsidiaries distributing to the Company their earnings and cash flow and liquidity. Due to these restrictions, the Company cannot predict when, or if, dividends will be paid in the future.

### **2.6.6 *Brazilian foreign exchange controls and regulations could restrict conversions and remittances abroad of the dividend payments and other shareholder distributions paid in Brazil in reais arising from the Company's Brazilian subsidiaries***

Brazilian law provides that whenever there is a serious imbalance in Brazil's balance of payments or reasons to foresee such a serious imbalance, the Brazilian government may impose temporary restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil. Such restrictions may hinder or prevent the Company, as the holder of the shares of the Brazilian subsidiaries from converting distributions or the proceeds from any sale of such shares, as the case may be, into USD and remitting such USD out of Brazil. Any reais so held will be subject to devaluation risk against the USD.

In addition, the likelihood that the Brazilian government would impose such restrictions may be affected by the extent of Brazil's foreign currency reserves, the availability of foreign currency in the foreign exchange markets on the date a payment is due and the size of Brazil's debt service burden relative to the economy as a whole. The



Company cannot assure investors that the Brazilian Central Bank will not modify its policies or that the Brazilian government will not institute restrictions or delays on cross-border remittances.

**2.6.7 *The Company and its Bermuda-registered subsidiaries are subject to economic substance requirements in Bermuda. The Company's Uruguay-registered subsidiary is subject to economic substance requirements in Uruguay***

The Company and certain of the Company's subsidiaries are incorporated in Bermuda and may from time to time be organized in other jurisdictions identified by the Code of Conduct Group for Business Taxation of the European Union (the "**COCG**"), based on global standards set by the Organization for Economic Co-operation and Development with the objective of preventing low-tax jurisdictions from attracting profits from certain activities, as non-cooperative jurisdictions or jurisdictions having tax regimes that facilitate offshore structures that attract profits without real economic activity.

From 5 December 2017, following an assessment of the tax policies of various countries by the COCG, economic substance laws and regulations were enacted in these jurisdictions requiring that certain entities carrying out particular activities comply with an economic substance test whereby the entity must show, for example, that it (i) carries out activities that are of central importance to the entity from the jurisdiction, (ii) has held an adequate number of its board meetings in the jurisdiction at which strategic decisions are made when judged against the level of decision-making required and (iii) has an adequate (a) amount of operating expenditures, (b) physical presence and (c) number of full-time employees in the jurisdiction.

While the Company has taken action to ensure it and its Bermuda and Uruguay subsidiaries comply with applicable economic substance legislation in those jurisdictions, if the Company or any such subsidiary fails to comply with such obligations or any similar applicable law in any other jurisdiction, the Company or such subsidiary could be subject to financial penalties and spontaneous disclosure of information to foreign tax officials in related jurisdictions and may be struck from the register of companies in that jurisdiction. Any of these actions could have a material adverse effect on the Company's business, financial condition and results of operations.

**2.6.8 *The Bye-Laws, as well as Bermuda law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of the Company's Shares***

The Bye-Laws, as well as Bermuda law, contain provisions that may discourage, delay or prevent a merger, amalgamation, acquisition, or other change in control that shareholders may consider favourable, including transactions in which shareholders might otherwise receive a premium for their Shares. These provisions may also prevent or frustrate attempts by the Company's shareholders to replace or remove its management. The Company's corporate governance documents include provisions:

- Issuing undesignated shares, which can be issued without shareholder approval and with voting, liquidation, dividend and other rights superior to the Shares;
- providing that any action required or permitted to be taken by the Company's shareholders must be taken at a duly called annual or special meeting of such shareholders and may not be taken by any consent in writing by such shareholders;
- requiring, to the fullest extent permitted by applicable law, advance notice of shareholder proposals for business to be conducted at meetings of the Company's shareholders and for shareholder-proposed nominations of candidates for election to the Board of Directors;
- limiting the filling of vacancies or newly created seats on the Board of Directors between general meetings to the decision of the Board of Directors then in office; and

- providing that directors may be removed by shareholders only upon the affirmative vote of holders of at least 75% of the votes cast at the relevant general meeting.

The existence of these provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for Shares. They could also deter potential acquirers of the Company, reducing the likelihood that shareholders could receive a premium for their Shares in an acquisition.

#### **2.6.9 Norwegian investors may become subject to CFC taxation**

Since the Company is resident in Bermuda (which for Norwegian tax purposes is deemed a "low-tax jurisdiction" and outside the EEA), Norwegian shareholders will become subject to controlled foreign corporation ("**CFC**") taxation (Nw.: "*NOKUS-beskatning*") if the Norwegian shareholders (jointly) control the Company. The Company will be deemed controlled by Norwegian shareholders if all Norwegian shareholders (jointly) directly or indirectly own or control (together referred to as "**Control**") at least 50% of the Shares / capital of the Company, subject to further threshold calculation rules as set out in Section 16.2.3 "*CFC Taxation*".

CFC-taxation means that the Norwegian shareholders will be allocated and taxed on a proportionate part of the Company's net income (calculated in accordance with Norwegian tax rules) on an ongoing basis (irrespective of whether they receive any distributions or other proceeds from the Company) based on their individual shareholding in the Company. As of 2022, the ordinary tax rate is 22%. If the Norwegian shareholders become subject to CFC taxation and later cease to be subject to CFC taxation due to the Company ceasing to be Controlled by Norwegian shareholders, then all CFC taxed Norwegian shareholders would become subject to Norwegian exit taxation (at their applicable tax rates) on any non-realized gain. CFC taxation further implies that the Norwegian shareholders would need to make additional CFC tax filings.

The above is not an exhaustive description of the consequences of and risks associated with CFC taxation. Prospective Norwegian shareholders are advised to consult with their tax advisors with respect to any Norwegian tax consequences under the CFC rules in connection with investing in Shares.

#### **2.6.10 Shareholders may have difficulty enforcing judgments of U.S. and Norwegian courts against the Company in Bermuda courts**

The Company is incorporated as an exempted company pursuant to the laws of Bermuda. In addition, a number of its directors and executive officers are not residents of the United States or Norway, and a substantial portion of the Company's assets and their assets are or may be located in jurisdictions outside the United States or Norway (mainly in Brazil). As a result, it may be difficult for shareholders to effect service of process within the United States upon those persons or the Company or to recover against them or the Company on judgments of U.S. or Norwegian courts, including judgments predicated upon civil liability provisions of the U.S. federal securities laws or Norwegian securities laws.

There is no treaty in force between the United States or Norway, Bermuda and Brazil providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. As a result, whether a U.S., Norwegian or Brazilian judgment would be enforceable in Bermuda against the Company or its directors and officers depends on whether the U.S., Norwegian or Brazilian court that entered the judgment is recognized by the Bermuda court as having jurisdiction over the Company or its directors and officers, as determined by reference to Bermuda conflict of law rules. A judgment debt from a U.S. court or Norwegian court that is final and for a certain sum based on U.S. federal securities laws will not be automatically enforceable in Bermuda unless the judgment debtor had submitted to the jurisdiction of the U.S. court or Norwegian court, and the issue of submission and jurisdiction is a matter of Bermuda (not U.S., Norwegian or Brazilian) law.

In addition, and irrespective of jurisdictional issues, the Bermuda courts will not enforce a U.S. federal securities law or Norwegian securities law that is either penal or contrary to Bermuda public policy. The Company has been

advised that an action brought pursuant to a public or penal law, the purpose of which is the enforcement of a sanction, power or right at the instance of the state in its sovereign capacity, will not be entertained by a Bermuda court.

Certain remedies available under the laws of U.S. or Norwegian jurisdictions, including certain remedies under U.S. federal securities laws or Norwegian securities laws, would not be available under Bermuda law or enforceable in a Bermuda court, as they would be contrary to Bermuda public policy. Further, no claim may be brought in Bermuda against the Company or its directors and officers in the first instance for violation of U.S. federal securities laws or Norwegian securities laws because these laws have no extraterritorial jurisdiction under Bermuda law and do not have force of law in Bermuda. A Bermuda court may, however, impose civil liability on the Company or its directors and officers if the facts alleged in a complaint constitute or give rise to a cause of action under Bermuda law.

**2.6.11 *Shareholders may have more difficulty protecting their interests than shareholders of a U.S. or Norwegian corporation***

The rights of shareholders under Bermuda law are not as extensive as the rights of shareholders under legislation or judicial precedent in many U.S. jurisdictions and other jurisdictions, such as Norway. Class actions and derivative actions are generally not available to shareholders under Bermuda law. However, Bermuda courts ordinarily would be expected to follow English case law precedent, which would permit a shareholder to commence an action in the name of a company to remedy a wrong done to a company where the act complained of is alleged to be beyond the corporate power of a company, is illegal or would result in the violation of that company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to allow derivative action rights where there are acts that are alleged to constitute a fraud against the minority shareholders or where an act requires the approval of a greater percentage of a company's shareholders than actually approved it.

### **3 RESPONSIBILITY FOR THE PROSPECTUS**

This Prospectus has been prepared in connection with the Listing of the Shares on the Oslo Stock Exchange.

The Board of Directors of Seacrest Petroleo Bermuda Limited accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that to the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Hamilton, Bermuda, 8 February 2023

#### **The Board of Directors of Seacrest Petroleo Bermuda Limited**

Erik Tiller  
*Executive Chairman*

Paul Murray  
*Board Member*

Scott Aitken  
*Board Member*

Pedro Magalhães  
*Board Member*

Denis Chatelan  
*Board Member*

Rune Olav Pedersen  
*Board Member*

Paulo Ricardo da S. dos Santos  
*Board Member*

## **4 GENERAL INFORMATION**

### **4.1 The approval of this Prospectus by the Norwegian FSA**

This Prospectus has on 8 February 2023 been approved by the Norwegian FSA, as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval shall not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares.

### **4.2 Other important investor information**

The Company has furnished the information in this Prospectus. The Managers and the International Placement Agents make no representation or warranty, express or implied, as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or the future. The Managers and the International Placement Agents disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Prospectus or any such statement.

The Managers and the International Placement Agents are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company, to the extent agreed with the Company, for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Offer Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the Listing, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, nor the sale of any Offer Shares, shall under any circumstance imply that there has not been any change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Offering other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Managers or the International Placement Agents or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

None of the Company, the Managers or the International Placement Agents, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation, express or implied, to any offeree of the Offer Shares regarding the legality of an investment in the Offer Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

Investing in the Shares involves a high degree of risk. See Section 2 "*Risk factors*" and Section 15.2 "*Market value of the Shares*".

In connection with the Offering, each of the Managers, the International Placement Agents, or any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer

Shares to any of the Managers, the International Placement Agents or any of their respective affiliates acting in such capacity. In addition, the Managers, the International Placement Agents or their respective affiliates may enter into financing arrangements (including swaps) with investors in connection with which the Managers and the International Placement Agents (or their respective affiliates) may from time to time acquire, hold or dispose of Shares. None of the Managers or the International Placement Agents intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

### **4.3 Presentation of financial information**

#### **4.3.1 Financial information**

The Company's audited consolidated financial statements as of and for the years ended 31 December 2021, 2020 and 2019 have been prepared in accordance with IFRS as issued by IASB (the "**Annual Financial Statements**"). The Annual Financial Statements are included in Appendix D to this Prospectus. The Company's reviewed interim financial statements as of and for the nine-month period ended 30 September 2022, with comparable figures as of 31 December 2021 and for the nine-month period ended 30 September 2021, have been prepared by the Company in accordance with IAS 34 and have been subject to a review by KPMG Brazil under ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (the "**Interim Financial Statements**"). The Interim Financial Statements are included in Appendix E to this Prospectus. The Financial Statements and the Interim Financial Statements are together referred to as the "**Financial Information**".

On 23 February 2022, through its wholly owned Brazilian subsidiary Seacrest Petróleo SPE Norte Capixaba Ltda. (the "**Norte Capixaba SPV**"), the Company entered into a purchase agreement to acquire from Petrobras the assets that compose the Norte Capixaba Cluster, located in the Brazilian state of Espírito Santo (the "**Norte Capixaba Acquisition**"). The assets associated with this cluster are held by Petrobras directly, and not through a separate legal or financially reporting entity, subsidiary, operating segment or division of Petrobras. The assets associated with the Norte Capixaba Cluster includes Petrobras' interests, rights and obligations under four onshore oil exploration and production concession agreements with the ANP, and related wells, equipment, certain records, the TNC, certain stations, certain pipelines and other assets (collectively, the "**Norte Capixaba Cluster**"). No Petrobras employees will be transferred to the Norte Capixaba SPV as part of the acquisition. The aggregate purchase price for the Norte Capixaba Cluster, including certain contingent payments, is USD 544 million.

As of the date of this Prospectus, the principal regulatory approval from the ANP and the environmental licenses required for consummation of the Norte Capixaba Acquisition have been obtained, and the closing of the Norte Capixaba Acquisition is expected to occur in late February 2023, following completion of the Listing. Please see Section 8.5 "*Contemplated acquisition of the Norte Capixaba Cluster*" for further information regarding the Norte Capixaba Acquisition.

As a result of the contemplated Norte Capixaba Acquisition, the Company has, in addition to the Financial Information, prepared and included in Section 11 of this Prospectus an unaudited pro forma balance sheet (the "**Pro Forma Financial Information**"), to show how the Norte Capixaba Acquisition would have affected the Company's consolidated balance sheet as of 30 September 2022, if the acquisition had taken place on 30 September 2022. The Pro Forma Financial Information does not contain unadjusted financial information for the Norte Capixaba Cluster. Such information would have been included in an ordinary pro forma compiled to Annex 20 to the Delegated Regulation (EU) 2019/980, and consequently, the Pro Forma Financial Information does not contain complete pro forma information pursuant to the full requirements of Annex 20. The Pro Forma Financial Information does not purport to represent what the Company's actual balance sheet or statement of profit or loss would have been had the events which were the subject of the adjustments occurred on the relevant dates. The Pro Forma Financial Information does not include all of the information required for financial statements under IFRS and should be read in conjunction with the Financial Information. See Section 11 "*Unaudited pro forma financial information*" for further information about the basis of preparation of the Pro Forma Financial Information.

In addition, this Prospectus also includes historic production figures for the Norte Capixaba Cluster taken from publicly available filings made by Petrobras with the ANP, and a monthly operating expense figure for the Norte Capixaba Cluster of BRL 17 million taken from the price adjustment provisions in the purchase agreement for the Norte Capixaba Cluster. The abovementioned information is presented in Section 8.6.3 "*The Norte Capixaba Cluster and the TNC*".

#### 4.4 Other information

##### 4.4.1 Certain reserves, contingent resources and production information

Unless otherwise indicated, estimates of the proved, probable and possible oil and gas reserves data presented in this Prospectus as of 31 December 2022 have been derived from an independent expert report prepared on the Company's resources and reserves (the "**Competent Person's Report**").

The Competent Person's Report is dated 11 November 2022 and has been prepared by the independent reserves engineers DeGolyer and MacNaughton ("**D&M**") a Delaware corporation with offices at 5001 Spring Valley Road, Suite 800 East, Dallas, Texas 75244, U.S.A. is an independent reservoir evaluation company and has prepared the estimates in accordance with the Petroleum Resources Management System ("**PRMS**") approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists and Engineers.

Estimates of the proved, probable and possible oil and gas reserves data are presented in accordance with PRMS as follows:

- "**1P reserves**" or "**proved reserves**", are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the 1P estimate. Proved reserves consist of developed and undeveloped reserves.
- "**2P reserves**" or "**probable reserves**", are 1P reserves plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the estimated 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves estimate.
- "**3P reserves**" or "**possible reserves**" are 2P reserves plus those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of 3P reserves, which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
- "**Contingent resources**" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not, as of such date, considered to be commercially recoverable due to one or more contingencies.

- “**1C**” (Low), “**2C**” (Best), and “**3C**” (High) Estimates – Estimates of contingent resources are expressed using the terms 1C (low) estimate, 2C (best) estimate, and 3C (high) estimate to reflect the range of uncertainty.

Estimated reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry. Typical to the industry in which the Group operates, there are a number of uncertainties inherent in estimating quantities of reserves, including 2P reserves, and contingent resources. Therefore, the reserve and resource information in this Prospectus represents only estimates and such estimates are forward-looking statements which are based on judgements regarding future events and may be inaccurate. See Section 4.5 “*Cautionary note regarding forward-looking statements*”. Reserve assessment is a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact manner. The accuracy of any reserve or resource estimate is a function of a number of variable factors and assumptions, many of which are beyond the Group’s control, including the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different reserve and resource assessors may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of reserve and resource estimates, the initial reserve and resource estimates are often different from the quantities of oil and gas that are ultimately recovered. The accuracy of such estimates depends primarily on the assumptions upon which they were based and the extent of the evaluation by the relevant party. You should not place undue reliance on the ability of the estimates of reserves, including 2P reserves, and contingent resources to predict actual reserves and contingent resources or on comparisons of similar reports concerning other companies, and this Prospectus should be accepted with the understanding that Group’s financial performance subsequent to the date of the estimates may necessitate revision of the reserves and contingent resources information set forth herein. In addition, except to the extent that the Group acquires additional properties containing reserves and contingent resources or conduct successful exploration and development activities, or both, its reserves and contingent resources will decline as they are produced.

#### **4.4.2 Independent evaluation of reserves**

D&M has independently prepared the Competent Person’s Report in accordance with the disclosure requirements set out in the EU Prospectus Regulation. The Competent Person’s Report presents appraisals as of 31 December 2022 of oil and gas reserves located in certain fields in the Cricaré and Norte Capixaba Clusters in the Espírito Santo Basin, Brazil. The Competent Person’s Report is attached to this Prospectus as [Appendix C](#).

The technical personnel responsible for preparing the independent evaluation of the Group’s reserve estimates at D&M meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth by the Society of Petroleum Engineers. D&M is an independent firm of petroleum engineers and does not own an interest in Group’s assets and is not employed on a contingent fee basis.

The Company has obtained the consent of D&M to use data provided in the Competent Person’s Report in this Prospectus.

#### **4.4.3 Hydrocarbon data**

In presentation of its production data and reserves and contingent reserves, the Group uses the following standard measures:

- oil volumes in standard millions of barrels (“**MMbbls**”), thousands of barrels (“**kbbl**”) and barrels (“**bbl**”);
- natural gas liquid volumes in cubic megametre **Mm<sup>3</sup>** and in standard millions of barrels (“**MMbbls**”); and
- oil equivalents volumes in millions of barrels of oil equivalents (“**MMboe**”) and barrels of oil equivalent per day (“**boepd**”).



#### **4.4.4 Industry and market data**

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and the industries and markets in which it operates. Unless otherwise indicated, such information reflects the Company's estimates based on analysis, research and surveys of multiple sources, including data compiled from professional organizations and analysts and information otherwise derived from other third-party sources, such as annual financial statements and other presentations published by listed companies operating within the same industry as the Company. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Company's competitive position in the future is based on the Company's own assessment and knowledge of the potential market in which it may operate. The relevant information and data is sourced herein as "**Company Information**".

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified, however, source references to websites shall not be deemed as incorporated by reference to this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and neither the Company nor any third party can give any assurances as to the accuracy or completeness of market data contained in this Prospectus. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

The Company cautions prospective investors not to place undue reliance on the above mentioned data. Unless otherwise indicated in the Prospectus, any statements regarding the Group's competitive position are based on the Company's own assessment and knowledge of the market in which it operates.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "*Risk factors*" and elsewhere in this Prospectus.

#### **4.4.5 Currencies**

In this Prospectus, all references to "**BRL**" are to the lawful currency of Brazil, all references to "**BMD**" are to the lawful currency of Bermuda, all references to "**USD**" are to the lawful currency of the United States, and all references to "**NOK**" are to the lawful currency of Norway. No representation is made that the BRL, BMD, USD or NOK amounts referred to herein could have been or could be converted into BRL, BMD, USD or NOK, as the case may be, at any particular rate, or at all. The Financial Information is presented in USD.

#### **4.4.6 Rounding**

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

#### 4.5 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear, among other areas, in the following Sections in this Prospectus, Section 7 "*Industry and Market Overview*", Section 8 "*Business of the Group*", and Section 10 "*Selected Historical Financial Information*", and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business development and financial performance, and the industry in which the Group operates, including, but not limited to, statements relating to:

- the Group's strategy, outlook and growth prospects;
- the Group's operational and financial objectives, including statements as to the Group's medium or long-term growth, margin, and dividend policy;
- the competitive nature of the business in which the Group operates and the competitive pressure and competitive environment in general;
- earnings, cash flow, dividends and other expected financial results and conditions;
- the expected growth and other developments of the industries which the Group operates;
- the Group's planned investments;
- forecasts; and
- the Group's liquidity, capital resources, capital expenditures, and access to funding.

Prospective investors are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Should one or more of these risks and uncertainties materialize, or should any underlying assumption prove to be incorrect, the Group's business, actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

The information contained in this Prospectus, including the information set out under Section 2 "*Risk Factors*", identifies additional factors that could affect the Group's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "*Risk Factors*" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Company.

These forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

## 5 REASONS FOR THE OFFERING AND THE LISTING

### 5.1 Reasons for the Offering and the Listing

It is expected that the Oslo Stock Exchange will approve the Company's application for Listing on or around 13 February 2023. The Company believes that the Offering and the Listing will:

- 1) provide it with a portion of the resources required to complete the Norte Capixaba Acquisition;
- 2) diversify and increase the Company's shareholder base and enable other investors to take part in the Group's future growth and value creation;
- 3) provide a market place for the Shares and give the Company improved access to the capital markets for potential future funding; and
- 4) enhance the Group's profile with investors and business partners.

### 5.2 Use of proceeds

The gross proceeds to the Company from the Offering are expected to amount to up to approximately USD 250 million (equivalent to approximately NOK 2,600 million). The net proceeds from the issue are expected to amount to approximately USD 240 million (equivalent to approximately NOK 2,500 million based on estimated total transaction costs of approximately USD 12.5 million (equivalent to approximately NOK 130 million) in connection with the Offering and the Listing to be paid by the Company.

The Company plans to use the net proceeds from the Offering to pay a portion of the balance of the purchase price of the Norte Capixaba Acquisition (see Section 8.5 "*Contemplated acquisition of the Norte Capixaba Cluster*") and for general corporate purposes.

At the date of the Prospectus, the Company cannot predict all of the specific uses of the net proceeds, or the amounts that will be actually spent on the uses described above. The exact amounts and the timing of the actual use of the net proceeds will depend on numerous factors, including amongst others the Company's ability to generate positive cash flow from its operations.

The Company will receive the proceeds from the issuance of any Shares subscribed pursuant to the Greenshoe Option, see Section 17.1 below.

## **6 DIVIDENDS AND DIVIDEND POLICY**

### **6.1 Dividends policy**

Under the Bye-Laws, the Board of Directors may declare and pay cash dividends or distributions (or dividends or distributions to be satisfied in shares or other assets of the Company) in amounts and at such times as may be determined by the Board of Directors from time to time. Under Bermuda law, a company may not declare or pay a dividend or distribution if there are reasonable grounds for believing that (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of its assets would as a result of the dividend or distribution be less than its liabilities.

Since the Company is a holding company with no material assets other than the shares of the Company's subsidiaries through which the Company conducts its operations, the Company's ability to pay dividends will depend on its subsidiaries distributing their earnings and cash flow to the Company. Furthermore, certain covenants in the Mercuria Financing Agreements restrict the Company's ability to distribute dividends, including a requirement that all indebtedness has first been repaid under the Junior Facility Agreement with Mercuria and certain financial covenant tests have been met under the Senior Facility Agreement with Mercuria. Other restrictions on payment of dividends will apply under the New Credit Agreement, and will replace those under the Senior Facility Agreement and the Junior Facility Agreement. See Sections 12.5.2 "*Indebtedness*" and 12.7 "*Financing and other contractual obligations*" for further information about the Company's financial obligations.

The Company's priority is to return excess free cash to its shareholders whenever possible, as determined by the Board of Directors. Any dividends declared in the future will be at the sole discretion of the Board of Directors and will depend upon earnings, market prospects, current capital expenditure programs and investment opportunities.

Although the Company is incorporated in Bermuda, it is classified as a non-resident of Bermuda for exchange control purposes by the BMA. Other than transferring BMD out of Bermuda, there are no restrictions on the Company's ability to transfer funds into or out of Bermuda to pay dividends to residents of countries outside Bermuda who are holders of the Company's Shares in currency other than BMD. The Company does not intend to operate generally, or to pay the Company's dividends, in BMD.

### **6.2 Dividend history**

The Company has not paid dividends on its Shares during the period from its incorporation and up to the date of this Prospectus.

### **6.3 Manner of dividend payments**

The Shares will be priced and traded in NOK on the Oslo Stock Exchange and any future dividends on the Shares will be declared in USD. The declared dividend in USD will be translated to NOK (NOK is the required distribution currency by VPS) on the day the share is traded ex dividend, for distribution through VPS. For VPS account holders that have a NOK account linked to their VPS account, dividends will be credited directly to such NOK account. Investors who are residing in Norway but have not linked a NOK account to their VPS account will receive dividends by giro payment. For investors registered in the VPS Register whose address is outside Norway and who have not supplied their VPS account administrator with details of any Norwegian kroner account, payments of dividends will be denominated in the currency of the bank account of the relevant investor, and will be paid to the investors through the registrar. Investors registered in the VPS register who have not supplied their VPS account administrator with details of their bank account, will not receive payment of dividends unless they register their bank account details on their VPS account, and thereafter inform the registrar about said account. Dividends will be credited automatically to the VPS registered investors accounts, or in lieu of such registered account, at the time when the investor has provided the registrar with their bank account details, without the need for investors to present documentation proving their ownerships. Investors' right to payment of dividends will lapse three years following the payment date

for those investors who have not registered their bank account details with the registrar within such period. Following the expiry of such date, the remaining, undistributed dividends will be returned from the registrar to the Company. Exchange of funds will be executed in accordance with the standard procedures of DNB Bank ASA (the Company's registrar), Foreign Payments Department. The exchange rate(s) applied will be DNB Bank ASA's exchange rate on the date and time of day for execution of the exchange.

## 7 INDUSTRY AND MARKET OVERVIEW

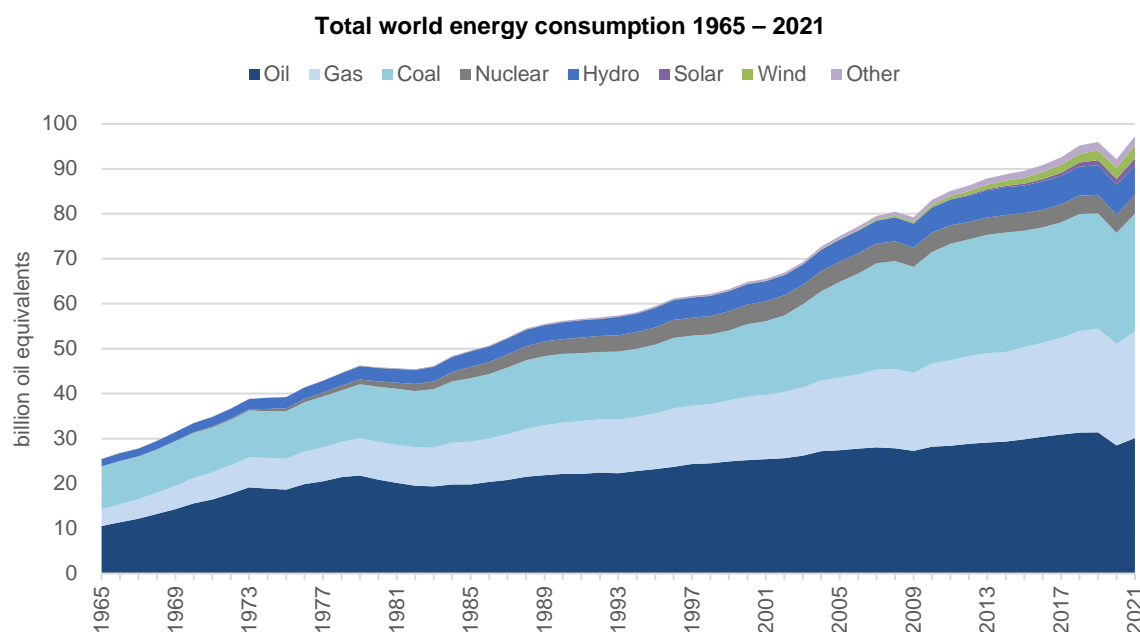
### 7.1 The oil and natural gas market

This Section presents the industry in which the Group operates. Certain parts of the information in this Section relating to market environment, market developments, growth rates, market trends, industry trends, competition and similar information are estimates based on data compiled by professional organisations, consultants, and analysts. In addition to market data from other external and publicly available sources, and the Company's knowledge of the markets, see Section 4.4.4 "Industry and market data". The following discussion contains forward-looking statements, see Section 4.5 "Cautionary note regarding forward-looking statements". Any forecast information and other forward-looking statements in this Section are not guarantees of future outcomes and any future outcomes could differ materially from current expectations. Numerous factors could cause or contribute to such differences, see Section 2 "Risk factors" for further details.

#### 7.1.1 The global energy markets

World energy consumption has steadily increased since the industrial revolution, a trend which is expected to continue in the medium term. Fossil fuels continue to supply around 82% of the world's energy. Oil is the largest energy source, meeting 31% of the world's energy consumption, while natural gas accounts for 24% and coal for 27%.

The world consumption of primary energy, including oil, natural gas, coal, nuclear, hydro power and other renewable energy, increased by 5.2% in 2021. Global oil consumption increased by 5.3 MMbbls or 5.8% in 2021.



Source: BP Statistical Review of World Energy 2022.

## 7.1.2 Overview of the oil market

### 7.1.2.1 Oil consumption

Oil is a common description of hydrocarbons in liquid form. Crude oil produced from different oil fields varies greatly in composition, and the composition and distribution of hydrocarbon components determines the weight of the oil, with light crude oil having a higher percentage of light hydrocarbons than heavier oil.

Oil is well-suited for storage and transportation and is transported over long distances in large crude oil tankers or pipelines. Because of this, oil is a commodity with a well-developed global market. The prices are quoted on the world's leading commodities exchanges, with New York Mercantile Exchange in New York and the Intercontinental Exchange ("ICE") in London as the most important markets for the determination of global oil prices. Relative oil price differentials are primarily determined by the weight of the oil and its sulphur content.

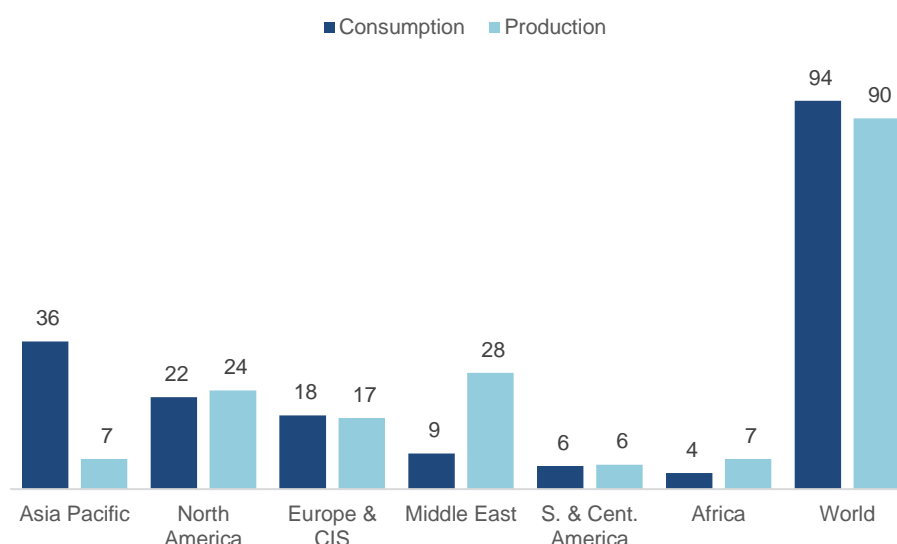
Crude oil is used for a variety of purposes, the most important being the production of energy rich fuels, with approximately 66% of hydrocarbons being used for motor gasoline, diesel/gasoil and kerosene-type jet fuel. The remaining hydrocarbons are mainly used as raw material for many chemical products, including pharmaceuticals, solvents, fertilizers, pesticides and plastics.

### 7.1.2.2 Oil production, consumption and reserves

World oil consumption in 2021 was approximately 94 million barrels per day, of which Asia Pacific, North America and Europe including the CIS (The Commonwealth of Independent States), accounted for approximately 38%, 24% and 19%, respectively. Consumption in the Middle East was about 9% of the world total consumption.

The Middle East is the world's largest oil producing region, accounting for 31% of the world total. North America is second behind the Middle East, accounting for 27%, followed by Europe and Eurasia with 19%. Despite being the largest consuming region, oil production in Asia Pacific accounts for only 8% of total world production.

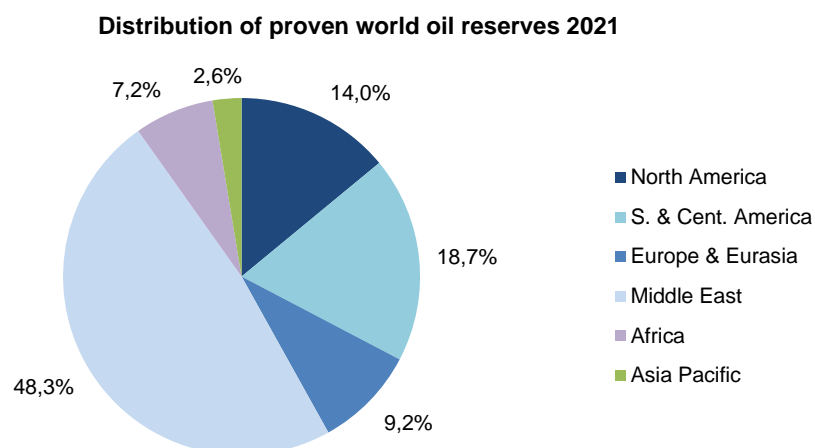
**World oil consumption and production by region, 2021 (million barrels per day)**



Source: BP Statistical Review of World Energy 2022.

Worldwide proven oil reserves stood at an estimated 1,732 billion barrels at the end of 2021, sufficient to meet some 53 years of global production at 2021 production levels.

The members of OPEC together held 70% of total global reserves in 2021. OPEC includes the largest Middle East oil producers, namely Iran, Iraq, Kuwait, Saudi Arabia and the UAE, in addition to Algeria, Angola, Congo, Equatorial Guinea, Libya, Nigeria, Gabon, Ecuador, and Venezuela. OPEC has historically played the role of swing producer in the global oil market and its decisions have had considerable influence on oil supply availability and thus international oil prices.



Source: BP Statistical Review of World Energy 2022

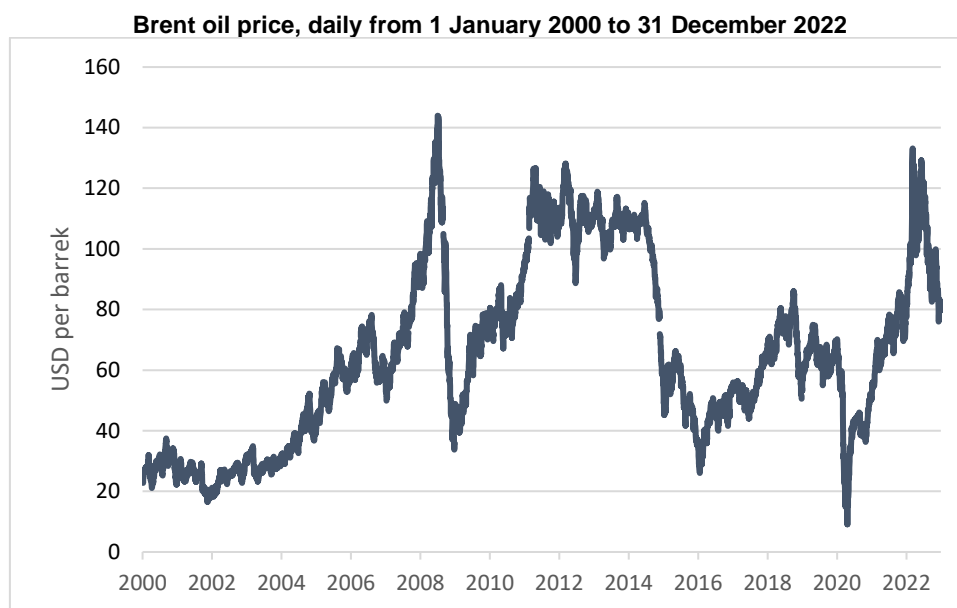
### 7.1.2.3 The oil price

Brent crude oil ("**Brent**") (ICE Brent Crude Spot) saw a sharp decline following the COVID-19 outbreak as economic activity slowed sharply across the globe reaching a local low in 2020. Facing pressure from the United States, Saudi Arabia called an emergency meeting of OPEC+. Following the meeting the members agreed to record production cuts of 9.7 million barrels per day through the end of June 2020. Oil prices responded quickly and started to increase following the meeting, with Brent increasing 35.9% in May 2020, and 74% in June 2020<sup>1</sup>. The price of Brent continued to rally into 2022, and following the Russian invasion of Ukraine Brent climbed above USD 130/bbl. Since then, Brent has dropped to around USD 85/bbl, leading to an average 2022 Brent oil price of USD 101/bbl as of 31 December.

As evidenced by the price changes in recent years, the oil price is highly dependent on the current and expected future supply and demand of oil. As such, it is influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators and material economic events as well as geopolitical events. Historically, oil prices have also been heavily influenced by organisational and national policies, most significantly the formation of OPEC and subsequent production policies announced by the organisation. The figure below shows Brent oil price development from 1 January 2000 to 31 December 2022.

<sup>1</sup> Source: From the barrel to the pump: the impact of the COVID-19 pandemic on prices for petroleum products, U.S. bureau of Labour Statistics, October 2020





### 7.1.3 Overview of the global gas market

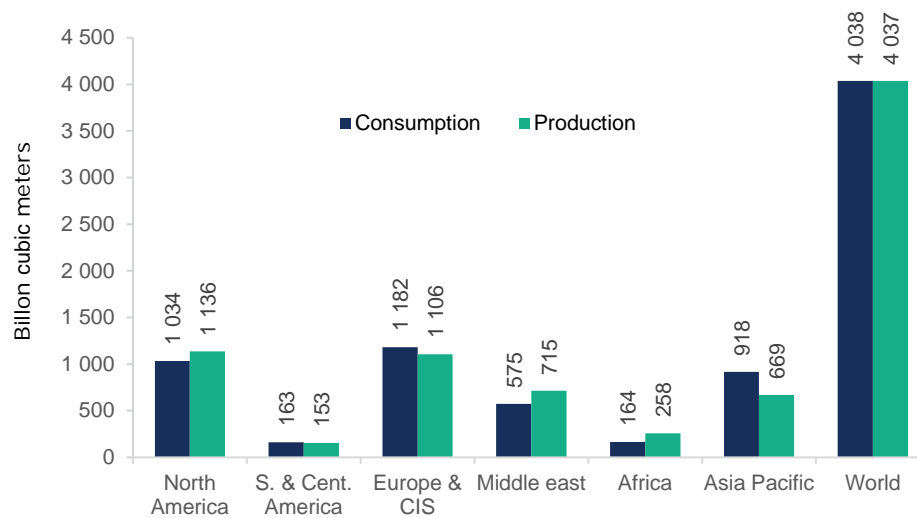
#### 7.1.3.1 Introduction

Natural gas is typically colourless, odourless and non-toxic at ambient temperatures. It can be found in onshore and offshore reservoirs, either as associated gas in crude oil or condensate or alone as non-associated gas. Natural gas is composed primarily of methane, but may also contain ethane, propane and heavier hydrocarbons. Small quantities of nitrogen, oxygen, carbon dioxide, sulphur compounds and water can also be found in natural gas. It is often termed a premium commodity for its value as both an energy source and as a feedstock for petrochemical products, and because it is relatively clean-burning. As a result, natural gas is used in a variety of ways: for home and business heating, electric power generation, the manufacture of petrochemical products ranging from plastics to fertilizers and intermediate materials, and as a vehicle fuel.

#### 7.1.3.2 Gas production, consumption and reserves

In 2021, total world consumption of gas was approximately 4,038 billion cubic meters ("**bcm**") of which Europe and CIS, North America and Asia Pacific accounted for approximately 29%, 26% and 23%, respectively. Consumption of gas in the Middle East was approximately 575 bcm in 2021, representing approximately 14% of the world total. Production in the Middle East exceeds consumption by 140 bcm.

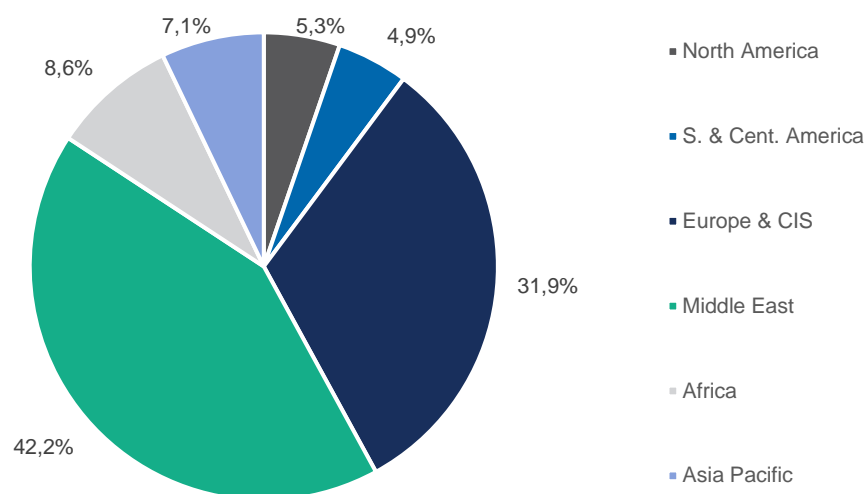
### World gas consumption and production by region, 2021



Source: BP Statistical Review of World Energy 2022.

Total world proven gas reserves stood at approximately 188 trillion cubic meters at the end of 2020. These reserves are sufficient to meet approximately 47 years of global gas production at 2021 levels. Approximately 40% of total world proven gas reserves are located in the Middle East, while Europe and the CIS contain 32% (of which the majority is in Russia and Turkmenistan).

### Distribution of proven world gas reserves, 2020



Source: BP Statistical Review of World Energy 2022.

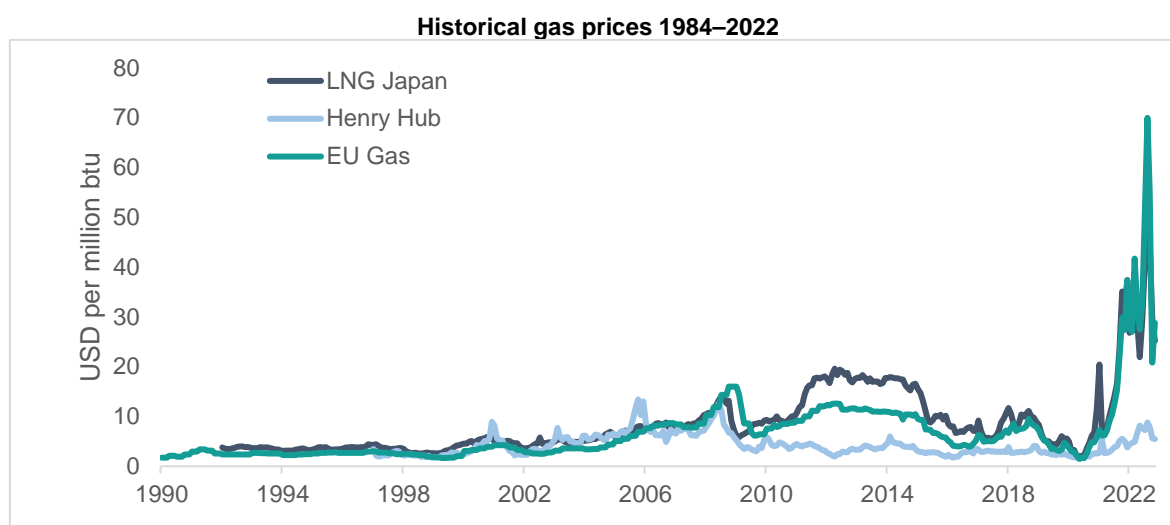
#### 7.1.3.3 The gas prices

Because gas is not easily transported, gas prices are not determined by a world-wide market. Gas prices are usually determined regionally, with regions defined by pipeline and LNG transportation networks. Hence, regional gas prices generally correlate less than the prices for various types of oil. Gas prices are also affected by the price of other energy sources, such as the oil price.

Gas price volatility is significantly higher than oil price volatility. This is primarily due to the fact that gas is more difficult to store than oil, meaning that gas prices are affected by immediate supply and demand within pipeline networks.

Three broad pricing mechanisms exist for gas. The first, mostly seen in international trade and in long-term contracts, involves linking gas to either crude or petroleum product prices. The second pricing mechanism is regulated pricing in domestic markets where governments set fixed prices usually reflecting production and transportation costs. The final mechanism is competitive pricing whereby trading points, often called hubs, are established in major markets and price is determined by supply and demand at these hubs. The gas market in the U.S. is largely deregulated. There are multiple trading points across the U.S. and Canada, but the most active point is the Henry Hub in Louisiana. In Europe, gas has historically been traded under long-term contracts, with pricing linked to diesel and heavy fuel. In recent years, however, an increasing share of European gas volumes have shifted from oil based to hub-based pricing, where gas supply demand dynamics determine the price.

Oil-linked pricing has been prevalent in Asia, where large volumes of gas have been imported in liquefied form under long-term contracts.

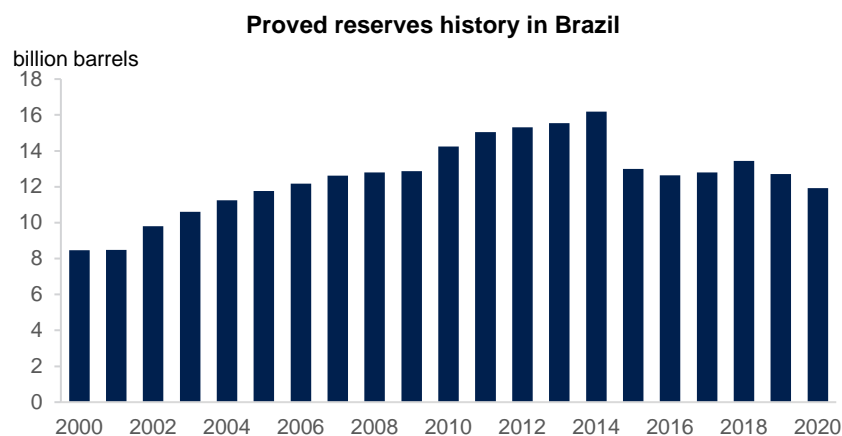


Source: BP Statistical Review of World Energy 2022.

#### **7.1.4 Overview of the Group's country of operation**

##### **7.1.4.1 Brazil**

With its 13.4 billion barrels of proven oil reserves, Brazil has the second largest amount of proven oil reserves in South America after Venezuela. In 2021, Brazil produced 3.0 million barrels per day of petroleum and other liquids, which made Brazil the ninth-largest liquid producer in the world and the largest producer in the Americas. Brazil's economy has experienced significant growth in the last decade, which has led to a growth in total energy consumption of around 29%. In 2021, Brazil was the ninth-largest energy consumer in the world, whereof petroleum and natural gas represented 47% of Brazil's domestic energy consumption. The competitive situation in Brazil is characterized by state-controlled Petrobras who has been the dominant player. In addition, there has been a surge of large companies into Brazil on the back of very large discoveries in the 2000s including ExxonMobil, Equinor, Shell, Galp and a range of other companies.



Source: BP Statistical Review of World Energy 2022.

## 7.2 Regulatory environment

All regulations mentioned below are applicable to the activities carried out by the Company and its subsidiaries under the concession and production agreements to which the Company and/or its subsidiaries are parties.

### 7.2.1 Federal constitution

Pursuant to the Federal Constitution, the Brazilian government holds the monopoly on the prospecting, exploitation, development and production of oil and natural gas, and of other fluid hydrocarbons, as well as the refining, import, export and ocean or pipeline transportation of crude oil, its by-products and natural gas. The Federal Constitution also prohibited the assignment or concession of any kind of activity involving oil or gas exploitation to private companies.

On 10 November 1995, the Brazilian congress approved Constitutional Amendment No. 9, amending the Federal Constitution to permit the Brazilian government to contract with state-owned or private companies in regard to the exploitation and production of oil and natural gas, i.e., upstream activities; and the refining, distribution and sale of by-products, i.e., downstream activities, subject to applicable law.

### 7.2.2 Petroleum Law

The Brazilian Petroleum Law (Law 9,478/97) sets forth the rules and principles for contracting upstream and downstream activities in Brazil. Among other measures, the Brazilian Petroleum Law:

- reaffirmed the Brazilian government's monopoly on deposits of oil, natural gas and other fluid hydrocarbons and provided that the exploitation and production of these hydrocarbons is regulated and supervised by the Brazilian government;
- created: (i) the CNPE, a body subordinated to the President of Brazil and responsible for establishing the public policies related to the energy industry; and (ii) the ANP, a regulatory agency subordinated to the Ministry of Mines and Energy, or MME, and responsible for regulating upstream and downstream activities;
- repealed Federal Law No. 2,004/53, pursuant to which the Brazilian government could only exercise its monopoly through Petrobras and its subsidiaries;

- set forth the main terms and conditions applicable to concession agreements pursuant to which the Brazilian government may contract with state-owned or private companies that intend to operate in the refining, development and production of hydrocarbons; and
- ratified the activities carried out by Petrobras prior to its enactment, granting Petrobras, irrespective of any bidding process, the exclusive right to exploit the fields where Petrobras had been producing and the areas in relation to which it could show evidence of previous exploratory investments and work.

### **7.2.3 CNPE and ANP**

CNPE, created by the Brazilian Petroleum Law, is a body subordinated to the President of Brazil and led by the Minister of Mines and Energy. CNPE is responsible for establishing the Brazilian energy policies and oil and natural gas production policies and setting forth the guidelines for the bidding processes for the concession of exploitation rights, pursuant to the Petroleum Law.

The Brazilian Petroleum Law created the ANP as a special agency that is part of the Brazilian government and subordinated to the Ministry of Mines and Energy. The ANP is responsible for regulating the Brazilian oil, natural gas, by-products and biofuel industry. One of the ANP's main goals is to create a competitive environment for activities related to oil and natural gas in Brazil, thus resulting in lower prices and better-quality services for consumers, including a guaranteed fuel supply. Its main responsibilities include: (i) promoting and requiring compliance with Brazilian oil, natural gas and biofuel industry regulations; (ii) carrying out bidding processes for the concession of exploration, development and production rights related to oil, natural gas and biofuels, and entering into, on behalf of the Brazilian government, the relevant concession agreements; (iii) authorizing the transportation, import, export, refining and processing of the by-products of oil, natural gas and biofuels; and (iv) overseeing the economic activities of the oil, natural gas and biofuel industries, in accordance with Brazilian interests.

### **7.2.4 Concessions**

In order to attract private investment, the Brazilian Petroleum Law established the main terms and conditions to be applied by the Brazilian government when granting new concessions for the exploration, development and production of hydrocarbons.

The ANP represents the Brazilian government and is responsible for granting concession agreements for the exploration, development and production of oil and natural gas in the Brazilian sedimentary basins by means of a transparent and competitive bidding process. The only exception to the mandatory bidding process requirement was the so-called Round Zero Program, in which concession agreements were granted directly by Petrobras, without a process, in relation to the exploratory blocks where Petrobras had already performed activities and/or made investments before the date of enactment of the Brazilian Petroleum Law, or round zero. This direct concession was an acknowledgement of the activities already carried out in these areas by Petrobras, as the sole operator of the former monopoly held by the Brazilian government, and a ratification of its vested rights. The mandatory bidding process applies to the granting of oil exploration and production rights by the ANP to a concession holder. Farm-in/farm-out transactions between concession holders involving already granted concession rights are subject to an assignment procedure. According to articles 25 and 29 of the Petroleum Law, the full or partial assignment of exploration and production rights under a concession agreement is permitted as long as: (i) the scope and the contractual conditions are preserved; (ii) the new concession holder meets the technical, economic and legal requirements established by the ANP and (iii) the ANP gives its prior express approval.

Since round zero, express provision in a consistent form has been made for the assignment of rights (Br.: *cessão de direitos*) in concession agreements entered into between concession holders and the ANP. The assignment of rights is regulated by Resolution ANP No. 785/2019, which establishes the specific procedures to be followed to

ensure its effectiveness. Currently, the assignment of concession rights is a consolidated practice in the oil industry in Brazil, and the ANP has already approved more than a hundred transactions involving such assignments.

From 1999 to 2022, the ANP conducted 17 bidding rounds for exploration blocks under the concession regime, and six bidding rounds under the production sharing regime. In Petrobras' asset disposition program, of which the Group's acquisition of the Cricaré Cluster and contemplated acquisition of the Norte Capixaba Cluster are a part, Petrobras was permitted to sell existing concession agreements, subject to compliance with public bidding requirements and ANP approval of the winning bidders.

The definition of the blocks subject to concession through ANP bidding rounds is based on geological and geophysical data that indicate the presence of hydrocarbons. In addition, in order to prevent environmental impacts, the ANP, the Federal Brazilian environmental agency (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis – "**IBAMA**") and regional environmental agencies make a prior analysis of the areas to be offered.

After this analysis, the ANP publishes the requirements for the environmental license regarding the offered blocks, allowing future concession holder to assess the environmental aspects related to their areas of interest.

Companies must individually meet all qualification requirements to participate in the ANP's bidding rounds and, once qualified, may present their offers, either alone or as part of a consortium. In the case of a consortium, the ANP requires the appointment of a consortium leader to act as the operator responsible for the consortium and the operations, and the other consortium members, even if not operators, are jointly and severally liable for the obligations undertaken under the concession agreement.

The first step of the qualification process is the submission of a set of mandatory documents, which constitute the statement of interest. Companies that submit their statement of interest are required to pay a participation fee which may vary according to the basin where the blocks are located. After payment of the participation fee, they receive a data package with all material technical information and geological summaries regarding the area.

Companies that decide to continue in the bidding process undergo a second round of qualification, in which the technical, legal and financial aspects of these companies are evaluated.

*Technical Qualification.* Each company's technical qualification includes its experience in the exploration and production of hydrocarbons. Companies that wish to qualify as operators must submit a technical summary with information that proves their operating capacity. Conversely, companies that wish to qualify as non-operators may only participate in the bidding round as members of a consortium led by a qualified operator.

*Legal Qualification.* In order to obtain legal qualification, each company must submit to the ANP the relevant corporate documentation, including its bylaws and a description of its corporate structure. A foreign company must submit documentary evidence that it was legally formed according to the laws of its country of origin and, if it wins the bidding process, the foreign company must agree to incorporate a company with headquarters and management located in Brazil.

*Financial Qualification.* A company's financial qualification is subject to a minimum shareholders' equity that varies based on each qualifying level. Companies with shareholders' equity below the amount required by the ANP cannot participate in the bidding process, except as a member of a consortium, i.e., as a non-operator. The financial qualification is also based on the company's audited consolidated financial statements, its bank references and/or other financial documents. The Company's Brazilian subsidiaries have met all minimum shareholders' equity requirements imposed by the ANP in relation to obtaining the requisite operator status.

Upon fulfilment of all the aforementioned requirements, the relevant company qualifies to participate in the bidding and may submit its proposal for the blocks in the relevant category.

### **7.2.5 Analysis of the proposals**

The ANP analyses the proposals submitted by the companies and selects the most advantageous offer according to the objective criteria established in the bid notice. Each proposal is scored based on the weighted sum of points given in regard to each evaluation factor. In the last bidding rounds, the ANP used a formula that included the following evaluation factors: (i) the signing bonus, accounting for 80% of the score; and (ii) the ANP Minimum Exploratory Program (as defined by the ANP), accounting for 20% of the score.

### **7.2.6 Government Participation**

Pursuant to the Brazilian Petroleum Law and other ANP regulations, concession holders must pay the following fees to the Brazilian government:

- signing bonus;
- occupation area and retention fee;
- special participation fee; and
- royalties.

The minimum amount of the signing bonus is established in the bid notice and the final amount is based on the amount of the winning proposal. The signing bonus must be paid upon execution of the concession agreement with the ANP.

The occupation and retention fee for the areas under concession is established in the bid notice and must be paid annually. For the calculation of this fee, the ANP takes into account, among other factors, the location and the size of the awarded block and the sedimentary basin and its geological features. Nonetheless, Decree No. 2,705/98 sets forth the minimum and maximum amounts of the occupation and retention fees, in accordance with the stage of the awarded block concession. Accordingly, fees related to the phases of exploration, development and production are increasingly more expensive.

The special participation fee must be paid if concession holders achieve high output in oil and gas fields, pursuant to applicable regulations. The special participation fee related to each field is payable on a quarterly basis from the date the high output occurred and is calculated based on the quarterly net revenue of each field, less: (i) royalties paid; (ii) investments made in exploitation; (iii) incurred operating costs; and (iv) depreciation and applicable taxes.

The ANP is also responsible for determining monthly royalties related to production. Royalties are calculated at a rate ranging from 5% to 10% of the gross revenue from production. For the determination of the royalty percentage applicable to a specific block or area under concession, the ANP takes into account the block's geological risks and the expected output, among other factors.

Pursuant to the Brazilian Petroleum Law, onshore concession holders must pay the landowner a special participation fee, ranging from 0.5% to 1.0% of the gross revenue from production of each well located on the owner's land.

### **7.2.7 Concession Agreements**

The ANP is responsible for granting concession agreements for the exploration, development and production of oil and natural gas reserves to market players, independently or in joint ventures with other ANP-qualified companies, by means of a transparent and competitive bidding process.

The concession agreements executed with the ANP set forth the rights and responsibilities of the winning bidders regarding certain exploration blocks, providing for the exploration phase and the production phase. The exploration phase may last from two to eight years and the production phase may last up to 27 years from the date of declaration of commercial feasibility. The production phase may be extended upon the ANP's approval. Since the fifth

concession bidding round, the concession agreements for hydrocarbon exploration and production started to provide for two exploration periods, and the term of each period is provided for in the applicable concession agreement.

Each exploration period is subject to an ANP Minimum Exploratory Program, in which the concession holder commits to comply with certain obligations, terms and conditions for the development of its activities. The concession holder must comply with the ANP Minimum Exploratory Program before advancing to the next exploration or production phase, as set for in the concession agreement.

In the first exploration period, the concession holder's activities usually consist of geophysical and geochemical surveys and seismic reprocessing related to the concession area. If the concession holder decides to move on to the second exploration period and has complied with all the ANP Minimum Exploratory Program obligations, the exploration will move on to the drilling of an exploration well. The concession agreements list the activities to be performed during the exploration phase.

The exploration phase ends upon submission of the declaration of commercial feasibility, which states that the concession holder believes it is possible to carry out production in the relevant area. The production phase begins upon delivery of the declaration of commercial feasibility to the ANP. The concession holder then implements the necessary infrastructure and starts producing oil or gas. If the concession holder decides that the area is not commercially viable, the concession holder returns it upon notice to the ANP and does not initiate the production phase.

Also, since the fifth concession bidding round, ANP began to include certain local content requirements in the concession agreements, specifying that a portion of the goods and services acquired for exploration and production phases in Brazil should be of national origin. The percentage of the local content requirements may differ from one contract to another.

Pursuant to the Brazilian Petroleum Law, the concession agreement must include: (i) the definition of the concession block or area; (ii) the terms of duration and main conditions for exploration and production activities; (iii) the rules and conditions for the partial return and vacation of the concession areas; (iv) the guarantees to be offered by the concession holder to assure that the concession agreement, including the investments required in each phase, will be complied with; (v) penalties in case the concession holder fails to comply with the agreement; (vi) the procedures for the assignment of the agreement; (vii) local content clause, if applicable, and (viii) the rules and conditions for the return and full vacancy of the concession areas, with the removal of the equipment and facilities, including certain decommissioning commitments, and reversal of assets.

Concession holders have the following rights, among others: (i) the exclusive right to the exploration, development and production in the concession area; (ii) ownership of the produced hydrocarbons; (iii) the right to sell the produced hydrocarbons; and (iv) the right to export the hydrocarbons, subject to compliance with obligations regarding domestic supply in the event of declaration of a state of emergency.

The main obligations of a concession holder include: (i) bearing all costs and risks related to the exploration, development and production of hydrocarbons, including any liability for environmental damages; (ii) complying with the requirements regarding the acquisition of assets and services from domestic suppliers (local content); (iii) complying with the requirements regarding performance under the ANP Minimum Exploratory Program referred to in the winning proposal; (iv) oil reserve conservation; (v) delivering to the ANP periodic reports, data and information; (vi) paying government participation fees; and (vii) providing the appropriate decommissioning guarantees related to the deactivation of facilities, pursuant to Brazilian legislation and best practices of the Brazilian oil industry.

Before starting the exploratory phase of a concession, the concession holder must submit to the ANP the Minimum Exploratory Program that it wishes to carry out and before starting the production phase, it must submit a Development Plan. In addition, at the end of each year, the concession holder must submit to the ANP the work



program it intends to carry out in the following year, in line with the Minimum Exploration Program or the Development Plan, as applicable. Activities such as seismic surveys and well drilling must be communicated in advance to the ANP and the progress of such activities must be reported on a daily basis, with the submission of a full report upon completion. Well workovers must also be reported. If hydrocarbons are discovered during the drilling of a well, the discovery must be communicated to the ANP within 72 hours. Once hydrocarbon production begins, the volume produced must be reported to the ANP on a daily basis, and at the end of each month a detailed production report must be submitted. The commencement of facilities operations or production of a well must be reported to the ANP, as well as any stoppage or temporary or permanent abandonment. Any accidents occurring during operations must also be reported. The concession holder must submit to the ANP on a quarterly basis a report of expenses incurred in operations, and on an annual basis a local content report.

Reporting activities are made in accordance with regulations and ordinances adopted by the ANP. Pursuant to ANP Ordinance No. 47/2014, the criteria for estimating, classifying and categorization of resources and reserves must follow the guidelines of PRMS (or another well-known guide that succeeds it), at the discretion of the ANP. In case of conflict or overlapping of guidelines established in the PRMS and definitions disclosed in the ANP Ordinance No. 47/2014, the definitions made explicit in the ordinance shall apply.

The Group may apply for an extension of the term of a concession prior to the end of the relevant concession agreement, subject to the presentation of a new Development Plan for the related fields, including proposed new investments, and compliance with applicable legal and regulatory requirements. Any contractual extension is subject to approval of the new Development Plan by the ANP describing the geological context, technical rationale and the economic benefits of such licence extension.

An alternative way of de facto extending the concession life of licences is the merger of adjacent concessions (Br.: *anexação*). The operator of a group of contiguous licences can request the merging of these concessions into one surviving licence, upon the execution of an amendment to the concession agreement. In this context, the merged concession areas automatically inherit the concession end date of the surviving licence which, in certain circumstances may be the equivalent of a licence extension for these areas.

For more information on the Group's concession agreements, see Section 8.7.3 "*Overview of the Group's concession agreements*".

### **7.2.8 Consortiums and Joint Operating Agreements**

In order to minimize the exploration risks and allow for a more diversified portfolio, a number of oil and natural gas companies join consortiums to present proposals. In this case, before the bidding process, companies must execute an agreement for the submission of a joint proposal, which sets forth a timetable for the joint survey of the relevant area and each member's equity interest in the project, among other conditions. The rules for the joint bids and for the operation through a consortium will differ in each round. In general, the parties share the costs related to the concession area proportionally to their equity interest in the area. Pursuant to Brazilian law, consortium members are jointly and severally liable and, since the consortium does not have its own legal personality, each consortium member must keep separate and independent accounting records.

Once the bidding round ends, before or after the execution of the concession agreement with the ANP, consortium members often enter into a joint operating agreement to establish the responsibilities and investments required for the exploration and production of the bid block. These agreements are usually based on a standard agreement form prepared by the Association of International Energy Negotiators, or AIEN. In general, consortia are managed by an operating committee, which is the highest authority of the consortium, responsible for supervising and setting forth guidelines for joint operations.

## 7.2.9 Farm-in and Farm-out Agreements

Companies in the oil and natural gas industry may assign a portion or all their equity interest in a specific exploration block or production field by means of farm-in and farm-out agreements, which are a type of profit-sharing agreement. These agreements set forth the percentage of equity interest in the exploration block/field being assigned and are subject to the ANP's approval, which is granted upon fulfilment of the technical, economic and legal requirements by the assignee.

### 7.2.10 Bidding Rounds

The most recent bidding rounds for new concessions included: (i) the 17<sup>th</sup> bidding round, in 2021, with the offer of 92 blocks with exploratory risk, located in 11 sectors of 4 offshore sedimentary basins: Campos, Pelotas, Potiguar and Santos, totalling an area of 53,900 km<sup>2</sup>; (ii) the 16<sup>th</sup> bidding round, in 2019, with the offer of 36 blocks in the offshore sedimentary basins of Pernambuco-Paraíba, Jacuípe, Camamu-Almada, Campos and Santos, totalling an area of 29,300 km<sup>2</sup>; and (iii) the 15<sup>th</sup> bidding round, in 2018, with the offer of 70 blocks in the offshore sedimentary basins of Ceará, Potiguar, Sergipe-Alagoas, Campos and Santos, and in the onshore sedimentary basins of Paranaíba and Paraná, totalling an area of 94,600 km<sup>2</sup>. Because its principal focus is on the redevelopment of existing onshore fields, the Group is not affected by the timing of future bid rounds for offshore basins.

On 9 December 2021, CNPE Resolution No. 27/2021 was published, amending CNPE Resolution No. 17/2017, establishing the Open Acreage system as preferential for the offer of areas for exploration and production of oil and natural gas and other fluid hydrocarbons.

CNPE Resolution No. 17, dated 8 June 2017, implemented the Open Acreage of exploratory blocks and areas with marginal accumulations for awarding concession agreements for exploration or rehabilitation and production of oil and natural gas. The Open Acreage can be carried out under either a concession or production sharing regime.

The ANP holds a public session for the submission of offers upon receipt of at least one declaration including an offer guarantee for each area of interest. The ANP holds this public session within 120 days from the date of receipt of the declaration.

Pursuant to CNPE Resolution No. 17 dated 8 June 2017 through the Open Acreage under the concession regime, the ANP is authorized to define and bid blocks in any onshore or offshore basins, as well as bid fields returned or in the process of being returned. However, according to this Resolution, the fields or blocks in the Pre-Salt Area or Strategic Areas should be tendered in the Open Acreage system, under the production sharing regime, upon specific determination of the CNPE, with definition of the parameters to be adopted for each field or block. Therefore, the purpose of the Open Acreage system, under the production sharing regime, is to grant production sharing agreements for exploration and production of oil and natural gas in blocks in the Pre-Salt Area or Strategic Areas.

The third (and last) cycle of the Open Acreage was held in April 2022 and 59 exploratory blocks located in the Espírito Santo, Potiguar, Recôncavo, Santos, Sergipe-Alagoas and Tucano basins were awarded, totalling an area of 7,854.91 km<sup>2</sup>. Seacrest Petróleo S.A., a subsidiary of the Group, won block ES-T-528, located in Espírito Santo, as part of a joint bidding group, as further set out in Section 8.6.4 "ES-T 528 block". The second cycle of Open Acreage was held in December 2020 with the awarding of 17 blocks located in the Amazon, Campos, Espírito Santo, Paraná, Potiguar and Tucano basins, totalling an area of 19,818.09 km<sup>2</sup>. In addition, the area with marginal accumulations oil fields of Juruá, located in the land basin of Solimões, was awarded, totalling an area of 331.80 km<sup>2</sup>. The first cycle of Open Acreage took place in September 2019, with the award of 33 blocks in the offshore basin of Sergipe-Alagoas and in the onshore basins of Paranaíba, Potiguar and Recôncavo, totalling an area of 16.560,30 km<sup>2</sup>. In addition, 12 marginal accumulation areas located in the onshore basins of Potiguar, Sergipe-Alagoas, Recôncavo and Espírito Santo were awarded, totalling an area of 148.01 km<sup>2</sup>.

The first cycle of Open Acreage of production sharing is underway, whose public session for the presentation of bids was held in December 2022. In this public session, 4 exploratory blocks located in the Campos and Santos basins were awarded.

### **7.2.11 Pre-Salt and Strategic Areas**

The discovery of oil and natural gas in the pre-salt area led to a new regulatory framework regarding these and other strategic areas. Until then, all the areas were granted under the concession regime. Ever since, Brazil has a mixed regulatory regime. New laws were enacted, including: (i) Law No. 12,276/10, which authorized the Brazilian government to assign the survey and production of oil, natural gas and other fluid hydrocarbons in pre-salt areas that are not under concession granted to Petrobras, up to 5.0 billion barrels of oil, which occurred in September 2010; (ii) Law No. 12,351/10, which established the production sharing regime for the pre-salt and other strategic areas; (iii) Law No. 12,304/10, which authorized the formation of the state-owned company Pré-Sal Petróleo S.A. ("**PPSA**"), whose corporate purpose is the management of the production sharing agreements executed by the MME; and (iv) Law No. 13,679/2018 which grants PPSA the right to directly carry out the sale of oil, natural gas and other fluid hydrocarbons of the Brazilian government. Under the production sharing regime, the Brazilian government awards agreements to private companies for the exploration and production of oil and natural gas, pursuant to which these companies are entitled to a share in the production.

Conversely, under the concession regime, the concession holder is the owner of the entire production, subject to the payment of the government's share, pursuant to the Brazilian Petroleum Law and the relevant concession agreements. Under the production sharing agreement, the contractor performs the exploration, assessment, development and production activities at its own risk. In the event of a commercial discovery, the contractor receives, as reimbursement, the production volume corresponding to its incurred exploration expenses, also known as cost oil. In addition to cost oil, the contractor receives the production volumes corresponding to payable royalties and profit oil, in the proportion, conditions and terms set forth in the agreement. The structure adopted by the Brazilian government also includes these traditional concepts of cost oil, whose limits are determined in each agreement, and profit oil. In bidding processes, agreements are awarded to the companies that offer the highest percentage of profit oil to the government, above the percentage limit set forth in the bidding process.

Pursuant to Law No. 13,365/16, which amended Law No. 12,351/10, or the Sharing Regime Law, Petrobras is no longer required to act as operator in all the blocks under the production sharing regime. According to the amended Sharing Regime Law and Decree n. 9.041/2017, CNPE will grant Petrobras the right of first refusal to operate the blocks to be awarded.

The consortia that explore the pre-salt are composed by PPSA, representing the Federal Union, and the winning companies of the bid. This partnership between the Brazilian government, private partners and eventually Petrobras, is managed by an operating board. The Brazilian government elects 50% of the members of the operating board, including the chairman, who has the casting vote and veto rights. The operating board is responsible for all important management and operating decisions regarding the partnership, including decisions on investments and production segregation arrangements, or production unitization.

The first production sharing bidding round occurred in 2013, with the offer of the Libra Oil Field, in the Campos Basin. Even though eleven companies confirmed their interest in the offer, only one consortium, comprising Petrobras, Shell, Total, CNPC and CNOOC, submitted an offer, thus winning the bid. The most recent production sharing bidding rounds were: (i) in 2019, the 6<sup>th</sup> (and last) production sharing bidding round, offering the blocks of Aram, Bumerangue, Cruzeiro do Sul, Sudoeste de Sagitário and Norte de Brava; (ii) in 2018, the 5<sup>th</sup> production sharing bidding round, offering four blocks: Saturno, Titã, Pau-Brasil and Sudoeste de Tartaruga Verde; and (iii) also in 2018, the 4<sup>th</sup> production sharing bidding round, offering four blocks: Itaimbezinho, Três Marias, Dois Irmãos and Uirapuru.

### 7.2.12 Competition

Certain asset acquisition transactions and formation of partnerships are subject to the Brazilian antitrust system, pursuant to Law No. 12,529 dated 30 November 2011. Accordingly, these transactions are subject to approval of the ANP and the Brazilian antitrust authority, CADE.

### 7.2.13 Privacy and data protection

Privacy and data protection regulations worldwide have evolved in recent years in order to establish more objective rules on how personal data (any and all information related to an identified or identifiable individual) may be used by organizations. In Brazil, specifically, up until 2018, this question was dealt with by the courts on a case- by-case and one-off basis by interpreting a series of sectorial legal provisions, namely:

- The Brazilian Constitution, which established as constitutional rights the right to privacy, private life and reputation;
- The Consumer Protection Code (Law No. 8,078/1990), which added a more objective approach to the opening of consumer databases and registration of late payers, also stipulating that consumers must have access to the personal data about them held on those databases, as well as the respective sources;
- The Good Credit Rating Law (Law No. 12,414/2011), amended in 2019, which laid down specific rules for the creation of databases of individuals with good credit scores, determining that individuals who are included on the registry are entitled, among other things, to be notified, in advance, regarding the identity of the manager and regarding the storage and the purpose of the processing of their personal data and to only have their personal data used in accordance with the purpose for which it was collected;
- The Brazilian Civil Rights Framework for the Internet (Law No. 12,965/2014), which dealt with the protection of users' privacy and personal data in the online environment in a number of its articles, but did not define the concept of personal data; and
- the Regulatory Decree of the Brazilian Civil Rights Framework for the Internet (Decree No. 8,771/2016), which defined personal data as that related to an identified or identifiable individual, such as identification numbers, location data or electronic identifiers, when they relate to a person.

However, in August 2018, with the enactment of the Brazilian General Data Protection Law (Br.: *Lei Geral de Proteção de Dados Pessoais*) ("**LGPD**"), which is broadly similar to the General Data Protection Regulation enacted in the EU/EEA, the processing of personal data in Brazil became substantially regulated, through a set of rules on the issue that affects all economic sectors. The LGPD aims to protect the fundamental rights of freedom, privacy, and free development of the personality of individuals by creating an environment in which individuals have greater control over their data and greater responsibilities for organizations that process such personal data and introducing new obligations to be observed. To this end, the LGPD establishes a series of principles that must be complied with when processing personal data, namely purpose, suitability, need, free access, data quality, transparency, security, prevention, non- discrimination, responsibility and accountability.

The scope of application of the LGPD covers all personal data processing activities, including in the online environment, and extends to individuals and government and private entities, regardless of the country where they are based or where the data is hosted, when (i) the processing of personal data takes place in Brazil, (ii) the data processing activity is intended to offer or provide goods or services or to process data of individuals located in Brazil, or (iii) the data subjects are located in Brazil at the time their personal data is collected. In addition, the LGPD (i) establishes several possible circumstances in which personal data processing may be authorized; (ii) addresses

a number of personal data subjects' rights; (iii) stipulates administrative sanctions for failure to comply with its provisions; and (iv) authorizes the creation of the National Data Protection Authority (Br.: *Autoridade Nacional de Proteção de Dados*), or ANPD, to ensure compliance with personal data protection regulations in Brazil.

Failing to comply with any of the LGPD's provisions would pose the following risks: (i) individual or class actions seeking reparations for damages resulting from breaches, based not only the LGPD, but also on the sparse and sector-level data protection legislation still in effect; and (ii) application of the penalties set forth in the Consumer Protection Code and the Brazilian Civil Rights Framework for the Internet by some consumer protection agencies, even now that the ANPD has started operating. In addition, if the Group does not meet its requirements, the Group will be subject, among other sanctions, to (a) a warning with a deadline by which corrective measures must be taken; (b) disclosure of the infraction once it has been duly verified; (c) blocking or elimination of the corresponding personal data; (d) fine of up to 2% of the last year's revenues of the company, group or conglomerate in Brazil, excluding taxes, limited to a total of BRL 50.0 million per breach; (e) partial suspension of operation of the database to which the breach refers for up to six months, which may be extended for another six months; and (f) suspension or total or partial ban on personal data processing to which the breach refers for a maximum of six months, which may be extended for another six months, in case of recurrence.

## **7.2.14 Environmental laws and regulations**

### 7.2.14.1 Environmental legislation

*Environmental Licensing.* Federal Law No. 6938 dated 31 August 1981 ("**Environmental National Policy**") establishes that the construction, installation, expansion and operation of facilities and activities that use environmental resources, that are effectively or potentially polluting or capable, in any form, of causing environmental degradation will depend on prior environmental licensing. The criteria for environmental licensing is defined and regulated by the National Environmental Council, CONAMA, responsible for issuing rules and resolutions on environmental aspects at a national level, and by Complementary Law No. 140 dated 8 December 2011.

Licensing depends on an environmental study compatible with the risks and impacts of the relevant activity. In case of activities whose environmental impacts are considered significant, it is necessary to prepare a Previous Environmental Impact Study (Br.: *Estudo Prévio de Impacto Ambiental*), or EIA, and its respective Environmental Impact Report (Br.: *Relatório de Impacto Ambiental*), or RIMA, as well as the execution of mitigating and compensatory measures for the environmental impacts caused by the project. In the case of compensatory measures, Law No. 9985 dated 18 July 2000, imposes on the company responsible for activities with significant environmental impacts, among other obligations, the duty to allocate resources for the implantation and maintenance of fully protected conservation units (environmentally protected areas). In such cases, the company is required to disburse a certain amount for the environmental purpose (approximately 0.5% of the total costs estimated for the implementation of the project, excluding, among others, investments related to the plans, projects and programs required in the environmental licensing procedure to mitigate impacts) to be set by the environmental licensing agency, according to the degree of environmental impact caused by the project, and based on its total value.

The Complementary Law No. 140/2011 establishes the general rules for defining the authority of the bodies that make up the National Environment System, or SISNAMA, to receive and process requests for environmental licenses and carry out environmental licensing procedures. In general, with the exception of cases in which environmental licensing is subject to the competence of the Federal Brazilian environmental agency IBAMA, state environmental agencies, such as IEMA, are competent to conduct environmental licensing. The aforementioned complementary law also provided for the possibility for municipalities to promote environmental licensing of activities of local impact, provided that the relevant requirements are met.

The environmental licensing process, in most cases, takes place in stages and comprises the issuance of three licenses, all with specific validity periods and specific conditions and/or obligations: (i) Prior License, granted in the preliminary phase of the project planning or activity, approving its location and design, attesting to the environmental feasibility and establishing the basic and conditioning requirements to be met in the next phases of its implementation, but not authorizing the installation of the project; (ii) Installation License, which authorizes the installation of the enterprise or activity, after fulfilling the conditions of the Prior License and in accordance with the specifications contained in the approved plans, programs and projects, including environmental control measures and other conditions, but not authorizing the operation of the project; and (iii) Operation License, which authorizes the operation of the activity or project, after verifying the effective fulfilment of the conditions of the previous licenses, with the environmental control measures and certain conditions for the operation of the enterprise. The maintenance of the validity of the licenses depends on the fulfilment of the requirements established by the environmental licensing agency. According to the applicable regulation, the renewal of the licenses must be requested by the interested party at least 120 days before such expiry date – in this case, the license's term will be automatically extended and the license will remain valid until the environmental agency issues the renewed license.

The activities the Group develops are subject to comprehensive Brazilian environmental legislation at the federal, state and municipal levels. Compliance with this legislation is supervised by government agencies and agencies, as well as by the Public Prosecutor's Office.

*Roster of Potentially Polluting Activities.* Several of the activities performed by the Group require it to register with the Federal and Rosters of Potentially Polluting Activities ("**CTF/APP**"). The activities that are subject to enrolment before the IBAMA in the CTF/APP are listed in the IBAMA Normative Instruction No. 13, of 23 August 2021. Potentially polluting activities, including several of the activities carried out by the Group, require a payment to IBAMA, prior to the last day of each quarter, of the Environmental Inspection and Control Fee (Taxa de Controle e Fiscalização Ambiental – "**TCFA**"), which amount varies depending on the size of the company. Natural persons and legal entities that develop such potentially polluting activities shall also submit to IBAMA, by 31 March of each year, an Annual Report on Activities carried out in the previous year. Failure to present the Annual Report on Activities before 31 March could subject the Group to fines equal to 20% of the TCFA due, according to the Environmental National Policy.

The TCFA is paid for the control and inspection of the potentially polluting activities and of the activities that use natural resources. In case of non-payment, TCFA may be charged along with surcharges. In addition, failure to register with IBAMA in the CTF/APP may subject the breaching party to fines from BRL 50.00 to BRL 9,000.00, as per Article 76 of Federal Decree No. 6514, 22 July 2008 (Decree No. 6514/2008).

State agencies with oversight of the Group's activities also require the Group to register with the State Rosters of Potentially Polluting Activities. Many of these are already integrated with IBAMA's registries, which also includes an integrated payment of the State Environmental Inspection and Control Fees.

*Use of Water.* The Group uses water from rivers and artesian wells and, therefore, is bound to comply with the Federal Law No. 9433, 8 January 1997. Also, under State regulations, in order to impound water from rivers or artesian wells and discharge effluents into water bodies, the Group shall hold specific permits (Br.: *Outorgas*) issued by Federal or State environmental agencies. As environmental licenses, water permits have an expiry date and must be periodically renewed.

*Pollutants emission.* The Group is required to correctly discharge effluents and comply with rules regarding the management of solid waste, as a condition established in the environmental licenses. The applicable standards are defined by Federal, State and Municipal different rules. If the Group fails to comply with the appropriate regulation and/or cause damage to the environment and/or to third parties and human health, the authorities could impose administrative sanctions such as a fine ranging from BRL 5,000.00 to BRL 50 million and/or warnings; embargo on the activities; partial or total suspension of activities (Articles 2 and 61 of Federal Decree No. 6514/2008). If the Group's activities cause damages at levels that result or may result in harm to human health or that cause death of

animals or significant destruction of the flora, the Public Prosecutor's Office may require a police investigation and charge the Group and its officers criminally. In this case, the act is defined as a crime subject to one to five years' confinement, in addition to a punitive fine (Article 54, caput and paragraph 2, V, of Federal Law No. 9605/1998).

If there is an environmental accident caused by third parties or service providers involving the waste the Group has generated, the Group will be held jointly and severally liable with the third parties or service providers for remediation and indemnification measures. If such accident occurs and the environmental agency verifies that the third parties are operating without the applicable Operation Licenses, the authorities could also try to hold the Group liable for the accident on the basis of its failure to control the activities performed by third parties.

#### 7.2.14.2 Environmental liability can occur in three distinct and independent spheres: civil, criminal and administrative

The Brazilian Federal Constitution provides for three different types of environmental liabilities: (i) administrative, (ii) criminal, and (iii) civil. Non-compliance with environmental law is subject to administrative, civil and/or criminal sanctions, regardless of the civil impacts such as the obligation to repair, compensate or indemnify any damage caused to the environment or to third parties. Public attorneys' offices, foundations, state agencies, state-owned companies and environmental protection associations are all authorized by law to file public civil actions seeking indemnification and/or reparation of environmental damages.

In the administrative sphere, it is necessary for a company to take an action or omission that results in violation of any norm for the preservation, protection or regulation of the environment, and for there to be verification of guilt or intent, in order for liability to be attributed. Federal Decree No. 6,514/2008 provides, among others, for the following administrative sanctions: a fine of up to BRL 50 million (adapted to the economic capacity and track record of the offender, in addition to the severity of the facts and past performance), daily fine, warnings, temporary or permanent ban on activities, embargo, demolition, suspension of licenses, loss of tax benefits and temporary or permanent closure. State and municipal rules may also govern the matter.

In the criminal environmental sphere, the principle of the strict liability does not apply, requiring the demonstration of intent or guilt. Pursuant to Federal Law No. 9,605/1998, legal entities may be punished at the criminal level with fines, suspension of activities, interdiction of the establishment and prohibition of contracting with the government. The misconduct may also affect the Group's management, directors, officers, administrators, board members, members of technical committees, auditors, agents or representatives to the extent of their guilt, as long as they have contributed to the practice of the crimes or did not act to stop the crime, when they were aware of it. Such natural persons may be punished with imprisonment, which may be replaced by right-restrictive penalties, such as community service and/or fines. Subject to the consent of the applicable environmental authority, fines may be replaced by specific steps to redress the environmental damage. Enforcement of fines may be occasionally suspended upon a remediation of damages and settlement with environmental authorities.

In the civil sphere, environmental damage implies joint and several liability. In other words, the obligation to indemnify or repair the environmental damage caused and indemnify third parties may affect everyone, directly or indirectly involved in the occurrence of the environmental damage, regardless of the proof of guilt of the agents, as long as there is proof of the damage and the link of causality between that and the activity of a company. This means that each of those involved may be held liable for the full extent of the damage, but will then be entitled to file a recourse action against the other responsible parties. In the civil sphere, the current understanding is that the duty to repair environmental damage is not subject to statutes of limitations. The duties associated with the recovery of a degraded area are also considered to be proper rem obligations (an obligation that is always connected to a good), so that new property owners are responsible for recovering the environmental damage that has occurred on their property, regardless of who actually caused them. In the case of onshore activities, environmental liabilities arising from activities carried out in the fields may fall on the new operator, even if they occurred prior to the transfer of the concession. Accordingly, the engagement of outsourced service providers does not exempt the Group from

being held liable for potential environmental damages caused by such outsourced providers and linked to our activities, in case they cause an environmental damage or a damage to third parties (civil liability).



## 8 BUSINESS OF THE GROUP

*This Section provides an overview of the Group's business as of the date of this Prospectus. The following discussion contains forward-looking statements that reflect the Group's plans and estimates (see Section 4.5 "Cautionary note regarding forward-looking statements" above). This Section should be read in conjunction with other parts of this Prospectus, in particular, Section 2 "Risk factors".*

### 8.1 Introduction to the Group

Seacrest Petroleo is an independent oil and gas producer focused on the redevelopment of mid-life onshore producing oil and gas fields. The Group's assets are located in Brazil and represent a cohesive set of attractive producing fields and the TNC agreed to be acquired in the context of the divestment program run by Brazil's national oil company, Petrobras. The redevelopment activities of the Group are further described in Section 8.6.5 "Exploration and production activities in the Cricaré and Norte Capixaba Clusters".

In 2015, the Company's co-founders Erik Tiller and Paul Murray saw an opportunity arising from oil majors and large independents divesting noncore producing assets, and co-founded OKEA ASA, a company that is focused on the redevelopment of mid-life assets on the Norwegian shelf. OKEA ASA, which acquired a portion of Shell's producing assets in Norway in 2018, emphasizes nimble, low-cost operations and technical excellence. It has more than doubled the reserves in the fields it has acquired since the date of their acquisition, extended the life of such fields and increased target recovery factors to +80%. OKEA ASA undertook a public offering on the Oslo Stock Exchange in 2019. The Group is following a strategy in Brazil that is similar to the one that OKEA ASA has followed in Norway.

Beginning in June 2019, the Company analysed seven upstream projects in Brazil to find the right match for its capabilities as an independent oil and gas producer. In 2020, the Company entered into a commercial partnership with Karavan Oil & Gas Participações e Consultoria ("**Karavan**") to acquire assets within Petrobras' divestment program. On 27 August 2020, through its wholly owned Brazilian subsidiary Seacrest SPE Cricaré S.A. (the "**Cricaré SPV**"), the Company entered into an agreement with Petrobras to acquire the Cricaré cluster, which comprises 27 onshore oil concessions (as of the date of this Prospectus, merged into 18 concession agreements covering 27 oil fields) and the related oil and gas production assets (collectively, the "**Cricaré Cluster**"). The acquisition of the Cricaré Cluster closed on 29 December 2021, and as of 30 December 2021, the Company wholly owns this asset.

On 9 December 2021, the Company was identified by Petrobras as the winning bidder for the Norte Capixaba Cluster. On 23 February 2022, the Company entered into a purchase agreement with Petrobras for the acquisition of the Norte Capixaba Cluster, which comprises four onshore oil concessions with related oil and gas production assets and the TNC operated by Petrobras. Upon closing of the Norte Capixaba Acquisition, which is anticipated to take place in February 2023, following completion of the Listing, the Company expects to become the third largest onshore oil and gas producer in Brazil in terms of reserves and production.

### 8.2 History and important events

The table below provides an overview of key events in the history of the Group:

Month, year	Event
June, 2019	The Company is incorporated on 5 June 2019
August, 2020	Enters into agreement with Petrobras to acquire the Cricaré Cluster Initiates operational transition phase of the Cricaré Cluster
December, 2021	Completes Cricaré Cluster acquisition
January, 2022	Takes over operations of Cricaré Cluster

Month, year	Event
February, 2022	Enters into agreement with Petrobras to acquire the Norte Capixaba Cluster Initiates operational transition phase of the Norte Capixaba Cluster
April, 2022	Forms consortium to acquire the ES-T-528 block
February, 2023	The Offering
February, 2023	Expected admission to trading on the Oslo Stock Exchange

### 8.3 Competition and competitive strengths

#### 8.3.1 Competition

As of the date of this Prospectus, Brazil is the largest crude oil producing country in South America, and the eighth largest global crude oil producing country. Brazil's 2021-2030 Energy Expansion Plan (PDE) forecasts oil and gas E&P investments will range from USD 415-454 billion during 2021-2030. These figures reflect an evaluation of aggregated investments of all E&P companies in Brazil, including those from national oil companies like Petrobras. With Brazil's significant energy reforms and frequent oil discoveries, recent oil bidding rounds for exploration and production of oil and natural gas in Brazil have attracted international oil companies from around the world.

The Group competes with a substantial number of companies in Brazil, including national oil companies, major international oil and gas companies as well as independent oil and gas companies. According to the U.S. Department of Commerce, in addition to Petrobras, which accounts for 73% of Brazil's oil and gas production, another 47 local and 50 foreign companies hold oil rights to exploration and appraisal areas in Brazil.<sup>2</sup> Worldwide players like Shell, Equinor, Exxon, Chevron, Total, Repsol-Sinopec, and Murphy Oil are among the foreign oil companies active in the region. Eneva Participacoes, PetroRio, 3R Petroleum and Petroreconcavo are among the domestic independent oil and gas companies active in Brazil and, in the Group's view, are the Group's closest competitors.

The Group also competes with other oil and gas companies in securing workover and drilling rigs and other equipment and services necessary for the drilling, completion, and maintenance of wells, as well as for the gathering, transporting, and processing of oil, gas, natural gas liquids, and water.

#### 8.3.2 Key competitive strengths

The Group believes its business represents a strong combination of competitive advantages that will enable it to compete in the Brazilian oil and gas market and execute its strategy as described in Section 8.4 "*Vision and strategy*". This Section sets out the Group's key competitive strengths as of the date of this Prospectus.

#### Highly qualified technical team

The Group has a qualified technical team of professionals with a solid track record in redeveloping onshore and offshore oil fields in Brazil and abroad, and structuring complex businesses and financial transactions, supported by its current direct and indirect shareholders.

#### Significant scale of reserves and production

As of December 2021, the Clusters produced approximately an aggregate volume of 192 MMbbls, implying 17% current recovery factor. The low recovery factor is reflective of Petrobras' varying focus on the Clusters and a high number of closed wells or wells operating at reduced capacity. Considering proved and probable reserves (2P), the Company believes a 29% recovery factor is achievable for the Clusters, representing additional 140 MMboe according to D&M. The Group could potentially expand its reserves by increasing its recovery factor to the recovery factors already achieved in certain of its assets (which range from 35-50%), and applying comparisons with

<sup>2</sup> Source: Competitive Landscapes / Best Prospects for U.S. Exporters, Energy Resource Guide – Brazil – Oil and Gas, 2021, International Trade Administration U.S. Department of Commerce

analogous fields such as Kern River operated by Chevron in California and other fields in the same area, expects to surpass these levels in the long term.

#### **Fully integrated export terminal, pipeline, storage and oil treatment infrastructure**

After completing the acquisition of the TNC, the Group's operations will be fully integrated from the well heads to the tankers at the terminal. The TNC, a highly strategic waterway terminal, and its related pipeline, storage and oil treatment infrastructure, allows the Group to access both the local and the international export markets, resulting in better pricing points and an operation that is fully independent from third-party infrastructure.

#### **Accelerated organic growth profile**

The Group's portfolio of assets can benefit from a series of low-complexity and widely used workovers to immediately increase production at the fields, such as water and steam injection, reopening of shut-in wells, and in-fill drilling. Such techniques and procedures have been widely tested and are now being implemented in the Group's Cricaré Cluster fields, with positive outcomes. The Group has organized its development activities into four main initiatives:

- Maintain existing production – maintaining the Group's 260 producing wells with high-quality reservoir properties and proven production performance. Proved developed and producing reserves are currently estimated at 18 MMboe.
- Execute on the backlog of maintenance – reopening and/or upgrading the pump technology for 211 wells and revamping facilities closed due to lack of maintenance by Petrobras, coupled with the restarting of steam programs to potentially access another 22 MMboe of proved developed non-producing reserves.
- Low-risk mature redevelopment – drilling 306 new in-fill oil wells across 10 mature fields, 119 recompletion wells in secondary intervals or for steam cycles, 24 new gas completions, and expanding existing steam injection programs to new areas, potentially unlocking 45 MMboe of proved undeveloped reserves. Combined with the initiatives described above targeting the proved developed producing and proved developed non-producing reserves, this yield total proved reserves of 85 MMboe. Taking probable reserves across the initiatives into account, gives total proved and probable reserves of 140 MMboe.
- Upsides – additional drilling, steam programs, and associated gas projects in the adjacent areas with potential to unlock 40 MMboe probable reserves and increase 2C reserves by 12 MMboe, and 3C reserves by 27 MMboe.

All production, oil treatment, and other above ground infrastructure were developed by the previous owner, Petrobras, with an estimated investment of USD 1 billion. Such infrastructure is already in place and largely accelerates the Group's production ramp up.

#### **Heavy sweet crude oil grade historically trading at a premium**

API degree and sulphur content are the main features analyzed to determine oil quality. Heavy oil (low API degree) is a high-density petroleum product that presents higher refining potential, but is often connected to high sulphur content levels, requiring additional treatment, and incurring higher costs. Low sulphur content (sweet oil) is often connected to light oil, reducing treatment requirements despite lower refining potential. The Group's heavy sweet oil – which represents approx. 90% of the Group's total oil production – combines the best of both worlds – high density and lower sulphur content, presenting high refining potential and lower treatment requirements.

Such oil grade represents only 2% of worldwide crude oil production according to World Energy Review Pocket 2021. Due to lower cost treatment requirements, sweet oil has historically achieved a premium to crude oil. Although it is currently trading at a small discount to ICE Brent Crude, Rotterdam 0.5% sulphur contracts traded at USD 5.8,

USD 7.3, and USD 7.7 average premium per barrel to ICE Brent Crude in 2020, 2021 and 2022 (as of August), respectively.<sup>3</sup>

90% of the oil produced at the Cricaré and Norte Capixaba Clusters is a high-quality heavy sweet crude and of a grade that enables its use as very low sulphur fuel oil (VLSFO) of the type required by IMO 2020, with minimal commingling and without refining. The Offtake Agreement with Mercuria is based on the Rotterdam 0.5% FOB Rotterdam Barges Index. The remaining 10% oil production from the Cricaré and Norte Capixaba Clusters is a medium-light grade, with low sulphur and low contaminant levels which will be marketed by Mercuria under the Marketing Agreement.

Due to Petrobras' failure to timely complete scheduled maintenance and repair work at the TNC, Petrobras has been using C5+ to dilute the oil stored at the TNC, which is causing such oil to be off-specification for marine fuel usage. During the period after the Norte Capixaba Acquisition has been completed but prior to Petrobras' completion of its scheduled maintenance and repair work at the TNC (anticipated to be completed by May 2023), Mercuria will market the off-specification oil produced in the Cricaré Cluster and the Norte Capixaba Cluster under the Mercuria Offtake and Marketing Agreements.

### **Competitive costs**

The factors behind the Group's competitive economics are a fully integrated operation within a single production area that results in lower logistics costs, and significant synergies through shared infrastructure utilization. The Group's ability to produce its own energy by using its own gas reserves until 2030 (pursuant to the Competent Person's Report) reduces heat and steam costs. The Group's existing above ground production and logistics infrastructure enable it to largely reduce projected capital expenditure and benefit from massive historical investments from Petrobras in treatment stations, satellite stations, pipelines and the TNC.

### **Low tax environment**

The Group operates in the SUDENE tax benefit region, and its operations are eligible for 75% discount on the statutory income tax (approximately 25%), excluding social security contribution (additional 9% levied on earnings before tax). The SUDENE tax benefit was created to foster structural investments in Northeast Brazil, including part of the Minas Gerais and Espírito Santo states. The savings arising from such tax benefit must be used to fund either operating expenditures or capital expenditures within the SUDENE area and cannot be distributed as a dividend. The Group has already initiated the SUDENE application process for the Cricaré Cluster, which is being analysed by SUDENE, and expects to initiate the application process for the Norte Capixaba Cluster as soon as the transaction closes. The SUDENE benefit is granted for ten years.

### **Sizeable upsides in the short and medium term**

The Group expects significant organic growth beyond its current certified reserves through:

- As the Group keep identifying additional gas production upside, and benefiting from significant gas infrastructure already in place, including a physical connection to the local gas market, the Group is starting discussions with local buyers in order to potentially generate additional revenues in the short term.
- De-risking reserves - firming-up existing 2C, 3P, and 3C reserves and further enabling the expansion of recovery factors towards those of the Group's most matures fields analogues.
- Appraising more volumes of oil originally in place through selective drillings and recompletions.
- Optionalities of the TNC: upgrade buoy capacity (weight and transfer rate) and increase storage capacity to develop a wider product distribution business from the terminal, including bunker fuel.

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<sup>3</sup> Source: S&P Global Platts and Bloomberg

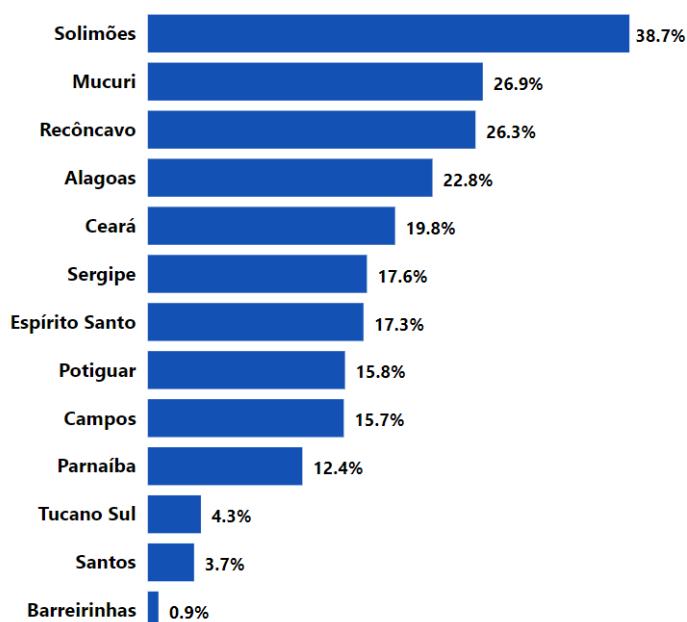
- M&A opportunities: as Petrobras starts to wind down its portfolio divestments, Brazil is entering a new era of upstream consolidation and asset rotation acceleration.

#### 8.4 Vision and strategy

All of the fields comprising the Cricaré and Norte Capixaba Clusters are onshore in the Espírito Santo Basin, in the state of Espírito Santo, Brazil. With a current average 17% recovery factor, these fields are in the production stage and are considered midlife assets. Recovery factor is the ratio between the amount of oil or gas expected to be recovered from a field and the estimate of oil or gas originally in place. Low recovery factors indicate that there may be opportunities to increase production.

The chart below shows the recovery factor of each Brazilian basin, including the Cricaré and Norte Capixaba Cluster fields in the Espírito Santo basin.

**Recovery factor by Brazilian basin**



Source: ANP (Agência Nacional do Petróleo, Gás Natural e Biocombustíveis), the Brazilian oil and gas regulatory agency

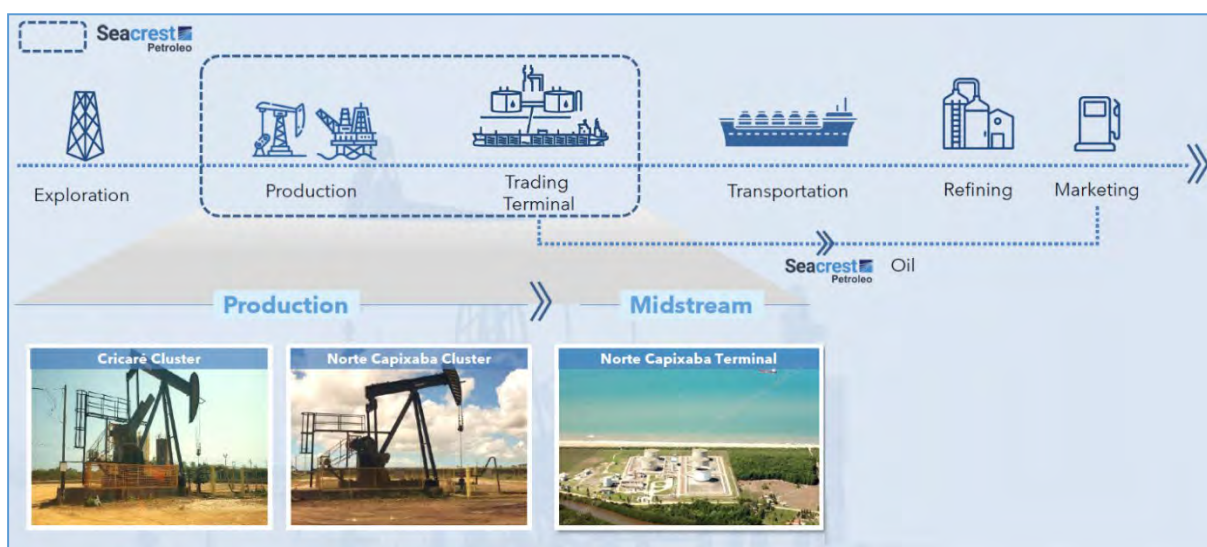
The Group's business model focuses on increasing the recovery factor of fields in production through established techniques in these Clusters, such as reactivating wells that have been closed due to lack of maintenance, intervening in existing wells to open new production zones (recompletions), substituting lifting methods, infill drilling, and improving management of water and steam injection on a cyclical or continuous basis. In the future, the Group may also seek to increase recovery factors by using new techniques. In addition, the Group plans to appraise additional formations to expand the potential oil in place and start production from less established zones. After proper mapping and testing, the estimate of the oil reserves in the subject field may increase. The Group believes that this reservoir management strategy will allow the Group to maximize the oil to be extracted in an economically viable manner. Please refer to Section 8.6.5 "Exploration and production activities in the Cricaré and Norte Capixaba Clusters" for a further description of the exploration and production activities applied by the Group in the Clusters.

The Group intends to leverage the existing facilities in place, which provide a significant processing, storage and offload capacity to serve the future production growth with only minor upgrades required.

The Group also intends to leverage the synergies it expects to generate by integrating the infrastructure of the Cricaré and Norte Capixaba Clusters. For instance, oil produced in some fields in the Cricaré Cluster will be treated in Norte Capixaba facilities to optimise logistics and existing production capacity. Additionally, the Group expects that its ownership of the TNC, with its storage and export capabilities, will give it more flexibility in its operations and allow it to leverage opportunities for marketing oil and capture higher margins from its operations through a "trading around the asset" strategy.

The fields in the Cricaré and Norte Capixaba Clusters have produced through primary, secondary and tertiary recovery methods to date, all successfully proven by Petrobras. The Group expects that in the future, it will produce through all existing recovery methods that have been de-risked. Typically, the primary recovery process involves placing increased pressure on the oil within wells in order to force oil to the surface. Secondary recovery methods seek to force oil to the surface by directly applying pressure through methods such as water injection.

Tertiary recovery methods involve altering the properties of the oil to assist in its extraction through the use of heat, gas and chemical injections. Each subsequent type of recovery method is more involved than the prior method, but enables the Group to recover more oil. In the Clusters, most wells are equipped with rods pumps for the secondary recovery. The tertiary recovery is principally based on the injection of steam in the reservoirs. This technique has an excellent track record on both the Cricaré and Norte Capixaba Clusters and its use will be expanded in the future.



In addition to focusing on redeveloping and increasing production of its existing onshore fields, a part of the Group's strategy going forward involves further acquisitions of oil and gas assets and other strategic transactions, including through participation in future bids for assets that are a part of Petrobras' divestment program. Petrobras' failure to continue to implement its divestment program, whether due to public interest reasons or due to judicial decisions or for political reasons, could reduce the assets available for acquisition in Brazil, which could adversely affect the Group's growth expectations. The Group's ability to successfully execute acquisitions of new reserves of oil and natural gas may be limited by the number of acquisition targets available, internal demand for resources, the Group's ability to obtain financing on terms that are acceptable to it and on the Group's ability to obtain the required corporate, regulatory or governmental approvals. In addition, the Group may be unable to negotiate transaction terms that are acceptable to it with counterparties, joint venture partners, and others.

## 8.5 Contemplated acquisition of the Norte Capixaba Cluster

On 23 February 2022, through the Norte Capixaba SPV, the Company entered into a purchase agreement to acquire from Petrobras the assets that compose the Norte Capixaba Cluster. The Norte Capixaba Acquisition

remains subject to regulatory approvals, as further set out below under "*Conditions to closing*", and is anticipated to occur in February 2023, following completion of the Listing.

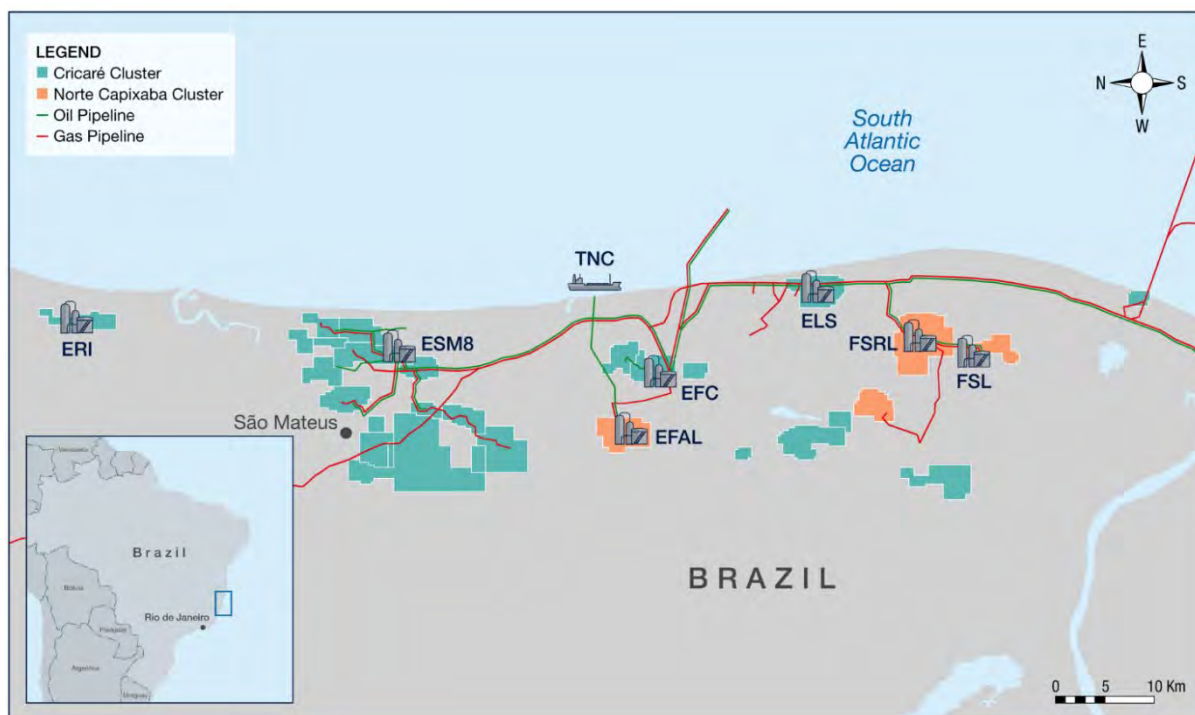
Set out below is a summary of the key terms of the purchase agreement for the Norte Capixaba Cluster:

<b>Agreement date:</b>	23 February 2022
<b>Firm price per effective date</b>	USD 478 million, of which USD 38.85 million was paid as a deposit
<b>Adjustment to closing consideration</b>	Effective date of 1 July 2022. Pro / contra closing adjustments to be subtracted from closing consideration.
<b>Base rate:</b>	LIBOR +3%
<b>Closing consideration:</b>	USD 405 million (current estimate)
<b>Brent linked payments:</b>	USD 66 million, divided into six tranches, with USD 11 million payable on 31 December 2023, 2024, 2025, 2026, 2027 and 2028. Such payments are triggered by a dated Brent average in the range of USD 50-65 bbl.
<b>Total acquisition price (incl. contingent Brent linked payments)</b>	USD 544 million
<b>Conditions to closing:</b>	<p>Completion of the acquisition is subject to satisfaction of the following main conditions:</p> <ul style="list-style-type: none"> <li>The Norte Capixaba SPV shall have received approval from the ANP for all amendments to the concession agreements and the transfer of operatorship under the concession agreements.</li> <li>The Norte Capixaba SPV shall have been transferred and/or shall have obtained all the required environmental licenses in relation to the transferred assets and/or petroleum operations. Environmental licenses means any permit, license, authorization, consent, exemption or other approval required in relation to the concession agreements and/or the transferred assets by IBAMA, the federal Brazilian environmental authority, or local environmental authorities, as applicable.</li> <li>No material adverse effect shall have occurred.</li> <li>No governmental order, injunction or decree, etc. shall be in place preventing or restraining consummation of the closing, nor any applicable laws or regulations enforced that would prohibit, retrain or make illegal the consummation of the closing.</li> <li>Petrobras' fundamental warranties in the agreement shall be true and accurate in all respects.</li> </ul> <p>On 7 February 2023, the Norte Capixaba SPV received its principal approval from the ANP for all amendments to the concession agreements and the transfer of operatorship under the concession agreements.</p> <p>On 1 February 2023, the Norte Capixaba SPV obtained all required environmental licenses in relation to the transferred assets and petroleum operations.</p>
<b>Longstop Date</b>	<p>The purchase agreement establishes the Longstop Date as 23 February 2023. The Longstop Date shall automatically extended by six months if the following conditions to closing, as further described above, have not been satisfied or waived at the Longstop Date:</p> <ul style="list-style-type: none"> <li>The Norte Capixaba SPV shall have received approval from the ANP</li> <li>The Norte Capixaba SPV shall have been transferred and/or shall have obtained all required environmental licenses</li> <li>Petrobras' fundamental warranties in the agreement shall be true and accurate in all respects.</li> </ul> <p>The Longstop Date may be further extended by mutual agreement by the parties.</p> <p>If the Norte Capixaba Acquisition has not been consummated by expiry of the Longstop Date, either party may terminate the purchase agreement.</p>

## 8.6 Overview of the Group's principal activities and assets

### 8.6.1 General

The Group currently conducts its operations in the Cricaré Cluster and expects to begin operations in the Norte Capixaba Cluster soon after the closing of the Norte Capixaba Acquisition. The Cricaré and Norte Capixaba Clusters are geographically close. The image below shows the location of the fields of the Cricaré and Norte Capixaba Clusters, the TNC, as well as the oil and gas pipelines connecting the Clusters.



### 8.6.2 The Cricaré Cluster

In December 2021, the Cricaré SPV became the operator and sole owner of the Cricaré Cluster. The Cricaré Cluster was previously owned and operated by Petrobras. The Cricaré Cluster fields have an aggregate area of approximately 67,000 net acres (270 sq km). The Cricaré Cluster assets are comprised of 18 onshore concessions (27 fields), 4 oil treatment stations, and 4 satellite collection stations, all located in the State of Espírito Santo and organized in a cluster to optimize the sharing of logistics and production treatment facilities.

The first field of the Cricaré Cluster, São Mateus, was discovered in 1969. Exploration in the area continued for several decades until 2006 with the discoveries of the Cacimbas and Biguá fields. The Cricaré Cluster started operations in 1973 and is expected to remain in operation until 2050. In 2021, the Cricaré Cluster produced an average of 1,376 boepd of oil and gas equivalent. The production is sent by pipeline from the ESM-8 station to the TNC. The Cricaré Cluster assets are among the most early-life of Petrobras' divested assets, with only a 13% recovery factor as of 31 December 2021, which is reflective of Petrobras' lack of focus on the Cricaré Cluster.

The Company attributes the low recovery factor to the lack of facility and well maintenance, the termination of steam injection activities, to Petrobras prioritizing its development efforts towards core assets in its portfolio and the commencement of the divestment process that led to the Company's purchase of the Cricaré Cluster.

Production in the Cricaré Cluster is mainly driven by artificial lift methods such as rod pump, progressive cavity pumping (PCP) and electro submersible pumps (ESP) and cyclical steam injection as a tertiary recovery technique.



The Company believes there are considerable redevelopment opportunities through standard practices, such as reopening of shut-ins, recompletions, in-fill drilling, steam injection, optimization of water management (water discharge, water injection) and the revamping of the production stations. Since taking over the operations in December 2021, the Company has particularly focused on improving production by reopening closed wells and other well interventions (including recompletions, change of pumps, equipment and well preparation for steam injection). The Company is also working on improving the treatment capacity of the ESM-8 station and has started reopening the other production stations.

In Q3 2022, the average daily production of the Cricaré Cluster was approximately 1820 boepd, compared to approximately 694 boepd in January 2022.

### **8.6.3 The Norte Capixaba Cluster and the TNC**

In February 2022, through the Norte Capixaba SPV, the Company entered into an agreement to acquire a 100% interest and become the operator of the Norte Capixaba Cluster. Please refer to Section 11.7 "*The pro forma event: The Norte Capixaba Acquisition*" for more information about the Norte Capixaba Acquisition.

The Norte Capixaba Cluster is currently owned and operated by Petrobras. The fields in the Norte Capixaba Cluster have an aggregate area of approximately 15,000 net acres (60 sq km).

The Norte Capixaba Cluster assets are comprised of 4 mature onshore fields, 3 oil treatment stations, 4 satellite collection stations, a pipeline network and the TNC, with ~80,000 m<sup>3</sup> storage capacity packed into a cluster to optimize the sharing of logistics and production treatment facilities.

In 2021, the Norte Capixaba Cluster produced an average of 6,792 boepd of oil and gas equivalent.

The Norte Capixaba Cluster includes the TNC. Inaugurated in 2006, the TNC handles the oil produced in Espírito Santo and is equipped with five storage tanks with a maximum aggregate volume of 500 kbbl for both light and heavy oil. The oil is sent from the three Norte Capixaba treatment facilities (EFAL, FSRL and FSL) to the TNC via fully owned pipelines and flows to the vessels through a monobuoy. The TNC waterway has 16 meters maximum draft and is able to serve vessels up to 80mt deadweight capacity (Panamax class). Currently, the TNC is operated by Transpetro, a Petrobras affiliate that is responsible for all terminal maintenance costs (See Section 8.9.1).

In contrast to some other mature onshore fields divested by Petrobras, the Norte Capixaba wells and facilities are in excellent condition and well maintained, with new wells still being drilled in 2020. The TNC is also well maintained, Petrobras having performed significant maintenance in 2021 and 2022.

Production in the Norte Capixaba Cluster is mainly driven by artificial lift methods such as rod pump, PCPs and ESPs. Both cyclical and continuous steam injection are used as a tertiary recovery technique. In the future, the Company will continue and expand the existing recovery techniques.

The Company believes there are considerable redevelopment opportunities at Norte Capixaba such as reopening of shut-ins, recompletions, in-fill drilling, steam injection, optimization of water. The Company is also studying the potential TNC buoy capacity upgrade in terms of max weight and transfer rate and the opportunity to expand storage capacity with minimal investments.

As described in Section 11 "*Unaudited pro forma financial information*", no historical financial information relating to the Norte Capixaba Cluster is available and the Company is therefore be unable to prepare complete pro forma financial information pursuant to the full requirements of Annex 20 to the Delegated Regulation (EU) 2019/980, as the Company is acquiring assets for which sufficient historical financial information is not available. To further enable investors to make an informed assessment of the Group, set out below are historic production figures for the Norte Capixaba Cluster taken from publicly available filings made by Petrobras with the ANP.

The table below shows the historical average daily production by quarter for 2020, 2021 and 2022 for the Norte Capixaba Cluster.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Oil (bbl/d)</b>											
Norte Capixaba	7 264	7 595	7 221	5 981	6 778	6 883	6 359	5 835	5 445	5 706	5 589
FAZENDA ALEGRE	4 364	4 840	4 578	3 495	4 285	4 279	3 877	3 898	4 182	3 939	3 654
CANCĂ	1 544	1 456	1 405	1 220	1 303	1 444	1 423	1 117	783	821	866
FAZENDA SĂO RAFAEL	732	694	634	672	648	682	607	432	268	485	623
FAZENDA SANTA LUZIA	623	604	603	594	542	478	453	387	211	461	445
<b>Cric + NC</b>											
<b>Gas (Mm<sup>3</sup>/d)</b>											
Norte Capixaba	69	62	56	54	55	56	52	45	28	38	35
FAZENDA ALEGRE	38	31	27	22	27	29	24	23	15	17	9
CANCĂ	4	4	5	5	3	3	2	2	2	2	2
FAZENDA SĂO RAFAEL	14	13	11	13	12	12	14	9	5	7	11
FAZENDA SANTA LUZIA	13	14	13	14	14	12	12	10	5	12	14

Source: ANP

In addition, the closing adjustment provisions in the purchase agreement for the Norte Capixaba Cluster provide for a maximum monthly operational expenditure of BRL 17 million for the period from 1 July 2022 until closing, which will be used in calculating the adjustments to the consideration for the Norte Capixaba Acquisition. This figure, which is defined in the purchase agreement to include costs associated with the production collecting system, production unit (processing, treatment and reinjection), production flow system, power supply, terminal costs, maintenance costs, workover costs, environmental costs, fuel gas consumption, artificial lift administrative expenses and logistic support, provides an indication of the current monthly operating expenditures for the Norte Capixaba Cluster under operation by Petrobras.

#### 8.6.4 ES-T-528 block

In addition to the Group's interest in the Cricaré and Norte Capixaba Clusters, on 13 April 2022, the Company, through its subsidiary Seacrest Petr leo S.A., entered into a joint bidding agreement (the "**Joint Bidding Agreement**") with Imetame Energia Ltda ("**Imetame**") and EnP Ecosystemas Energ ticos Holding S.A. ("**EnP**") (together the "**Joint Bidding Group**"), in relation to a joint bid on the block, which was available in ANP's third open acreage bidding round. On 13 April 2022, ANP awarded the block to the Joint Bidding Group and approved the grant of the concession for the block on 23 November 2022. In accordance with the Joint Bidding Agreement, Seacrest Petr leo S.A. will have a participating interest of 50% in the block, Imetame, a participating interest of 30% and EnP, a participating interest of 20%. The block is in the exploration stage and the Joint Bidding Group has five years to develop geological and geophysical exploratory activities in the block. Each party in the Joint Bidding Group is responsible for its participating interest share of all costs incurred by the operator. Imetame (or one of its affiliates) is designated the operator during the exploration phase, while Seacrest Petr leo S.A. (or one of its affiliates) is designated the operator during the production phase. The total price of the bid for the block was BRL 151,000, in addition to a commitment to perform a Minimum Exploratory Program which the Company expects will require an aggregate investment of BRL 1.1 million by Seacrest Petr leo S.A. The ES-T-528 block has an area of 20.64km<sup>2</sup> and is geographically close to the Cricaré and Norte Capixaba Clusters onshore in the State of Esp rito Santo, Brazil.

#### 8.6.5 Exploration and production activities in the Cricaré and Norte Capixaba Clusters

The oil and natural gas industry can be divided into upstream activities (which include exploration and production), midstream (storage and transportation) and downstream activities (which include refining and marketing). The Group's operations encompass both upstream and midstream activities.

This Section 8.6.5 describes some of the exploration and production activities that the Group is currently using or expects to develop in the Cricaré and Norte Capixaba Clusters due to the characteristics of each field. Such activities form an integral part of the Group's strategy on redevelopment of the Clusters.

### **Reservoir Studies**

Reservoir studies aim to provide information about a reservoir by running software simulations with inputs of existing geological data, such as seismic processing, lithological studies of samples, profiles that were run in the wells and production data recorded over time, data on the injected fluids by zones, as well as those of static pressure and flow tests. Reservoir studies may provide the Company with a better understanding of certain characteristics of a reservoir, such as the size (area and height), type (gas bubble, gas cap, pure oil, oil in solution, etc.), stratigraphic structure, porosity level and fluid saturation, permeability, degree of compaction, and temperature of the reservoir, among others.

Gathering more and better data on a reservoir allows the Company to plan actions to optimize field production. As new data is obtained, it can be reprocessed so that the Company can obtain new information on the reservoir. This iterative process enables the Company to extend the useful life of the reservoir, maximizing its recovery factor.

### **Production Control**

The Company routinely checks the conditions of the Company's wells. These verifications include checking for stoppage, leaks, whether any equipment needs repair, and whether the well area is free of vegetation, in addition to collecting data on production, pressure, flow, fluid levels and motor amperage, among others. The Company also conducts well tests to evaluate well performance and take steps to correct any issues identified.

### **Well Reactivation**

Many events may interrupt well production, such as required equipment maintenance. For maintenance activities that involve access to the subsurface, the Company generally has to use onshore production rigs. Prior to maintenance activities, the Company prepares technical plans defining the parameters of the work to be executed, such as scope of each activity and types of equipment to be used.

Re-opening an oil well is also one of the ways to revitalize it when it has reached the point where its production is no longer economically viable with the current production equipment. However, for example, if such a well is equipped with a more suitable lifting method, its productivity may improve, allowing it to again become a productive well.

### **Artificial Lifting Methods**

Rising refers to the process of fluid rising to the surface, and it can occur naturally or by different artificial lifting techniques. When the fluid does not need pumping due to natural underground pressure, the well is said to be surging. When auxiliary energy is required for fluid to reach the surface, the process is called artificial lifting. There are several artificial lifting methods, the best known being mechanical pumping, progressive cavity pumping, submerged centrifugal pumping and gas lift.

*Mechanical pumping* is one of the oldest artificial lift methods and also the most commonly used in onshore wells; approximately 80% of the world's producing wells use this method. Mechanical pumping consists of installing a pumping unit at the wellhead on the surface in order to move a rod string to the bottom of the well, driving a pump that lifts the fluids produced by the reservoir to the surface. The photo below is one of the mechanical pumps at the Inhambu field.



*Progressive cavity pumping (PCP)* consists of a positive displacement pump immersed in oil. The system transfers fluid through the use of a rotor and a stator. The rotation of the rods by means of an electric motor at the surface causes the fluid contained in the cavity to flow upward.

*Electro submersible pumps (ESP)* are an artificial lift method that use multiple centrifugal pump stages mounted in a series within a case attached to a submersible electric motor. These pumps are connected to surface controls and electric power by armor-protected cables.

*Gas lift* is an artificial lift system through which gas is injected into a productive well casing to help lift liquids up to the surface through the production tubing.

The Company currently use two methods of artificial lift: mechanical pumping and PCP, and plans on using ESPs in the future.

### **Steam Injection**

The onshore Espírito Santo Basin, where the Company has its operations, is characterized by heavy oil, and the oil the Company's fields produce is very viscous. In reservoirs that have viscous oils, conventional recovery processes are less effective, as the oil has difficulty moving through a porous medium. However, when heated, the oil's viscosity is substantially reduced. Steam injection is a process the Company uses to heat the oil and improve its production.

The actual process begins in the steam generation unit which heats water into steam. Such steam is then carried through an injection column until it enters the producing formation. The steam then travels inside the reservoir and, as it exchanges heat with the oil and the formation, a portion of it condenses and turns into water.

Steam injections can be used on a cyclical or continuous basis. Cyclical steam injections alternate injection and production phases in the same well, while continuous injections are made in a dedicated non-producing well in the same reservoir until the neighboring producing wells reach the desired temperature.

*Cyclical injections* are divided into three main stages: the injection, the soaking period, and the production period.

During the injection process, steam is fed into the reservoir through a well that serves as both injector and producer. The injection time varies according to the well and oil characteristics. Generally, this phase lasts about a week.

After injection, there is a soaking period, during which the well is kept closed and on hold so that the oil in the reservoir heats. Finally, the well is reopened for production, often producing oil that does not require pumping for a period of a few days. The steam injection cycle can be repeated for as long as the method is economically viable. The images below show a 50mmbtu/h steam generating unit at the Inhambu field.



The Company currently operates 3 steam generators (2 50 mmbtu/h fixed and 1 25 mmbtu/h mobile) for a total capacity of 125 mmbtu/h. The two fixed units are dedicated to the main Cricaré Cluster field, Inhambu while the third is used alternatively for Inhambu and to develop this technique on new fields where steam injection has not been used in the past. After a first period of tests, the Company expects to bring additional steam units in order to efficiently serve these new steam locations across Cricaré Cluster fields.

Petrobras currently operates 10 steam generators at the Norte Capixaba Cluster, of which 7 are fixed and 3 are mobile for a total of 500 mmbtu/h.

### **Continuous Steam Injection**

In the case of injection techniques (including steam injections described above), it may be useful to convert an oil producing well into an injection well (that is, to discontinue production in one of the wells connected to the reservoir and install infrastructure in the well for continuous injection methods). This conversion seeks to maintain or increase the overall pressure within the reservoir and thus improve the reservoir's overall production. The technique has been used by Petrobras at the Norte Capixaba Cluster. The Company plans to start a pilot project on the Cricaré Cluster soon.

### **Stimulation**

Stimulation is a procedure that aims to increase the productivity of a well or the efficacy of an injection rod through the injection of fluids, such as hydrochloric acid, kerosene, and diesel fuel, in order to clean the distribution pipes connecting to the reservoir. The injection of these chemicals dissolves certain materials that may be obstructing the pipes through which oil flows, including heavy oil particles, sand, paraffin and calcified deposits.

### **Recompletion**

This well intervention technique uses explosive charges to punch in the casing or liner of an oil well to connect it to the reservoir, creating a channel between the formation and the well interior, opening up new producing layers.

### **Production Collection and Treatment**

Oil that is extracted from wells is mixed with varying levels of gas and water and requires purification. This treatment occurs in two general stages: separation and dehydration.

*Gas-oil-water separation* is the process of decanting the materials extracted, focusing on the separation of liquid, oil, and gas. This process occurs inside a machine called a three-phase separator, which allows the decanting to occur naturally through gravity and density difference.

When passing through the three-phase separation, the oil usually still contains micro droplets of water that adhere to the molecular structure of the hydrocarbons, generating a water-oil emulsion. Dehydration is the process through which these droplets are removed by inserting surfactants. After this treatment, the oil is expected to meet the specifications required by refineries. If the oil is saleable, its physical transfer by pipeline is initiated. The image below shows one of the Company's oil treatment stations (the São Mateus station).



### **8.6.6 Distribution, export and sale**

Along with the oil and gas fields in the Clusters, the Group will also own and operate 100% of the associated midstream infrastructure. This includes processing stations and pipelines at both Clusters and the TNC.

In both the Cricaré and Norte Capixaba Clusters, the Company will transport its oil to the Company's treatment stations using a combination of the Company's own pipelines and trucks. Once treated, the Company uses pipelines to deliver the treated oil to the storage facilities at the TNC. The oil accumulates daily at the TNC until the production inventory available for sales becomes sufficient to optimise shipping costs. At that time, a tanker from a purchaser is made available to collect the oil.

The TNC will give the Group access to international markets, which will result in better pricing on the offtake volumes. Historically, other onshore oil producers in Brazil have experienced soft price realization compared to global benchmark prices due to the lack of independent export capabilities. Without the TNC, the Group would have to sell its oil at a price set by a natural monopoly buyer, such as Petrobras, or a local refinery.

## **8.7 Overview of the Group's reserves and resources**

### **8.7.1 Reserves**

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of

certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

As of 31 December 2022, the Group's 1P reserves were estimated to be 85.5 MMboe (7.7% gas), of which 26.8 MMboe are located in the Cricaré Cluster and 58.7 MMboe in the Norte Capixaba Cluster. The Group's 2P reserves were estimated to be 139.6 MMboe (6.6% gas), of which 55.9 MMboe are located in the Cricaré Cluster and 86.7 MMboe in the Norte Capixaba Cluster.

The Group has reserves distributed in 22 fields, listed in the table below.

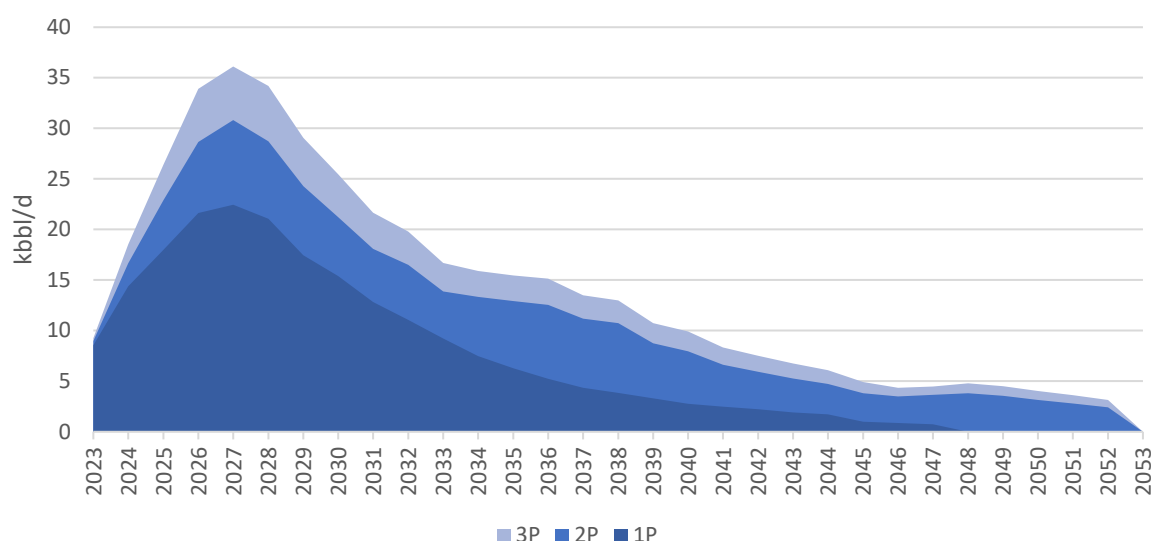
Net Reserves Cluster Field	1P			2P			3P		
	Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total
	MMbbl	MMboe	MMboe	MMbbl	MMboe	MMboe	MMbbl	MMboe	MMboe
Cricaré									
Biguá	0.2	0.3	0.5	0.4	0.3	0.7	0.5	0.3	0.8
Cacimbas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Campo Grande	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Córrego Dourado	0.3	0.0	0.3	0.4	0.0	0.4	0.4	0.0	0.4
Fazenda Cedro	3.0	0.2	3.2	4.3	0.4	4.7	6.0	0.6	6.5
Fazenda São Jorge	4.0	0.3	4.3	5.8	0.4	6.2	7.2	0.4	7.7
Guriri	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inhambu	7.5	0.1	7.6	18.6	0.3	18.9	20.9	0.3	21.3
Jacutinga	3.5	0.1	3.6	10.6	0.2	10.8	10.7	0.2	10.9
Lagoa Suruaca	3.2	1.3	4.5	4.9	1.3	6.3	6.6	1.4	8.0
Mariricu	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1
Mariricu Norte	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rio Itaúnas	0.3	0.0	0.3	1.4	0.0	1.4	2.8	0.1	2.8
Rio Preto	0.2	0.0	0.2	0.3	0.0	0.3	0.3	0.0	0.3
Rio São Mateus	1.1	0.3	1.4	1.4	0.4	1.8	1.5	0.4	1.9
São Mateus	0.8	0.1	0.8	0.9	0.1	1.0	1.0	0.1	1.1
São Mateus Leste	0.0	0.0	0.0	0.0	0.4	0.4	0.0	0.4	0.4
Tabuiaia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cricaré total</b>	<b>24.0</b>	<b>2.8</b>	<b>26.8</b>	<b>49.1</b>	<b>3.8</b>	<b>52.9</b>	<b>58.0</b>	<b>4.2</b>	<b>62.2</b>
Norte Capixaba									
Cancã	11.6	0.2	11.7	21.5	0.3	21.8	26.1	0.4	26.5
Fazenda Alegre	23.9	0.8	24.7	29.7	0.9	30.6	33.4	1.0	34.5
Fazenda Santa Luzia	3.4	1.1	4.5	7.5	1.7	9.1	9.7	2.0	11.7
Fazenda São Rafael	16.0	1.8	17.7	22.7	2.5	25.1	28.7	3.1	31.8
<b>Norte Capixaba total</b>	<b>54.9</b>	<b>3.8</b>	<b>58.7</b>	<b>81.3</b>	<b>5.4</b>	<b>86.7</b>	<b>97.9</b>	<b>6.5</b>	<b>104.5</b>
<b>Grand Total</b>	<b>78.9</b>	<b>6.6</b>	<b>85.5</b>	<b>130.4</b>	<b>9.2</b>	<b>139.6</b>	<b>155.9</b>	<b>10.7</b>	<b>166.6</b>

**Notes:**

- 1) Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
- 2) Reserves were estimated only to the limits of economic production or to the expiration dates of the concession extensions whichever occurs first.

- 3) Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. The reserves evaluated herein consider the potential concession extensions.
- 4) The expected date for the closing of the transaction to acquire a 100% interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, estimates of net reserves assume the acquisition of working interests since 1 January 2023.

The graph below shows the Group's projected net yearly oil production per reserve category:



### 8.7.2 Contingent resources

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

Table 8.7.2 below shows the total overview of the contingent resources.

Net Contingent Reserves	1C			2C			3C		
	Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total
	MMbbl	MMboe	MMboe	MMbbl	MMboe	MMboe	MMbbl	MMboe	MMboe
<b>Grand Total</b>	<b>3.0</b>	<b>0.8</b>	<b>3.8</b>	<b>9.9</b>	<b>2.5</b>	<b>12.4</b>	<b>21.5</b>	<b>5.7</b>	<b>27.2</b>

#### Notes:

- 1) Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.
- 2) There is no certainty that it will be commercially viable to produce any portion of the resources evaluated.
- 3) The contingent resources estimated have an economic status of economic undetermined.
- 4) The Company expects the date for the closing of the transaction to acquire a 100% interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, estimates of net reserves assume the acquisition of working interests since 1 January 2023.

### 8.7.3 Overview of the Group's concession agreements

The following table sets forth the Company's concession agreements, as well as their respective expiration date and related cluster. All of the fields associated with the Company's concession agreements are onshore, located in the state of Espírito Santo, Brazil and are operational. For information on the Brazilian regulatory framework applicable to concession agreements, see Section 7.2 "Regulatory Environment".



Concession Agreement	Interest (%)	Expiration Date	Extension of expiration date
<b><u>Cricaré Cluster</u></b>			
Biguá	100	24 August 2032	24 August 2059
Cacimbas	100	6 August 2025	6 August 2052
Campo Grande	100	6 August 2025	6 August 2052
Córrego Dourado	100	6 August 2025	6 August 2052
Fazenda Cedro	100	6 August 2025	6 August 2052
Fazenda São Jorge	100	6 August 2025	6 August 2052
Guriri	100	5 August 2025	5 August 2052
Inhambu	100	24 November 2032	24 November 2059
Jacutinga	100	28 July 2036	28 July 2063
Lagoa Suruaca	100	6 August 2025	6 August 2052
Mariricu	100	6 August 2025	6 August 2052
Mariricu Norte	100	6 August 2025	6 August 2052
Rio Itaúnas	100	6 August 2025	6 August 2052
Rio Preto	100	6 August 2025	6 August 2052
Rio São Mateus	100	6 August 2025	6 August 2052
São Mateus	100	6 August 2025	6 August 2052
São Mateus Leste	100	16 April 2037	16 April 2064
Tabuiaia	100	6 December 2033	6 December 2060
<b><u>Norte Capixaba Cluster<sup>4</sup></u></b>			
Cancá field	100	24 August 2034	24 August 2061
Leste Fazenda Alegre field	100	8 May 2052	-
Fazenda Santa Luzia field	100	8 May 2038	8 May 2065
Fazenda São Rafael field	100	8 May 2025	8 May 2052

The Group intends to seek extension to all its licences expiring in 2025. The Group has already applied for the unitization of a first group of 8 licences (São Mateus Leste, Rio Preto, Rio São Mateus, Mariricu, Mariricu Norte, São Mateus, Biguá and Guriri) which, if approved, would – on top of the merging of these licences into a single licence – be the equivalent of de facto extension of all these licences to 2035.

Moreover, the Group has already submitted licence extension requests for Fazenda São Jorge, Fazenda Cedro and Rio Itaunuas until 2052.

For the remaining 4 isolated concessions (Cacimbas, Córrego Dourado, Campo Grande, Lagoa Suruaca and Rio Itaúnas), the Group intends to submit a new Development Plan in order to obtain a licence extension until the end of the economic life of these fields.

For information on the extension of concession agreements please refer to Section 7.2.7 "Concession Agreements".

#### **8.7.4 Merger of fields**

Subject to approval by the ANP, the Group may merger two or more fields that meet certain technical criteria, where the outcome will be the incorporation of one or more concession agreements in the prevailing concession agreement elected by the Group, which then will hold all the merged fields in question. The benefits of merging fields are the reduction in the number of periodical reports to the ANP, standardization of contractual provisions

<sup>4</sup> The Company will hold the Norte Capixaba Cluster concessions as of the closing of the Norte Capixaba Acquisition, as further described in Section 8.5 of this Prospectus.

and, in some cases, automatic extension of the concession term for the merged fields. The Cricaré SPV completed three merger processes in 2022: (i) the merger of the Lagoa Bonita field into the Fazenda São Jorge field, approved by ANP Board Resolution No. 213/2022; (ii) the merger of the Rio Preto Sul, Rio Preto Oeste, Córrego Cedro Norte, Córrego Cedro Norte Sul, Córrego das Pedras and Seriema fields into the Jacutinga field, approved by ANP Board Resolution No. 309/2022; and (iii) the merger of the Fazenda Cedro Norte and Fazenda Queimadas fields into the Fazenda Cedro field, approved by ANP Board Resolution No. 321/2022. There is a fourth request of a field merger related to the Cricaré Cluster still under analysis of ANP, which is the merger of the Biguá, São Mateus, Rio Preto, Mariricu, Mariricu Norte, Guriri and Rio São Mateus fields with the São Mateus Leste field. Following completion of the Norte Capixaba Acquisition, the Group will assess the feasibility of similar merger process with respect to some of the fields that compose the Norte Capixaba Cluster.

## **8.8 Research and development**

The Group is currently not directly involved in any material research and development activities. The focus of the Company is to develop the Clusters through a series of low-complexity and widely used workovers and solutions to increase production at the fields. Example of such solutions are further described in Section 8.6.5 "*Exploration and production activities in the Cricaré Cluster and Norte Capixaba Cluster*". However, as part of these workovers, the Group may from time to time cooperate with third-party suppliers on improvements, development and innovations with respect to solutions to increase production.

## **8.9 Material agreements relating to the Group's assets and operations**

### **8.9.1 Material agreements relating to distribution, export and sale**

The Group has entered into the following material commercial agreements relating to the distribution, export and sale of oil from the Clusters and the TNC:

#### **Agreements with Transpetro on storage, transport and ship loading services at the TNC**

The Cricaré SPV has hired Transpetro to provide storage, transport and ship loading services at the TNC with respect to the oil produced at the Cricaré Cluster (the "**Existing Transpetro Agreement**"). The Cricaré SPV pays Transpetro monthly based on the amount of oil handled by it. The Group estimates that the Existing Transpetro Agreement will have a total value of BRL 35.1 million (or USD 6.3 million, based on the BRL selling rate as reported by the Brazilian Central Bank as of 31 December 2021 of BRL 5.5805 to USD 1.00). The Existing Transpetro Agreement will terminate on the later of 31 December 2022 or, as long as Transpetro continues to operate the TNC, on 31 December 2023. Transpetro may freely terminate this agreement with a six-month notice.

As part of the Norte Capixaba Acquisition, the Norte Capixaba SPV has agreed to enter into an agreement with Transpetro for it to provide storage, transport and ship loading services at the TNC with respect to the oil produced at both the Cricaré and the Norte Capixaba Clusters (the "**New Transpetro Agreement**"). The Norte Capixaba SPV intends to enter into this contract before the closing of the Norte Capixaba Acquisition. In conjunction with the entry into the New Transpetro Agreement, the Existing Transpetro Agreement will terminate by agreement of the parties. Also, before the closing of the Norte Capixaba Acquisition, the Norte Capixaba SPV, as the future owner of the TNC, intends to enter into a lease agreement with Transpetro (the "**Transpetro Lease Agreement**").

Under the New Transpetro Agreement, the Norte Capixaba SPV expects to pay Transpetro monthly based on the amount of oil handled by them. The Group estimates that this agreement will have a total value of BRL 478.0 million (or USD 85.7 million, based on the BRL selling rate as reported by the Brazilian Central Bank as of 31 December 2021 of BRL 5.5805 to USD 1.00). Unless earlier terminated, the New Transpetro Agreement will remain in effect until 2028. After the termination of this agreement with Transpetro, the Group will be free to hire other companies to operate the TNC or operate the TNC itself. If the Norte Capixaba SPV decides to operate the terminal itself, the Norte Capixaba SPV will need to obtain the required governmental authorizations from the ANP and other governmental entities and retain qualified personnel with the applicable expertise. Both the New Transpetro

Agreement and a possible future operation of the TNC by the Norte Capixaba SPV would be subject to the rules of non-discriminatory access to waterway terminals by third parties regulated by the ANP and to various approvals by the ANP and other governmental entities.

#### **Agreements with Mercuria for sale and marketing of oil**

The Norte Capixaba SPV and Cricaré SPV have entered into the Mercuria Offtake and Marketing Agreements in which they have agreed that all of the oil produced in the Cricaré Cluster and Norte Capixaba Cluster shall be sold to or marketed by Mercuria until the later of (i) six years after the date of such agreements or (ii) until a combined total of 50 million barrels of oil across both the Cricaré and the Norte Capixaba Clusters has been sold and delivered to Mercuria under the Offtake Agreement or marketed by Mercuria under the Marketing Agreement. Subject to certain conditions, the parties may agree to extend such term for a period of two years.

The Mercuria Offtake and Marketing Agreements replace an offtake agreement with Mercuria in which the Cricaré SPV had agreed to sell all of the oil produced in the Cricaré Cluster to Mercuria. For a variety of reasons, during the period from January 2022 until present, Mercuria has not nominated a vessel to lift the oil produced in the Cricaré Cluster and has not marketed the oil to a third party. Accordingly, during that period, the Cricaré SPV has sold all the oil it has produced to Petrobras under single-lifting purchase contracts. Due to Petrobras' failure to timely complete scheduled maintenance and repair work at the TNC, Petrobras has been using C5+ to dilute the oil stored at the TNC, which is causing such oil to be off-specification for marine fuel usage. After the Norte Capixaba Acquisition has been completed but prior to Petrobras' completion of its scheduled maintenance and repair work at the TNC (anticipated to be completed by May 2023), Mercuria will market the off-specification oil produced in the Cricaré Cluster and the Norte Capixaba Cluster under the Mercuria Offtake and Marketing Agreements.

The Mercuria Offtake and Marketing Agreements provide for payment in USD.

The Offtake Agreement provides that the Norte Capixaba SPV and the Cricaré SPV are obliged to sell and deliver to Mercuria, and Mercuria is obliged to purchase and take delivery of, all on-specification very low sulphur fuel oil (VLSFO) of the type required by IMO 2020 oil (and to market any such oil that is off-specification) produced in the Clusters during the term of the Offtake Agreement. The Offtake Agreement provides for a price calculation and adjustment mechanism that takes into account, among other things, the amount of oil delivered and the Brent and 0.5 FOB Rotterdam Barges Fuel Oil Index prices per barrel. During any period in which the oil being delivered is off-specification due to dilution with C5+, the Offtake Agreement provides for such oil to be marketed by Mercuria at a marketing fee of USD 26.00 per metric ton. If Mercuria fails to take delivery of a cargo, unless excused by force majeure or the sellers' failure to perform, Mercuria will be liable in damages to the Norte Capixaba SPV and the Cricaré SPV for a product deficiency sum, and the Norte Capixaba SPV and the Cricaré SPV are required to take reasonable steps to mitigate their losses, which may include selling the oil to a third party.

The Marketing Agreement provides that Mercuria will have the exclusive right to market the 10% of the oil produced at the Clusters that is a medium-light grade crude, with low sulphur and low contaminant levels, and not of a quality for use as very low sulphur fuel oil (VLSFO) of the type required by IMO 2020. Under the terms of the Marketing Agreement, Mercuria will be entitled to a marketing fee of USD 13.00 per metric ton, except when the oil is off-specification due to dilution with C5+, in which case an additional product handling fee of USD13.00 per metric ton will apply, subject to certain adjustments. If Mercuria fails to take delivery of a cargo, unless excused by force majeure or the sellers' failure to perform, Mercuria will be liable in damages to the Norte Capixaba SPV and the Cricaré SPV for a product deficiency sum, and the Norte Capixaba SPV and the Cricaré SPV are required to take reasonable steps to mitigate their losses, which may include itself selling the oil to a third party.

No security is provided by Mercuria under the Mercuria Offtake and Marketing Agreements. The contractual termination rights for both parties are limited to (i) force majeure events (no period is specified), (ii) breach of applicable laws and (iii) where either party becomes a "sanctioned entity" or enters into an insolvency process or similar.

As a result of the Mercuria Offtake and Marketing Agreements, the Company anticipates that, following the completion of the Norte Capixaba Acquisition, most if not all of the Group's operating revenue will come from Mercuria.

#### **Agreement with Petrobras for purchase of oil**

As part of the Norte Capixaba Acquisition, the Company has agreed to purchase from Petrobras all of the oil produced in certain nearby Petrobras-owned fields, jointly known as the Lagoa Parada Cluster, which historically relied on the TNC waterway terminal for transportation. This agreement will be valid from the closing of the Norte Capixaba Acquisition until 10 October 2024. The Company expects that this contract will have a total value of BRL 131.2 million (or USD 23.5 million, based on the real selling rate as reported by the Brazilian Central Bank as of 31 December 2021 of BRL 5.5805 to USD 1.00).

#### **8.9.2 Material agreements outside the ordinary course of business**

The Company considers the following agreements to be material to the Group's business and entered into outside the ordinary course of its business:

- the purchase agreement entered into to acquire the Norte Capixaba Cluster (see Section 8.5),
- the Existing Transpetro Agreement, the New Transpetro Agreement and Transpetro Lease Agreement (see Section 8.9.1),
- the Mercuria Offtake and Marketing Agreements (see Section 8.9.1), and
- the Mercuria Financing Agreements and the New Credit Agreement (see Sections 12.5.2 and 12.7).

#### **8.10 Suppliers**

The Group relies on suppliers to obtain various goods and services required for its operations. The main services the Group uses are: (i) field operation and maintenance services; (ii) cementing, gunning and well testing services; (iii) oil transportation services by trucks; (iv) boiler shop and construction and assembly services; (v) rental of miscellaneous equipment, such as trucks, cranes, rigs for well intervention and steam units; (vi) preparation of accesses and road and drilling bases; (vii) treatment services; (viii) software; and (ix) storage and handling services at the TNC.

The main materials and equipment the Group uses include: (i) inputs for well intervention activities, such as chemicals for drilling mud, cement and additives; (ii) casing and drill and production pipes; (iii) pumping rods; (iv) artificial pumping equipment, such as mechanical pumping and progressive cavity pumps; (v) pump and compressor spare parts; (vi) various chemical compounds, such as corrosion inhibitors, paraffin and H<sub>2</sub>S sequestrants; and (vii) electrical materials in general.

Some of the equipment, materials and services the Group uses are not abundantly available in Brazil, which may subject the Group to shortages or significant increases in the costs of such equipment, materials and services.

All of the investments the Group makes in its oil and gas operations in Brazil must comply with the term of the Group's concession agreements, which, in some cases, include requirements to use a certain amount of Brazilian goods and services, as well as minimum investment requirements.

#### **8.11 Property, plant and equipment**

The Company is party to concessions agreements that permit the Company to operate oil and gas fields. The concessions agreements include the right to use the assets related to the production in the relevant field (such as

oil ducts, collection stations, equipment, etc.). All of the Company's concessions (and their related assets) are located in Brazil. The Company has no material assets other than the concessions and the related infrastructure, including wells, oil treatment stations and pipelines. When the Norte Capixaba Acquisition has been completed, the Company will also own the TNC. The Brazilian State is the exclusive owner of all hydrocarbon resources located in the country and has full authority to determine the rights, royalties or compensation to be paid by private investors for the exploration or production of any hydrocarbon reserves. For information on the Company's concession agreements, see Section 8.7.3 "*Overview of the Group's concession agreements*".

#### **8.12 Intellectual property**

The Group does not depend on trademarks and patents to operate its business. However, the Company believes that the Group's success depends, at least in part, on the Group's ability to protect and manage its core technology and intellectual property. To accomplish this, the Group may rely on a combination of patent, trade secret, trademark and other intellectual property laws, confidentiality agreements and license agreements to establish and protect the Group's intellectual property rights. As of the date of this Prospectus, the Group has no pending patent applications, but has a number of applications with the Brazilian patent and trademark office (Instituto Nacional da Propriedade Industrial) for the trademark "Seacrest Petróleo". The Company has also filed a number of applications with the Bermuda trademark office (Registrar of Trade Marks) for the trademark "Seacrest Petróleo".

#### **8.13 Dependency on contracts, patents, licences, etc.**

Generally, the Group relies on third-party suppliers to obtain various goods and services required for the Group's operations. To achieve a successful operation, the Group is dependent on being able to engage third party contractors and suppliers to carry out work on its behalf. Reference is made Section 8.10 "*Suppliers*" for information regarding the Group's third party contractors and suppliers.

The Group is dependent on the Existing Transpetro Agreement for the storage, transport and ship loading services at the TNC with respect to the oil produced at the Cricaré Cluster, and will depend on the corresponding New Transpetro Agreement to be entered into with Transpetro relating to the Norte Capixaba Cluster. Moreover, the Group is dependent on the Mercuria Offtake and Marketing Agreements in which it has agreed that all of the oil produced in the Cricaré Cluster and Norte Capixaba Cluster shall be sold to or marketed by Mercuria. Please refer to Section 8.9 "*Material agreements relating to the Group's assets and operations*" for further information regarding such agreements.

The Group is further dependent on obtaining and/or maintaining the concession agreements and environmental licenses relating to the fields in order to carry out its activities.

#### **8.14 Insurance**

The Company maintains insurance coverage of types and amounts that it believes to be customary and reasonable for companies of the Company's size and with similar operations in the oil and gas industry. However, as is customary in the industry, the Company does not insure fully against all risks associated with the Company's business, either because such insurance is not available, insurance coverage is subject to a cap or because premium costs are considered prohibitive.

Currently, the Company's insurance program includes, among other things, an Operators Extra Expense Policy, that addresses operational risks relating to oil and gas wells, the associated equipment, as well as risks in relation to third party liability. To supplement this policy, the Company has put in place a specific property and damage policy, that addresses risks in relation to physical property damage/loss (buildings, equipment, electric etc.). This policy also has specific coverage on oil volumes in storage or in pipelines. The Company also has a directors and

officers' liability insurance policy. The Company's insurance coverage includes various limits and deductibles or retentions, which must be met prior to or in conjunction with recovery.

## **8.15 Legal and regulatory proceedings**

### **8.15.1 General**

Other than as set out in Section 8.15.2 below, neither the Company, nor any other company in the Group is, nor has been, during the course of the preceding twelve months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened. Furthermore, as of the date of this Prospectus, the Company is not aware of any material claims involving the Group.

### **8.15.2 Civil claim made by *Sindicato dos Petroleiros Do Espírito Santo Sindipetro-ES***

On 22 August 2022, the *Sindicato dos Petroleiros Do Espírito Santo Sindipetro-ES*, the oil workers union in the state of Espírito Santo, filed a civil claim in the 1<sup>st</sup> Federal Court of Linhares – ES against (i) Petrobras; (ii) the Brazilian Federal Government; (iii) Imetame Energia Ltda.; (iv) the Company's subsidiary, Seacrest Petróleo S.A.; and (v) Karavan (a former shareholder of the Cricaré SPV). *Sindipetro-ES*' claim is based on possible environmental damage arising from an oil spill in Lagoa Parda, a field that is owned and operated by Imetame Energia Ltda. *Sindipetro-ES* argues that the Lagoa Parda spill demonstrates, in theory, the lack of technical capacity of the companies acquiring assets from Petrobras. Despite the fact that the oil spill that is the subject matter of the lawsuit has no relation to Karavan or Seacrest's operations, *Sindipetro-ES* claims that neither company, which have also been involved in acquiring assets from Petrobras, has the financial or technical capacity to operate complex activities such as oil exploitation. According to *Sindipetro-ES*, any oil spills arising from such sites would lead to significant environmental damages.

Based on that argument, *Sindipetro-ES* requested, as injunctive relief, (i) the suspension of the transfer of the oil exploitation sites referred to in the lawsuit until they undergo an environmental due diligence review that confirms the sites' regularity; and (ii) that all companies named as defendants present documents that attest to the regularity of their operations, mainly from an occupational, safety, environmental and social standpoint. On the merits, *Sindipetro-ES* requested the cancelling of the agreements signed between Petrobras and the other oil companies named as defendants, in addition to requiring them to pay an amount (yet to be established) on behalf of the affected communities, as compensation for the material and moral damages caused due to the Lagoa Parda accident.

Oil workers unions have filed similar claims in other states in which Petrobras has divested assets in an effort to cancel Petrobras' divestment transactions. No injunctions have been granted in respect of any of such other claims and in some cases final decisions have been rendered against the unions.

On 14 September 2022, Petrobras and the Federal Government presented petitions to the court addressing *Sindipetro-ES*'s lack of standing to make its claim, as well as the absence of any factual basis for its allegations. On 15 September 2022, the court denied *Sindipetro-ES*'s request for an injunction, stating that it had not presented any evidence to support its allegations and that its standing to file the claim was questionable. On 22 September 2022, *Sindipetro-ES* filed an appeal with the Federal Court of Appeals of the 2<sup>nd</sup> Region (TRF-2) in respect of the lower court's denial of *Sindipetro-ES*'s request for an injunction. In a decision issued on 19 October 2022, the Federal Court of Appeals of the 2<sup>nd</sup> Region (TRF-2) denied *Sindipetro-ES*'s appeal. The case is ongoing. The Company believes *Sindipetro-ES*'s claims are entirely without merit and unlikely to prevail.

## 9 CAPITALIZATION AND INDEBTEDNESS

### 9.1 Introduction

The financial information presented in this Section 9 provides information about the Group's unaudited consolidated capitalization and net financial indebtedness on an actual basis as of 30 September 2022, and in the "As adjusted" column, the Group's unaudited consolidated capitalization and financial indebtedness as of 30 September 2022 on an adjusted basis to give effect to the Offering (as explained in Section 17 below), the New Credit Agreement (see Sections 12.5.2 and 12.7.4) and the Norte Capixaba Acquisition (see Section 8.5).

The financial information presented below should in its entirety be read in connection with the financial information included elsewhere in this Prospectus, in particular Section 10 "Selected Historical Financial Information and Other Information", Section 11 "Unaudited pro forma financial information", Section 12 "Operating and financial review", as well as the Financial Information and related notes, attached to this Prospectus as Appendices D and E.

The "As adjusted" column illustrates the Group's unaudited consolidated capitalization and net financial indebtedness as of 30 September 2022 with relevant figures derived from the Interim Financial Statements, giving effect to the material subsequent balance sheet events described below:

- Gross proceeds in the amount of approximately USD 250 million from the Offering, which will result in net proceeds of approximately USD 240 million from the issue of 260,000,000 million New Shares at the Offer Price, assuming that the Company's expenses in the Offering and Listing amount to approximately USD 12.5 million.
- The Group has secured funding of USD 300 million through the New Credit Agreement (see Sections 12.5.2 and 12.7.4 below).
- The contemplated Norte Capixaba Acquisition with a closing consideration of USD 405 million (see Section 8.5).

The adjustments made in the tables in Sections 9.2 and 9.3 are made solely on the above assumptions. Other than the above, there have been no material changes to the Group's unaudited consolidated capitalization and net financial indebtedness since 30 September 2022. Further, no material changes will incur in connection with the Offering.

### 9.2 Capitalization

The following table sets forth information about the Group's unaudited consolidated capitalization as of 30 September 2022, derived from the Interim Financial Statements.

<i>(in USD 1,000)</i>	As of 30 September 2022	Norte Capixaba Acquisition Pro forma <sup>5</sup>	Adjustment	As Adjusted
<b>Current debt</b>				
Guaranteed	-	-	-	-
Secured	-	-	-	-
Unguaranteed/unsecured	22,421 <sup>1</sup>	-	-	22,421
<b>Total current debt</b>	<b>22,421</b>	<b>-</b>	<b>-</b>	<b>22,421</b>
<b>Non-current debt</b>				
Guaranteed	158,182 <sup>2</sup>	63,710	-	221,892

<i>(in USD 1,000)</i>	As of 30 September 2022	Norte Capixaba Acquisition Pro forma <sup>5</sup>	Adjustment	As Adjusted
Secured	63,295 <sup>3</sup>	236,705	-	300,000
Unguaranteed/unsecured	20,108 <sup>4</sup>	16,324	-	36,432
<b>Total non-current debt</b>	<b>241,585</b>	<b>316,740</b>	<b>-</b>	<b>558,324</b>
<b>Total liabilities (A)</b>	<b>264,006</b>	<b>316,740</b>	<b>-</b>	<b>580,745</b>
<b>Shareholders' equity</b>				
Share capital	2	-	3	5
Legal reserves	74,997	-	237,497 <sup>6</sup>	312,494
Other reserves	-102,432	-15,842	-	-118,274
<b>Total equity (B)</b>	<b>-27,433</b>	<b>-15,842</b>	<b>237,500</b>	<b>194,225</b>
<b>Total capitalization (A+B)</b>	<b>236,573</b>	<b>300,897</b>	<b>237,000</b>	<b>774,971</b>

**Explanation to the 30 September 2022 balances:**

- 1) The unguaranteed/unsecured current debt contains taxes payable of USD 0.6 million, supplier and other accounts payable of USD 1.9 million, short-term portion of lease payable of USD 2.4 million, employee benefits and compensation payable of USD 0.9 million and short-term portion of derivative financial instruments of USD 16.6 million. The lease payable relates to contracts for use of transport vehicles, forklifts and a land-based production rig unit. The lease payable is not secured.
- 2) Guaranteed non-current debt consist of the Company's future contingent consideration to Petrobras for the Cricaré Cluster of USD 107 million. The Cricaré Cluster future contingent consideration is secured by a parent company guarantee. In addition there is a provision for decommissioning costs of USD 51.3 million, guaranteed by pledge of oil and bank guarantee.
- 3) The secured non-current debt consists of two loans from Mercuria (see Section 12.7.1 and 12.7.2), secured in substantially all of the Group's assets. Plus convertible loan notes issued by the Company to Mercuria and another investor (see Section 12.7.3). The convertible loan notes are secured by a third ranking share charge over the shares in Seacrest Petroleo Cricare Bermuda Limited, plus substantially all of the Group's assets.
- 4) Unguaranteed/unsecured non-current debt contains accounts payable with related parties of USD 0.3 million, long term portion of lease payable of USD 3.7 million and long-term portion of derivative financial instruments of USD 16.1 million. The lease payable relates to contracts for use of transport vehicles, forklifts and a land-based production rig unit. The lease payable is not secured.

**Pro forma adjustments**

- 5) The data set forth in this column reflects the effects of the contemplated Norte Capixaba Acquisition as if the transactions happened on 30 September 2022. The adjustments includes, amongst other items of the Company's future contingent consideration to Petrobras for the Norte Capixaba Cluster of USD 49.5 million and provision for decommissioning costs of USD 14.2 million, guaranteed by pledge of oil and bank guarantee and debt financing for the contemplated acquisition. Please see Section 11 "*Unaudited pro forma financial information*" for further information about the adjustments.

**Adjustments**

- 6) The adjustment amount includes approximately USD 250 million from the 260,000,000 million New Shares to be issued at the Offer Price, deducted by the Company's expenses in the Offering amounting to approximately USD 12.5 million.



### 9.3 Net financial indebtedness

The following table sets forth information about the Group's unaudited net financial indebtedness as of 30 September 2022, derived from the Interim Financial Statements.

<i>(in USD 1,000)</i>	As of 30 September 2022	Norte Capixaba Acquisition Pro forma <sup>7</sup>	Adjustment	As Adjusted
(A) Cash	12,828 <sup>1</sup>	-178,158	237,500 <sup>8</sup>	72,170
(B) Cash equivalents	-	-	-	-
(C) Trading securities	5,948 <sup>2</sup>	-	-	5,948
<b>(D) Liquidity (A)+(B)+(C)</b>	<b>18,776</b>	<b>-178,158</b>	<b>237,500</b>	<b>78,118</b>
(E) Current financial receivables	-	-	-	-
(F) Current bank debt	-	-	-	-
(G) Current portion of non-current debt	-	-	-	-
(H) Other current financial debt	2,419 <sup>3</sup>	-	-	2,419
<b>(I) Current financial debt (F)+(G)+(H)</b>	<b>2,419</b>	<b>-</b>	<b>-</b>	<b>2,419</b>
<b>(J) Net current financial indebtedness (I)-(E)-(D)</b>	<b>-16,357</b>	<b>178,158</b>	<b>-237,500</b>	<b>-75,699</b>
(K) Non-current loans	45,120 <sup>4</sup>	254,880	-	300,000
(L) Bond issues	18,175 <sup>5</sup>	-18,175	-	-
(M) Other non-current financial debt	3,701 <sup>6</sup>	-	-	3,701
<b>(N) Non-current financial indebtedness (K)+(L)+(M)</b>	<b>66,996</b>	<b>236,705</b>	<b>-</b>	<b>303,701</b>
<b>(O) Net financial indebtedness (J)+(N)</b>	<b>50,639</b>	<b>414,863</b>	<b>-237,500</b>	<b>228,002</b>

#### Explanation to the 30 September 2022 balances:

- 1) Cash consist of USD 12.8 million in cash.
- 2) Trading securities consist of USD 5.9 million of bank deposit certificates.
- 3) Other current financial debt consist of USD 2.4 million in current portion of lease liability.
- 4) Non-current loans consists of USD 45 million related to the Senior and Junior Facility Agreements with Mercuria in relation to the acquisition of the Cricaré Cluster.
- 5) Bond issues consist of USD 18 million related to convertible loan notes issued to Mercuria and one other.
- 6) Other non-current financial debt consist of USD 3.7 million of lease liability.

#### Pro forma adjustments

- 7) The data set forth in this column reflects the effects of the contemplated Norte Capixaba Acquisition as if the transactions happened on 30 September 2022. The adjustments includes, amongst other settlement and draw down of a loan for the contemplated Norte Capixaba Acquisition. Please see Section 11 "*Unaudited pro forma financial information*" for further information about the adjustments.

#### Adjustments

- 8) The adjustment amount includes approximately USD 250 million from the 260,000,000 million New Shares to be issued in the Offering at the Offer Price, deducted by the Company's expenses in the Offering amounting to approximately USD 12.5 million.

## 10 SELECTED HISTORICAL FINANCIAL INFORMATION AND OTHER INFORMATION

### 10.1 Introduction, basis for preparation

The selected financial information included in this Section has been extracted from the Financial Information, consisting of the Annual Financial Statements as of and for the years ended 31 December 2021, 2020 and 2019 and the Interim Financial Statements as of and for the nine-month period ended 30 September 2022 and 2021, as defined and further detailed in Section 4.3.1 "*Financial information*" above. All financial information included in this Section should therefore be read in connection with, and is qualified in its entirety by reference to, the Financial Information, attached hereto as Appendices D and E.

### 10.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please refer to note 1 of the Annual Financial Statements, attached to this Prospectus as Appendix D.

### 10.3 Independent Auditor

The Company's independent auditor is KPMG Auditores Independentes Ltda. ("**KPMG Brazil**") with business registration number 57.755.217/0003-90 and its registered address Rua do Passeio, 38 – Setor 2 – 17o andar – Centro – Rio de Janeiro, Brazil. The partners of KPMG Brazil are members of the Institute of Independent Auditors of Brazil (IBRACON). KPMG Brazil has been appointed as the Company's independent auditor since 4 March 2022, and has audited the Company's financial statements for the financial year 2019 and onwards.

All of the Annual Financial Statements included in this Prospectus were audited by KPMG Brazil after the appointment of KPMG Brazil in March 2022, and related reports are included together with the Annual Financial Statements as Appendix D.

With respect to the Interim Financial Statements, KPMG Brazil has reported that they have applied limited procedures in accordance with professional standards for a review of such financial information. However, their separate report included in Appendix E states that they did not perform an audit as defined, and that they do not express an opinion on the Interim Financial Statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

With respect to the unaudited Pro Forma Financial Information included in the Prospectus, KPMG Brazil has applied assurance procedures in accordance with the International Standard on Assurance Engagements 3420, "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" in order to express an opinion as to whether the unaudited Pro Forma Financial Information has been properly compiled on the basis stated, and that such basis is consistent with the accounting policies of the Company. KPMG Brazil's report on the unaudited Pro Forma Financial Information is included in Appendix F. KPMG Brazil has not audited, reviewed or produced any report on any other information provided in this Prospectus.

#### 10.4 Consolidated statement of profit or loss and other comprehensive income

The table below sets out data from the Company's consolidated statement of profit or loss and other comprehensive income as derived from the Interim Financial Statements and the Annual Financial Statements.

<i>(in USD 1,000)</i>	9 months ended 30 September 2022	9 months ended 30 September 2021	2021	2020	2019
Revenue from oil sales	22,978	-	-	-	-
Cost of sales and services	-26,504	-	-	-	-
<b>Gross loss</b>	<b>-3,525</b>	-	-	-	-
General and administrative expenses	-19,715	-6,878	-14,558	-5,222	-1,110
<b>Operating loss</b>	<b>-23,241</b>	<b>-6,878</b>	<b>-14,558</b>	<b>-5,222</b>	<b>-1,110</b>
Financial income	2,905	37	1,063	-	-
Financial expenses	-73,367	-1	-516	-46	-3
<b>Net loss for the period</b>	<b>-93,702</b>	<b>-6,843</b>	<b>-14,011</b>	<b>-5,267</b>	<b>-1,113</b>
<b>Other comprehensive income:</b>					
Currency translation adjustments	6,759	-442	143	1,041	-
Total comprehensive loss	-86,943	-7,285	-13,867	-4,226	-1,113

The development in the statement of profit or loss is described further in Section 12.3 "The Group's results of operations".

#### 10.5 Consolidated statement of financial position

The table below sets out data from the Company's consolidated statement of financial position as derived from the Interim Financial Statements and the Annual Financial Statements.

<i>(in USD 1,000)</i>	30 September 2022	31 December 2021	31 December 2020	31 December 2019
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	12,828	16,909	428	3
Securities	5,948	5,106	-	-
Advances and prepaid expenses	1,897	660	25	-
Accounts receivable with related parties	33	22	12	-
Recoverable taxes	4	1	-	-
Inventory	8,869	14	-	-
Derivative financial instruments	2,312	-	-	-
<b>Total current assets</b>	<b>31,891</b>	<b>22,712</b>	<b>465</b>	<b>3</b>
<b>Non-current assets</b>				
Accounts receivable with related parties	296	271	-	-
Recoverable taxes	1,954	-	-	-
Advances for the acquisition of oil and gas assets	35,850	-	11,865	-

<i>(in USD 1,000)</i>	30 September 2022	31 December 2021	31 December 2020	31 December 2019
Property, plant and equipment	50,106	45,869	-	-
Intangible assets	116,476	121,641	-	-
<b>Total non-current assets</b>	<b>204,683</b>	<b>167,781</b>	<b>11,865</b>	-
<b>TOTAL ASSETS</b>	<b>236,573</b>	<b>190,493</b>	<b>12,329</b>	<b>3</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Taxes payable	603	36	19	-
Supplier and other accounts payable	1,943	746	352	203
Supplier and other accounts payable – related parties	-	-	28	-
Lease payable	2,420	-	-	-
Employee benefits and compensation payable	892	158	31	-
Derivative financial instruments	16,564	-	-	-
<b>Total current liabilities</b>	<b>22,421</b>	<b>941</b>	<b>430</b>	<b>203</b>
<b>Non-current liabilities</b>				
Accounts payable to related parties	274	9,013	3,277	1,805
Financial loans with related parties	60,120	44,245	-	-
Financial loans	3,175	-	-	-
Lease payable	3,701	-	-	-
Provision for decommissioning costs	51,255	44,164	-	-
Contingent consideration	106,926	82,877	-	-
Derivative financial instruments	16,133	-	-	-
<b>Total non-current liabilities</b>	<b>241,585</b>	<b>180,300</b>	<b>3,277</b>	<b>1,805</b>
<b>TOTAL LIABILITIES</b>	<b>264,006</b>	<b>181,241</b>	<b>3,707</b>	<b>2,008</b>
<b>EQUITY</b>				
Share capital	2	1	1	1
Share premium	74,997	25,998	13,176	-
Other reserves	4,613	3,355	1,678	-
Currency translation adjustments	7,945	1,185	1,041	-
Accumulated losses	-114,989	-21,287	-7,273	-2,006
<b>TOTAL EQUITY</b>	<b>-27,433</b>	<b>9,252</b>	<b>8,623</b>	<b>-2,006</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>236,573</b>	<b>190,493</b>	<b>12,329</b>	<b>3</b>

The development in the financial position is commented further in Section 12.4 “*Statement of the Group’s financial position*”.

## 10.6 Consolidated statements of cash flow

The table below sets out data from the Company's consolidated statement of cash flow as derived from the Interim Financial Statements and the Annual Financial Statements. The development in cash flow is described further in Section 12.4 "Statement of the Group's liquidity and capital resources".

<i>(in USD 1,000)</i>	For the 9 months period ended 30 September 2022	For the 9 months period ended 30 September 2021	2021	2020	2019
Net loss for the period	-93,702	-6,842	-14,011	-5,267	-1,113
<i>Adjustments to net loss</i>					
Depreciation and amortization	18,495		4	-	-
Share based payment	1,258	1,258	1,678	1,678	-
Contingent liability adjustment	24,050		-	-	-
Asset retirement obligation adjustment	7,091		-	-	-
Hedging costs (unrealized)	30,384		-	-	-
Interest on leasing	704		-	-	-
Interest on financial loans	5,771		145	-	-
Interest on bank deposits	-842		-	-	-
Others	-		-3	-	-
<i>Changes in assets and liabilities</i>					
Advances and prepaid expenses	-1,236	-75	-636	-25	-
Inventory	-8,855		-	-	-
Inventories – oil	-		-14	-	-
Recoverable taxes	-1,957		-1	-	-
Accounts receivable with related parties	-36	-227	-281	-12	912
Supplier and other accounts payable	1,197	637	395	148	203
Taxes payable	566	10	18	19	-
Employee benefits and compensation payable	734	33	127	31	-
Supplier and other accounts payable – related parties	-	-28	-28	28	-
Accounts payable to related parties	-8,739	-827	5,737	3,277	-
<b>Net cash used in operating activities</b>	<b>-25,119</b>	<b>-6,062</b>	<b>-6,871</b>	<b>-1,928</b>	<b>3</b>
Interest paid	-4,721		-	-	-
<b>Net cash flow used in operating activities</b>	<b>-29,839</b>	<b>-6,062</b>	<b>-6,871</b>	<b>-1,928</b>	<b>3</b>
Purchase of securities			-5,106	-	-
Advances for the acquisition of oil and gas assets	-35,850	-	-	-11,865	-
Property, plant & equipment acquisitions	-2,699	-	-1,708	-	-
Intangible acquisitions	-	-	-26,899	-	-
<b>Net cash flow used in investing activities</b>	<b>-38,549</b>	<b>-</b>	<b>-33,714</b>	<b>-11,865</b>	<b>-</b>
Capital increase	49,000	9,223	12,822	13,177	-
Borrowing costs	-		-900		
Financial loan	18,000		45,000	-	-
Lease payments	-1,428				
<b>Net cash provided by financing activities</b>	<b>65,572</b>	<b>9,223</b>	<b>56,922</b>	<b>13,177</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>-2,816</b>	<b>3,161</b>	<b>16,337</b>	<b>-616</b>	<b>3</b>

<i>(in USD 1,000)</i>	For the 9 months period ended 30 September 2022	For the 9 months period ended 30 September 2021	2021	2020	2019
Cash and cash equivalents at the beginning of the period	16,909	428	428	3	-
Effect of movements in exchange rates on cash held	-1,265	-442	143	1,041	-
<b>Cash and cash equivalents at the end of the period</b>	<b>12,828</b>	<b>3,147</b>	<b>16,909</b>	<b>428</b>	<b>3</b>

## 10.7 Consolidated statement of changes in equity

The table below sets out data from the Company's consolidated statement of changes in equity as derived from the Interim Financial Statements and the Annual Financial Statements.

<i>(in USD 1,000)</i>	Share capital	Share premium	Currency translation reserve	Other reserves	Accum. losses	Total equity
<b>Equity at 1 January 2022</b>	<b>1</b>	<b>25,998</b>	<b>1,185</b>	<b>3,355</b>	<b>-21,287</b>	<b>9,252</b>
Loss for the period					-93,702	-93,702
<i>Other comprehensive income</i>						
Currency translation adjustment			6,759			6,759
<b>Total comprehensive loss for the period</b>			<b>6,759</b>		<b>-93,702</b>	<b>-86,943</b>
Capital increase	1	49,000				49,000
Share based payment				1,258		1,258
<b>Total transactions with owners of company, recognized directly in equity</b>	<b>1</b>	<b>49,000</b>		<b>1,258</b>	<b>-</b>	<b>50,258</b>
<b>Equity at 30 September 2022</b>	<b>2</b>	<b>74,997</b>	<b>7,944</b>	<b>4,613</b>	<b>-114,989</b>	<b>-27,433</b>
<b>Equity at 1 January 2021</b>	<b>1</b>	<b>13,176</b>	<b>1,041</b>	<b>1,678</b>	<b>-7,273</b>	<b>8,623</b>
Loss for the year					-14,011	-14,011
<i>Other comprehensive income</i>						
Currency translation adjustments			143			143
<b>Total comprehensive loss for the year</b>			<b>143</b>		<b>-14,011</b>	<b>-13,867</b>
Capital increase	-	12,822				12,822
Share based payment				1,678		1,678
Others					-3	-3
<b>Total transactions with owners of company, recognized directly in equity</b>		<b>12,822</b>		<b>1,678</b>	<b>-3</b>	<b>14,497</b>
<b>Equity at 31 December 2021</b>	<b>1</b>	<b>25,998</b>	<b>1,185</b>	<b>3,355</b>	<b>21,287</b>	<b>9,252</b>
<b>Equity at 1 January 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2,006</b>	<b>-2,006</b>
Loss for the year					-5,267	-5,267
<i>Other comprehensive income</i>						
Currency translation adjustments			1,041			1,041
<b>Total comprehensive Loss for the year</b>			<b>1,041</b>		<b>-5,267</b>	<b>-4,226</b>
Capital increase	1	13,176				13,177
Share based payment				1,678		1,678

<i>(in USD 1,000)</i>	Share capital	Share premium	Currency translation reserve	Other reserves	Accum. losses	Total equity
<b>Total transactions with owners of company, recognized directly in equity</b>	1	13,176		1,678		14,854
<b>Equity at 31 December 2020</b>	1	13,176	1,041	1,678	-7,273	8,623
<b>Equity at 1 January 2019</b>	-	-	-	-	-	-
Loss for the year					-2,006	-2,006
<i>Other comprehensive income</i>						
Currency translation adjustments						
<b>Total comprehensive loss for the year</b>					2,006	2,006
Capital increase	-					
Share based payment						
<b>Total transactions with owners of company, recognized directly in equity</b>						
<b>Equity at 31 December 2019</b>		-	-	-	-2,006	-2,006

## 10.8 Segment information

### 10.8.1 Introduction

Operating segments are defined as components of an entity for which separate financial statements are available and are regularly evaluated by the chief operating decision maker in order to allocate resources in evaluating the performance of managers in a given segment. By this definition, the Group has a single operating segment, which consists of oil and gas exploration and production (E&P).

All E&P costs within the Group are located in Brazil.

### 10.8.2 Total revenue and other operating income for the financial years ended 31 December 2021, 2020 and 2019, and for the nine-month periods ended 30 September 2022

The table below sets out total revenue and other operating income divided into “Revenues from contracts with customers” and “other operating income” as extracted from the Financial Information for the financial period covered by this Prospectus:

<i>(in USD 1,000)</i>	30 September 2022	2021	2020	2019
Revenues from contracts with customers	23,761	-	-	-
Taxes on earnings – PIS	-140	-	-	-
Taxes on earnings – COFINS	-643	-	-	-
<b>Total Revenue</b>	<b>22,978</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 10.8.3 *Distribution of revenue from customers for the financial years ended 31 December 2021, 2020 and 2019, and for the nine-month periods ended 30 September 2022*

The table below sets out the distribution of revenue from customers as recognized over time or at point in time for the financial year ended 31 December 2021, 2020 and 2019, and for the nine-month period ended 30 September 2022 and 2021.

<i>(in USD 1,000)</i>	30 September 2022	2021	2020	2019
Petróleo Brasileiro S.A. – Petrobras	23,761	-	-	-

### 10.9 **Related party transactions**

#### 10.9.1 *Introduction*

The Group enters into transactions with related parties who are not part of the Group during the financial year. The Group also enters into transactions with related parties who are part of the Group, and such transactions are eliminated upon consolidation of the Group's financial statements. All transactions have been entered into in accordance with the arms' length principle, meaning that prices and other main terms and conditions are deemed to be commercial.

Set out in Section 10.9.2 below are overviews and summaries of the Group's related party transactions for the periods covered by the Financial Information included in this Prospectus and up to the date of this Prospectus, as extracted from the Financial Information.

#### 10.9.2 *Transactions carried out with related parties in the years ended 31 December 2021, 2020 and 2019 which are extracted from the Annual Financial Statements*

The Group had the following transactions with related parties for the year ended 31 December 2021, 2020 and 2019, which are extracted from the Annual Financial Statements:

<i>(in USD 1,000)</i>	2021	2020	2019
<b>Accounts receivable with related party - Current:</b>			
Azibras Exploração de Petróleo e Gás Ltda	16	11	-
Seacrest Partners III, L.P.	6	1	-
<b>Total</b>	<b>22</b>	<b>12</b>	<b>-</b>

The balances above represent general and administrative expenses paid by the Group on behalf of the related parties listed.

<i>(in USD 1,000)</i>	2021	2020	2019
<b>Accounts receivable with related party - Non current:</b>			
Azibras Exploração de Petróleo e Gás Ltda	271	-	-



<i>(in USD 1,000)</i>	2021	2020	2019
<b>Supplier and other accounts payable- related parties - Current</b>			
AziLat Limited	-	28	-

The amount recorded in 2020 represents general and administrative expenses paid on behalf of the Group in 2021.

<i>(in USD 1,000)</i>	2021	2020	2019
Accounts payable to related parties – non current			
Seacrest Partners Limited	3,500	-	-
Azimuth II Limited	2,058	-	-
Seacrest Group Limited	1,569	2,229	1,483
Seacrest Capital Group Limited	1,149	91	69
Azimuth Group Services Limited	738	957	254
<b>Total</b>	<b>9,013</b>	<b>3,277</b>	<b>1,805</b>

The balances represent operating costs of the Group paid by those various related party entities and are expected to be paid in the next twelve months.

On 21 August 2020, the Company entered into a guarantee fee agreement with an affiliate of Seacrest Group Limited (the "**Guarantor**") regarding fees payable by the Company to the Guarantor in return for the Guarantor guaranteeing to Petrobras the payment of all present and future contingent consideration and all amounts payable by the Cricaré SPV to Petrobras in connection with the acquisition of the Cricaré Cluster. Under the guarantee fee agreement, the Company undertook to pay a guarantee fee to the Guarantor equivalent to 3% per annum of the maximum contingent liability value outstanding from time to time under the guarantee, commencing on the signing date. That fee will be payable up to and including the date on which the Guarantor is unconditionally released from all obligations under the guarantee, or the guarantee is otherwise terminated with no further liability accruing to the Guarantor. On 1 October 2020, the Company entered into an agreement with the Guarantor in which the Company agreed to indemnify it for any amounts paid by the Guarantor under the guarantee. On 8 November 2021, the Cricaré SPV entered into a letter agreement with the Company in which it agreed to pay to the Company amounts equal to the guarantee fee amounts being paid by the Company to the Guarantor. All such agreements were entered into on an arm's length basis, and the guarantee fee was determined and agreed based on research regarding the guarantee fee that would be payable for an equivalent guarantee from a third party bank.

#### **Compensation of key-management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries, directly or indirectly, including all executive and non-executive directors. The compensation paid or payable to key management for employee services is shown below:

Salaries and other employee benefits incurred during the years ended 31 December 2021 and 31 December 2020:

<i>(in USD 1,000)</i>	2021	2020
	<b>3,479</b>	<b>2,758</b>

## Transactions carried out with related parties in the nine-month period ended

The Group had the following transactions with related parties for the nine-month period ended 30 September 2022:

<i>(in USD 1,000)</i>	<b>30 September 2022</b>
<b>Accounts receivable with related party - Current:</b>	
Azibras Exploração de Petróleo e Gás Ltda	17
Seacrest Partners III, L.P.	6
Azimuth Group Services Limited	2
Seacrest Group Limited	8
<b>Total</b>	<b>33</b>

The balances above represent general and administrative expenses paid by the Group on behalf of the related parties listed.

<i>(in USD 1,000)</i>	<b>30 September 2022</b>
<b>Accounts receivable with related party - Non current:</b>	
Azibras Exploração de Petróleo e Gás Ltda	296

<i>(in USD 1,000)</i>	<b>30 September 2022</b>
<b>Accounts payable to related parties – Non current</b>	
Seacrest Capital Group Limited	63
Azimuth Group Services Limited	211
<b>Total</b>	<b>274</b>

The balances above represent operating costs of the Group paid by certain related party entities and are not expected to be paid in the next twelve months.

<i>(in USD 1,000)</i>	<b>30 September 2022</b>
<b>Financial loans with related parties</b>	
Mercuria Energy Trading S.A. ("Senior Facility Agreement") (i) (iii)	34,207
Mercuria Energy Trading S.A. ("Junior Facility Agreement") (ii) (iii)	10,038
Mercuria Asset Holdings (Hong Kong) Limited (v) (vi)	15,575
<b>Total</b>	<b>60,120</b>

### Notes:

- 1) On December 21, 2021, Mercuria and the Cricaré SPV entered into the Senior Facility Agreement, with a principal amount of USD 35,000,000 and a maturity date of 27 September 2027, with the loans bearing compound interest of 12% plus USD LIBOR per year. Although the USD LIBOR is to be discontinued, Management does not expect a material impact, since the facility agreement provides for a similar reference interest rate.
- 2) On 21 December 2021, Mercuria and the Cricaré SPV entered into the Junior Facility Agreement, with a principal amount of USD 10,000,000 and a maturity date of 21 June 2027, with the loans bearing compound interest of 15% plus USD LIBOR per year. Although the USD LIBOR is to be discontinued, Management does not expect a material impact, since the facility agreement provides for a similar reference interest rate.
- 3) The financial covenants and other covenants of the Senior and Junior Facility Agreements are further described in Sections 12.7.1 and 12.7.2.
- 4) In accordance with the terms of the Senior and Junior Facility Agreements, Mercuria received a USD 900,000 arrangement fee.
- 5) On 22 February 2022, the Company issued the Notes in the principal amount of USD 15 million to Mercuria. The Notes mature in 2025 and bear interest at a fixed rate that steps up on an annual basis: 10% for the first year of the Notes' term, 12.5% for the second year and 15% for the third year. The proceeds of the Notes were used to pay a portion of the deposit owed by SPE Norte Capixaba to Petrobras under the purchase agreement for the Norte Capixaba Acquisition.

- 6) As consideration for Mercuria facilitating the financing of the Company's acquisition of the Cricaré Cluster and the signing of the purchase agreement with Petrobras for the Norte Capixaba Acquisition, the Company issued the Mercuria Warrant 1, Mercuria Warrant 2 and Mercuria Warrant 3 to Mercuria Asset Holdings (Hong Kong) Limited. The Mercuria warrants are further described in Section 12.7.4.

#### **10.10 Working capital statement**

The Company is of the opinion that the working capital available to the Company is not sufficient for the Company's present requirements, for the period covering at least 12 months from the date of this Prospectus. Unless additional capital is obtained through the Offering, the Company expects that it may not be able to comply with its financial commitments during 2023. The working capital shortfall will arise when payment of the closing consideration in the Norte Capixaba Acquisition falls due, which is expected to occur on or around 23 February 2023, or such later date as the Norte Capixaba Acquisition is completed.

According to the Company's plan to complete the Norte Capixaba Acquisition, the Company expects it will need minimum USD 180,000,000 in order to have sufficient working capital for the period covering at least 12 months from the date of this Prospectus. The Company expects to obtain the required working capital through the Offering of up to USD 250,000,000 to allow for a buffer and flexibility. However, if the Offering is unsuccessful, other actions may need to be taken, such as to reconsider the closing of the Norte Capixaba Acquisition and/or obtaining other financing, including through private placement of shares with existing and/or new shareholders.

The implications of an unsuccessful Offering and the failure of any alternative action or financing during Q1 2023 may mean that it will take longer for the Company to close the Norte Capixaba Acquisition, or a closing of the Norte Capixaba Acquisition will not be possible. The Company is, however, confident that the Offering, or alternative other action plans, will be successful.

## 11 UNAUDITED PRO FORMA FINANCIAL INFORMATION

### 11.1 Introduction

As of the date of this Prospectus, the consummation of the Norte Capixaba Acquisition remains subject to regulatory approvals and is expected to occur in February 2023, following completion of the Listing. As further described in Section 4.3.1 "*Financial information*" of the Prospectus, the Norte Capixaba Acquisition triggers the requirement to include the pro forma financial information in the Prospectus.

The Norte Capixaba Acquisition will be carried out as an asset acquisition. The principal reason for treating this transaction as such is the lack of an acquired substantive process which would allow the inputs in this transaction to derive outputs i.e., a lack of an acquired workforce that would allow this asset to function as a business on a stand-alone basis. The assets that compose the Norte Capixaba Cluster currently are owned and operated by Petrobras directly, and not by a separate subsidiary, and are not a separate line of business or separately identifiable in Petrobras' financial statements. Petrobras has not prepared financial statements for these assets, and has not maintained the distinct and separate accounts necessary to present the full financial statements or full carve-out financial statements for these assets. As was the case in its other recent sale processes, Petrobras did not provide bidders or the ultimate purchaser with any historical financial information relating to the Norte Capixaba assets in connection with the sale process, and the purchase of the assets has been negotiated based only on reserves, operating and production data. As a result, the Pro Forma Financial Information do not contain unadjusted financial information for the Norte Capixaba Cluster. Such information would have been included in an ordinary pro forma compiled to Annex 20 to the Delegated Regulation (EU) 2019/980, and consequently, the Pro Forma Financial Information does not contain complete pro forma information pursuant to the full requirements of Annex 20. The Pro Forma Financial Information includes a pro forma balance sheet as of 30 September 2022 only and no pro forma profit and loss account reflecting the results of the Norte Capixaba Acquisition. However, in light of the way in which Petrobras historically operated these assets, the Company believes that there is not sufficient continuity of the operations prior to and after the Norte Capixaba Acquisition, and therefore disclosure of complete prior historical financial information is not material to an understanding of the future operations of the assets.

### 11.2 The Norte Capixaba Transaction

Please refer to Section 8.5 "*Contemplated acquisition of the Norte Capixaba Cluster*" of the Prospectus for more detailed information about the Norte Capixaba Acquisition.

### 11.3 Cautionary note regarding the Pro Forma Financial Information

The Pro Forma Financial Information has been prepared to show how the Norte Capixaba Acquisition would have affected the Company's financial position and consolidated balance sheet as of 30 September 2022, if the Norte Capixaba Acquisition had taken place on 30 September 2022.

The Pro Forma Financial Information is based on certain management assumptions and adjustments. These assumptions might not necessarily have been applied had the Norte Capixaba Acquisition been completed for the purposes of financial reporting in such period. Because of its nature, the unaudited pro forma balance sheet addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position if the Norte Capixaba Acquisition had in fact occurred on the dates mentioned above and is not representative of the financial position for any future periods. Investors are cautioned not to place undue reliance on this unaudited pro forma balance sheet. The unaudited pro forma balance sheet does not include all of the information required for financial statements under the IFRS and should be read in conjunction with the Company's Annual Financial Statements and Interim Financial Statements, included in [Appendix D](#) and [Appendix E](#) of the Prospectus, respectively.

The Pro Forma Financial Information has been compiled in connection with the Prospectus prepared for the purposes of the contemplated Offering and Listing to comply with the Norwegian Securities Trading Act and the EU

Prospectus Regulation. It should be noted that the Pro Forma Financial Information is not prepared in connection with an offering registered with the U.S. Securities and Exchange Commission (SEC) under the U.S. Securities Act and consequently is not compliant with the requirements of Regulation S-X for presentation of pro forma financial information. As such, U.S. investors should not rely on the Pro Forma Financial Information included in this Prospectus.

The assumptions underlying the pro forma adjustments and eliminations, for purpose of deriving the Pro Forma Financial Information, are described in the notes to the Pro Forma Financial Information. Neither these adjustments nor the resulting Pro Forma Financial Information have been audited in accordance with Norwegian, United States or Bermuda generally accepted auditing standards. Each reader should carefully consider the Financial Information of the Company and the notes thereto and the notes to the Pro Forma Financial Information.

#### **11.4 Independent practitioner's assurance report on the compilation of pro forma financial information**

With respect to the pro forma balance sheet included in this Prospectus, KPMG Brazil has applied assurance procedures in accordance with International Standards on Assurance Engagements 3420 Assurance Engagement to Report on Compilation of Pro Forma Financial Information Included in a Prospectus in order to express an opinion as to whether the unaudited pro forma financial information has been properly compiled on the basis stated, and that such basis is consistent with the accounting policies of the Company, see [Appendix F](#) of the Prospectus, (Independent Practitioner's Assurance Report on Pro Forma Financial Information). There are no qualifications to this assurance report. KPMG Brazil's procedures on the pro forma balance sheet have not been carried out in accordance with attestation standards and practices generally accepted in the United States of America, and accordingly, should not be relied on as if they had been carried out in accordance with those standards.

#### **11.5 Basis of preparation**

The Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies of the Company (IFRS) applied in the Financial Information, see Section 4.3 "*Presentation of financial information*". The Company has not adopted any new accounting policies in 2023. Please refer to note 1 of the Annual Financial Statements, attached as [Appendix D](#) for a description of the Company's accounting policies.

The Pro Forma Financial Information is based on the Consolidated interim financial statements for the period ended 30 September 2022 of the Company. The consolidated 30 September 2022 statement of financial position includes the assets acquired and liabilities assumed in the Cricaré Cluster acquisition which occurred during December 2021 and the effects of the first 9 months of operation in 2022, and thus represents an unadjusted historical statement of financial position of the Company. The Cricaré Cluster acquisition was accounted for as an asset acquisition as opposed to a business combination. The primary difference between the two principles is that an asset acquisition does not result in the recognition of goodwill, because goodwill (or conversely a gain on bargain purchase) arises out of the acquisition, and valuation, of a business. As with the Cricaré Cluster, the basis for the Pro Forma adjustments incorporating the Norte Capixaba Cluster followed IFRS guidance on an asset acquisition. This meant identifying and recognising all identifiable assets acquired and liabilities assumed in the acquisition. The cost of such was allocated to the individually identifiable assets and liabilities on the basis of their relative fair values. As such the Pro Forma Financial Information does not constitute a full ordinary Annex 20 pro forma as the statement lacks unadjusted financial information for Norte Capixaba which an ordinary Annex 20 pro forma would have been based on. The Pro Forma Financial Information has been prepared under the assumption of going concern, however material uncertainty exists as this is subject to the successful outcome of the contemplated Offering.

#### **11.6 Unaudited pro forma statement of financial position**

The table below sets out the unaudited condensed pro forma statement of financial position of the Company as of 30 September 2022, as if the Norte Capixaba Acquisition has taken place on 30 September 2022.

<i>(in USD 1,000)</i>	Unadjusted historical 30 September 2022	Pro forma adjustments			Pro forma 30 September 2022
		Norte Capixaba Acquisition	Note	Financing 2023	
<b>ASSETS</b>					
<b>Current</b>					
Cash and cash equivalents	12,828	-405,000	A	441,846	49,674
Securities	5,948				5,948
Advances and prepaid expenses	1,897				1,897
Other accounts recoverable with related parties	33				33
Recoverable taxes	4				4
Inventories	8,869	23,352	B		32,221
Derivative financial instruments	2,312	-		-	2,312
<b>Total current assets</b>	<b>31,891</b>	<b>-381,648</b>		<b>441,846</b>	<b>92,089</b>
<b>Non-current assets</b>					
Accounts receivable with related parties	296				296
Recoverable taxes	1,954	-		-	1,954
Advances for the acquisition of oil and gas assets	35,850	-35,850	C		-
Property, plant and equipment (PP&E)	50,106	53,029	D		103,135
Intangible assets	116,476	444,504	E		560,980
<b>Total non-current assets</b>	<b>204,683</b>	<b>461,683</b>		<b>-</b>	<b>666,365</b>
<b>TOTAL ASSETS</b>	<b>236,573</b>	<b>80,035</b>		<b>441,846</b>	<b>758,454</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Taxes payable	603				603
Supplier and other accounts payable	1,943				1,943
Lease payable	2,419				2,419
Employee benefits and compensation payable	892				892
Derivative financial instruments	16,564				16,564
<b>Non-current liabilities</b>					
Accounts payable with related parties	274				274
Financial loans with related parties	60,120			-60,120	-
Financial loans	3,175		I	296,825	300,000
Lease payable	3,700				3,700

<i>(in USD 1,000)</i>	Unadjusted historical 30 September 2022	Pro forma adjustments			Pro forma 30 September 2022	
		Norte Capixaba Acquisition	Note	Financing 2023	Note	
Provision for decommissioning costs	51,255	14,242	F		65,497	
Contingent consideration	106,926	49,469	G		156,395	
Derivative financial instruments	16,133				16,133	
Price adjustment on indexed inventory		16,324	B		16,324	
<b>TOTAL LIABILITIES</b>	<b>264,005</b>	<b>80,035</b>		<b>236,705</b>	<b>580,745</b>	
<b>EQUITY</b>						
Share capital	2				2	
Share premium	74,997			225,000	I	299,997
Other reserves	4,613					4,613
Currency translation reserve	7,944					7,944
Accumulated loss	-114,989			-19,858	I	-134,847
<b>TOTAL EQUITY</b>	<b>-27,433</b>			<b>205,142</b>		<b>177,709</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>236,573</b>	<b>80,035</b>		<b>441,846</b>		<b>758,454</b>

## 11.7 Notes to the Pro Forma Financial Information

### 11.7.1 The Norte Capixaba Acquisition<sup>5</sup>

On 23 February 2022, through the Norte Capixaba SPV, the Company signed a purchase agreement to acquire 100% of the Norte Capixaba Cluster and the related “**Transferred Assets**”, defined as follows:

- the concession contracts;
- the Wells, Included Equipment and the Transferred Records;
- the Additional Equipment;
- the Inventory;
- the Base 61 - Area 2;
- the Stations;
- the Indexed Inventory;
- the TNC;
- the Real Estate, and
- the UTGC Located Pipelines

#### Closing consideration (Note A and C)

The closing consideration for the Norte Capixaba Acquisition is USD 405,000,000, which is the net of agreed gross

<sup>5</sup> Figures in USD, unless otherwise stated

consideration of USD 544,000,000, less contingent consideration of USD 66,000,000, less a deposit of USD 35,850,000 and less pro and contra of USD 37,150,000.

### **Inventory (Note B)**

The total value of Inventory at closing of the Norte Capixaba Acquisition is USD 23,351,882. Inventory includes the Inventory and the indexed inventory. The inventory refers to spare parts, materials and equipment and are separately listed in the SPA. The estimated value of the inventory is BRL 37,995,423.80 which equates to USD 7,027,600 using the Brazil Central Bank PTAX rate as of 30 September 2022 (rate is subject to change at day of closing the acquisition).

The Indexed inventory refers to the amount of the inventory of Petrobras' hydrocarbons contained in the infrastructure of the Transferred Asset after the fiscal metering of each concession. At closing the value of such inventory is determined as USD 16,324,282.

### **Property, plant & equipment (Note D)**

The total value of the Property, Plant and Equipment (PP&E) is USD 53,028,680. PP&E includes the Real Estate, the Steam Generator units and the TNC.

- a) The Real Estate is listed in the purchase agreement with a consideration allocation and the total value of the consideration is BRL 11,765,262 which equates to USD 2,176,093 using the Brazil Central Bank PTAX rate as of 30 September 2022 (rate is subject to change at day of closing the acquisition).
- b) There are 10 Steam Generator units which are expected to have a useful life of 10 years. The age of the units are not known, based on market value, but management have estimated that they have 3 years of remaining useful life, which represents roughly 70% of its useful life, and therefore have assigned a market value of USD 6,000,000.
- c) The TNC with all equipment, machinery, tanks, buoy and all other facilities, except for certain excluded equipment listed in the SPA. The estimated value of the TNC is BRL 242,500,000 USD which equates to USD 44,852,588 using the Brazil Central Bank PTAX rate as of 30 September 2022 (rate is subject to change at day of closing the acquisition). The estimate is based on the operating tariffs that the Transpetro proposed to charge the Company in order to continue to be the operator of the TNC for the next 10 years, less Transpetro's fixed and variable costs, taxes and depreciation.

### **Intangible assets (Note E)**

The asset being acquired refer to future economic benefits expected from the concession contracts. According to IAS 38, an intangible asset shall be measured initially at cost, provided that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. As the right to the underlying reserves of the Norte Capixaba Cluster oil and gas fields are individually tied up to the concession contracts, such right is an intangible asset. The cost of this intangible acquisition corresponds to USD 444,504,165 based on Management's valuation of the concession contracts. Management's valuation is supported by the due diligence performed pre-acquisition in which the technical team estimated the total remaining recoverable oil and gas reserves and resources, associated revenues and costs, and discounted this to a present value. These estimates were also supported by the reserves' independent certification report by D&M, as of 8 November 2021. Total value of the Property, Plant and Equipment (PP&E) is USD 53,028,680 PP&E includes the Real Estate, the Steam Generator units and the TNC.

### **Provision for decommissioning costs (Note F)**

The future decommissioning costs related to each of the Norte Capixaba Cluster oil and gas fields are estimated at BRL 331,000,000 to be paid at the end of the concession period. This liability includes the removal of production facilities, wells' razing, and area recovery. These estimates are supported by the 2022 Annual Work Program delivered by Petrobras to the ANP. The present value of the Decommissioning Cost is recognized at acquisition



date is a liability of BRL 77,000,000 (using 11.99% as discount rate in the present value calculation, which equates to the risk-free rate on a governmental bond in the same currency as the obligation and of a tenor that best reflects the term of the obligation).

The amount of BRL 77,000,000 considers the current expiry date for each concession contract, when the decommissioning activities should be performed. As per CNPE resolution n. 02 as of 3 March 2016, published at the Official Gazette, the ANP is authorized to renew the Fazenda São Rafael concession that would expire in 2025 subject to a new development plan being presented. Management considers that investments would increase the production for this field, increasing its economic life and thus postponing the future decommissioning. However, the concession contract extension is not considered for the ARO present value calculation. It is relevant to note that this decommissioning cost is BRL denominated, given the presentation currency of the financial statements is USD, it is reasonable to expect fluctuations in this balance driven by foreign exchange variation.

Based on Brazilian Central Bank PTAX rate as of 30 September 2022, the equivalent value in USD of BRL 77,000,000 equates USD 14,241,853 (rate is subject to change at day of closing the acquisition).

### Contingent consideration (Note G)

The total purchase price for the Norte Capixaba Cluster, including certain contingent payments as per table below:

		$Payment_t = PaymentCap \times \frac{BrentRefi-50}{65-50}$		
		Provided that: $0 \leq Payment \leq PaymentCap$		
Payment date	Firm Consideration	Max Variable Payments		Max Total consideration
On signing – 23rd February	\$ 35,85			\$ 35,85
On Closing date (Q4 2022)	\$ 442,15			\$ 442,15
31 <sup>st</sup> December 2023		\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2024		\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2025		\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2026		\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2027		\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2028		\$ 11,00	\$	\$ 11,00
<b>Total</b>	<b>478,00</b>	<b>66,00</b>		<b>544,00</b>

Since the contingent event has not yet occurred at the acquisition date, the final amount for the contingent payment is uncertain at the time of initial recognition of the liability. However, the current assessment of the Management concludes that it is very unlikely that the conditions for these instalments will not be met.

The payment schedule above references the formula that drives the function of this variability. The amount to be paid will only vary if the Brent rolling average were to drop below USD 50 per barrel, in a given year.

Given the current Brent price, and future forecasts, the most likely outcome is the Brent price remaining above USD 50 per barrel. Based on this it is highly probable that 100% of the contingent consideration will be payable.

Under this scenario, the net present value of each instalment will be the following:

- 31 December 2023 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 10,032,142.
- 31 December 2024 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 9,218,045.
- 31 December 2025 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 8,496,291.
- 31 December 2026 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 7,834,044.
- 31 December 2027 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 7,224,762.
- 31 December 2028 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 6,663,309.

The total NPV of the future contingent considerations is USD 49,468,593.

### **11.7.2 Financing**

#### **Equity (Note I)**

The pro forma balance sheet includes estimated gross proceeds to the Company from the Offering of common shares of USD 225,000,000. The net proceeds from the Offering is expected to amount to approximately USD 216 million, based on estimated total transaction costs of approximately USD 19,858,155 in connection with the Offering and the Listing to be paid by the Company.

#### **Equity (Note I)**

The Company's subsidiaries intend to enter into a syndicated loan agreement with five banks in Brazil providing for loans of up to USD 300 million in aggregate, which together with the proceeds from the Offering, will be used to finance the balance of the purchase price owed to Petrobras for the Norte Capixaba Cluster and to refinance the USD 44.2 million outstanding debt under the Mercuria loan agreements. The New Credit Agreement will be structured as a pre-export financing or PPE for Brazilian purposes. The Norte Capixaba SPV and the Cricaré SPV will be the borrowers, and Seacrest Petróleo S.A. will be the guarantor. The shares of the Cricaré and Norte Capixaba SPVs will be pledged to the lenders as security for the New Credit Agreement, and the lenders will have a security interest in both entities' respective operating assets and future revenues. For further information please see Sections 9 and 12.7.5 of the Prospectus.

## 12 OPERATING AND FINANCIAL REVIEW

*This operating and financial review should be read together with the Financial Information and related notes included therein. The Financial Information is attached to this Prospectus as Appendices D and E.*

*This operating and financial review should be read together with Section 4 “General information”, Section 8 “Business of the Group”, Section 10 “Selected historical financial information and other information”, and the Financial Information and related notes as attached to this Prospectus as Appendices D and E. This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Group’s current expectations, estimates, assumptions and projections about the Group’s industry, business, strategy and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 “Risk factors” of this Prospectus, as well as other Sections of this Prospectus.*

### 12.1 Principal factors affecting the Group’s financial condition and results of operations

The Group's results of operations have been, and will be, affected by a range of factors. The factors that the Company believes have a material effect on the Group's results of operations, and also those considered likely to have a material effect on the results of operations going forward are described below. Please also refer to Section 7 “Industry and market overview” for an overview of the main drivers of profitability in the Group’s industry.

#### 12.1.1 Oil revenue and international prices

The Group's revenues are derived from the sale of its oil production. The price realized for the oil the Group produces is generally linked to Brent. The market price of this commodity is subject to significant fluctuation and has historically fluctuated widely in response to relatively minor changes in the global supply and demand for oil and natural gas, market uncertainty, economic conditions and a variety of additional factors.

Oil prices have been volatile, particularly since the start of the COVID-19 pandemic and the armed conflict in Ukraine. During 2020, the oil market experienced a significant over-supply condition, mainly influenced by the COVID-19 pandemic, that initially resulted in a sharp drop in prices, with Brent falling from over USD 50 per barrel at the beginning of March 2020 down to USD 16 per barrel in late April 2020. During 2021, the crude demand recovery resulted in some improvements in the market conditions from the end of 2020 and onwards, with Brent reaching over USD 80 in October 2021. Prices then increased to over USD 120 in March 2022 to fall to less than USD 100 during April 2022.

#### 12.1.2 Discovery and exploration of reserves

The Group's results of operations depend on its level of success in finding, acquiring (including through bidding rounds) or gaining access to oil and natural gas reserves. While the Group has geological reports evaluating certain proved, contingent and prospective resources in its blocks, there is no assurance that the Group will continue to be successful in the exploration, appraisal, development and commercial production of oil and natural gas. The calculation of the Group's geological and petrophysical estimates is complex and imprecise, and it is possible that the Group's future exploration will not result in additional discoveries, and, even if the Group is able to successfully make such discoveries, there is no certainty that the discoveries will be commercially viable to produce.

Funding for the Group's capital expenditures relies in part on oil prices remaining close to the Group's estimates or higher levels and other factors to generate sufficient cash flow. Low oil prices affect the Group's revenues, which in turn affect the Group's debt capacity and the covenants in the Group's financing agreements, as well as the amount of cash the Group can borrow using its oil reserves as collateral, the amount of cash the Group is able to generate from current operations and the amount of cash the Group can obtain from prepayment agreements. If the Group

is not able to generate the sales which, together with the Group's current cash resources, are sufficient to fund the Group's capital program, the Group will not be able to efficiently execute its work program, which would cause the Group to further decrease its work program, and which could harm the Group's business outlook, investor confidence and share price.

The Group's results of operations will be adversely affected in the event that its estimated oil and natural gas asset base does not result in additional reserves that may eventually be commercially developed. In addition, there can be no assurance that the Group will acquire new exploration blocks or gain access to exploration blocks that contain reserves. Unless the Group succeeds in exploration and development activities, or acquires properties that contain new reserves, the Group's anticipated reserves will continually decrease, which would have a material adverse effect on its business, results of operations and financial condition.

### **12.1.3 Production and operating costs**

The Group's production and operating costs consist primarily of expenses associated with the production of oil and gas, the most significant of which are facilities and wells maintenance (including pulling works), labour costs, contractor and consultant fees, chemical analysis, royalties and products, among others. As commodity prices increase or decrease, the Group's production costs may vary. The terms of the New Credit Agreement require the Group to hedge its crude oil production. The Group does not apply hedge accounting.

With revenues to be denominated in USD, and the majority of capital expenditure and operating costs denominated in BRL, the business is exposed to FX downside risk to the extent of a strengthening BRL against the USD. To hedge this position, the Group has taken out an FX Forward. The Group does not apply hedge accounting. As of 30 September 2022, the Group has open positions to buy BRL 141,961,125.78 at respective tenors in the forward market, at an exercise price of BRL 5.8/USD 1, with the intention to cover BRL exposure in the Cricaré Cluster through June 2022.

In addition, the Group is exposed to risk associated with the price of Brent. As a result, the Group has entered into a commodity price swap. As of 30 September 2022, the Group has open positions to sell 2,791,880 bbls, over monthly tenors, ending with a maturity in February 2026, at exercise prices starting at USD 67/BBL and trending downward to USD 61 at maturity.

The Group intends to follow a similar hedge policy when it takes over the operation of the Norte Capixaba Cluster. The current positions are to hedge the exposure on the Cricaré Cluster. When the Group takes over the Norte Capixaba Cluster operations, cover will be extended for the related exposure to this set of oil fields.

### **12.1.4 Availability and reliability of infrastructure**

The Group's business depends on the continued availability and reliability of operating and transportation infrastructure at the TNC. Prices and availability of equipment and infrastructure, and the maintenance thereof, affect its ability to make the investments necessary to operate the Group's business, and thus the Group's results of operations and financial condition.

### **12.1.5 Production levels**

The Group's oil production levels are heavily influenced by its improving the recovery factor of its wells by employing secondary and tertiary recovery methods, as well as adding reserves through organic growth and opportunistically through acquisitions. The Group's ability to add reserves through development projects and acquisitions is dependent on many factors, including its oil prices, capital availability, regulatory approvals and its ability to procure equipment, services, and personnel and successfully execute the development program or acquisitions. For

information on the production of the Cricaré and Norte Capixaba Clusters, please refer to Section 8.6 “Overview of the Groups principal activities and assets”.

### 12.1.6 Currency fluctuations

The Group's results of operations and financial condition are significantly affected by fluctuations in the BRL/USD exchange rate as they have a direct impact on the Group's revenue. This is because the price at which the Group sells oil is indexed in USD, while most of the Group's costs are indexed in BRL. As such fluctuations in exchange rates directly affect the Group's results of operations. The BRL/USD exchange rate suffered significant variations in 2021 and 2022.

With the COVID-19 pandemic in 2020 and 2021, BRL has depreciated against the USD. On 31 December 2019, 2020 and 2021, the exchange rate for BRL into USD was BRL 4.031, BRL 5.197 and BRL 5.581 per USD 1.00, respectively. The BRL appreciated against the USD in the first months of 2022, reaching as low as BRL 4.618 per USD 1.00 in April 2020. The USD has since depreciated again. On 30 June 2022, the exchange rate for BRL into USD was BRL 5.238 per USD 1.00. The BRL may fluctuate against the USD substantially in the future.

### 12.1.7 Brazilian economy

The Group operates exclusively in Brazil. Accordingly, the Group's results of operations are impacted by the Brazilian macroeconomic environment, which has historically been characterized by significant variations in economic growth, inflation and currency exchange rates. The Group's results of operations and financial condition are affected by these factors. The table below sets forth Brazilian GDP, inflation rates, interest rates and exchange rates as of and for the dates and periods indicated:

	As of and for the year ended 31 December		
	2021	2020	2019
GDP growth (reduction) <sup>1)</sup>	4.7%	(4.1)%	1.1%
Inflation IGP-M <sup>2)</sup>	17.8%	23.1%	7.3%
Inflation IPCA <sup>3)</sup>	10.1%	4.5%	4.3%
CDI <sup>4)</sup>	4.4%	2.8%	5.9%
TJLP <sup>5)</sup>	4.8%	4.6%	5.6%
SELIC <sup>6)</sup>	9.3%	2.0%	4.5%
Exchange rate at the end of the period per USD 1.00 <sup>7)</sup>	BRL 5.581	BRL 5.197	BRL 4.031

1) GDP growth (reduction) as measured by IBGE.

2) IGP-M as measured by FGV.

3) IPCA as measured by IBGE.

4) CDI is the average overnight interbank loan rate in Brazil.

5) TJLP is the long-term interest rate issued quarterly by the Central Bank.

6) The benchmark interest rate payable to holders of some securities issued by the Brazilian government and traded on the SELIC (at the end of the relevant periods).

7) Represents the average daily USD closing selling exchange rate during the period.

#### 12.1.7.1 Inflation

The inflation experienced by the Group may have adverse effects on its financial condition and results of operations. Variations in inflation mainly affect the Group's costs with equipment, employees, and outsourced services. In addition, production costs may also vary due to adjustments applied by suppliers.

According to IPCA, Brazilian inflation rates were 10.1%, 4.5% and 4.3% in 2021, 2020 and 2019, respectively. According to IGP-M, Brazilian inflation rates were 17.8%, 23.1% and 7.3% in 2021, 2020 and 2019, respectively.

Measures adopted by the Brazilian government to control inflation included maintaining tight monetary policies with high interest rates, which restricted access to credit in the market and caused a reduction in economic growth. In addition, the Brazilian banking authority frequently adjusts interest rates during periods of economic uncertainty to achieve certain targets set in the Brazilian government's economic policy. Inflation, as well as governmental measures to combat it and public speculation on possible future governmental measures, have produced significant negative effects on the Brazilian economy and contributed to economic uncertainty in Brazil, increasing the volatility of the Brazilian capital markets, which may have an adverse effect on the Group's business and operations.

Any measures taken by the Brazilian government in the future, including lowering interest rates, intervening in the foreign exchange market and implementing mechanisms to adjust or determine the value of the BRL, can trigger an increase in inflation, adversely affecting the overall performance of the Brazilian economy. If Brazil experiences high inflation in the future, the Group may not be able to adjust the prices it charges its customers to offset the effects of inflation on the Group's cost structure, which could increase the Group's costs and reduce its operating and net margins.

#### 12.1.7.2 Interest rates

The Brazilian government's measures to control inflation frequently have included maintaining a tight monetary policy with high interest rates, thus limiting the availability of credit and reducing economic growth. The official interest rate in Brazil, as established by the Monetary Policy Committee of the Brazilian Central Bank (Comitê de Política Monetária) ("**COPOM**"), had been decreasing in the past years. While it was 14.25% as of 31 December 2015, it decreased to 4.5% on 31 December 2019. In an effort to offset the effects of the COVID-19 pandemic, the COPOM further reduced that SELIC throughout 2020. On 31 December 2020, the SELIC rate was 2.0%. However, the trend reversed in 2021 prompted by efforts to control inflation rates. On 31 December 2021, the SELIC rate was 9.3%.

The Group is primarily exposed to interest rate risks in relation to the Group's indebtedness under the Mercuria Financing Agreements, the New Credit Agreement and related hedging obligations.

#### 12.1.7.3 Policy and regulatory environment

The Group's business is dependent upon regulatory conditions prevailing in Brazil and its results may be materially and adversely affected by regulatory changes. Additionally, the regulatory burden on the oil industry increases the cost of doing business in the industry and consequently affects profitability.

Historically, Brazil's political landscape has influenced and continues to influence the performance of the country's economy. Brazilian government has also historically intervened in the Brazilian economy through Petrobras. Petrobras' divestment plan, pursuant to which the Company, through the Cricaré SPV and Norte Capixaba SPV, acquired the Clusters, is subject to controversy in the Brazilian congress and may be challenged in the Brazilian courts. Political controversy and any ensuing actions with respect to Petrobras may materially affect the Brazilian oil industry landscape and, thus, the Group's operations. Please also refer to Section 7.2 "*Regulatory Environment*".

## 12.2 Recent developments and trends

The Company, through the Cricaré SPV, closed the acquisition of the Cricaré Cluster from Petrobras on 29 December 2021 and signed a purchase agreement to acquire a second asset, the Norte Capixaba Cluster, including the TNC, from Petrobras on 23 February 2022.

During the first 9 months of operation of the Cricaré Cluster (Q3 2022), the Group has successfully executed on its plan to increase the production. At the closing of the Cricaré acquisition with Petrobras, the average daily production was approximately 694 boepd. By the end September 2022, the average daily production, for the month, had

increased to 1820 boepd, and at the end October 2022, the average daily production for the month had increased to 1.8kbbbl/d. The increase in daily production is a result of the management focusing on the following:

- a) Executing on well interventions. Prior to assuming operation, Petrobras had closed in a number of wells for the handover process. The management team has been focused on reactivating these wells, in order to increase output. The team has strategically focused on wells with greater potential output first. As of the end of October 2022, 85 oil producing wells have been reactivated. This has been the central driver of month-on-month production increases.
- b) Implementing steam injection cycles. As of July 2022, the team placed emphasis on steam injection at the Inhambu oil field. Due to the viscosity of the Inhambu oil, the steam cycles have served to increase the output of the wells.
- c) Optimising logistics and treatment efficiency. In order to ensure the consistent flow of oil from the wells, management have been focused on addressing challenges relating to treatment capacity and storage. Management have performed maintenance on the oil treaters at ESM-08, increasing treatment capacity by bringing a third treater back into operation, and performing maintenance on a fourth in order for it to be on standby. In addition to this, management has reopened stations that were previously closed for operation, in order to increase storage capacity, to alleviate any bottleneck caused by increasing production.

In relation to the purchase of the Norte Capixaba Cluster and the TNC, and in parallel to operating the Cricaré Cluster, the Group has been working on the transition of the Norte Capixaba operations from Petrobras, which is expected to occur in late February 2023. In connection with the signing of the purchase agreement for the Norte Capixaba Cluster and the TNC, the Company carried out a share issue, with net proceeds of USD 49 million, and issued USD 18 million in convertible loan notes. The proceeds were used to pay the deposit to Petrobras under the purchase agreement for the Norte Capixaba Cluster and the TNC.

## 12.3 The Group's results of operations

### 12.3.1 Introduction

The Group's net production was 1,420 boepd for the quarter ended 30 September 2022. The Group had no production in 2021.

The Group's total operating income amounted to USD 23.0 million for the nine months ended 30 September 2022.

### 12.3.2 Results of operations for the nine months ended 30 September 2022 compared to the nine months ended 30 September 2021

<i>(in USD 1,000)</i>	For the 9 months period ended 30 September 2022	For the 9 months period ended 30 September 2021
Revenue from crude oil and gas sale	22,978	-
Other operating income / loss (-)	-	-
<b>Total operating income</b>	<b>22,978</b>	<b>-</b>
Production expenses	-26,504	-
General and administrative expenses	-19,715	-6,878
<b>Total operating expenses</b>	<b>-46,219</b>	<b>-6,878</b>
<b>Loss from operating activities</b>	<b>-23,241</b>	<b>-6,878</b>
Financial income	2,905	37
Financial expense	-73,367	-1

<i>(in USD 1,000)</i>	For the 9 months period ended 30 September 2022	For the 9 months period ended 30 September 2021
<b>Net loss</b>	<b>-93,702</b>	<b>-6,842</b>
<b>Other comprehensive income:</b>		
Currency translation adjustments	6,759	-442
<b>Total other comprehensive income / loss (-)</b>	<b>6,759</b>	<b>-442</b>
<b>Total comprehensive loss</b>	<b>-86,943</b>	<b>-7,285</b>

### Total operating income

The total revenue from crude oil and gas sales for the nine months ended 30 September 2022 was USD 23.0 million compared to USD zero for the nine months ended 30 September 2021. The change in revenue is due to the Group not having any revenue making operations in 2021, and the commencement of the Cricaré Cluster in January 2022.

### Production expenses

Production expenses for the nine months ended 30 September 2022 were USD 26.5 million compared to USD zero for the nine months ended 30 September 2021, because production of the Cricaré Cluster did not commence until January 2022.

### General and administrative expenses

General and administrative expenses for the nine months ended 30 September 2022 were USD 19.7 million compared to USD 6.9 million for the nine months ended 30 September 2021. The increase in other operating expenses was mainly due to an increase in salaries and payroll expenses of USD 2 million, an increase in third party services of USD 5.9 million and an increase in financial guarantee costs of USD 2.6 million. The USD 5.9 million increase in third party services is related to the operation of the Cricaré Cluster which was not in operation in 2021.

### Total operating expenses

As a result of the above, the total operating expenses for the nine months ended 30 September 2022 were USD 46.2 million compared to USD 6.8 million for the nine months ended 30 September 2021.

### Loss from operating activities

As a result of the aforementioned, the Group's loss from operating activities for the nine months ended 30 September 2022 was USD 93.7 million compared to a loss from operating activities of USD 6.9 million for the nine months ended 30 September 2021.

### Financial income

Financial income for the nine months ended 30 September 2022 was USD 2.9 million compared to USD 37 thousand for the nine months ended 30 September 2021. The increase in financial income is attributed to derivative income on FX hedges and interest earned on cash deposits.

### Financial expenses

Financial expenses for the nine months ended 30 September 2022 were USD 73.4 million compared to USD 1 thousand for the nine months ended 30 September 2021. The increase is primarily due to losses on Brent oil swaps (USD 39.6 million). The increase is also attributed to an adjustment to the contingent payment liability related to the Cricaré Cluster assets (USD 24.9 million). The remaining year over year difference is attributed to an increase in lease liability of USD 0.8 million, increased interest on financial loans of USD 5.8 million and letter of credit fees of USD 3 million.

### Net loss

As a result of the foregoing, the Company had a net loss of USD 93.7 million for the nine months ended 30 September 2022 compared to a net loss of USD 6.8 million for the nine months ended 30 September 2021.



### Other comprehensive income

The other comprehensive income for the nine months ended 30 September 2022 was USD 6.8 million compared to a loss of USD 0.4 million for the nine months ended 30 September 2021. The change is related to a favourable adjustment in the BRL - USD foreign exchange rate. At the end of the accounting period, the Brazil assets were revalued to USD and the favourable movement in the foreign exchange rate resulted in a USD 6.4 million gain in other comprehensive income.

### Total comprehensive loss

As a result of the foregoing, the Company had a total comprehensive loss of USD 86.9 million for the year ended 30 September 2022 compared to a total comprehensive loss of USD 7.3 million for the year ended 30 September 2021.

### 12.3.3 Results of operation for the year ended 31 December 2021 compared to the year ended 31 December 2020

<i>(in USD 1,000)</i>	For the year ended 31 December 2021	For the year ended 31 December 2020
General and administrative expenses	-14,558	-5,222
<b>Operating loss</b>	<b>-14,558</b>	<b>-5,222</b>
Financial income	1,063	-
Financial expenses	-516	-46
<b>Net loss</b>	<b>-14,011</b>	<b>-5,267</b>
<b>Other comprehensive income:</b>		
Currency translation adjustments	143	1,041
<b>Total other comprehensive income</b>	<b>143</b>	<b>1,041</b>
<b>Total comprehensive income / loss (-)</b>	<b>-13,867</b>	<b>-4,226</b>

### General and administrative expenses

General and administrative expenses for the year ended 31 December 2021 were USD 14.6 million compared to USD 5.2 million for the year ended 31 December 2020. The year over year increase in other operating expenses was mainly due to an increase in financial guarantee costs of USD 4.7 million, an increase in third party services of USD 3.3 million and an increase in salaries and payroll expenses of USD 0.7 million.

### Operating loss

As a result of the items described above, the Group's operating loss for the year ended 31 December 2021 was USD 14.6 million compared to an operating loss of USD 5.2 million for the year ended 31 December 2020.

### Financial income

Financial income for the year ended 31 December 2021 was USD 1.1 million compared to zero for the year ended 31 December 2020. The increase in financial income is due to foreign exchange gain.

### Financial expenses

Financial expenses for the year ended 31 December 2021 were USD 0.5 million compared to USD 46 thousand for the year ended 31 December 2020. The increase is primarily due to increased interest and costs of USD 147 thousand and foreign exchange losses of USD 338 thousand.

### Net loss for the year

As a result of the items described above, the Company had a net loss of USD 14 million for the year ended 31 December 2021 compared to a net loss of USD 5.3 million for the year ended 31 December 2020.

### 12.3.4 Results of operations for the year ended 31 December 2020 compared to the year ended 31 December 2019

<i>(in USD 1,000)</i>	For the year ended 31 December 2020	For the year ended 31 December 2019
General and administrative expenses	-5,222	-1,110
<b>Operating loss</b>	<b>-5,222</b>	<b>-1,110</b>
Financial income	-	-
Finance cost	-46	-3
<b>Net loss</b>	<b>-5,267</b>	<b>-1,113</b>
<b>Other comprehensive income:</b>		
Currency translation adjustments	1,041	-
<b>Total other comprehensive income</b>	<b>1,041</b>	<b>-</b>
<b>Total comprehensive income / loss (-)</b>	<b>-4,226</b>	<b>-1,113</b>

#### General and administrative expenses

General and administrative expenses for the year ended 31 December 2020 were USD 5.2 million compared to USD 1.1 million for the year ended 31 December 2019. The increase in general and administrative expenses was mainly due to an increase in share based employee payments of USD 1.7 million, an increase in other salaries and payroll expenses of USD 0.5 million and third party service provider costs of USD 0.8 million.

#### Operating loss

As a result of the items described above, the operating loss for the year ended 31 December 2020 was USD 5.2 million compared to USD 1.1 million for the year ended 31 December 2019.

#### Financial expenses

Financial expenses for the year ended 31 December 2020 were USD 46 thousand compared to USD 3 thousand for the year ended 31 December 2019. The increase in financial expenses is primarily due to an increased interest expense of USD 39 thousand.

#### Net loss for the year

As a result of the items described above, the Group had a loss before income tax of USD 5.3 million for the year ended 31 December 2020 compared to a loss of USD 2 million for the year ended 31 December 2019.

## 12.4 Statement of the Group's financial position

### 12.4.1 Introduction

The Group's total assets have increased significantly due to the acquisition of the Cricaré Cluster, and the payment of the deposit on the Norte Capixaba Acquisition. Total assets amounted to USD 236.6 million as of 30 September 2022 compared to USD 190.5 million as of 31 December, 2021.

The operations of the Group are financed through equity and financial loans. The acquisition of the Cricaré Cluster was financed with new equity and a new loan. The Company carried out two share issues in 2022, with net proceeds of USD 49 million. Most of this was related to the deposit paid to Petrobras when signing the purchase agreement for the Norte Capixaba Acquisition.

As of 30 September 2022, total equity amounted to USD -27.4 million. As of 31 December 2021, total equity amounted to USD 9.3 million compared to USD 8.6 million as of 31 December 2020. Total liabilities amounted to USD 264.0 million at 30 September 2022, compared to USD 180.1 million as of 31 December, 2021 and USD 3.7 million as of 31 December 2020.

#### 12.4.2 Nine months ended 30 September 2022 compared to year ended 31 December 2021

The table below sets out the Company's statement of financial position information (IFRS) for the nine months ended 30 September 2022 and year ended 31 December 2021.

<i>(in USD 1,000)</i>	30 September 2022	31 December 2021
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	12,828	16,909
Securities	5,948	5,106
Advances and prepaid expenses	1,897	660
Accounts recoverable with related parties	33	22
Recoverable taxes	4	1
Inventories	8,869	14
Derivative financial instruments	2,312	-
<b>Total current assets</b>	<b>31,891</b>	<b>22,712</b>
<b>Non-current assets</b>		
Accounts receivable with related parties	296	271
Recoverable taxes	1,954	-
Advances for the acquisition of oil and gas assets	35,850	-
Property, plant and equipment (PP&E)	50,106	45,869
Intangible assets	116,476	121,641
<b>Total non-current assets</b>	<b>204,683</b>	<b>167,781</b>
<b>TOTAL ASSETS</b>	<b>236,573</b>	<b>190,493</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Taxes payable	603	36
Supplier and other accounts payable	1,943	746
Lease payable	2,420	-
Employee benefits and compensation payable	892	158
Derivative financial instruments	16,564	-
Total current liabilities	22,421	941
<b>Non-current liabilities</b>		
Accounts payable with related parties	274	9,013
Financial loans with related parties	60,120	44,245
Financial loans	3,175	-
Lease payable	3,701	-
Provision for decommissioning costs	51,255	44,164
Contingent consideration	106,926	82,877
Derivative financial instruments	16,133	-
Total non-current liabilities	241,585	180,300
<b>TOTAL LIABILITIES</b>	<b>264,006</b>	<b>181,241</b>

<i>(in USD 1,000)</i>	30 September 2022	31 December 2021
<b>EQUITY</b>		
Share capital	2	1
Share premium	74,997	25,998
Other reserves	4,613	3,355
Currency translation reserve	7,944	1,185
Accumulated loss	-114,989	-21,287
<b>TOTAL EQUITY</b>	<b>-27,433</b>	<b>9,252</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>236,573</b>	<b>190,493</b>

### 12.4.3 Total assets

As of 30 September 2022, total assets were USD 236.6 million, up from USD 190.5 million for the year ended 31 December 2021.

Cash and cash equivalents amounted to USD 12.8 million per 30 September 2022 compared to USD 16.9 million per 31 December 2021. The decrease is a result of an increase in the cash used in operating activities.

Securities for the same periods were USD 5.9 million and USD 5.1 million, respectively. The change was related to the guarantee of the future decommissioning of the Polo field (Cricaré Cluster).

As of 30 September 2022, the Company had unsettled derivative contracts of USD 2.3 million. The Company uses FX hedges to reduce risk to exposure of fluctuations in the BRL exchange rate. These contracts were not in place as at 31 December 2021 so this resulted in increased derivative financial instruments of USD 2.3 million.

Advances and prepaid expenses amounted to USD 1.9 million as of 30 September 2022 compared to USD 660 thousand per 31 December 2021. The increase is a result of an increase in prepaid insurance premiums that are expensed to the consolidated statement of profit and loss over the life of the insurance policy.

Inventories were USD 8.9 million as of 30 September 2022 compared to USD 14 thousand per 31 December 2021. The company began operations in 2022 so the increase is attributed to oil inventories of USD 6.8 million and parts and material of USD 2.1 million.

Advances for the acquisition of oil and gas assets were USD 35.9 million as at 30 September 2022 compared to zero as at 31 December 2021. During the period the Company made a deposit of USD 35.9 million with Petrobras for the acquisition of the Norte Capixaba Cluster.

Recoverable taxes at 30 September 2022 were USD 2.0 million compared to zero as at 31 December 2021. The recoverable tax asset recorded in 2022 represents tax credits the Company received as a result of operational expenses incurred to date. In Brazil, tax (PIS and COFFINS) is calculated as a percentage of revenue and these credits will be used to offset future tax payments. The asset value was zero in 2021 since the Company had not yet commenced operations.

Intangible assets amounted to USD 116.5 million compared to USD 121.6 million at 31 December 2021. The intangible assets relate to the Cricaré Cluster concession agreements. The reduction is attributed to changes in the estimated reserves associated with the Cricaré Cluster.

Property, plant and equipment assets amounted to USD 50.1 million compared to USD 45.9 million at 31 December 2021. The increase is attributed to the addition of USD 9.9 million in 2022, offset by USD 5.7 million in depreciation charges.

#### **12.4.4 Total Equity**

As of 30 September 2022, total equity was negative USD 27.4 million compared to positive USD 9.3 million as of 31 December 2021.

Share capital and share premium increased USD 49.0 million because of new shares that were issued. The Company also had favourable foreign exchange adjustments recorded in currency translation reserves of USD 6.8 million. These were offset by operating net loss for the year of USD 93.7 million.

#### **12.4.5 Total Liabilities**

As of 30 September 2022, total liabilities were USD 264.0 million compared to USD 181.2 million as of 31 December 2021.

Taxes payable at 30 September 2022 were USD 600 thousand compared to USD 36 thousand as at 31 December 2021. The taxes are withheld from companies providing services to the Company in Brazil and remitted to the Brazilian tax authorities. The increase in the current period is directly related to increased operating activities.

During the current period the Company entered into rig and vehicle leases. This resulted in the recognition of USD 6.1 million in lease liabilities in 2022. The Company did not have any material leases as at 31 December 2021.

Employee benefits and compensation payable at 30 September 2022 were USD 900 thousand compared to USD 200 thousand as at 31 December 2021. The increase is attributed to an increase in the number of employees in the company because of increased operating activities.

Accounts payable with related parties amounted to USD 274 thousand per 30 September 2022 compared to USD 9.0 million as of 31 December 2021. The balance per 31 December 2021 mainly represented funds loaned to the Company by the various related party entities to cover decommissioning guarantee obligations. These loans were repaid by the Company in January 2022.

Financial loans amounted to USD 63.3 million as of 30 September 2022 compared to USD 44.2 million as of 31 December 2021. The change was entirely related to USD 18 million of convertible loan notes which the Company issued in Q1 2022.

As of 30 September 2022, the provision for decommissioning costs was USD 51.3 million, compared to USD 44.2 million at 31 December 2021. The estimate is adjusted regularly to meet asset abandonment obligation forecasts.

The contingent consideration related to the acquisition of the Cricaré Cluster amounted to USD 106.9 million per 30 September 2022 compared to USD 82.9 million per 31 December 2021. This future obligation is subject to a present value adjustment and the change in 2022 is associated with this present value adjustment.

As of 30 September 2022, the Company had unsettled derivative contracts of USD 32.7 million. The Company uses oil and foreign exchange hedges to reduce risk to exposure associated with fluctuations in the price of oil and foreign exchange.

#### 12.4.6 Year ended 31 December 2021 compared to year ended 31 December 2020

The table below sets out the Company's statement of financial position information (IFRS) for the year ended 31 December 2021 and year ended 31 December 2020.

<i>(in USD 1,000)</i>	31 December 2021	31 December 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	16,909	428
Securities	5,106	-
Advances and prepaid expenses	660	25
Accounts recoverable with related parties	22	12
Recoverable taxes	1	-
Inventories	14	-
<b>Total current assets</b>	<b>22,712</b>	<b>464,507</b>
<b>Non-current assets</b>		
Accounts receivable with related parties	271	-
Advances for the acquisition of oil and gas assets	-	11,865
Property, plant and equipment (PP&E)	45,869	-
Intangible assets	121,641	-
<b>Total non-current assets</b>	<b>167,781</b>	<b>11,865</b>
<b>TOTAL ASSETS</b>	<b>190,493</b>	<b>12,329</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Taxes payable	36	19
Supplier and other accounts payable	746	352
Supplier and other accounts payable- related parties	-	28
Employee benefits and compensation payable	158	31
<b>Total current liabilities</b>	<b>941</b>	<b>430</b>
<b>Non-current liabilities</b>		
Accounts payable with related parties	9,013	3,277
Financial loans	44,245	-
Provision for decommissioning costs	44,164	-
Contingent consideration	82,877	-
<b>Total non-current liabilities</b>	<b>180,300</b>	<b>3,277</b>
<b>TOTAL LIABILITIES</b>	<b>181,241</b>	<b>3,707</b>
<b>EQUITY</b>		
Share capital	1	1
Share premium	25,998	13,176
Other reserves	3,355	1,678
Currency translation reserve	1,185	1,041

<i>(in USD 1,000)</i>	31 December 2021	31 December 2020
Accumulated loss	-21,287	-7,273
<b>TOTAL EQUITY</b>	<b>9,252</b>	<b>8,623</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>190,493</b>	<b>12,329</b>

#### **12.4.7 Total assets**

As of 31 December 2021, total assets were USD 190.5 million, compared to USD 12.3 million for the year ended 31 December 2020.

Cash and cash equivalents amounted to USD 16.9 million at 31 December 2021 compared to USD 400 thousand at 31 December 2020. The cash increased in 2021 by USD 56.9 million as a result of loan and capital increase. This was offset by USD 33.7 million of cash used in investment activities and USD 6.9 million used in operating activities.

The Company had USD 5.1 million in cash securities at 31 December 2021 versus zero in 2020. This investment was pledged in 2021 as a guarantee of the future decommissioning of the Cricaré Cluster.

Advances and prepaid expenses amounted to USD 0.7 million as of 31 December 2021 compared to USD 24 thousand per 31 December 2020. The increase is a result of an increase in prepaid insurance premiums that get expensed to the consolidated statement of profit and loss over the life of the insurance policy.

Property, plant and equipment amounted to USD 45.9 million compared to zero at 31 December 2020. The increase is attributed to a USD 1.6 million addition of machinery and equipment. It is also attributed to the USD 44.2 million asset recognition of the future obligation for the abandonment of assets which in turn was estimated based on the Company's interest in (i) all oil wells and facilities, (ii) the estimated plugging and restoration costs for these wells and facilities, and (iii) the estimate of future adjustments to these costs.

Intangible assets amounted to USD 121.6 million as of 31 December 2021 compared to zero as at 31 December 2020. The increase in the Company's intangible assets is attributable to the Cricaré Cluster concession assets acquired as part of the completion on December 29, 2021 under the purchase agreement with Petrobras.

#### **12.4.8 Total Equity**

As of 31 December 2021, total equity was USD 9.3 million compared to USD 8.6 million as of 31 December 2020.

Share capital and share premium increased USD 12.8 million because of new shares that were issued. The Company also had favourable foreign exchange adjustments recorded in currency translation reserves of USD 0.1 million. These were offset by net loss for the year 2021 of USD 14.0 million. Net loss for the year 2020 were USD 7.3 million.

#### **12.4.9 Total Liabilities**

As of 31 December 2021, total liabilities were USD 181.2 million compared to USD 3.7 million as of 31 December 2020.

Accounts payable with related parties amounted to USD 9.0 million per 31 December 2021 compared to USD 3.3 million as of 31 December 2020. The balance per 31 December 2021 is mainly represented by funds loaned to the Company by the various related party entities to cover the decommissioning guarantee.

As of 31 December 2021, the provision for decommissioning costs was USD 44.2 million, compared to zero per 31 December 2020. This represents the estimate to meet Cricaré Cluster asset abandonment obligation forecasts.

The contingent consideration amounted to USD 82.9 million per 31 December 2021 compared to zero as at 31 December 2020. This future obligation is subject to a present value adjustment each year. The contingent consideration related to the acquisition of the Cricaré Cluster assets. On 31 December 2025 USD 30,000,000 will be paid as a contingent payment, linked to the approval of certain concession term extensions by the ANP, and USD 80,000,000, contingent to the reference price of Brent reaching a moving average equal to or less than USD 50 per barrel in the respective payment years.

#### 12.4.10 Year ended 31 December 2020 compared to year ended 31 December 2019

The table below sets out the Company's statement of financial position information (IFRS) for the year ended 31 December 2020 and year ended 31 December 2019.

<i>(in USD 1,000)</i>	31 December 2020	31 December 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	428	3
Advances and prepaid expenses	25	-
Accounts recoverable with related parties	12	-
<b>Total current assets</b>	<b>464,507</b>	<b>3</b>
<b>Non-current assets</b>		
Advances for the acquisition of oil and gas assets	11,865	-
<b>Total non-current assets</b>	<b>11,865</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>12,329</b>	<b>3</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Taxes payable	19	-
Supplier and other accounts payable	352	203
Supplier and other accounts payable- related parties	28	-
Employee benefits and compensation payable	31	-
<b>Total current liabilities</b>	<b>430</b>	<b>203</b>
<b>Non-current liabilities</b>		
Accounts payable with related parties	3,277	1,805
<b>TOTAL LIABILITIES</b>	<b>3,707</b>	<b>2,009</b>
<b>EQUITY</b>		
Share capital	1	-
Share premium	13,176	-
Other reserves	1,678	-
Currency translation reserve	1,041	-
Accumulated loss	-7,273	-2,006



<i>(in USD 1,000)</i>	31 December 2020	31 December 2019
<b>TOTAL EQUITY</b>	<b>8,623</b>	<b>-2,006</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,329</b>	<b>3</b>

#### **12.4.11 Total assets**

As of 31 December 2020, total assets were USD 12.3 million, compared to USD 3.0 million for the year ended 31 December 2019.

The Group was established in 2019 and its asset as at 31 December 2019 was a cash balance of USD 3.0 million. The cash and cash equivalents balance at 31 December 2020 was USD 0.4 million the increase is represented by USD 13.2 million from capital increase offset by USD 11.9 million used to invest in the Cricaré Cluster assets and by USD 1.9 million that was used in operations.

At 31 December 2020 the advances for the acquisition of oil and gas assets amounted to USD 11.9 million. This is attributable to a deposit made with Petrobras for the acquisition of the Cricaré Cluster assets.

#### **12.4.12 Total Equity**

As of 31 December 2020, total equity was USD 8.6 million compared to negative equity of USD 2.0 million as of 31 December 2019.

The change is comprised of capital increase of USD 13.2 million, favourable foreign exchange adjustments of USD 1.0 million due to a favourable movement in the Brazil Real and US dollar foreign exchange rate and employee share options of USD 1.8 million recorded in equity. These are offset by net loss for the year of USD 7.2 million for the year ended 31 December 2020 compared to net loss for the year of USD 2.0 million recorded in 2019.

#### **12.4.13 Total Liabilities**

As of 31 December 2020, total liabilities were USD 3.7 million compared to USD 2.0 million as of 31 December 2019.

Total liabilities as of 31 December 2020 is primarily comprised of supplier and other accounts payable of USD 0.4 million and accounts payable with related parties of USD 3.3 million. This is compared to supplier and other accounts payable of USD 0.2 million and accounts payable with related parties of USD 1.8 million as at 31 December 2019. This increase is due to increased operations.

### **12.5 Statement of the Group's liquidity and capital resources**

#### **12.5.1 Overview**

The Company's financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- changes in oil prices and the Company's ability to generate cash flows from its operations;
- its capital expenditure requirements;
- the level of the Company's outstanding indebtedness and the interest it is obligated to pay on this indebtedness; and
- changes in exchange rates which will impact the Company's generation of cash flows from operations.

Since its incorporation in 2019 and up until entering into the agreement to acquire the Cricaré Cluster, the Company was engaged in reviewing and participating in bidding processes that were a part of Petrobras' asset disposition program, and covered its expenses during this period from the proceeds of equity investments and loans from related party entities.

The Company has financed the Cricaré Cluster acquisition and the part of the purchase price of the Norte Capixaba Acquisition that was due on signing with the loans described in Section 12.5.2 "*Indebtedness*" below. The Company intends to use the proceeds of the Offering to pay a portion of the purchase price of the Norte Capixaba Acquisition due on the closing. Both acquisitions also require the Company to pay a contingent price based on future prices of oil. See Section 12.5.4 "*Capital Expenditures*" below.

In connection with the financing of the Clusters, the Company has also agreed to sell all of the oil it produces in the Cricaré and Norte Capixaba Clusters to Mercuria pursuant to the Mercuria Offtake Agreement (see Section 8.9.1). As a result of these agreements and the historic oil production of the Clusters, the Company expects that its revenues will be sufficient to pay the contingent price of each of the Cricaré and Norte Capixaba Clusters due after the closing of these acquisitions and to also cover the Company's operational expenses and the maintenance of the Company's assets (including the material cash commitments described in Section 12.5.4).

On 31 December 2021, the Company's cash and cash equivalents plus securities was USD 22 million, its total liabilities were USD 182.1 million and its current liabilities were USD 0.9 million. As of the same date, the Company had a positive net working capital (defined as its current assets less its current liabilities) of USD 21.8 million. The Company does not believe the same indicators of liquidity as of 31 December 2020 are useful as it had no operations before December 2021.

The Company intends to enter into the New Credit Agreement (see Section 12.7.5).

As of the date of this Prospectus, the Company has not entered into any off-balance sheet arrangements.

## **12.5.2 Indebtedness**

### **12.5.2.1 Cricaré Cluster financing**

On 21 December 2021, the Company, as guarantor entered into a senior facility agreement with Mercuria as lender (the "**Senior Facility Agreement**"), whereby the Company, through the Cricaré SPV, took out a loan with a principal amount of USD 35.0 million, maturing on 27 September 2027 and subject to interest of 12% per annum plus USD LIBOR (subject to rate switch provisions on the cessation of LIBOR). Principal repayments to Mercuria will be due quarterly, beginning in March 2023 with the interest being serviced quarterly, beginning in March of 2022. The proceeds of such loan were used to acquire the Cricaré Cluster and to pay expenses related to obtaining the financing. As of 30 September 2022, the outstanding balance on the loan was USD 34,206,990.

Also on 21 December 2021, the Cricaré SPV entered into a junior facility agreement with Mercuria as lender (the "**Junior Facility Agreement**", together with the Senior Facility Agreement, the "**Mercuria Financing Agreements**") pursuant to which it received a line of credit for up to USD 10.0 million but subject to an uplift commitment with the ability to draw additional funding in support of an indemnity and standby letter of credit arrangement relating to the acquisition of the Norte Capixaba Cluster by the Norte Capixaba SPV (see 12.7.2 below). Pursuant to the Junior Facility Agreement, the loan is subject to interest of 15% per year plus USD LIBOR (subject to rate switch provisions on the cessation of LIBOR). The proceeds of the loan were used for operating and capital expenditures related to the Cricaré Cluster. The terms and maturities of each payment will be agreed upon between the parties in each credit application submitted to Mercuria. As of 30 September 2022, the outstanding balance of the loan was USD 10,038,211.

Nearly all of the Group's assets are pledged as security to the benefit of the security agent on behalf of the creditors under the Senior Facility Agreement and the Junior Facility Agreement, subject to an intercreditor agreement.

As of the date of this Prospectus, all of the share capital of the Cricaré SPV and the Norte Capixaba SPV is pledged in favour of Mercuria. In addition, certain covenants in the Mercuria Financing Agreements restrict the Company's ability to distribute dividends, including a requirement that all indebtedness has been repaid under the Junior Facility Agreement and certain financial covenant tests have been met under the Senior Facility Agreement. The New Credit Agreement requires certain financial covenant tests to be met before dividends can be distributed by the Company's subsidiaries.

The Senior Facility Agreement and Junior Facility Agreement will be restructured under the Credit Agreement, as further described in Section 12.5.2.2.

A summary of the key terms of the Senior Facility Agreement and Junior Facility Agreement is set in Sections 12.7.1 and 12.7.2 below.

#### 12.5.2.2 Norte Capixaba Cluster financing

##### **Convertible Notes**

On 22 February 2022, the Company issued convertible loan notes in the principal amount of USD 18 million to Mercuria and another investor (the "**Notes**"). The Notes mature in 2025 and bear interest at a rate that steps up on an annual basis at 10% for the first year of the Notes' term, 12.5% for the second year and 15% for the third year. The proceeds of the Notes will be used in connection with the Norte Capixaba Acquisition. The Notes will be automatically converted into Shares in the Company immediately prior to the closing of the Offering.

The Notes are secured by junior security interests covering substantially all of the Group's assets. Such security will be released upon full payment of the Notes, including as a result of them being automatically converted into the Company's Shares immediately before the closing of the Offering.

In the bidding process for the Norte Capixaba Cluster, the Company was required to present a letter of credit to Petrobras as security for payment of a break fee in the event the Company fails to complete the Norte Capixaba Acquisition. Mercuria provided the backing for the issuance of the letter of credit, and the Company, through the Norte Capixaba SPV, has agreed to indemnify Mercuria for any expenses incurred by it as a result of the letter of credit being drawn.

A summary of the key terms of the Notes is set out in Section 12.7.3 below.

##### **New Credit Agreement**

The Company's subsidiaries, Seacrest Petroleo Cricare Bermuda Limited, Seacrest Uruguay S.A., Seacrest Petróleo S.A., the Cricaré SPV and the Norte Capixaba SPV, have entered into a syndicated credit agreement dated 3 February 2023 (the "**New Credit Agreement**") with five banks in Brazil led by Morgan Stanley Senior Funding, Inc. as lead arranger. The New Credit Agreement provides that, subject to the satisfaction of, *inter alia*, certain conditions precedent (as further set forth in the New Credit Agreement) the loans under the Junior Facility Agreement and the Senior Facility Agreement shall be acquired by the lenders and thereafter restructured under the New Credit Agreement (the "**Restructured Indebtedness**") into a single tranche loan in the aggregate principal amount of USD 45 million. Each lender in respect of such tranche will purchase and assume the amounts outstanding under the Restructured Indebtedness in accordance with the terms and conditions as further set out in the New Credit Agreement. Following such purchase, the Junior Facility Agreement and the Senior Facility Agreement shall be deemed to be amended and restated in their entirety on the terms set out in the New Credit Agreement, i.e. the Restructured Indebtedness will continue and remain outstanding and be governed by and subject only to the terms and conditions set forth in the New Credit Agreement.

In addition, subject to the satisfaction of, *inter alia*, certain conditions precedent (as further set forth in the New Credit Agreement), an additional loan tranche will be made available to the Norte Capixaba SPV in the aggregate principal amount of USD 255 million, which will be used by the Norte Capixaba SPV to pay the balance of the purchase price owed to Petrobras for the Norte Capixaba Acquisition. Accordingly, together with the Restructured Indebtedness, the total amount made available under the New Credit Agreement will be USD 300 million, which the borrowers will repay from the proceeds of exports of hydrocarbons.

A summary of the key terms of the New Credit Agreement is set out in Section 12.7.5 below.

#### 12.5.2.3 Covenants of the Company's indebtedness

Under the Mercuria Financing Agreements in which the Company entered into in connection with the acquisition of the Cricaré and Norte Capixaba Clusters, the Company is restricted from taking the following actions without first obtaining Mercuria's consent:

- the sale, lease or transfer of shares of the Cricaré SPV or Norte Capixaba SPV or the economic rights attached thereto;
- dilution of the Company's interest in the capital stock of the Cricaré SPV or Norte Capixaba SPV (including by failure to exercise pre-emptive rights);
- incurrence of any additional indebtedness other than loans with related parties subordinated to the Mercuria Financing Agreements;
- any merger, spin-off, or other similar corporate transaction (including transactions involving the Company's subsidiaries); and
- issuance of securities convertible into or granting rights in the capital stock of the Company's subsidiaries.

Furthermore, under the New Credit Agreement, the Company is subject to several general and financial covenants, including, but not limited to the following:

- Certain maximum consolidated leverage ratio covenants following the date of disbursement of the loans until the last day of the relevant set quarters;
- Minimum asset coverage ratio requirements as of the last day of each year;
- Minimum unrestricted cash covenant (shall not be less than USD 5 million as of any date); and
- Several other general restrictions on the Company and the guarantor.

As of the date of this Prospectus, the Company is in compliance with all of the covenants under the Mercuria Financing Agreements and the New Credit Agreement.

A further description of the covenants under the Mercuria Financing Agreements and the New Credit Agreement is set out in Section 12.7 "*Financing and other contractual obligations*".

### 12.5.3 Cash Flows

The following tables present selected cash flow information for the Group for the years ended 31 December 2021, 2020 and 2019, and also for the nine months ended 30 September 2022 and 2021. The figures are extracted from the Annual Financial Statements and from the Interim Financial Statements.

#### Selected cash flow information for the period of nine months ended 30 September 2022 compared to the year ended 31 December 2021

<i>(in USD 1,000)</i>	30 September 2022	31 December 2021
<b>Net cash flow used in operating activities</b>	-23,839	-6,871
<b>Net cash flow used in investing activities</b>	-38,549	-33,714
<b>Net cash flow from financing activities</b>	65,572	56,922
<b>Increase / decrease (-) in cash and cash equivalents</b>	-2,817	16,337
Cash and cash equivalents at the beginning of the period	16,909	428
Effect of movements in exchange rates on cash held	-1,265	143
<b>Cash and cash equivalents at the end of the period</b>	12,828	16,909

#### Net cash used in operating activities

Net cash flow used in operating activities was USD -23.0 million for the nine months ended 30 September 2022, compared to net cash flow used in operating activities of USD -6.8 million for the year ended 31 December 2021. The change was mainly caused by an increase in net loss for the year for the first 9 months of 2022 of USD 93.7 million, offset by non-cash items in the statement of profit and loss of USD 86.9 million. The reduction in operating cash flows was also the result of USD 11.5 million that is reflected in changes to assets and liabilities.

#### Net cash used in investing activities

Net cash flow used in investing activities was USD -45.4 million for the nine months ended 30 September 2022, compared to net cash flow used in investing activities of USD -33.7 million for the year ended 31 December 2021. The change was due to USD 35.9 million paid in deposit on the Norte Capixaba Acquisition, and USD 9.5 million used for PP&E acquisitions.

#### Net cash from financing activities

Net cash flow from financing activities was USD 65.6 million for the nine months ended 30 September 2022, compared to net cash flow from financing activities of USD 56.9 million for the year ended 31 December 2021. The change was due to the Company receiving proceeds from the issuance of new shares for USD 49 million in equity and USD 18 million in new loan proceeds in 2022 versus USD 12.8 million in new capital increase and USD 45 million in loan proceeds in 2021. The 2022 proceeds described above were partially offset by lease payments made of USD 1.4 million in 2022.

#### Net cash position

The cash position decreased to USD 12.8 million as of 30 September 2022 compared to USD 16.9 million as of 31 December 2021.

Since 30 September 2022, there have been no significant changes to the Company's cash flows that were not contemplated in the Group's liquidity forecast.

### Selected cash flow information for the year ended 31 December 2021 compared to the year ended 31 December 2020

<i>(in USD 1,000)</i>	31 December 2021	31 December 2020
<b>Net cash flow used in operating activities</b>	-6,871	-1,928
<b>Net cash flow used in investing activities</b>	-33,714	-11,865
<b>Net cash flow from financing activities</b>	56,922	13,177
<b>Increase / decrease (-) in cash and cash equivalents</b>	16,337	-616
Cash and cash equivalents at the beginning of the period	428	3
Effect of movements in exchange rates on cash held	143	1,041
<b>Cash and cash equivalents at the end of the period</b>	16,909	428

#### Net cash used in operating activities

Net cash flow used operating activities was USD -6.9 million for the year ended 31 December 2021, compared to net cash flow used in operating activities of USD -1.9 million for the year ended 31 December 2020. The change was mainly caused by an increase in net loss for the year 2021 of USD 10.1 million partly offset by increase in proceeds from related parties of USD 5.7 million and an increase in supplier and other accounts payable of USD 0.5 million.

#### Net cash used in investing activities

Net cash flow used in investing activities was USD -33.7 million for the year ended 31 December 2021, compared to net cash flow used in investing activities of USD -11.9 million for the year ended 31 December 2020. The change in 2021 was a result of the investment in securities for USD 5.1 million, the purchase of intangible assets for USD 26.9 million and the purchase of PP&E for USD 1.7 million. In 2020 the Group spent USD 11.9 million for the acquisition of oil and gas assets. All of the aforementioned related to the acquisition of the Cricaré Cluster.

#### Net cash from financing activities

Net cash flow from financing activities was USD 56.9 million for the year ended 31 December 2021, compared to net cash flow from operating activities of USD 13.2 million for the year ended 31 December 2020. The change was mainly due to the Group receiving proceeds from new loans of USD 45 million.

#### Net cash position

As a result of the activity described above, the cash position increased to USD 16.9 million as of 31 December 2021 compared to USD 428 thousand as of 31 December 2020.

### Selected cash flow information for the year ended 31 December 2020 compared to the year ended 31 December 2019

<i>(in USD 1,000)</i>	31 December 2020	31 December 2019
<b>Net cash flow used in operating activities</b>	-1,928	3
<b>Net cash flow used in investing activities</b>	-11,865	-
<b>Net cash flow from financing activities</b>	13,177	-
<b>Increase / decrease (-) in cash and cash equivalents</b>	-616	3
Cash and cash equivalents at the beginning of the period	3	0
Effect of movements in exchange rates on cash held	1,041	0
<b>Cash and cash equivalents at the end of the period</b>	428	3

**Net cash used in operating activities**

Net cash flow used in operating activities was USD -1.9 million for the year ended 31 December 2020, compared to net cash flow from operating activities of USD 3 thousand for the year ended 31 December 2019. The change was mainly due to an increase in net loss for the year in 2020 of USD 3.3 million, partly offset by non-cash items of USD 1.7 million. The change year over year was also due to a decrease in loans and accounts payable from related parties of USD 0.3 million.

**Net cash used in investing activities**

Net cash flow used in investing activities was USD 11.9 million for the year ended 31 December 2020. There were no investing activities for the year ended 31 December 2019. The change was entirely caused by the investment in the Cricaré Cluster where the Group paid a USD 11.9 million deposit.

**Net cash from financing activities**

Net cash flow from financing activities was USD 13.2 million for the year ended 31 December 2020. There were no proceeds from financing activities for the year ended 31 December 2019. The change in 2020 was entirely due to the Company receiving proceeds from the issue of new shares for USD 13.2 million.

**Net cash position**

The cash position increased to USD 428 thousand as of 31 December 2020 compared to USD 3 thousand as of 31 December 2019.

**12.5.4 Capital Expenditures**

The Group's main capital expenditure in 2020 and 2021 was the acquisition of the Cricaré Cluster. The total purchase price of the Cricaré Cluster is USD 155 million which includes contingent payments of up to USD 118 million. Up to USD 88 million of these contingent payments are variable based on the market price of oil. Up to USD 20 million is payable to Petrobras on 31 December 2023, up to USD 45 million on 31 December 2024 and up to USD 23 million on 31 December 2025. Up to USD 30 million of the remaining contingent payments is payable on 31 December 2025 depending on whether the concession agreements for up to nine specified oil fields in the Cricaré Cluster have been extended by the ANP.

The Group will also acquire the Norte Capixaba Cluster for a total purchase price of USD 544 million. USD 35.8 million was due on the signing of the contract. USD 442 million will be due on the closing of the acquisition, which the Group expects to occur in late February 2023, following completion of the Listing. The remaining USD 66 million of contingent payments to Petrobras will be based on future prices of oil. These contingent payments will be due in six annual instalments of up to USD 11 million each beginning on 31 December 2023 and ending on 31 December 2028.

As of 30 September 2022 the Group has incurred the following capex:

<i>(in USD 1,000)</i>	<b>For the nine month period ended on 30 September 2022</b>
<b>Facilities</b>	4
<b>Machinery and equipment</b>	1,617
<b>Vehicles</b>	20
<b>IT equipment</b>	48
<b>Advances for acquisition of PP&amp;E</b>	16
Provision for decommissioning costs	44,164
<b>Total</b>	<b>45,873</b>

### **12.5.5 Research and Development**

The Company has not implemented a dedicated research and development structure.

## **12.6 Investments**

### **12.6.1 Principal historical investments**

On 27 August 2020, through the Cricaré SPV, the Company entered into an agreement with Petrobras to acquire a 100% interest in the Cricaré Cluster and related "transferred assets". Pursuant to the sales and purchase agreement for the transaction the transferred assets *inter alia* refers to (i) the concession agreements, (ii) the wells, equipment, transferred records and related inventory, (iii) included facilities, (iv) steam generator units, (v) seismic data and (vi) ECPs. The acquisition of the Cricaré Cluster closed on 29 December 2021, and as of 30 December 2021, the Company wholly owns this asset. The total purchase price of the Cricaré Cluster is USD 155 million which includes contingent payments of up to USD 118 million, as further set out in Section 12.5.4 above. As of the date of this Prospectus, the net cash effect for the Cricaré Cluster acquisition is USD 39.2 million. Please see Sections 8.1 and 8.6.2 for further information regarding the Cricaré Cluster.

On 22 March 2022, the Company, through its subsidiary Seacrest Petróleo S.A., entered into the Joint Bidding Group with EnP and Imetame in relation to a joint bid on the block ES-T-528, which was available in ANP's third open acreage bidding round. On 13 April 2022, ANP awarded the block to the Joint Bidding Group. In accordance with the Joint Bidding Agreement, Seacrest Petróleo S.A. will have a participating interest of 50% in the block, Imetame, a participating interest of 30% and EnP, a participating interest of 20%. The total price of the bid for the block was BRL 151,000, of which 50% was attributed to Seacrest Petróleo S.A. In addition, the bid comprises a commitment to perform a minimum exploratory program which the Company expects will require an aggregate investment of BRL 2.2 million, of which 50% is attributable to Seacrest Petróleo S.A.

The Company has made no other material investments since incorporation.

### **12.6.2 Principal investments in process and planned principal investments**

On 23 February 2022, through the Norte Capixaba SPV, the Company entered into a purchase agreement to acquire from Petrobras the assets that compose the Norte Capixaba Cluster, located onshore in the state of Espírito Santo, Brazil. The Norte Capixaba Acquisition remains subject to regulatory approvals, as further set out in Section 8.5 "*Contemplated acquisition of the Norte Capixaba Cluster*", and is anticipated to occur in late February 2023, following completion of the Listing. The total purchase price for the Norte Capixaba Cluster is USD 544 million, as further described in Section 12.5.4 above. Please see Section 8.5 for further information regarding the Norte Capixaba Acquisition and the Norte Capixaba Cluster.

The Norte Capixaba Acquisition has and will be financed through the Notes, the net proceeds from the Offering and the New Credit Agreement.

Apart from the above, the Company does not have any other investments in progress, firm commitments or obligations to make significant future investments.



## 12.7 Financing and other contractual obligations

### 12.7.1 Senior Facility Agreement

The acquisition of the Cricaré Cluster and the related expenses were financed under the USD 35 million Senior Facility Agreement. As of 30 September 2022, a principal amount of approximately USD 34,206,990 was outstanding under the Senior Facility Agreement, see note 15 in the Interim Financial Statements for further details.

A summary of the key terms of the Senior Facility Agreement is set out below:

<b>Facility agreement</b>	USD 35 million senior secured facility agreement dated 21 December 2021.
<b>Parties</b>	Between, among others, the Cricaré SPV as borrower and Mercuria Energy Trading SA as arranger, agent, security agent (under an intercreditor agreement) and lender
<b>Purpose</b>	To acquire the Cricaré Cluster and to pay expenses related to obtaining the financing.
<b>Repayment</b>	The first principal instalment under the Senior Facility Agreement is due on the 90 <sup>th</sup> day following the 2 year anniversary of the Cricaré Cluster acquisition. Thereafter, principal instalments under the Senior Facility Agreement fall due quarterly, in accordance with a predefined payment schedule, with a predefined instalment increase until the maturity date.
<b>Interest</b>	12% per annum plus USD LIBOR (subject to rate switch provisions on the cessation of LIBOR), due quarterly, beginning in March 2022.
<b>Security</b>	Nearly all of the Group's assets are pledged as security to the benefit of the security agent on behalf of the creditors under the Senior Facility Agreement and the Junior Facility Agreement, regulated by an intercreditor agreement. Guarantees are provided by Seacrest Petroleo Cricare Bermuda Limited, the Company, Seacrest Uruguay S.A. and Seacrest Petróleo S.A.
<b>Maturity date</b>	The 6 year anniversary of the Cricaré Cluster acquisition.
<b>Voluntary prepayment</b>	The borrower may by giving 10 business days' notice prepay the whole or in part (minimum USD 3 million) of the loan.
<b>Mandatory prepayment</b>	Mandatory prepayment in the event of illegality and the occurrence of a continuing event of default.
<b>Change of control</b>	Any sale, lease or transfer of shares in the Cricaré SPV or Norte Capixaba SPV or the economic rights attached thereto or dilution of the Company's interest in the capital stock of the Cricaré SPV or Norte Capixaba SPV (including by failure to exercise pre-emptive rights) require lender approval.
<b>Financial covenants / Minimum value</b>	The borrower and the guarantors shall comply with the following requirements: <ul style="list-style-type: none"> <li>• Field Life Ratio: Minimum 1,5 to 1.0;</li> <li>• Minimum cash: Minimum USD (or equivalent) 2,000,000 in a dedicated collection account.</li> <li>• Liquidity: Total corporate sources to be higher than the total corporate uses.</li> </ul>
<b>General covenants (among others)</b>	Restrictions on, amongst others, (i) the obligors from entering into any form of corporate reconstructions, (ii) any change of business of the obligors and (iii) any additional group indebtedness (with customary exceptions).
<b>Dividend restriction</b>	No Group company may declare distributions to its shareholders, except after the Junior Facility Agreement has been fully settled, and certain other conditions are fulfilled, including, but not limited to: <ul style="list-style-type: none"> <li>• Minimum cash: Minimum USD (or equivalent) 4,000,000 in a dedicated collection account.</li> <li>• Liquidity: Total corporate sources are higher than 1.25 times the total corporate uses.</li> </ul>
<b>Governing law and jurisdiction</b>	English Law, Courts of England.

Please note that the New Credit Agreement will acquire and restructure the debt outstanding under the Junior Facility Agreement and the Senior Facility Agreement. In connection with such acquisition and restructuring, the

Junior Facility Agreement and the Senior Facility Agreement shall be deemed to be amended and restated in their entirety on the terms set out in the New Credit Agreement. Please see Section 12.5.2 for further information.

### 12.7.2 Junior Facility Agreement

The operational and capital expenditures in relation to the operation of the Cricaré Cluster are financed under the USD 10 million Junior Facility Agreement. As of 30 September 2022, a principal amount of approximately USD 10,038,211 was outstanding under the Junior Facility Agreement, see note 15 in the Interim Financial Statements for further details.

A summary of the key terms of the Junior Facility Agreement is set out below:

<b>Facility agreement</b>	USD 10 million junior secured facility agreement dated 21 December 2021 but subject to an uplift commitment with the ability to draw additional funding in support of an indemnity and standby letter of credit arrangement (the "SBLC") relating to the acquisition of the Norte Capixaba Cluster by the Norte Capixaba SPV as follows: <ul style="list-style-type: none"> <li>Mercuria procured that the SBLC dated 23 February 2022 was issued by Société Générale Paris in favour of Petrobras in Brazil for an amount of up to USD 59,750,000 which was covered by an indemnity and guarantee agreement dated 23 February 2022 (the "IGA").</li> <li>In support of the indemnity obligations of the Norte Capixaba SPV under the IGA, the Junior Loan uplift commitment will be deemed to be additional borrowing under the Junior Loan where (i) a claim is made by Petrobras under the SBLC, (ii) payment is made to Petrobras under the SBLC, (iii) the only lender under the Junior Loan Facility is Mecuria and (iv) Mecuria has reimbursed Société Générale Paris for the amount of the Petrobras Claim under the SBLC.</li> </ul>
<b>Parties</b>	Between, among others, the Cricaré SPV as borrower and Mercuria Energy Trading SA as arranger, agent, security agent (under an intercreditor agreement) and lender.
<b>Security</b>	Nearly all of the Group's assets pledged as security to the benefit of the security agent on behalf of the creditors under the Junior Facility Agreement and the Senior Facility Agreement, regulated by an intercreditor agreement.
<b>Purpose</b>	To finance the operational and capital expenditures for the operation of the Cricaré Cluster.
<b>Repayment</b>	Principal due on the date falling 6.5 years after the acquisition of the Cricaré Cluster.
<b>Interest</b>	15% per annum plus USD LIBOR (subject to rate switch provisions on the cessation of LIBOR), due quarterly, beginning in March 2022.
<b>Security</b>	Nearly all of the Group's assets are pledged as security to the benefit of the security agent on behalf of the creditors under the Senior Facility Agreement and the Junior Facility Agreement, regulated by an intercreditor agreement. Guarantees are provided by Seacrest Petroleo Cricare Bermuda Limited, the Company, Seacrest Uruguay S.A. and Seacrest Petróleo S.A.
<b>Maturity date</b>	The 6.5 year anniversary of the Cricaré Cluster acquisition.
<b>Voluntary prepayment</b>	The borrower may by giving 10 business days' notice prepay the whole or in part (minimum USD 1 million) of the loan.
<b>Mandatory prepayment</b>	Mandatory prepayment in the event of illegality and the occurrence of a continuing event of default.
<b>Change of control</b>	Any sale, lease or transfer of shares in the Cricaré SPV or Norte Capixaba SPV or the economic rights attached thereto or dilution of the Company's interest in the capital stock of the Cricaré SPV or Norte Capixaba SPV (including by failure to exercise pre-emptive rights) require lender approval.
<b>Financial covenants / Minimum value</b>	The borrower and the guarantors shall comply with the following requirements: <ul style="list-style-type: none"> <li>Field Life Ratio: Minimum 1,5 to 1.0;</li> <li>Minimum cash: Minimum USD (or equivalent) 2,000,000 in a dedicated collection account.</li> </ul>

	<ul style="list-style-type: none"> <li>Liquidity: Total corporate sources to be higher than the total corporate uses.</li> </ul>
<b>General covenants (among others)</b>	Restrictions on, amongst others, (i) the obligors from entering into any form of corporate reconstructions, (ii) any change of business of the obligors and (iii) any additional group indebtedness (with customary exceptions).
<b>Dividend restriction</b>	No Group company may declare distributions to its shareholders, while indebtedness under the Junior Facility Agreement remains outstanding.
<b>Governing law and jurisdiction</b>	English Law, Courts of England.

Please note that the New Credit Agreement will acquire and restructure the debt outstanding under the Junior Facility Agreement and the Senior Facility Agreement. In connection with such acquisition, the Junior Facility Agreement and the Senior Facility Agreement shall be deemed to be amended and restated in their entirety on the terms set out in the New Credit Agreement. Please see Section 12.5.2 for further information.

### 12.7.3 Convertible Loan Notes

The Norte Capixaba Acquisition is partly to be financed under the USD 18 million Notes issued by the Company. The interest rate under the Notes is 10% per annum for the first year, 12.5% per annum for the second year and 15% per annum for the third year.

The Notes will be mandatorily converted into Shares on the date immediately prior to the closing of the Offering.

The number of Shares into which the Notes are convertible will be based on a discount to the Offer Price, as determined by a formula set out in the Notes. Considering the Offer Price, conversion of the Notes will result in the issuance of 23,872,710 new Shares in the Company at a subscription price of NOK 8.5 per share.

As of 30 September 2022, there are two noteholders, including Mercuria. Accrued interest under the Notes Instrument as of 30 September 2022 amounted to USD 1,050,144, see note 15 in the Interim Financial Statements for further details.

A summary of the key terms of the Notes is set out below:

<b>Instrument</b>	Up to USD 60 million second secured convertible loan notes instrument dated 22 February 2022.
<b>Parties</b>	Between, among others, the Company as issuer and Mercuria as trustee and security agent (under an intercreditor agreement) on behalf of the noteholders.
<b>Purpose</b>	The proceeds of the Notes are to be used in connection with the Norte Capixaba Acquisition.
<b>Repayment</b>	No instalment payment obligation on the principal until conversion to equity or the maturity date.
<b>Interest</b>	The interest rate under the Notes is 10% per annum for the first year, 12.5% per annum for the second year and 15% per annum for the third year.
<b>Security</b>	Third ranking share charge over the shares in Seacrest Petroleo Cricare Bermuda Limited. Furthermore, nearly all of the Group's assets are pledged as security to the benefit of the security agent on behalf of noteholders, regulated by an intercreditor agreement. Guarantees are provided by Seacrest Petroleo Cricare Bermuda Limited, Seacrest Uruguay S.A., the Cricaré SPV and the Norte Capixaba SPV and Seacrest Petróleo S.A.
<b>Maturity date</b>	The 3 year anniversary of the original issue date.
<b>Voluntary prepayment</b>	No.

<b>Mandatory prepayment</b>	Mandatory prepayment in the event of default, termination of the acquisition of the Norte Capixaba Cluster or if the Notes not converted following a conversion notice (except in relation to an offering on a regulated market).
<b>Conversion</b> <b>(Alternative offering conversion or Public offering conversion)</b>	<p>The Notes under and any outstanding accrued interest may/will (as the case may be) be converted into equity in the following events:</p> <ol style="list-style-type: none"> <li>1. The noteholders have an option to convert their Notes into equity following an "Alternative Offering". <ol style="list-style-type: none"> <li>a. An Alternative Offering means any issuances and sales by a subsidiary of the issuer, or by the issuer itself, of equity interests after the issuance of the Notes and prior to the maturity date, resulting in at least USD 120,000,000 of aggregate gross proceeds to such subsidiary or the issuer (as applicable), other than via a Public Offering.</li> <li>b. The conversion discount will be 0.80 of the issue share price in the offering.</li> </ol> </li> <li>2. The Notes are mandatorily convertible into Shares following a "Public Offering". <ol style="list-style-type: none"> <li>a. A Public Offering means the closing of the issuance and sale of equity interests of the issuer or of an issuer's subsidiary on a regulated securities market.</li> <li>b. The number of Shares into which the Notes are convertible will be based on a discount to the offering price, as determined by a formula set out in the Notes instrument. However, if the listing occurs before 23 February 2023, the conversion discount will be 0.85 of the issue share price in the offering.</li> </ol> </li> </ol>
<b>Change of control</b>	A change of control is considered an event of default under the Notes instrument. Change of control is defined as follows: Seacrest Partners III, L.P. (a) shall cease to own beneficially and control (either directly or indirectly) at least 15% of the issuer's issued and outstanding equity interests having the right to vote or other interests (or securities convertible into equity interests) of the issuer having the right to vote, or (b) shall seize to have the power (whether by ownership of equity interests, contract or otherwise) to control the Management and policies of the Company.
<b>Warranties</b>	<p>The Company and the guarantors shall comply with the following requirements:</p> <ul style="list-style-type: none"> <li>• Field Life Ratio: Minimum 1,5 to 1.0;</li> <li>• Minimum cash: Minimum USD (or equivalent) 2,000,000 in a dedicated collection account.</li> <li>• Liquidity: Total corporate sources to be higher than the total corporate uses.</li> </ul>
<b>General covenants (among others)</b>	Restrictions on, amongst others, (i) sale of all or any part of the Cricaré Cluster or the Norte Capixaba Cluster, (ii) any payment failure (with exception of clerical/electronic errors corrected within three business days) and (iii) any additional indebtedness (with customary exceptions under the Notes Instrument and except as permitted under the Junior Facility Agreement and the Senior Facility Agreement).
<b>Dividend restriction</b>	No distribution of profits, dividends or interest on capital.
<b>Governing law and jurisdiction</b>	English Law, Courts of England.

#### 12.7.4 Mercuria warrants

In connection with the Mercuria Financing Agreements, as consideration for Mercuria facilitating the financing of the Group's acquisition of the Cricaré Cluster and the signing of the purchase agreement with Petrobras for the Norte Capixaba Acquisition, the Company issued the following warrants to an affiliate of Mercuria:

- a warrant instrument exercisable in respect of common shares representing 1% of the Company's fully diluted share capital at the time of exercise ("**Mercuria Warrant 1**");
- a warrant instrument exercisable in respect of common shares representing 2% of the Company's fully diluted share capital at the time of exercise, with such warrant only exercisable if the Norte Capixaba Acquisition is not completed or the Company sells the Cricaré Cluster at a time when it does not own the Norte Capixaba Cluster ("**Mercuria Warrant 2**"); and

- a warrant instrument exercisable in respect of 1,302,246 common shares, representing 1% of the Company's fully diluted share capital at 15 February 2022 ("**Mercuria Warrant 3**").

As described in Section 12.7.3, on 23 February 2022, the Company has also issued Notes for a total of USD 18 million. The Notes, Mercuria Warrant 1, Mercuria Warrant 2 and Mercuria Warrant 3 are collectively referred to as the "**Mercuria Instruments**".

Mercuria exercised Mercuria Warrant 1 on 23 February 2022 and its designated affiliate received 1,302,245 of the Company's Shares. Mercuria Warrant 2 and Mercuria Warrant 3 remain outstanding. An overview of the Mercuria Warrants 2 and 3 is set out in the table below:

Instrument	Outstanding warrants	Strike price and conditions for exercise
<b>Mercuria Warrant 2</b>	An amount equal to 2% of the Company's fully diluted share capital at the time of exercise	<p><b>Strike price:</b> USD 1</p> <p><b>Conditions for exercise:</b> The warrants are exercisable if the Norte Capixaba Acquisition is not completed or the Company sells the Cricaré Cluster at a time when it does not own the Norte Capixaba Cluster</p>
<b>Mercuria Warrant 3</b>	1,302,246	<p><b>Strike price:</b> USD 1</p> <p><b>Conditions for exercise:</b> The warrants are exercisable in the event of:</p> <ul style="list-style-type: none"> <li>a) a "liquidity event", meaning (i) the admission of the Company's shares to trading on any major international stock exchange (incl. the Oslo Stock Exchange), (ii) the acquisition by shareholders of freely transferable and liquid common shares of another company in exchange for all of the shares held by the shareholders.; or (iii) the completion of a transaction in which holders of shares representing more than 50% of the voting rights in the Company have transferred their shares to a third party following an unconditional binding bona fide offer from such third party to purchase shares representing 100% of the Company's issued share capital, or</li> <li>b) a private placement of shares and/or debt securities of the Company convertible into equity in an amount of not less than USD 5,000,000 in the aggregate; or an acquisition of oil and gas assets (other than the Cricaré Cluster or the Norte Capixaba Cluster) the purchase price of which (including any non-cash consideration) is not less than USD 5,000,000.</li> </ul>

### 12.7.5 New Credit Agreement

The New Credit Agreement (as defined under Section 12.5.2.2) will provide for loans up to USD 300 million in aggregate to finance a portion of the balance of the purchase price owed to Petrobras for the Norte Capixaba Cluster and to acquire and restructure the debt outstanding under the Mercuria Financing Agreements.

The New Credit Agreement will be structured as pre-export or PPE financing for Brazilian purposes and incorporate the existing Mercuria indebtedness under the Senior Facilities Agreement and the Junior Facilities Agreement (see further under Section 12.7). The obligations under the New Credit Agreement will be guaranteed by Seacrest Petróleo S.A., Seacrest Petroleo Cricare Bermuda Limited and Seacrest Uruguay S.A., and secured by certain security as further set out below. In addition, the Cricaré SPV will guarantee the obligations of the Norte Capixaba SPV and the New Credit Agreement, and the Norte Capixaba SPV will guarantee the obligations of the Cricaré SPV.

A summary of the key terms of the New Credit Agreement is set out below:

<b>Facility</b>	USD 300 million credit facility.
<b>Parties</b>	The Cricaré SPV and Norte Capixaba SPV as borrowers, Seacrest Petróleo S.A., Seacrest Petróleo Cricaré Bermuda Limited and Seacrest Uruguay S.A., as guarantors, Morgan Stanley Senior Funding, Inc. as lead arranger, TMF Group New York, LLC as administrative agent, and the other lenders party, including an affiliate of Itau BBA USA Securities, Inc. to the New Credit Agreement.
<b>Purpose</b>	The proceeds of the loans shall be applied to finance the export of hydrocarbons, and to acquire and restructure the loans outstanding under the Senior Facility Agreement and the Junior Facility Agreement, originally incurred to finance the purchase, storage and transport of hydrocarbons prior to their sale and export.
<b>Repayment</b>	The loans under the New Credit Agreement shall be repaid on each principal repayment date in such amortisation amounts depending on the minimum cash balance held by the borrowers and the guarantors as set forth in out in a predefined payment schedule up until the maturity date.
<b>Interest</b>	A rate equal to adjusted term SOFR (as in effect from time to time) plus 7.50% per annum payable on 3 February, 3 May, 3 August and 3 November of each fiscal year and the maturity date.
<b>Security</b>	To secure the payment and performance in full of the secured obligations under the New Credit Agreement, the borrowers and the guarantors will grant, in favour of the collateral agent, security in nearly all of the Group's assets, such as: <ul style="list-style-type: none"> <li>– shares in certain Group companies, including Seacrest Petróleo Cricaré Bermuda Limited, the Cricaré SPV, the Norte Capixaba SPV., Seacrest Petróleo S.A. and Seacrest Uruguay S.A.;</li> <li>– certain bank accounts;</li> <li>– certain shareholder loans and intragroup loans;</li> <li>– crude oil and equipment;</li> <li>– certain contracts, agreements and receivables, including the Mercuria Offtake and Marketing Agreements; and</li> <li>– certain insurances.</li> </ul>
<b>Maturity date</b>	3 February 2028.
<b>Voluntary prepayment</b>	After a period of one year from the funding date, the borrowers may, upon 3 business days' notice to the administrative agent, on any interest payment date, voluntarily prepay the loans in whole or in part together with the applicable prepayment premium. Any partial prepayment shall be in a principal amount of USD 5 million or a whole multiple of USD 1,000,000 in excess thereof.
<b>Mandatory prepayment</b>	Mandatory prepayment obligation with any proceeds from: <ol style="list-style-type: none"> <li>1. insurance in the event of loss, destruction or damage to the Norte Capixaba Cluster or Cricaré Cluster and certain associated assets;</li> <li>2. a condemnation as a result of expropriation event or similar by a governmental authority;</li> <li>3. a disposition of any property (unless explicitly permitted);</li> <li>4. any issuance of equity interests (other than the Listing) or the incurrence of any indebtedness (unless explicitly permitted), and</li> <li>5. and in relation to illegality regarding any lender's participation in the loans.</li> </ol>
<b>Prepayment premium</b>	In relation to any prepayments made (or which is deemed to be made in the case of an acceleration of the loans), except in the case of any illegality in respect of a lender's participation in the loans, the borrowers shall pay an additional premium as follows: <ol style="list-style-type: none"> <li>1. a premium equal to: <ul style="list-style-type: none"> <li>– 3.50% of the principal amount of such prepayment, if such prepayment occurs after the date which is more than 1 year after the disbursement date of the loans, but on or prior to the date which is 2 years after the disbursement date;</li> <li>– 1.75% of the principal amount of such prepayment, if such prepayment occurs after the date which is more than 2 years after the disbursement date of the loan, but on or prior to the date that is 3 years after the disbursement date; and</li> <li>– thereafter, zero.</li> </ul> </li> </ol>
<b>Change of control</b>	Subject to certain exceptions, the following change of control events will constitute an event of default under the New Credit Agreement: <ol style="list-style-type: none"> <li>1. any sale, lease, transfer, conveyance or other disposition, of all or substantially all of the assets of the borrowers or the guarantors, or the Norte Capixaba Cluster or Cricaré Cluster (and associated assets), to any person, other than another borrower or guarantors;</li> </ol>

	<ol style="list-style-type: none"> <li>2. (i) at any time prior to the Offering, each of Seacrest Partners III, L.P., Mercuria Energy Group Limited, High Power Petroleum (SeaPulse) UK Ltd., and Commandery Investment Holdings Ltd., and each of their respective affiliates, or any investment funds controlled and managed by any of the foregoing (a "<b>Permitted Shareholder</b>"), cease to own beneficially and control, directly or indirectly, more than 50% of the equity interests in Seacrest Petroleo Cricare Bermuda Limited or (ii) or at any time following the Offering, any person or group of related persons other than a Permitted Shareholder beneficially owns or controls, directly or indirectly, at least 50% the aggregate outstanding voting and economic power of the equity interests in Seacrest Petroleo Cricare Bermuda Limited;</li> <li>3. subject to certain exemptions, certain key management personnel cease to retain, prior to the date falling (a) 9 months after the Listing, 100% of and (b) 18 months after the Listing, at least 50% of, their respective indirect equity interests held in Seacrest Petroleo Cricare Bermuda Limited;</li> <li>4. Seacrest Petroleo Cricare Bermuda Limited ceases to own and control 100% of the aggregate outstanding voting and economic power of the equity interests in Seacrest Uruguay S.A.;</li> <li>5. (i) Seacrest Uruguay S.A. ceases to own and control 99.9% of the aggregate outstanding voting and economic power of the equity interests in Seacrest Petróleo S.A., and (ii) Michael Stewart ceases to own and control 0.1% of the aggregate outstanding voting and economic power of the equity interests in Seacrest Petróleo S.A.;</li> <li>6. Seacrest Petróleo S.A ceases to directly own and control 100% on a fully diluted basis of the aggregate outstanding voting and economic power of the equity interests in each of the borrowers; or</li> <li>7. the adoption of a plan relating to a borrower's or a guarantor's liquidation or dissolution.</li> </ol>
<b>Financial covenants</b>	<p>The borrowers and the guarantors shall comply with the following financial requirements:</p> <ol style="list-style-type: none"> <li>1. The consolidated leverage ratio of Seacrest Petróleo S.A. and its subsidiaries shall following the date of disbursement of the loans, until the last day of the following quarters, not exceed: <ul style="list-style-type: none"> <li>– after the third and fourth quarters, 3.50:1.00;</li> <li>– after the fifth quarter, 3.25:1.00;</li> <li>– after the sixth quarter, and as of the last day of each of the successive quarter up to the last day of the ninth quarter, 2.75:1.00;</li> <li>– after the seventh quarter, and as of the last day of each of the successive quarters up to and including the last day of the tenth quarter, 2.00:1.00; and</li> <li>– after each successive quarter thereafter, 1.50:1.00.</li> </ul> </li> <li>2. As of the last day of each year, the minimum asset coverage ratio shall not be less than 1.50:1.00.</li> <li>3. As of any date, the borrowers' unrestricted cash shall not be less than USD 5 million.</li> </ol>
<b>General covenants (among others)</b>	<p>Several restrictions on the borrowers and the guarantors (subject to certain permitted exceptions and baskets) related to, amongst others, (i) creation and incurrence of any lien upon its property, assets or revenues, (ii) incurrence and guaranteeing any indebtedness, (iii) loans or advances to, guarantees of, or deposits with, other persons or investments in or acquisitions of any person, business, assets or enterprise, (iv) sale, lease or disposal the borrowers' assets or any interest therein to any person, or permit or suffer any other person to acquire any interest in any of their respective assets, (v) change of business or operations, (vi) transactions with affiliates, (vii) use of the proceeds of the loans, (viii) hedging transactions, (iv) amendment of certain material agreements, (v) sanctions, corruption and money laundering and (vi) capital expenditures.</p>
<b>Dividend restriction</b>	<p>The borrowers and the guarantors shall not declare or make, directly or indirectly, (x) any Capital Redemption Restricted Payment or Shareholder Loan Restricted Payment or incur any non-contingent obligation to do so (other than pursuant to item 1, 3, 4 and 6 below), and in the case of Capital Redemption Restricted Payments or Shareholder Loan Restricted Payments made by Seacrest Petroleo Cricare Bermuda Limited pursuant to item 3, 4 and 6 below, solely to the extent that Seacrest Petroleo Cricare Bermuda Limited is unable to make any such Restricted Payments by means of a Dividend Restricted Payment and (y) any Restricted Payment (other than a Capital Redemption Restricted Payment or Shareholder Loan Restricted Payment), or incur any non-contingent obligation to do so; provided that:</p> <ol style="list-style-type: none"> <li>1. the borrower and the guarantors may make Restricted Payments to any other borrower or guarantor;</li> </ol>

	<ol style="list-style-type: none"> <li>2. the borrower and the guarantors may make Dividend Restricted Payments in the minimum amounts required by applicable law and pursuant to the terms of the organisation documents of the relevant entity;</li> <li>3. Cricaré SPV may pay fees in respect of guarantees provided on its behalf to Petrobras up to an amount of USD 3.54 million in aggregate in any calendar year;</li> <li>4. the borrower and the guarantors may make payments of employment compensation, expenses or salaries to certain affiliates (in their capacities as directors, officers or employees of the borrowers or the guarantors) up to an amount of USD 1 million in aggregate in any calendar year is permitted;</li> <li>5. the borrower and the guarantors may make Restricted Payments (other than Capital Redemption Restricted Payments and Shareholder Loan Restricted Payments) at any time after 1 October 2024, if after giving pro forma effect to such payments, the borrowers and guarantors are in compliance with the following conditions: <ul style="list-style-type: none"> <li>– no default or event of default shall exist or would result from such payment of dividends or distribution;</li> <li>– the borrowers and guarantors shall be in compliance with all financial covenants;</li> <li>– the consolidated leverage ratio of Seacrest Petroleo Cricare Bermuda Limited and its subsidiaries does not exceed 1.50:1.00;</li> <li>– the aggregate amount of unrestricted cash standing to the credit of the deposit accounts held in the name of borrowers and guarantors is equal to or in excess of the sum of (A) USD 125 million, (B) the target amortization amount projected to be payable on the repayment dates and (C) all other amounts of principal, interest, premium, fees, costs and expenses payable or projected to be payable in respect of the obligations under the New Credit Agreement on the succeeding principal repayment date; and</li> <li>– certain material contracts are extended beyond the maturity date for the New Credit Agreement prior to the date of such payment of dividend or distribution; and</li> </ul> </li> <li>6. in addition to any distribution made under (1) to (5) above, the following Restricted Payments may be made: <ul style="list-style-type: none"> <li>– for the 2023 and 2024 years, in an amount not exceeding USD 5 million per year; and</li> <li>– thereafter, in an amount not exceeding USD 3.5 million per year, to be applied solely towards payment of consultant fees, travel expenses and general and administrative expenses of the Company and any of its subsidiaries or affiliates.</li> </ul> </li> </ol> <p><b>"Restricted Payment"</b> means (a) any dividend or other distribution (whether in cash, securities or other Property) with respect to any equity interests in the borrower or a guarantor, or any option, warrant or other right to acquire any such equity interests (a <b>"Dividend Restricted Payment"</b>); (b) any payment, including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any equity interests in the borrower or a guarantor, or any option, warrant or other right to acquire any such equity interests (a <b>"Capital Redemption Restricted Payment"</b>); (c) any payment of principal of, or interest on, or other amount in respect of certain subordinated shareholder loans (any such payment, a <b>"Shareholder Loan Restricted Payment"</b>); or (d) any sponsor, management, operation, development or any similar fees payable by the borrower or a guarantor to any of the Permitted Shareholders or any of their affiliates (other than another borrower or a guarantor).</p>
<b>Governing law and jurisdiction</b>	<p>The laws of the State of New York.</p> <p>Courts of the State of New York sitting in New York County and the United States District Court of the Southern District of New York.</p>

### 12.7.6 Other contractual obligations

In addition to the Group's financing agreements, part of the purchase price of the Cricaré Cluster is not due yet. The Company, through the Norte Capixaba SPV, has also entered into a binding agreement to purchase the Norte Capixaba Cluster. The majority of the purchase price of the Norte Capixaba Cluster is due on closing. For more information, see Section 12.5.4 *"Capital Expenditures"*.

The Company and its subsidiaries, as the case may be, have also entered or agreed to enter into the following agreements, which require or is expected to require material cash commitments:



- Under the Existing Transpetro Agreement (see Section 8.9.1), the Cricaré SPV has hired Transpetro to provide storage, transport and ship loading services at the TNC with respect to the oil produced at the Cricaré Cluster. The Cricaré SPV pays Transpetro monthly based on the amount of oil handled by them. The Company estimates that this agreement will have a total value of BRL 35.1 million (or USD 6.3 million, based on the BRL selling rate as reported by the Brazilian Central Bank as of 31 December 2021 of BRL 5.5805 to USD 1.00).
- As part of the Norte Capixaba Acquisition, the Company has agreed to enter into the New Transpetro Agreement with Transpetro for it to provide storage, transport and ship loading services at the TNC with respect to the oil produced at the Norte Capixaba Cluster and the Cricaré Cluster. The Existing Transpetro Agreement will terminate upon entry of the New Transpetro Agreement. The Company intends to enter into this contract before the closing of the Norte Capixaba Acquisition. The Company expects to pay Transpetro monthly based on the amount of oil handled by them. The Company estimates that this agreement will have a total value of BRL 478.0 million (or USD 85.7 million, based on the BRL selling rate as reported by the Brazilian Central Bank as of 31 December 2021 of BRL 5.5805 to USD 1.00). Unless earlier terminated, the New Transpetro Agreement will remain in effect until 2028.
- As part of the Norte Capixaba Acquisition, the Group has agreed to purchase from Petrobras all of the oil produced in certain nearby Petrobras-owned fields, jointly known as the Lagoa Parada cluster, which historically relied on the TNC for transportation. This agreement will be valid from the closing of the Norte Capixaba Acquisition until 10 October 2024. The Company expects that this contract will have a total value of BRL 131.2 million (or USD 23.5 million, based on the BRL selling rate as reported by the Brazilian Central Bank as of 31 December 2021 of BRL 5.5805 to USD 1.00).

## 12.8 Critical accounting policies

The Company's consolidated financial statements are prepared in accordance with IFRS. In preparing its financial statements, the Company employs its judgment and makes estimates and assumptions to calculate amounts recognized as assets, liabilities, income and expenses. If the Company is required to evaluate new and more complex issues, it may be required to conduct further studies, which could result in the recognition of amounts that deviate significantly from those previously estimated. Any such significant deviation may occur in the event of changes to initial conditions and assumptions.

### Foreign currency

Transactions in foreign currency are those that are made in currencies other than the Group's functional currency, and they are translated into the respective functional currencies of Group companies at rates of exchange on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date have been translated to the functional currency at rates on the reporting date. Foreign currency differences are generally recognised in profit or loss and presented within finance costs. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

### Property, plant and equipment

Property, plant and equipment items are measured on historical acquisition cost. Accumulated depreciation and any retained losses are deducted from the impairment, when applicable.

Except for the exploration and production assets, depreciation is recognized over the estimated useful life of each asset on a straight-line basis so that the cost value minus its residual value post-useful life is completely written-off. The estimated useful life, the residual values and the depreciation methods are revised at the end of each fiscal year and the effect of any changes on these estimates is prospectively accounted for.

Exploration and production asset depreciation is calculated through a unit of production method and recognized in the statement of profit or loss.

The estimated useful lives of the PP&E assets are the following:

- Facilities – 10 years
- Machinery and equipment – units of production method
- Steam generating units – units of production method
- Vehicles – 5 years
- IT equipment – 5 years

### **Intangible assets**

The Group presents, in its intangible assets, expenditure on the acquisition of exploration concessions for extracting oil or natural gas. Those are also recorded at acquisition cost, adjusted, when applicable, to their recoverable amount and proven reserves will be amortized using the unit of production method.

### **Financial assets**

Financial assets are measured at: amortized cost, or fair value through profit or loss (FVTPL). This classification is based on the characteristics of contractual cash flow and the business model to manage the asset.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. In the latest audited financial statements (31 December 2021), the Group financial assets are represented as:

- Cash and cash equivalents
- Securities
- Other accounts receivable with related parties
- Loans with related parties
- Derivative financial instruments

### **Impairment of financial assets**

Expected credit losses are assessed using an impairment model and are applicable to financial assets measured at amortized cost.

The provisions for expected losses will be measured on one of the following bases:

- Expected credit losses for 12 months, i.e., credit losses that result from potential default events within 12 months after the reporting date; and
- Lifetime expected credit losses, i.e., credit losses that result from all possible default events over the expected life of a financial instrument.

The measurement of lifetime expected credit losses applies if the credit risk of a financial asset on the reporting date has increased significantly since its initial recognition, and the 12-month credit loss measurement applies if the risk has not increased significantly since its initial recognition. The Group determines that the credit risk of a financial asset has not increased significantly if the asset has low credit risk on the reporting date.

### **Financial liabilities**

The Group classifies non-derivative financial liabilities in the category of other financial liabilities. Such financial liabilities are initially recognized at fair value plus any transaction costs directly assignable. After the initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method. The interest expenses and exchange profit and loss are recognized in the profit or loss.

The Group derecognises a financial liability when its contractual obligation is withdrawn, cancelled or expires. The Group also derecognises a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Any gain or loss on derecognition is also recognized in profit or loss.

In the latest audited financial statements (31 December 2021), the Group's non-derivative financial liabilities were represented by:

- Supplier and other accounts payable
- Supplier and other accounts payable – related parties
- Accounts payable with related parties
- Financial loan
- Provision for decommissioning costs

Supplier and other accounts payable, including those with related parties, are obligations to pay for goods and services that have been acquired in the ordinary course of business. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

All financial loans are initially recognised at cost net of any borrowing costs incurred. After the initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method with interest expense recognized in the consolidated statement of profit and loss.

In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs, the estimated future level of inflation, and the appropriate discount rate. The ultimate restoration costs are uncertain, and costs may vary in response to several factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other fields. The expected timing of expenditure may also change.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

The provision is recorded as part of the cost of the related property, plant and equipment item, at present value, discounted at a risk-free rate, and is fully recognized at the time of the commencement of operations at each oil field and the recognition of its reserves. The provision is annually revised by Management by adjusting the amounts of assets and liabilities already accounted for. Revisions to the calculation basis of estimated expenditure are recognized as cost of property, plant and equipment, and the accounting effects arising from changes to financial assumptions, such as the discount rates used for calculating the future obligation, are taken directly to profit or loss for the year.

#### **Impairment of non-financial assets**

Every reporting date, the Group reviews the carrying values of its non-financial assets and inventories to determine whether there is any indication of impairment. If any indication occurs, recoverable value of the assets is estimated.

For impairment tests, assets are grouped into Cash Generating Units (CGUs), that is, into the smallest possible group of assets that generate cash inflows through their continued use, inflows that are largely independent of the inflows from other assets or CGUs.

The recoverable value of an asset or CGU is the higher of its value in use and its fair value less cost of disposal. Value in use is based on estimated future cash flows, discounted to present value using a discount rate less taxes, that reflects current market estimates of the value of money in time and specific risks of assets or CGU.

An impairment loss is recognized if the book value of the asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. Losses recognized related to CGUs are allocated to the book value of assets of the CGU (or group of CGUs) on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Provisions**

A provision is recognised if, because of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that the Group will be required to settle the obligation. Provisions are calculated by discounting the expected future net cash flows at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### **Share based payments**

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of profit or loss over the vesting period.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of profit or loss over the remaining vesting period.

### **Financial income and expenses and exchange variation, net**

Financial income represents interest income, yields from securities, discounts, other financial income and monetary and foreign exchange rate variations.

Financial costs represent bank expenses, interest, late payment charges, other financial costs and monetary and foreign exchange rate variations.

Financial income and expenses are recognized on an accrual basis when ascertained or incurred by the Group.

### **Lease**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## **12.9 Changes in accounting policies**

Recently issued and adopted accounting standards effective 1 January 2022, 2021, 2020 and 2019 did not have a material effect on the financial statements of each respective year.

#### **12.10 Significant changes in the Company's financial position**

Except for the contemplated Offering, as of the date of this Prospectus, there have been no significant changes in the financial or business position of the Group since 30 September 2022.

## **13 THE BOARD OF DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE**

### **13.1 The Board of Directors**

#### **13.1.1 Introduction**

The Board of Directors of the Company is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved for the Company's shareholders by the Bye-laws and Bermuda law.

The current Board of Directors consists of seven Board Members, as listed in the table in Section 13.1.2 below. A Board Member is not required to hold any Shares in the Company by way of qualification. A Board Member who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company is required to declare at the first opportunity the nature of his interest at a meeting of the Board of Directors. Following a declaration of the interest, a Board Member may (subject to certain limited exceptions) vote in respect of any contract, proposed contract, or arrangement notwithstanding that he or she may be interested therein, and if he or she does so, their vote shall be counted and may be counted in the quorum at any meeting of the Board of Directors at which any such contract or proposed contract or arrangement is considered. The Board Members may exercise all of the Company's powers to borrow money, mortgage the Company's undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any of the Company's obligations or of any third party.

The Board of Directors is elected annually by cumulative voting by a vote of the holders of Shares represented at the meeting at which at least two shareholders, present in person or by proxy, and holding Shares representing a majority of the votes which may be cast at that time constitute a quorum. In addition, the number of Board Members is seven or as otherwise determined by a resolution of the Company's board, but no less than five directors shall serve at any given time. Each Board Member shall hold office until the next annual general meeting following his or her election or until his or her earlier removal or resignation. Cumulative voting is a system of voting for Board Members in which each voting Share confers on its holder a total number of votes which is equal to the total number of Board Members to be elected at that meeting and which the holder may cast for candidates in any proportion (including all votes for a single candidate). The first re-election of the Board of Directors will take place at the annual general meeting of the Company in 2023.

#### **13.1.2 Composition of the Board of Directors**

The names and positions, current term of office and shareholdings of the Board Members as of the date of this Prospectus are set out in the table below. The Company's registered office address serves as the business address for the members of the Board of Directors as regards their directorship in the Company.

Except for 2 members of the Management serving on the Board, the composition of the Board of Directors is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance, last updated 14 October 2021 (the "**Norwegian Corporate Governance Code**"), meaning that (i) the majority of the shareholder elected members of the Board of Directors are independent of the Company's executive management and material business contacts, and (ii) at least two of the shareholder elected Board Members are independent of the Company's main shareholders (shareholders holding more than 10% of the Shares).

Name	Position	Served since	Term expires	Shares	Options
Erik Tiller	Executive Chairman	June 2019	2023 AGM	31,068,840 <sup>6</sup>	698,125
Paul Murray	Board Member	June 2019	2023 AGM	30,462,066 <sup>7</sup>	1,592,500
Scott Aitken	Board Member	October 2020	2023 AGM	None	1,942,500 <sup>8</sup>
Pedro Magalhães	Board Member	March 2022	2023 AGM	None	150,000
Rune Olav Pedersen	Board Member	January 2023	2023 AGM	None	150,000
Paulo Ricardo da S. dos Santos	Board Member	January 2023	2023 AGM	None	150,000
Denis Chatelan	Board Member	January 2023	2023 AGM	None	150,000

### 13.1.3 Brief biographies of the Board of Directors

Set out below are brief biographies of the Board Members. The biographies include each Board Member's relevant management expertise and experience, an indication of any significant principal activities performed by such member outside the Company and the names of companies and partnerships where such Board Members is or has been a member of the administrative management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

#### Erik Tiller, Executive Chairman

Erik Tiller has more than 25 years of experience within finance and business, both within the oil and gas industry and the asset management industry. From 1994 to 2010, Tiller held the position of director at Amerscan Capital Management Ltd. Since June 2011, he has held the positions of chairman and director of Seacrest Capital Group Limited. and Seacrest Group Limited, an international energy investment company. In addition, Tiller is a director in various portfolio companies and funds of the Seacrest Group. In addition to being a co-founder of the Company, Tiller also co-founded the Norwegian oil and gas company OKEA ASA in 2015. Tiller holds a BA in Business Administration and International Management from the California Lutheran University. He is a Norwegian citizen and a Bermuda resident.

*Current directorships and management positions: .....*

- Azimuth II Limited (chairman and president)*
- Azimuth Limited (chairman)*
- Azimuth Management Limited (board member and president)*
- Seacrest Capital Group Limited. (board member and president)*
- Seacrest Capital Ltd. (board member and president)*
- Seacrest Capital Partners Limited (chairman and president)*
- Seacrest Capital Partners SLP Limited (board member and president)*
- Seacrest Energy Limited (board member and president)*
- Seacrest Group Limited. (board member and president)*
- Seacrest II Associates GP Ltd. (board member and president)*
- Seacrest NCS Partners Ltd. (chairman and president)*
- Seacrest Partners III GP Limited (board member)*

<sup>6</sup> Mr. Tiller indirectly owns 50% of Seacrest Partners III GP Limited, the general partner of Seacrest Partners III, L.P., a limited partnership which owns 32.22% of the Company. Accordingly, in such capacity, Mr. Tiller may be deemed to control 16.11% of the Company. In addition, Mr. Tiller personally holds 894,375 shares in the Company, equal to 0.48% of the Company.

<sup>7</sup> Mr. Murray indirectly owns 50% of Seacrest Partners III GP Limited, the general partner of Seacrest Partners III, L.P., a limited partnership which owns 32.22% of the Company. Accordingly, in such capacity, Mr. Murray may be deemed to control 16.11% of the Company.

*Seacrest Partners Ltd. (board member and president)*  
*Seacrest Partners SLP Ltd. (board member and president)*  
*SeaPet Offshore Limited (chairman and president)*  
*SeaPulse Ltd. (chairman and president)*  
*SeaPulse Management Ltd. (board member and president)*  
*Woodbridge Asset Management Ltd. (board member and president)*

*Previous directorships and management positions last five years: ....*

*Azimuth Namibia Limited (board member and president)*  
*Azinam Group Limited (board member)*  
*Azinam Limited (chairman and president)*

### **Paul Murray, Board Member**

Paul Murray has over 25 years' experience in venture capital and private equity investment across technology and natural resources. Together with Mr. Tiller, Mr. Murray is a co-founder of the Company, as well as a co-founder of the Norwegian oil and gas company OKEA ASA. He is one of the founders of the Seacrest Group, an international energy investment company, and was previously a director of 3i's technology investment team, Cazenove Private Equity and a partner at DFJ Esprit. He holds a degree in Mathematics from Oxford University. Murray is a British citizen and a resident of the United Kingdom.

*Current directorships and management positions: .....*

*OKEA ASA (board member)*  
*Seacrest Group Mena Ltd. (board member)*  
*Azimuth II Limited (board member)*  
*Azimuth III Limited (board member)*  
*Azimuth Limited (board member)*  
*EP4 IP UK (limited director)*  
*Power Group Bermuda Limited (board member)*  
*Seacrest Energy Limited (board member)*  
*Seacrest Group Limited. (board member)*  
*Seacrest Partners III GP Limited (board member)*  
*Seacrest Partners III SLP (limited director)*  
*Seacrest Petroleo Cricare Bermuda (limited director)*  
*Seacrest Petroleo Cricare Bermuda Limited (vice president)*  
*SeaPet Offshore Limited (board member)*  
*SeaPet Offshore Limited (vice president)*  
*SeaPulse Ltd. (board member)*

*Previous directorships and management positions last five years: ....*

*Azinam Group Limited (board member)*  
*Azinor Catalyst Ltd. (board member)*

### **Scott Aitken, Board Member**

Scott Aitken has 30 years of experience in management and engineering, in the oil and gas industry. Aitken has 18 years' experience as a chief executive officer, 6 years' experience at regional management level and 6 years in petroleum engineering and asset management. Aitken is currently the CEO of High Power Petroleum LLC. Aitken holds a degree in Physics from the University of Strathclyde. Aitken is a citizen of the United Kingdom and a resident of Monaco.

*Current directorships and management positions: .....*

*High Power Petroleum, LLC (CEO and board member)*  
*SeaPulse Ltd. (CEO and board member)*

*Previous directorships and management positions last five years: ....*

*Cabot Energy plc (CEO)*



**Pedro Magalhães, Board Member**

Pedro Magalhães is a partner at the Brazilian law firm Nunes Fernandes & Advogados Associados since 2005 and has extensive experience in the power business regulation and in the oil and gas sector. Magalhães has performed highly complex litigation activities in Brazil and abroad. He is currently a member of the board of directors of several companies, including TEP - Termoeletrica Potiguar S.A., since January 2007; Água Limpa Energia S.A and Areia Energia S.A, since January 2016 and São Francisco Energia S.A, since May 2021. Magalhães holds a Bachelor of Laws from the Federal university of Bahia and an MSc in Energy Industry Regulation from the University of Salvador. Magalhães is a Brazilian citizen and a resident of Brazil.

*Current directorships and management positions: .....* *Nunes Femandes & Advogados Associados (Partner)*  
*Previous directorships and management positions last five years: ....* *Termoeletrica Potiguar S.A. (board member)*  
*Água Limpa Energia S.A (board member)*  
*Areia Energia S.A (board member)*  
*São Francisco Energia S.A (board member)*

**Rune Olav Pedersen, Board Member**

Rune Olav Pedersen has served as president and CEO of PGS ASA since 2017, a seismic company listed on the Oslo Stock Exchange. Previously, he combined the roles of PGS' general counsel and head of legal, with responsibility for communication, strategic customer relations, marketing, and corporate development. Prior to joining PGS, he served for four years as a partner in the Norwegian law firm Arntzen de Besche, specializing in oil and gas, and before that worked as an attorney and associate in the same firm. He started his career as a junior research fellow at the University of Oslo and has served as a deputy judge at district court level, in Norway. He serves as a board member of the Norwegian oil and gas company OKEA ASA. Pedersen has a law degree from the University of Oslo, a post-graduate diploma in European competition law from Kings College London, and an MBA from London Business School. Pedersen is a Norwegian citizen and a resident of Norway.

*Current directorships and management positions: .....* *PGS ASA (President & CEO)*  
*OKEA ASA (board member)*  
*Pepino Invest AS (chairman of the board)*  
*Energieo Alliance (board member)*  
*Previous directorships and management positions last five years: ....* *-*

**Paulo Ricardo da S. dos Santos, Board Member**

Paulo Ricardo da S. dos Santos has more than 35 years of experience from the oil and gas sector and has held a variety of position within exploration, consulting and management. He has held the position of managing partner at the Brazilian oil and gas consulting firm Leblon Óleo e Gás Consultoria Ltda since 2020. Prior to this, he has *inter alia* held management positions with Seacrest Petróleo S.A. and Azilat Petroleum Ltd. and served as general manager of the exploration business unit created to structure and manage the exploratory activities of the Petrobras subsidiary Petrobras Energia S.A. from 2004 to 2007. He holds a graduate's degree in Geology from Universidade Federal do Paraná and a master's degree in Geophysics from the Universidade Federal da Bahia. Dos Santos is a Brazilian citizen residing in Brazil.

*Current directorships and management positions: .....* *Leblon Óleo e Gás Consultoria Ltda, (Managing Partner)*  
*Previous directorships and management positions last five years: ....* *Seacrest Petróleo S.A. (VP exploration and production)*

## Denis Chatelan, Board Member

Denis Chatelan has more than 30 years of experience within finance and management and has extensive board experience. Since 2016, he has held the position of Head of Business Development at Perenco, an independent Anglo-French oil and gas company. In this position, Chatelan is in charge of strategy, M&A and portfolio management within Perenco and holds board positions in various Perenco portfolio companies. Prior to joining Perenco in 2004, he worked as CFO Africa at Rougier S.A. and as a consultant at Deloitte & Touche (France). He holds a major in Finance from Paris ESCP Business School. Chatelan holds both French and UK citizenship and is a UK resident.

*Current directorships and management positions: .....*

- Perenco S.A. (Head of Business Development)*
- Perenco T&T Limited (board member)*
- Perenco Cameroon (board member)*
- Perenco Rio Del Rey (board member)*
- Conogrep (board member)*
- Perenco Congo (board member)*
- Perenco Exploration Production (board member)*
- Perenco Kowe S.A. (board member)*
- Perenco Orovinyare S.A. (board member)*
- Kinrex S.A. (board member)*
- Lirex SARL (board member)*
- Perenco-Rep SARL (board member)*
- Socorep S.A. (board member)*
- Kinrex S.A. (board member)*
- Solic S.A. (board member)*
- Soreplico S.A. (board member)*
- Japeco S.A. (board member)*

*Previous directorships and management positions last five years: ....*

- Cameroon Oil Terminal SA*
- SEREPT*

## 13.2 Management

### 13.2.1 Overview

The Group's management currently consists of eight individuals. The names of the members of Management and their respective positions are presented in the table below. The Company's registered office address serves as the business address for all members of Management in relation to their positions with the Company.

Name	Position	Position held since	Shares	Options
Michael Stewart	CEO	2019	7,000,000 <sup>9</sup>	400,000
Scott Aitken	President of the Executive Committee	2023	None	750,000
Torgeir Dagsleth	Group CFO	2019	None	750,000
Rafael Grisolia	CFO, Brazil	2022	None	750,000
Juan Alves	Senior VP Production and Operations	2022	None	650,000
Erik Tiller	Executive Director	2019	31,068,840 <sup>10</sup>	698,125
Thomas Kandel	Asset Investment Director	2019	1,310,400	769,600
Peter O'Driscoll	General Counsel	2019	800,000	400,000

<sup>9</sup> Held indirectly through Bearing Capital LLC.

<sup>10</sup> Mr. Tiller indirectly owns 50% of Seacrest Partners III GP Limited, the general partner of Seacrest Partners III, L.P., a limited partnership which owns 32.22% of the Company. Accordingly, in such capacity, Mr. Tiller may be deemed to control 16.11% of the Company. In addition, Mr. Tiller personally holds 894,375 shares in the Company, equal to 0.48% of the Company.

### 13.2.2 **Brief biographies of the members of the Management**

Set out below are brief biographies of the members of the Management. The biographies include each member of Management's relevant management expertise and experience, an indication of any significant principal activities performed by such member of Management outside the Company and the names of companies and partnerships such member of Management is or has been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

#### **Michael Stewart, CEO**

Michael Stewart has more than 30 years of experience in the energy and finance industries and has served as President of Seacrest Petróleo S.A. in Brazil since 2017. He joined the Seacrest Group in 2014 and has served as Head of Brazil and Latin America since that time. In Brazil, Mr. Stewart developed a joint venture partnership with ExxonMobil and has led the Company's participation in the Petrobras divestment auctions. Under his leadership, the Group won the Cricaré and Norte Capixaba Cluster competitive bid processes. Prior to joining the Seacrest Group, he worked for SBCM (the Sumitomo Bank trading division), Smith Barney, Salomon Brothers, and Bearing Capital. Mr. Stewart holds an A.B. from Columbia College of Columbia University in the City of New York. Stewart is a US citizen and a resident of Uruguay.

<i>Current directorships and management positions: .....</i>	<i>Bearing Capital LLC (managing member)</i> <i>Bearing Finance LLC (managing member)</i> <i>Standard Energia Ltda (board member)</i> <i>Bearing Agro LLC (managing member)</i> <i>Azibras Explorcao de Petroleo Ltda (president)</i> <i>Azilat Ltda (president)</i> <i>Seacrest Uruguay S.A. (board member)</i>
<i>Previous directorships and management positions last five years: ....</i>	-

#### **Scott Aitken, President of the Executive Committee**

Please refer to the biography set out in Section 13.1.3 above

#### **Torgeir Dagsleth, Group CFO**

Torgeir Dagsleth has held the position of Group CFO since June 2019. Dagsleth has over 30 years of experience in the oil and gas industry and has worked within finance in various Seacrest companies since early 2013. Before becoming Chief Financial Officer (CFO) of the Company, he was CFO of Seacrest Capital Group. Prior experience includes serving as CFO of Azimuth II Limited, Vice President Finance of Kongsberg Automotive ASA, CFO of Terra Global Ltd and Assistant Group Controller of PGS ASA. He holds a Bachelor's Degree in Business Management from the Norwegian Business School (BI). Dagsleth is a Norwegian citizen and a resident of Norway.

<i>Current directorships and management positions: .....</i>	<i>AzEire Ltd (board member), Antrim Exploration (Ireland) Ltd (board member)</i> <i>Azimuth Management Ltd (board member)</i> <i>SeaPulse (Block 2B) UK Ltd (board member)</i> <i>Seacrest Capital Group Limited (CCO and CFO)</i> <i>Seacrest Group Limited (CFO)</i>
<i>Previous directorships and management positions last five years: ....</i>	<i>Fortis Petroleum Norway AS (board member)</i> <i>Fortis Petroleum Corporation AS (board member)</i> <i>AziPac (North Madura) NZ Ltd (board member)</i> <i>Azinor Catalyst Ltd (board member)</i> <i>Azinam South Africa South Africa Ltd (board member)</i>

**Rafael Grisolia, CFO, Brazil**

Rafael Grisolia has held the position of CFO Brazil at Seacrest Petroleo since April 2022. He has over 20 years of experience in high leadership positions or as an executive officer in large Brazilian companies. He was most recently the Chief Executive Officer of Vibra S.A. (formerly known as BR Distribuidora S.A.), from 2019 to January 2021, and prior to that served as CFO and IRO of Petrobras since 2018. He was CFO and IRO of Petrobras Distribuidora S.A. from 2017 to 2018 and CFO and IRO of InBrands S.A. from 2013 to 2017. Prior to this, he was an executive officer of many large Brazilian companies, including Cosan, Cremer Group, Trigo Group and Esso (ExxonMobil). Mr. Grisolia is certified by IBGC (Brazilian Institute of Corporate Governance), having participated in the board of directors of PDG Realty, a Brazilian real estate developer and IBP, the Brazilian Institute of Oil & Gas. Since July 2021, Mr. Grisolia has also served as a board member of HPX Corp., a company listed on the NYSE. Grisolia holds both Brazilian and Italian citizenship and resides in Brazil.

*Current directorships and management positions: .....* HPX Corp. (board member)  
*Previous directorships and management positions last five years: ....* Vibra S.A (CEO)  
Petrobras (CFO and IRO)  
Petrobras Distribuidora S.A (CFO and IRO)

**Juan Alves, Senior VP Production and Operations**

Juan Alves has held the position of Senior VP Production and Operations at Seacrest Petroleo since August 2022. He has extensive management and engineering experience within the oil and gas industry in Brazil, with particular experience in mature and marginal oil fields management, revitalization, development and optimization works. Alves has previously worked as a process engineer at Petrobras, as a production engineer and general manager at Petroreconcavi S.A, and as general manager at Potiguar E&P. Alves holds a degree in chemical engineering and a post graduate degree in specialization of drilling fluids, completion and stimulation of wells, both from the Federal University of Rio Grande do Norte. Alves is a Brazilian citizen residing in Brazil.

*Current directorships and management positions: .....* None  
*Previous directorships and management positions last five years: ....* Petroreconcavo S.A. (upstream director)

**Erik Tiller, Executive Director**

Please refer to the biography set out in Section 13.1.3 above.

**Thomas Kandel, Asset Investment Director**

Thomas Kandel has held the position of Asset Investment Director at Seacrest Petroleo since October 2020. He has been responsible for providing guidance on the debt and equity fundraising processes as well as the M&A and bid strategy of the Company. He is also responsible for the Company's sales strategy. Mr. Kandel has previously served as Vice President of Portfolio Management for Azimuth Group Services Ltd from 2015 to 2018. He also served as Vice President of Portfolio Management for Azimuth Group Services DMCC from 2018 to 2020. Both companies are providing financial and technical services to the portfolio of exploration and production companies managed by the Azimuth Group. Mr. Kandel holds a MSc Engineering (Diplôme d'ingénieur) from Ecole Centrale de Lyon and a MSc Engineering (Diplôme d'ingénieur) from Ecole Nationale du Pétrole et des Moteurs (IFP School). Kandel is a French citizen and a resident of the United Arab Emirates.

*Current directorships and management positions: .....* None  
*Previous directorships and management positions last five years: ....* Azimuth Group (vice president, portfolio management)

### **Peter O'Driscoll, General Counsel**

Peter O'Driscoll has served as General Counsel of the Company and Seacrest Capital Group Limited since June 2019. For the period from June 2005 to June 2019, he was a partner of Orrick, Herrington & Sutcliffe LLP, and prior to that worked in other recognised international law firms. Mr. O'Driscoll was admitted to the Bar of the State of New York in 1988. He obtained his law degree from Northwestern University School of Law in 1987, and a BA in English Literature from Oral Roberts University in 1984. O'Driscoll holds both US and UK citizenship and is a resident of Switzerland.

<i>Current directorships and management positions: .....</i>	<i>Goldberg Holding S.A. (non-executive director)</i> <i>Helvetia Investment Management S.A. (non-executive director)</i> <i>International Health Partners (UK) Limited (board member)</i> <i>International Health Partners Inc. (board member)</i> <i>Gihon Partners Limited (consultant)</i> <i>Seacrest Capital Group Limited (general counsel)</i> <i>Seacrest Group Limited (general counsel)</i>
<i>Previous directorships and management positions last five years: ....</i>	<i>Orrick, Herrington &amp; Sutcliffe LLP (partner)</i>

### **13.3 Remuneration and benefits upon termination**

For the year ended 31 December 2021, the members of the Board of Directors received a total remuneration of USD 1,449,137. The compensation for the members of the Board of Directors is approved on an annual basis at the Company's annual general meeting.

For the year ended 31 December 2021, the compensation to members of the Management amounted to USD 2,029,634. The remuneration structure comprises primary salaries, bonuses, pension, and other expensed benefits.

The Company does not disclose, and is not required to disclose, the remuneration of the Management and Board of Directors on an individual basis.

Juan Alves, Senior VP Production and Operations, is entitled to 6 months' severance pay, based on his monthly salary, in case of termination without cause on the initiative of the Company during the first 12 months of his employment. Furthermore, Rafael Grisolia, CFO Brazil, is entitled to 4 months' severance pay based on his monthly salary, in case of termination without cause.

No other members of the Management or the Board Members have employment contracts with the Company entitling them to and none will be entitled to any benefits upon termination of employment with the Company.

### **13.4 Bonus programme and share incentive scheme**

The Company adopted a share option plan on 1 October 2020, pursuant to which the Board of Directors may in its discretion grant options over Shares to its and its affiliates' employees, Board Members, advisors, contractors and secondees (the "**Share Option Plan**").

As of the date of this Prospectus, the Company has granted approximately 12,432,710 options to eligible recipients. Certain option grants contain performance conditions that, if satisfied or not satisfied, as the case may be, may result in variations up or down in respect of the number of Shares for which the relevant option grant is exercisable. Accordingly, the total current number of options should be treated only as an indicative guide.

The options are non-transferable. Under the Share Option Plan, the options shall as a main rule have an exercise date that is not earlier than the first anniversary of the date of grant, and not later than five years from the date of

grant. Many of the options granted to date will become fully vested immediately prior to the Listing. It is a requirement that the option holder is still employed by the Company when exercising the options.

The Company expects that all, or nearly all, options granted under the Share Option Plan which are scheduled to vest immediately prior to the Listing will be exercised prior to the Listing.

In addition to the above, the Board of Directors has approved the allocation to the Share Option Plan of an additional 15,000,000 Shares for future issuance under the Share Option Plan, of which 8,010,000 were the subject of additional option grants to existing employees and Board Members approved by the Board of Directors on 19 January 2023.

Except as described above, as of the date of this Prospectus; no options, or similar rights to acquire securities in the Company have been granted to any members of the Management or Board Members. Reference is further made to Section 14.3.3 "*Other financial instruments*".

### 13.5 Employees

The following table sets forth the number of employees categorized by activity and location, as of 31 December 2022:

Activity	Bermuda	Espírito Santo	Rio de Janeiro	Total
Back office	4	22	29	55
Directors and officers	2	1	2	5
Operations	0	43	0	43
Total	6	66	31	103

As of 31 December 2022, the Company also had approximately 184 outsourced staff, all of which were located in the state of Espírito Santo and were engaged in the Company's operations.

### 13.6 Pensions and retirement benefits

The Company has currently no pension or retirement benefits for its employees and Board Members. As such, no amounts have been set aside or accrued by the Group to provide for pension, retirement or similar benefits.

### 13.7 Committees

#### 13.7.1 Audit committee

The Board of Directors has, subject to and with effect from the Listing, established an audit committee. The members of the audit committee will be Rune Olav Pedersen (chair of the committee), Denis Chatelan and Paul Murray.

The primary purpose of the audit committee shall be to assist the Board of Directors in the preparation of decisions on issues regarding risk assessment, internal control, financial reporting and auditing. The duties of the audit committee include, but are not limited to:

- reviewing and discussing with Management and the auditors prior to public dissemination the Company's audited financial statements and quarterly financial statements, including matters required to be discussed by the applicable auditing standards from time to time;
- approving the audit and non-audit services to be performed by the independent auditors;

- in consultation with the auditors, Management and internal finance team, monitoring the integrity of the Company's financial reporting processes;
- overseeing the performance of the Company's internal finance and audit function;
- reviewing and discussing with the Company's General Counsel any legal matters that could have a significant impact on the Company financial statements; and
- reviewing and discussing with Management and the auditors the Company guidelines and policies with respect to risk assessment and risk management.

### **13.7.2 Remuneration committee**

The Board of Directors has, subject to and with effect from the Listing, established a remuneration committee consisting of Paulo Ricardo da S. dos Santos and Denis Chatelan. The purpose of the remuneration committee shall, *inter alia*, be to evaluate and propose the compensation of the Company's CEO and other members of the Management and issue an annual report on the compensation of the Management, which shall be included in the Company's annual accounts pursuant to applicable rules and regulations, including accounting standards.

### **13.7.3 Nomination and corporate governance committee**

The Bye-laws provide that the Board of Directors at all times shall maintain a nomination committee. The members of the nomination committee will be Rune Olav Pedersen and Paulo Ricardo da S. dos Santos. The nomination committee is responsible for assisting the Board of Directors in:

- identifying individuals qualified to become members of the Board of Directors, consistent with criteria approved by the Board of Directors;
- recommending to the Board the Directors nominees to stand for election at the next annual general meeting;
- developing and recommending to the Board of Directors a set of corporate governance principles applicable to the Company and assisting the Board of Directors in complying with them;
- overseeing the evaluation of the Board of Directors and Management;
- recommending members of the Board of Directors to serve on other committees of the Board of Directors and evaluating the functions and performance of such committees;
- overseeing and approving the Management continuity planning process; and
- otherwise taking a leadership role in shaping the corporate governance of the Company.

### 13.8 Corporate governance

As a company incorporated in Bermuda, the Company is subject to Bermuda laws and regulations with respect to corporate governance. In addition, as a listed company the Company is subject to certain aspects of Norwegian securities law, which include an obligation to report on the Company's compliance with the Norwegian Corporate Governance Code in its annual report on a comply or explain basis.

The Company is committed to ensuring that high standards of corporate governance are maintained and supports the principles set out in the Norwegian Corporate Governance Code.

It is the opinion of the Board of Directors that the Company, subject to the following exceptions, complies with the Norwegian Corporate Governance Code at the date hereof:

- Pursuant to the Memorandum of Association, the objects for which the Company was formed and incorporated are unrestricted. This deviates from the recommendation in the Norwegian Corporate Governance Code which provides that a company's articles of association should clearly describe the business that the company shall undertake.
- The Board of Directors' authority to increase the Company's issued share capital is limited to the extent of its authorized but not issued share capital at any time and is not restricted to specific purposes.
- The Bye-Laws permit the Board of Directors to grant share options in respect of authorised but unissued shares or shares held in treasury to employees without requiring that the general meeting be presented with the volume or other terms and conditions of such scheme.
- Under the Bye-laws, the Board of Directors may declare dividends and distributions without the approval of a general meeting of shareholders. This is in line with Bermuda corporate practices but deviates from the Norwegian Corporate Governance Code and Norwegian corporate practises whereby dividends and distributions require the approval of a general meeting of shareholders.
- The Bermuda Companies Act does not contain special case management requirements for how specifically defined agreements between public companies and close associates are to be handled. The Board of Directors will consider and determine, on a case by case basis, whether independent third party evaluations are required when entering into agreements with close associates (but is not required by Bermuda law to do so).
- The Company encourages shareholders to attend its general meetings. It is also the intention to have representatives of each of the Board of Directors and the nomination and corporate governance committee to attend general meetings. The Company will, however, normally not have the entire Board of Directors attend general meetings, as this is not required by Bermuda law. This represents a deviation from the Norwegian Corporate Governance Code, which states that arrangements shall be made to ensure participation by all directors.
- Pursuant to the Bye-Laws, general meetings of shareholders are chaired by the chairman of the Board of Directors or, in his absence, another member of the Board of Directors. Having the chairman or a director of the Board of Directors chairing general meetings simplifies the preparations for general meetings significantly and is in compliance with normal procedures under Bermuda law. However, this represents a deviation from the Norwegian Corporate Governance Code, which states that the Board of Directors should seek to ensure that an independent chairman is appointed, if considered necessary based on the agenda items or other relevant circumstances.



- The nomination and corporate governance committee is established by and reports to the Board of Directors. This represents a deviation from the Norwegian Corporate Governance Code which recommends that a nomination committee shall be established by, and report to, the general meeting of shareholders.
- Pursuant to the Norwegian Corporate Governance Code, a nomination committee should not include any executive personnel or any member of the relevant company's board of directors. The Company only partly complies with this recommendation as members of the Board of Directors comprise the members of the nomination and corporate governance committee. Members of the Board of Directors who are also members of the Company's executive management cannot be members of the nomination and corporate governance committee.
- The chairman of the Board of Directors is elected by the Board of Directors and not by the shareholders, as is recommended by the Norwegian Corporate Governance Code. This is in compliance with normal procedures under Bermuda law.
- The Board of Directors will include members of the Management. This represents a deviation from the Norwegian Corporate Governance Code which recommends that no members of management are represented on the board of directors of a company. In the case of the Company, management representation on the Board of Directors is considered beneficial to ensure that the Board of Directors possesses the right competence in its current phase. Furthermore, management presentation on the board of directors, is in line with Bermuda corporate governance practises.
- The Norwegian Corporate Governance Code recommends that the Board of Directors develops and approves written guidelines for its own work, as well as the work of the Company's senior managers. Because the Bye-Laws and the terms of reference for committees of the Board of Directors are more detailed than a typical Norwegian company's articles of association (Nw.: *vedtekter*), the Board of Directors does not see the need for such guidelines, and the Company has therefore not established them.
- The remuneration of the Board of Directors is determined by the Board of Directors based on recommendations made by the remuneration committee, which is normal practice under Bermuda law. The Norwegian Corporate Governance Code recommends that the remuneration of the Board of Directors is determined by the general meeting of shareholders.
- Members of the Board of Directors will participate in the Company's Share Option Plan. The Company considers such participation beneficial to attract and retain competent board members and is in line with Bermuda corporate practices. The Norwegian Corporate Governance Code recommends that board members may not participate in any incentive or share option programs.
- The Company does not have separate guidelines on how to respond in the event of a takeover bid, which is normal practice under Bermuda law. The Norwegian Corporate Governance Code recommends the adoption of such guidelines.

Neither the Board of Directors nor a general meeting of the Company has adopted any resolutions which are deemed to have a material impact on the Group's corporate governance regime.

### **13.9 Disclosure about convictions and involvement in any bankruptcies etc.**

A Board Member of the Company, Paul Murray, and the Company's Group CFO, Torgeir Dagsleth, were associated with the voluntary liquidation filed by Azinor Catalyst Ltd in January 2022 in the United Kingdom, and Mr. Dagsleth was associated with the voluntary liquidation filed by Azipac (North Madura) NZ Limited in February 2019 in New

Zealand. At the time of filing by Azinor Catalyst Ltd., Mr. Murray and Mr. Dagsleth were directors of Azinor Catalyst Ltd. At the time of filing by Azipac (North Madura) NZ Limited, Mr. Dagsleth was a director of Azipac (North Madura) NZ Limited. The Company is of the view that the association with the voluntary liquidations of Azinor Catalyst Ltd and Azipac (North Madura) NZ Limited do not make Mr. Murray or Mr. Dagsleth unfit to participate in the management of a company admitted to trading on the Oslo Stock Exchange.

A Board Member of the Company and the President of its Executive Committee, Scott Aitken, was associated with the restructuring and liquidation of Cabot Energy plc. Mr. Aitken was the chief executive officer of Cabot Energy plc from June 2018 to December 2020. The company was liquidated in 2022. Moreover, Mr. Aitken was co-chief executive officer of Atlantic Energy from 2012 to 2015 where certain criminal allegations were made against Atlantic Energy companies and its shareholders. During 2015, approximately 40 people connected with the companies were interviewed by authorities of United Kingdom, United States and Nigeria. Mr. Aitken was interviewed by the UK National Crime Agency on 13 October 2015 related to conspiracy to defraud and provided in this regard a written statement. A follow-up interview was conducted on 22 March 2016 related to abuse of position. In both instances, a No Further Action Outcome were recorded by the UK National Crime Agency with respect to the interviews and allegations against Mr. Aitken. Prosecutions were subsequently brought against two shareholders of Atlantic Energy companies in Nigeria and the U.S.

The Company is of the view that the association with the liquidation of Cabot Energy plc and criminal allegations against Atlantic Energy do not make Mr. Aitken unfit to participate in the management of a company admitted to trading on the Oslo Stock Exchange.

The Company's CFO for Brazil, Rafael Grisolia, was associated with two claims raised by CVM, the Brazilian Securities Commission, the CVM:

- In 2019, the CVM accused Grisolia, who was at the time Petrobras' investor relations officer, of civil violations of Brazilian securities laws and CVM regulations by not publishing a material fact clarifying an April 2019 same-day change in Petrobras' diesel price policy. In April 2019, Petrobras announced that it would maintain a freeze in diesel prices, despite having communicated a 5.74% price increase hours earlier. At the time, Brazilian media reported that the policy reversal was caused by an alleged intervention by Brazilian president Jair Messias Bolsonaro. Grisolia denied wrongdoing in the case and claimed that Petrobras was not obligated to provide further clarification regarding the Brazilian president's interaction with local media regarding the policy reversal, because Petrobras' official communication to the market had been released on the day immediately prior. In January 2020, prior to being formally summoned in the case, Grisolia proposed to settle the case with a payment of BRL 150,000 (approximately USD 36,600) — an amount later increased to BRL 300,000 (approximately USD 66,860). In June 2020, the CVM accepted the higher settlement amount and closed the proceeding with no admission of guilt on the part of Grisolia.
- In 2021, the CVM accused Grisolia of further civil violations of Brazilian securities laws and CVM regulations arising from a failure to disclose information to the market regarding a 2019 change by Petrobras in its methodology for fuel price calculation. In 2016, Petrobras had informed the market that fuel prices would never be below import parity levels. Since 2016 the fuel price had from time to time been below import parity level (which has daily variations), but all the time following such target in a trend perspective. Additionally, the methodology on how Petrobras would follow the import parity price policy since 2016 was never shared to the market and was always considered as strategic information versus the fuel import market in Brazil. However, in a 2019 meeting, Petrobras' senior management changed its methodology for fuel price calculation, but did not release any information to the market regarding that change. The CVM claimed that such change should have been disclosed. In December 2021, Grisolia proposed to settle the case with the CVM. The case was settled in July 2022, with a payment of BRL 480,000 by Grisolia (approximately USD 96,000) and no admission of guilt on the part of Grisolia.

The Company is of the view that the association with claims made by the CVM does not make Mr. Grisolia unfit to participate in the management of a company admitted to trading on the Oslo Stock Exchange.

Other than as set out above, during the last five years preceding the date of this Prospectus, none of the Board Members or the members of the Management has, or had, as applicable:

- a) any convictions in relation to fraudulent offences;
- b) been involved in any bankruptcies, receiverships, liquidations or companies put into administration where he/she has acted as a member of the administrative, management or supervisory body of a company, nor as a partner, founder or senior manager of a company; or
- c) received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) nor been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

### **13.10 Disclosure of conflicts of interest**

As set out in Sections 13.1 and 13.2 above, Erik Tiller (chairman of the Board of Directors and executive director), Paul Murray (Board Member), Michael Stewart (CEO), Thomas Kandel (asset investment director) and Peter O'Driscoll (general counsel) have financial interests in the Company through direct and indirect shareholdings. Torgeir Dagsleth (Group CFO), Mr. O'Driscoll, Mr. Tiller and Mr. Murray also hold board and management positions in the Seacrest Group and Azimuth group, which both provide services to the Group through subsidiaries. Furthermore, Mr. Tiller and Mr. Murray are not independent of the Company's major shareholder, Seacrest Partners III, L.P. Members of the Board of Directors and the Management may be members of the board of directors or the management in other companies, and hold shares in these companies, and in the event any such company enters into business relationships with the Company, the members of the Board of Directors or the Management may have a conflict of interest. The Company will have procedures in place in order to handle any such potential conflict of interest. Pursuant to Bye-law 155, a member of the Board of Directors who is, in any way, whether directly or indirectly, to their knowledge interested in a contract with the Company or any other company of the Group shall declare the nature of their interest at the first opportunity at a meeting of the Board of Directors at which the question of entering into the contract is first taken into consideration.

As set out in Section 13.1 above, Scott Aitken (Board Member and President of the Executive Committee), serves as the CEO of High Power Petroleum (SeaPulse) UK Ltd. As of the date of this Prospectus, High Power Petroleum (SeaPulse) UK Ltd. holds 18,099,706 shares in the Company, equal to 9.78% of the issues share capital. Mr. Aitken was appointed as a by Seacrest Partners III, L.P. pursuant to a letter agreement between Seacrest Partners III, L.P and High Power Petroleum (SeaPulse) UK Ltd. That letter agreement terminated on 30 December 2022. As such, Mr. Aitken will remain as a Board Member without reliance on that letter agreement. Further to the above, High Power Petroleum (SeaPulse) UK Ltd. is a 25% shareholder in SeaPulse Ltd., with the remaining 75% being owned by Seacrest Group Limited. Mr. Aitken, Erik Tiller and Paul Murray hold directorships in SeaPulse Ltd. At present, SeaPulse Ltd. is inactive.

Except as specified above and the related party transactions set out in Section 10.9 "*Related Party Transaction*", and to the best of the Company's knowledge, there are currently no other actual or potential conflicts of interests between the Company and the private interests or other duties of any of the members of the Management or the Board of Directors, including any family relationships between such persons.

## 14 CORPORATE INFORMATION

### 14.1 Corporate Information

The Company's registered name is Seacrest Petroleo Bermuda Limited, while its commercial name is Seacrest Petroleo. The Company is an exempted company limited by shares incorporated and existing under the laws of Bermuda pursuant to Bermuda law in general and to the Companies Act 1981 of Bermuda (the "**Bermuda Companies Act**"). The Company is registered with the Bermuda Registrar of Companies with registration number 54716. The Company was incorporated in Bermuda on 5 June 2019.

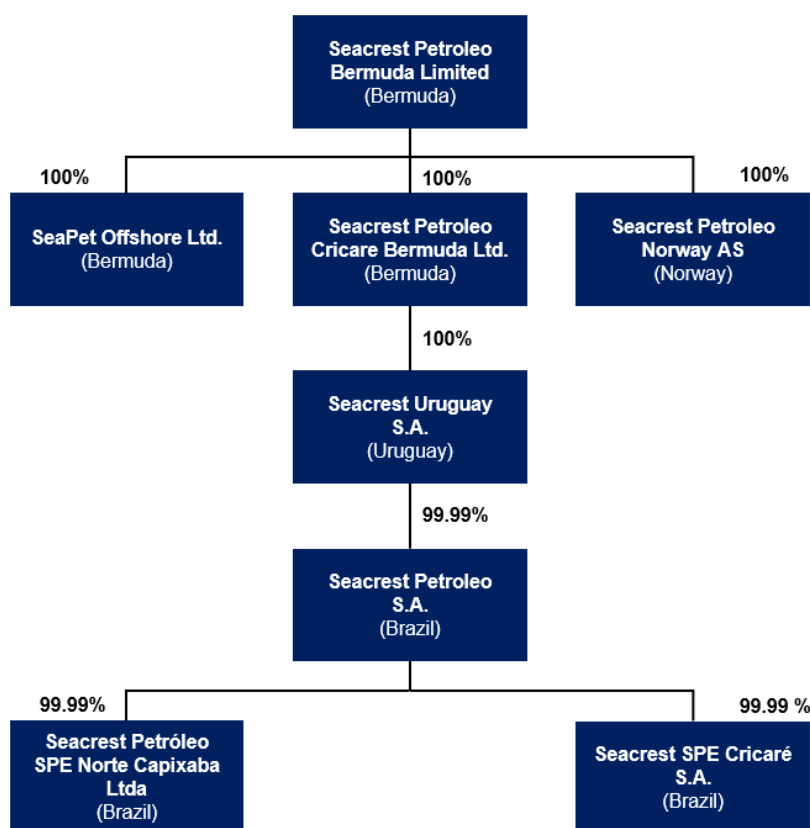
The Company's registered office address is Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. Its principal executive office is located at 99 Front Street, Hamilton HM 12, Bermuda. The telephone number to the Company's principal offices is +1 441-297-8008 and the website is [www.seacrestpetroleo.com](http://www.seacrestpetroleo.com). The information included on the website does not form part of the Prospectus. The Company's LEI-code is 2138006AEHLIT6E5XM67.

The Shares, which are denominated in USD, have been created and issued by the Company under the Bermuda Companies Act. The Shares are registered in the Branch Register in electronic form in the VPS, and the VPS Registrar is engaged to keep this Branch Register. The Shares will be registered in book-entry form with the VPS under ISIN BMG7947V1211. The Company's register of shareholders in the VPS is administrated by the VPS Registrar.

### 14.2 Organisational structure

The Company is the holding company of the Group, and conducts its operations through its subsidiaries.

The diagram below sets out the Group's corporate structure.



The Company holds, directly or indirectly, all outstanding shares\* in the following subsidiaries:

Company	% holding	Country of Incorporation	Registration no.	Main activity
SeaPet Offshore Limited	100	Bermuda	202100283	Dormant
Seacrest Petroleo Norway AS	100	Norway	929 601 289	Operating company
Seacrest Petroleo Cricare Bermuda Limited	100	Bermuda	202100271	Holding company
Seacrest Uruguay S.A.	100	Uruguay	217173000018	Holding company
Seacrest Petróleo S.A.	99.99*	Brazil	28.473.807/0001-60	Holding company
Seacrest Petróleo SPE Norte Capixaba Ltda.	99.99**	Brazil	35.723.994/0001-59	Operating company
Seacrest SPE Cricaré S.A.	99.99**	Brazil	40.875.704/0001-22	Operating Company

\*Michael Stewart holds 0.01% of the shares in Seacrest Petróleo S.A. for regulatory purposes.

\*\*Seacrest Petróleo S.A. which is 99.9% owned by the Company, owns 100% of the shares in Seacrest Petróleo SPE Norte Capixaba Ltda and Seacrest SPE Cricaré S.A.

### 14.3 Share capital and share capital history

#### 14.3.1 Overview

As of the date of this Prospectus, the Company's issued share capital is 146,753,771 common shares and 39,372,384 Series A Shares. The Company's authorised share capital is USD 3,981.25 divided into (i) 350,000,000 common shares and 48,125,000 Series A Shares, each having a par value of USD 0.00001 per share. All Shares have been created and issued in accordance with the requirements of the Bermuda Companies Act and the Bye-Laws, and all issued shares of each class are validly issued and fully paid.

Immediately prior to the admission to trading of the Shares, the Series A Shares, all of which are issued, will convert into common shares on a 1 for 1 basis.

Upon the admission to trading of the Shares, the authorised share capital of the Company will be increased to USD 8,981.25 divided into 648,125,000 common shares and 250,000,000 undesignated shares, each with a par value of USD 0.00001.

The rights and restrictions attaching to the undesignated shares may be set by the Board of Directors under the Bye-laws. No undesignated shares will be in issue at the time of the Listing and the Company has no intention at this time to set the rights of, or to issue, any undesignated shares. See Section 14.5.1 for further information on the undesignated shares.

The Company will at the time of admission to trading of the Shares have one class of shares in issue, being the Shares, and there are no differences in the voting rights among the Shares. The Shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or existing shareholders' rights of first refusal. The Board of Directors may decline to register a transfer of any Share which is not a fully-paid Share, but the Company does not expect to issue any Shares which are not fully paid.

The Board of Directors is authorized to further increase the Company's issued share capital, see Section 14.6 for further details.

### 14.3.2 Share capital history

The table below shows the development in the Company's share capital for the period from 5 June 2019 and up to the date of the Prospectus:

Date of registration	Type of change	Change in share capital (USD)	Subscription price per share (USD)	Nominal value (USD)	New number of Shares	New share capital (USD)
05/06/2019	Initial subscription	560.00	1	1	560	560
15/05/2020	Subdivision of shares	0.00	0,00001	0,00001	55,999,440	0
20/08/2020	New share issue	105.00	0.57143	0.00001	10,500,000	665.00
26/08/2020	New share issue	35.00	0.57143	0.00001	3,500,000	700.00
11/09/2020	New share issue	30.63	0.57143	0.00001	3,062,500	730.63
15/09/2020	New share issue	21.88	0.57143	0.00001	1,250,000	752.50
16/09/2020	New share issue	70.00	0.00001	0.00001	7,000,000	822.50
29/09/2020	New share issue	70.00	0.00001	0.00001	7,000,000	892.50
22/10/2020	New share issue	3.08	0.57143	0.00001	308,394	895.58
28/10/2020	New share issue	35.00	0.57143	0.00001	3,500,000	930.58
21/01/2021	New share issue	87.50	0.57143	0.00001	8,750,000	1,018.08
26/02/2021	New share issue	15.00	0.57143	0.00001	1,500,240	1,033.09
01/03/2021	New share issue	0.18	0.57143	0.00001	17,500	1,033.26
12/04/2021	New share issue	3.59	0.57143	0.00001	358,750	1,036.85
07/06/2021	New share issue	2.63	0.57143	0.00001	262,500	1,039.47
05/08/2021	New share issue	8.75	0.57143	0.00001	875,000	1,048.22
10/09/2021	New share issue	38.00	0.65792	0.00001	3,799,853	1,086.22
01/12/2021	New share issue	63.00	0.57143	0.00001	6,300,000	1,149.22
18/02/2022	New share issue	429.87	0.74441	0.00001	42,986,834	1,579.09
23/02/2022	New share issue	67.17	0.74441	0.00001	6,716,693	1,646.26
23/02/2022	New share issue	87.50	0.57143	0.00001	8,750,000	1,733.76
23/02/2022	Warrant exercise	13.02	-	0.00001	1,302,245	1,746.78
29/03/2022	New share issue	3.30	0.74441	0.00001	330,462	1,750.08
30/03/2022	New share issue	0.13	0.74444	0.00001	13,433	1,750.22
31/03/2022	New share issue	24.56	0.74442	0.00001	2,455,622	1,774.78
11/04/2022	New share issue	1.61	0.74441	0.00001	161,201	1,776.39
21/04/2022	New share issue	44.43	0.74441	0.00001	4,442,652	1,820.81
23/04/2022	New share issue	20.00	0.74441	0.00001	2,000,000	1,840.81
04/08/2022	Option exercise	2.00	0.00001	0.00001	200,000	1,842.81
21/11/2022	Option exercise	7.50	0.00001	0.00001	750,400	1,850.31
19/12/2022	Option exercise	8.94	0.00001	0.00001	894,375	1,859.25
25/01/2023	Option exercise	2.00	0.00001	0.00001	200,000	1,861.25

Other than as set out above, there have been no changes to the Company's share capital or the number of Shares from the start of the period covered by the historical financial information up to the date of this Prospectus.

### 14.3.3 Other financial instruments

Other than the Share Option Plan as described in Section 13.4 and the Mercuria Instruments as described in Sections 12.7.3 and 12.7.4, neither the Company nor any of its subsidiaries have issued any options, warrants, convertible loans or other instruments that would entitle a holder to subscribe for shares in the Company or its subsidiaries. Furthermore, neither the Company nor any of its subsidiaries have issued subordinated debt or

transferable securities other than the Shares. The shares in the Company's subsidiaries will be held, directly or indirectly, by the Company.

#### 14.4 The Listing

The Company will on or about 8 February 2023 apply for its Shares to be admitted to trading on the Oslo Stock Exchange. It is expected that the listing committee of the Oslo Stock Exchange on or around 13 February 2023 will approve the Listing, subject to fulfilment of any criteria set by the Oslo Stock Exchange.

The Company expects commencement of trading in the Shares on the Oslo Stock Exchange on or around 20 February 2023 under the ticker code "SEAPT". The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

#### 14.5 Ownership Structure

##### 14.5.1 Overview

As of the date of this Prospectus, the Company has 28 holders of shares. There are common shares and Series A Shares in issue at that date.

The table below shows the Company's 20 largest holders of Shares as recorded in VPS as of the date of this Prospectus (assuming the conversion of the Series A Shares into Shares on a 1 for 1 basis immediately prior to the Listing).

#	Name of shareholder	No. of Shares	%
1	Seacrest Partners III, L.P.	59,964,131	32.22
2	Commandery Investment Holdings Ltd	42,986,834	23.10
3	High Power Petroleum (SeaPulse) UK Ltd	18,099,706	9.72
4	Mercuria Energy Group Limited	16,768,938	9.01
5	Pandurum Fund Ltd	8,750,000	4.70
6	R2S Energy Holdings Ltd	8,324,733	4.47
7	Bearing Capital LLC	7,000,000	3.76
8	HOP Investment AG	5,515,008	2.96
9	KHNUM LIMITED	5,250,000	2.82
10	FINANCE 1805 SA	2,625,000	1.41
11	Khonsu Ltd	2,000,000	1.07
12	Indenture of Trust of Silvia J Bolasco	1,312,500	0.71
13	Thomas Kandel	1,310,400	0.70
14	Setarcos International Ltd	1,137,500	0.61
15	Erik Tiller	894,375	0.48
16	Peter O'Driscoll	800,000	0.43
17	Dirceu Dos Santos	672,700	0.36
18	Tavewa Group LLC	437,500	0.24
19	The MD Trust	437,500	0.24
20	ROI46 Group LLC	437,500	0.24
	<b>Total 20 largest</b>	<b>184,724,326</b>	<b>99.25</b>
	Others	1,401,829	0.75
	<b>Total</b>	<b>186,126,155</b>	<b>100.00</b>

With effect from Listing, shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 15.8 "*Disclosure obligations*" for a description of the disclosure obligations under the Norwegian Securities Trading Act.

As of the date of this Prospectus, no shareholders other than Seacrest Partners III, L.P., Commandery Investment Holdings Ltd, High Power Petroleum (SeaPulse) UK Ltd and Mercuria Energy Group Limited, hold more than 5% of the Shares.

The Company is not aware of any other person or entity who directly or indirectly has an interest in the Company's share capital or voting rights that is notifiable under section 4-2 of the Norwegian Securities Trading Act.

The Board of Directors has the right to assign rights to, and issue, the undesignated shares (without any requirement for further shareholder action). The undesignated shares exist as part of the authorized but unissued share capital of the Company. They have no rights attached to them, whether in the form of voting, dividend, capital, redemption, liquidation rights or otherwise. The undesignated shares are under the control of the Board of Directors who may attach rights to, and issue, them by passing Board resolutions to that end. The Board of Directors can resolve to attach rights to, and issue, the undesignated shares at any point in future; however, it is anticipated that the undesignated shares will only be assigned rights and issued by the Board of Directors as a defensive measure in a hostile takeover situation, if the Board of Directors sees the assignment of rights to, and the issuance of, such undesignated shares as being in the best interests of the Company to protect the Company against a hostile bidder. It is not possible to state the actual effect of the issuance of any undesignated shares on the rights of holders of the Company's common shares until the Board of Directors determines the specific rights attached to those undesignated shares. The effect of issuing the undesignated shares could include, among other things, one or more of the following: (i) restricting dividends in respect of the Company's common shares; (ii) diluting the voting power of the Company's common shares or providing that holders of undesignated shares have the right to vote on matters as a class; or (iii) delaying or preventing a change of control of the Company. The Bye-Laws contain other provisions that could have the effect of delaying, deferring or preventing a change of control of the Company, including those set out in Bye-Law 77. The Shares have not been subject to any public takeover bids.

No particular measures have been put in place to ensure that control is not abused by large shareholders. Minority shareholders are protected against abuse by relevant regulations in *inter alia* the Bermuda Companies Act and the Norwegian Securities Trading Act. See Section 14.9 "*The Company's Memorandum of Association and Bye-Laws*" and Section 15.11 "*Compulsory acquisition*".



#### 14.5.2 Changes to ownership in connection with the Offering

As further detailed in Section 17 below, the Offering comprises an issue of up to 286,000,000 Offer Shares by the Company. The following table sets forth certain information regarding the ownership of the Shares on an actual basis and as adjusted to give effect to issuance of the Offer Shares, assuming full exercise of the Greenshoe Option, as well as conversion of the Notes and exercise of Mercuria Warrant 3 and those options currently issued and under the Share Option Plan, which are scheduled to vest immediately prior to the Listing.

Shareholders	Shares held before the Offering		Shares held after the Offering	
	Number of Shares	%	Number of Shares	%
Existing shareholders	186,126,155	100%	186,126,155	36.49
New subscriptions by existing shareholders	-	-	20,800,000	4.08
Conversion of the Notes	-	-	24,162,666	4.74
Exercise of Mercuria Warrant 3	-	-	1,302,246	0.26
Exercise of options under Share Option Plan	-	-	12,432,710	2.44
New shareholders	-	-	265,200,000	51.99
<b>Total</b>	<b>186,126,155</b>	<b>100%</b>	<b>510,023,777</b>	<b>100%</b>

#### 14.6 Authorization to increase the share capital and acquire own Shares

As of the date of this Prospectus, the Company's authorized share capital is USD 3,981.25 divided into (i) 350,000,000 common shares and (ii) 48,125,000 Series A Shares, each share having a nominal value of USD 0.00001 per share. Subject to and upon the Listing, the Board of Directors has been authorised by Bye-Law 4 to issue further Shares up to the number of Shares representing an authorized share capital of USD 8,981.25.

#### 14.7 Authorization to acquire treasury Shares

The Company has, pursuant to Bye-Law 18 and 19, the ability to acquire and own Shares. As of the date hereof, the Company holds no Shares in treasury.

#### 14.8 Shareholder rights

Upon the Listing, the Company will have one class of shares in issue and all Shares shall provide for equal rights in the Company, including the rights to any dividends. Each of the Shares carries one vote on any matter submitted to a vote of shareholders of the Company, save for voting in respect of the election of Board Members (as further described in Section 14.9.6). The rights attaching to the Shares are described in Section 14.9 "The Company's Memorandum of Association and Bye-Laws".

To the knowledge of the Company, there will be no shareholders' agreements related to the Shares at the time of the Listing.

## **14.9 The Company's Memorandum of Association and Bye-Laws**

The Memorandum of Association and Bye-Laws are attached as Appendix A and Appendix B to the Prospectus. Below is a summary of the provisions.

### **14.9.1 Objects of the Company pursuant to the Memorandum of Association and Bye-Laws**

The Company was incorporated by registration under the Bermuda Companies Act. Pursuant to clause 6 of the Memorandum of Association, the Company's objects are unrestricted and it has all the capacity rights, powers and privileges of a natural person. The Bye-Laws do not constrain or limit the Company's objects as set out in the Memorandum of Association.

### **14.9.2 Share Ownership**

The Memorandum of Association and the Bye-Laws do not impose any limitations on the ownership rights of the Company's shareholders. The BMA has given a general permission for a Bermuda company to issue shares to non-residents of Bermuda and for the free transferability of a Bermuda company's shares among non-residents of Bermuda, for so long as the relevant Bermuda company's shares are listed on an Appointed Stock Exchange. Such general permission applies to the Company whilst it is listed on the Oslo Stock Exchange. There are no limitations on the right of non-Bermudians or non-residents of Bermuda to hold or vote the Shares.

### **14.9.3 Dividends**

As a Bermuda exempted company limited by shares, the Company is subject to Bermuda law relating to the payment of dividends. The declaration and payment by the Company of dividends is under the control of the Board of Directors. The Company may not declare or pay any dividends, or make any distributions if there are reasonable grounds for believing that:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realizable value of the Company's assets would as a result of the dividend or distribution be less than its liabilities.

In addition, since the Company is a holding company with no material assets, and conducts its operations through subsidiaries, the Company's ability to pay any dividends to shareholders will depend on the Company's subsidiaries distributing their earnings and cash flow to the Company. The Mercuria Financing Agreements currently restrict the Company's subsidiaries' ability to make distributions to it and therefore the Company's ability to make distributions to its shareholders. Similar restrictions on payment of dividends will apply under the New Credit Agreement.

### **14.9.4 Voting Rights**

Holders of Shares are entitled to one vote per Share on all matters submitted to a vote of holders of Shares. Unless a different majority is required by law or by the Bye-Laws, resolutions to be approved by holders of Shares require approval by a simple majority of votes cast at a general meeting at which a quorum is present.

Majority shareholders do not generally owe any duties to other shareholders as to how or whether they exercise the votes attached to their Shares. Any individual shareholder who is present at a shareholder meeting may vote in person. A corporate shareholder may vote by an appointed representative. Any shareholder may vote by a proxy provided that the appointment of the proxy is in the form prescribed by the Board of Directors and is duly submitted to the Company.

The key powers of the Company's shareholders include the power to alter the terms of the Memorandum of Association and to approve and make effective any alterations to the Bye-Laws as approved by the Board of Directors. Other key powers of the Company's shareholders, amongst other things, are to approve the alteration of the Company's share capital (including a reduction in share capital), to approve the removal of a Board Member, to resolve that the Company will be wound up or discontinued from Bermuda to another jurisdiction, or to enter into an amalgamation, merger or winding up. Under the Bermuda Companies Act, all of the foregoing corporate actions require approval by an ordinary resolution (a simple majority of votes cast by those eligible to vote), except in the case of an amalgamation or merger transaction, which requires approval by 75% of the votes cast, unless the Bye-Laws provide otherwise.

The Bermuda Companies Act provides that a Bermuda company shall not be bound to take notice of any trust or other interest in its shares. There is a presumption that all the rights attaching to shares are held by, and are exercisable by, the registered holder, by virtue of being registered as a member of the company. The Company's relationship is with the registered holder of a Share. If the registered holder of a Share holds the shares for someone else (the beneficial owner), then the beneficial owner is entitled to that Share and may give instructions to the registered holder on how to vote that Share. The Bermuda Companies Act provides that the registered holder of two or more shares may appoint more than one proxy to attend and vote a shareholder meeting (or class meeting) on the holder's behalf.

#### **14.9.5 Meetings of Shareholders**

The Bermuda Companies Act provides that a company must have a general meeting of its shareholders in each calendar year unless that requirement is waived by ordinary resolution of the shareholders. Under the Bye-Laws, annual shareholder meetings will be held in accordance with the Bermuda Companies Act at a time and place selected by the Board of Directors. Special general meetings may be called at any time at the discretion of the Board of Directors, and the Board of Directors shall convene a general meeting on the requisition in writing of shareholders holding such number of shares as is prescribed by, and made in accordance with, the Bermuda Companies Act. In addition, pursuant to the Bye-Laws, for such time as a shareholder of the Company beneficially owns at least twenty per cent (20%) of the issued shares in the capital of the Company carrying the right to vote at general meetings of the Company, special general meetings shall also be called by the Board of Directors or the Chairman of the Board of Directors on the written request of such shareholder delivered to the Company's registered office.

In accordance with the Bye-Laws, annual shareholder meetings and special general meetings must be called on not less than 21 clear days' prior written notice specifying the place, day and time of the meeting and, in the case of a special general meeting, the general nature of the business to be considered. The Board of Directors may fix any date as the record date for determining those shareholders eligible to receive notice of and to vote at a general meeting, provided that the record date may not be more than 30 days before the date fixed for the meeting.

The quorum at any annual or special general meeting is, in accordance with the Bye-Laws, at least two shareholders, present in person or by proxy, and having the right to attend and vote at the meeting and holding Shares representing more than a majority of the votes that may be cast by all shareholders at the relevant time. The Bermuda Companies Act specifically imposes special quorum requirements where the shareholders are being asked to approve the modification of rights attaching to a particular class of shares (being more than one-third of the issued shares of that class) or an amalgamation or merger transaction (being more than one-third of the issued shares of that class) unless, in either case, the company bye-laws provide otherwise.

The Bermuda Companies Act provides that shareholders holding 10% or more of a company's paid up capital carrying the right to vote at general meetings of the company can request the board of directors of that company to convene a special general meeting of shareholders to consider any business which the shareholders wish to be discussed by the shareholders including (as noted below) the removal of any director. However, the shareholders are not permitted to pass any resolutions relating to the management of the Company's business affairs unless

there is a pre-existing provision in the company's bye-laws which confers such rights on the shareholders. Subject to compliance with the time limits prescribed by the Bermuda Companies Act, shareholders holding 5% or more of the voting shares (or alternatively, not less than 100 shareholders) may also require the directors to propose any resolution which may be properly moved and to circulate a written statement not exceeding 1,000 words relating to that resolution or other matter proposed to be put before, or otherwise considered during, the annual general meeting of the company.

#### **14.9.6 Election, Removal and Remuneration of Directors**

All Board Members are elected by cumulative voting in accordance with the Bye-Laws. This is a system of voting in which each voting share confers on its holder a total number of votes which is equal to the total number of directors to be elected and which the holder may cast for candidates in any proportion (including, without limitation, casting all votes for a single candidate). By way of illustration only, if there are ten candidates proposed to the shareholders at a general meeting for election as directors but only nine available director positions, a shareholder holding 100 voting shares would be entitled to apportion 900 votes among the ten candidates, and the nine candidates achieving the highest total number of votes would be elected to the Board of Directors.

There are procedures under Bermuda law for the removal of directors by the shareholders before the expiration of their term of office. The Board of Directors may convene, or shareholders holding 10% or more of the Company's voting shares may require the Board of Directors to convene, a shareholder meeting to consider a resolution for the removal of a director. At least 14 days' written notice of a resolution to remove a director must be given to the director affected, and that director must be permitted to speak at the shareholder meeting at which the resolution for his removal is considered by the shareholders. Any vacancy created by such a removal may be filled at the meeting by the election of another person by the shareholders or, in the absence of such election, by the Board of Directors.

In the case of the Company, a quorate special general meeting called for that purpose may remove a Board Member by majority vote of the shareholders present in person or by proxy, provided always that: (i) notice of any such meeting shall be served upon the Board Member concerned not less than 14 days before the meeting; (ii) the affected Board Member shall be entitled to be heard at that meeting; and (iii) Board Members may only be removed upon the affirmative vote of the holders of at least seventy five per cent (75%) of the then issued and outstanding shares carrying the right to vote at general meetings at the relevant time.

The Bye-Laws provide that the office of a Board Member shall be vacated: (i) if he resigns his office, on the date on which notice of his resignation is delivered to the Company's registered office or tendered at a meeting of the Board of Directors or on such later date as may be specified in such notice; or (ii) on his being prohibited by law from being a Board Member; or (iii) on his ceasing to be a Board Member by virtue of any provision of the Bermuda Companies Act.

In addition, the Bermuda Companies Act stipulates that an undischarged bankruptcy of a director (in any country) shall prohibit that person from acting as a director, directly or indirectly, and taking part in or being concerned with the management of a company, except with leave of the Bermuda court.

Under the Bye-Laws, the minimum number of directors comprising the Board of Directors at any time shall be five. As of the date of this Prospectus, the Board of Directors currently consists of seven directors. At the Listing, the Board of Directors will consist of seven directors. The minimum and maximum number of directors shall be determined by the Board of Directors from time to time. Board Members are not required to retire because of their age, and Board Members are not required to be holders of the Shares. Board Members serve for a one year term, until re-elected or until their successors are appointed at the Company's next annual general meeting. The Board of Directors, so long as a quorum remains in office, shall have the power to fill any vacancies in the Board of Directors to hold office until the next annual general meeting of the Company.

#### **14.9.7 Proceedings of Board of Directors**

The Bye-Laws provide that the Company's business is to be managed and conducted by the Board of Directors. Bermuda law permits individual and corporate directors.

The remuneration of the Board Members is determined by the Board of Directors. Under the Bye-Laws, each Board Member shall be entitled to receive such fees for their services as a Board Member as the Board of Directors may determine from time to time. Board Members may also be paid all travel, hotel and other expenses properly incurred by them in connection with the Company's business or the discharge of their duties as directors.

A director who has a direct or indirect interest in any contract or arrangement with the Company must disclose such interest as required by Bermuda law. Subject to limited exceptions under the Bye-Laws, once an interest has been declared, such an interested director shall be entitled to vote on the contract or arrangement in question, shall count in determining the quorum and shall be able to participate in any discussion in respect of any such contract or arrangement in which he or she is interested.

#### **14.9.8 Director Transactions**

The Bye-Laws do not prohibit a Board Member from being a party to, or otherwise having an interest in, any transaction or arrangement with the Company or in which the Company is otherwise interested. The Bye-Laws provide that a Board Member who has an interest in any transaction or arrangement with the Company and who has complied with the provisions of the Bermuda Companies Act and with the Bye-Laws with regard to disclosure of such interest shall, subject to limited exceptions under the Bye-Laws, be entitled to vote in respect of any transaction or arrangement in which he/her is so interested and taken into account in ascertaining whether a quorum is present.

Bye-Law 159 provides the Board of Directors the authority to exercise all of the Company's powers to borrow money and to mortgage or charge all or any part of the Company's property and assets as collateral security for any debt, liability or obligation. However, under the Bermuda Companies Act, companies may not lend money to a Board Member or to a person connected to a Board Member (a "**Connected Person**"), or enter into any guarantee or provide any security in relation to any loan made to a director or a Connected Person, without the prior approval of the shareholders of the company holding in aggregate not less than 90% of the total voting rights in the company having the right to vote.

#### **14.9.9 Indemnification of Directors and Officers**

Section 98 of the Bermuda Companies Act provides generally that a Bermuda company may exempt or indemnify its directors, officers and auditors against any liability or loss arising which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company or any subsidiary. Section 98 further provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favour or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the Bermuda Companies Act.

The Bye-Laws provide that the Company shall indemnify every officer of the Company ("**Officer**") out of the funds of the Company against all liabilities, losses, damages or expenses (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all legal and other costs and expenses properly payable) arising out of the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office. The Bye-Laws also permit expenses incurred by an Officer in defending any civil or criminal action or proceeding for which indemnification is required shall be advanced to the Officer seeking indemnification by the Company in

advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the indemnified Officer to repay such amount if any allegation of fraud or dishonesty is proved against his office. The Bye-Laws also provide that the shareholders waive all claims or rights of action that they might have, individually or in right of the Company, against any of the Board Members or Officers for any act or failure to act in the performance of such Board Member's or Officer's duties, except in respect of any fraud of such director or officer or to recover any gain, personal profit or advantage to which such Officer is not legally entitled. Section 98A of the Bermuda Companies Act permits the Company to purchase and maintain insurance for the benefit of any Board Member or Officer in respect of any loss or liability attaching to him in respect of any negligence, default, breach of duty or breach of trust, whether or not the Company may otherwise indemnify such Board Member or Officer. The Company will purchase and maintain a directors' and officers' liability policy for that purpose.

#### **14.9.10 Liquidation**

In the event of the Company's liquidation, dissolution or winding up, the holders of Shares are entitled to share on a pro rata basis in the Company's assets, if any, remaining after the payment of all of the Company's debts and liabilities, subject to the rights of the holders of any preferred shares in the Company then in issue having preferred rights on a return of capital, and subject to any liquidation preference on any outstanding preference shares.

#### **14.9.11 Redemption, Repurchase and Surrender of Shares**

Subject to certain restrictions, the Bermuda Companies Act permits a company (if authorised by its bye-laws or memorandum of association) to purchase its own shares if on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, able to pay its liabilities as they become due. If the company does repurchase shares, the Bermuda Companies Act does not impose any requirement that the directors shall make a general offer to all shareholders to purchase their shares pro rata to their respective shareholdings. The Bye-Laws do not contain any specific rules regarding the procedures to be followed by the Company when purchasing Shares, and consequently the primary source of the Company's obligations to shareholders when the Company tenders for the Shares will be the rules of the Oslo Stock Exchange. The Company's power to purchase Shares is covered by Bye-Laws 18 and 19.

#### **14.9.12 Issuance of additional shares**

Bye-Law 15 confers on the Board of Directors the right to dispose of any number of unissued shares forming part of the Company's authorized share capital without any requirement for shareholder approval and on terms and at prices determined by the Board of Directors.

The Bermuda Companies Act and the Bye-Laws do not confer any pre-emptive, redemption, conversion or sinking fund rights attached to the Shares. Bye-Law 14 specifically provides that the issuance of new shares ranking *pari passu* with the shares in issue shall not constitute a variation of class rights, unless the rights attached to shares in issue state that the issuance of further shares shall constitute a variation of class rights.

#### **14.9.13 Inspection of Books and Records**

The Bermuda Companies Act provides that a shareholder is entitled to inspect the register of shareholders and the register of directors and officers of the company. A shareholder is also entitled to inspect the minutes of the meetings of the shareholders of the company, and the annual financial statements of the company. The Bye-Laws do not provide shareholders with any additional rights to information, and the Bye-Laws do not confer any general or specific rights on shareholders to inspect the Company's books and records.

#### **14.9.14 Transfer of Shares**

The Board of Directors may in its absolute discretion and without assigning any reason refuse to register the transfer of a share that it is not fully paid (but the Company does not currently have, or intend to issue, any shares which

are not fully-paid). The Board of Directors may also refuse to recognize any transfer of a share if: (i) the instrument of transfer is not duly stamped, if required, and lodged at the Company's registered office or any other place as the Board of Directors may from time to time specify for the purpose, accompanied by the certificate (if any) for the shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfer; (ii) the instrument of transfer is in respect of more than one class of share; (iii) the instrument of transfer is in favour of more than four persons jointly; (iv) it is not satisfied that all applicable consents, authorisations, permissions or approvals of any governmental body or agency in Bermuda or any other applicable jurisdiction required to be obtained under relevant law prior to such transfer have been obtained; or (v) the Company is awaiting such further beneficial ownership and/or "know your client" information as the Company may reasonably require to enable the Company to comply with its obligations under Bermuda law.

When the Company's shares are listed or admitted to trading on an Appointed Stock Exchange (which includes the Oslo Stock Exchange), they will be transferred in accordance with the rules and regulations of it.

If at any time the Shares cease to be listed or admitted to trading on an Appointed Stock Exchange, then (i) the permission of the BMA is required, pursuant to the provisions of the Exchange Control Act 1972 of Bermuda and related regulations, for all transfers of shares (which includes the Shares) of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes and (ii) subject to the restrictions mentioned above, a holder of Shares may transfer all or any of such holder's Shares by completing a transfer in such form as the Board of Directors may accept. The instrument of transfer must be signed by the transferor and transferee, although in the case of a fully paid share the Board of Directors may accept the instrument signed only by the transferor.

#### **14.9.15 Amalgamations and Business Combinations**

The amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation or merger agreement to be approved by the company's board of directors and by the company's shareholders.

The Bye-Laws do provide that any merger or amalgamation of the Company with another company shall require the approval of either: (i) the Board of Directors by a resolution passed with the approval of a majority of those Board Members then in office and eligible to vote on that resolution; and (ii) a resolution passed by simple majority of the holders of issued and outstanding Shares carrying the right to vote at general meetings at the relevant time; OR, where such merger or amalgamation with another company is not approved by resolution of the Board of Directors, the relevant shareholder approval therefor shall require a resolution passed by the affirmative vote of the holders of at least seventy five per cent (75%) of the then issued and outstanding Shares carrying the right to vote at general meetings at the relevant time, in addition to any other sanction required by the Bermuda Companies Act in respect of any variation of the rights of any class of shareholders.

Under Bermuda law, in the event of an amalgamation or merger of a Bermuda company with another company or corporation, a shareholder of the Bermuda company who did not vote in favour of the amalgamation or merger and who is not satisfied that fair value has been offered for such shareholder's shares may, within one month of notice of the shareholders meeting, apply to the Supreme Court of Bermuda to appraise the fair value of those shares.

#### **14.9.16 Shareholder Suits**

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to allow a shareholder to commence such action where acts are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

The Bye-Laws contain a provision by virtue of which the Company's shareholders waive any claim or right of action that they have, both individually and on the Company's behalf, against any director or officer in relation to any action or failure to take action by such director or officer, except in respect of any fraud of such director or officer or to recover any gain, personal profit or advantage to which such director or officer is not legally entitled.

#### **14.9.17 Transfer Agent and Registrar**

A register of holders of the common shares of the Company will be maintained by MQ Services Ltd in Bermuda, and a branch register will be maintained in Norway by DNB Bank ASA, who will serve as branch registrar and transfer agent.

#### **14.9.18 Untraced Shareholders**

The Bye-Laws provide that the Board of Directors may sell at the best price reasonably obtainable the Shares of a shareholder or the Shares to which a person is entitled by virtue of transmission on death, bankruptcy, or otherwise by operation of law if: (i) during a period of six (6) years, no dividend in respect of those Shares has been claimed and at least three (3) cash dividends have become payable on the Share in question; (ii) on or after expiry of that period of six (6) years, the Company has inserted an advertisement in a newspaper circulating in the area of the last registered address at which service of notices upon the shareholder or person entitled by transmission may be effected and in a national newspaper published in the relevant country, giving notice of its intention to sell such Shares; (iii) during that period of six (6) years and the period of three (3) months following the publication of such advertisement, the Company has not received any communication from such shareholder or person entitled by transmission; and (iv) if so required by the rules of any securities exchange upon which the Shares in question are listed for the time being, notice has been given to that exchange of the Company's intention to make such sale.

The net proceeds of the sale of such Shares shall belong to the Company which shall be obliged to account to the former shareholder or other person previously entitled for an amount equal to such proceeds and shall enter the name of such former shareholder or other person in the books of the Company as a creditor for such amount, though no trust shall be created in respect of the debt and no interest shall be payable on it. At the expiry of the relevant period specified under the Bye-Laws, if the Company has not received any communication from the untraced shareholder, the liability to the untraced shareholder will cease and the Company shall not be required to account for any money earned on the net proceeds of sale of such Shares, which may be employed in the business of the Company or invested in such investments as the Board of Directors from time to time thinks fit.

#### **14.9.19 Economic Substance Requirements**

The Bermuda Economic Substance Act 2018 and associated regulations require Bermuda companies carrying on certain relevant activities to comply with obligations related to their economic substance in Bermuda, including being managed and directed from Bermuda and undertaking certain core income generating activities in Bermuda.

#### **14.9.20 Variation of Share Rights**

If at any time the Company has more than one class of shares, the rights attaching to any class, unless otherwise provided for by the terms of issue of the relevant class, may be varied either: (i) with the consent in writing of the holders of more than 50% of the issued shares of that class; or (ii) with the sanction of a resolution passed by a majority of the votes cast at a general meeting of the relevant class of shareholders at which a quorum consisting of at least two persons holding or representing a majority of the issued shares of the relevant class is present. The



Bye-Laws specify that the creation or issue of shares ranking equally with existing shares or the purchase or redemption by the Company of the Company's shares will not, unless expressly provided by the terms of issue of existing shares, vary the rights attached to existing shares. In addition, the creation or issue of preference shares ranking as regards participation in the profits or assets of the Company or voting or otherwise in priority to any class of shares will not be deemed to alter or abrogate the rights attached to any class of shares (unless expressly provided in the rights attaching to or the terms of issue of any class of shares).

## **14.10 Registration of the Shares**

### **14.10.1 Introduction**

The Company's register of members is maintained and kept in Bermuda by the Company, at the Company's registered office at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. The Company keeps a branch register of shareholders in the VPS in book entry form.

All Shares admitted to trading on the Oslo Stock Exchange must be registered in the VPS, which is Norway's paperless centralized securities registry. To achieve compatibility of the requirements of Bermuda company law as to the registration and transfer of shares with Norwegian requirements, the Company has, for the purposes of the Bermuda Companies Act and for enabling trading in the Shares on the Oslo Stock Exchange, established a branch register of shares in the VPS (the "**Branch Register**"). These arrangements are set out in the Registrar Agreement.

All transactions related to Shares registered with the Branch Register must be recorded in the VPS and the transactions are recorded through computerized book-entries. No physical share certificates are or can be issued for Shares registered with VPS. VPS confirms each entry by sending a notification of the transaction to the relevant investor, regardless of beneficial ownership. The evidence of ownership through the VPS is the only formality required in order to acquire and sell Shares on the Oslo Stock Exchange. To affect these entries, the investor must establish a securities account with a Norwegian account operator unless the shareholder's Shares are registered in the name of a nominee. Norwegian banks, licensed investment firms in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account operators. Subject to the qualifications set out above, the entry of a transaction in VPS is under Norwegian law prima facie evidence in determining the legal rights of parties as towards the issuing company and against a third party claiming an interest in the security.

### **14.10.2 The Registrar Agreement**

Pursuant to a registrar agreement between DNB Bank ASA (Registrar's Department) (the "**VPS Registrar**") and the Company (the "**Registrar Agreement**"), the VPS Registrar has registered the Shares in the VPS register, and the VPS register functions as the Company's Branch Register in accordance with Bermuda law.

The Company will distribute dividends and other declared distributions to the shareholders in the VPS system. For further information on future payments of dividends on the Shares (if any), please refer to Section 6.3 "*Manner of dividend payments*" for further information.

The Company may terminate the Registrar Agreement with three (3) months' prior written notice. The Registrar may terminate the Registrar Agreement with justifiable cause with three (3) months' prior written notice. Either the Company or the VPS Registrar may terminate the Registrar Agreement immediately upon written notice of any material breach of the Registrar Agreement by the other party, unless such breach is rectified within 10 business days. The Company's failure to fulfil payment obligations shall always be considered a material breach of the Registrar Agreement. In the event the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for the purposes of permitting the uninterrupted listing of the Shares on the Oslo Stock Exchange.

There can be no assurance however, that it would be possible to enter into such an agreement on substantially the same terms or at all. A termination of the Registrar Agreement could, therefore, adversely affect the keeping of the Branch Register and the Listing of the Shares on the Oslo Stock Exchange, as the Shares would otherwise be registered in the Company's primary register of members in Bermuda, whereafter they would not be tradeable in VPS. The VPS Registrar's liability for loss has been restricted under the Registrar Agreement.

The VPS Registrar has also disclaimed liability for any losses suffered as a result of VPS' errors or negligence. VPS is liable for any direct economic loss resulting from an error in connection with its registration activities unless the error is caused by matters outside the control of VPS and which VPS could not reasonably be expected to avoid or of which VPS could not reasonably be expected to overcome the consequences. The courts may reduce or set aside VPS' liability if the person who has suffered the loss has contributed to the loss wilfully or negligently.

The Shares are registered in the VPS under the ISIN BMG7947V1211.

## 15 SECURITIES TRADING IN NORWAY

*Set out below is a summary of certain aspects of securities trading in Norway and the possible implications of owning tradable Shares on the Oslo Stock Exchange. The summary is based on the rules and regulations in force in Norway as of the date of this Prospectus, which may be subject to changes occurring after such date. This summary does not purport to be a comprehensive description of securities trading in Norway. Investors who wish to clarify aspects of securities trading in Norway should consult with and rely upon their own advisors.*

### 15.1 Introduction

The Oslo Stock Exchange was established in 1819 and offers the only regulated markets for securities trading in Norway. Oslo Børs ASA is 100% owned by Euronext Nordics Holding AS, a holding company established by Euronext N.V following its acquisition of Oslo Børs VPS Holding ASA in June 2019. Euronext owns seven regulated markets across Europe, including Amsterdam, Brussels, Dublin, Lisbon, London, Oslo and Paris.

### 15.2 Market value of the Shares

The market value of shares listed on the Oslo Stock Exchange, including the Shares, may fluctuate significantly, which could cause investors to lose a significant part of their investment. The market value could fluctuate significantly in response to a number of factors beyond the respective issuer's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the respective issuer or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the issuer, its products and services or its competitors, lawsuits against the issuer, unforeseen liabilities, changes in management, changes to the regulatory environment in which the issuer operates or general market conditions.

Furthermore, issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares. Any issuer, including the Company, may in the future decide to offer additional Shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes, including for refinancing purposes. There are no assurances that any of the issuers on the Oslo Stock Exchange will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If a listed company raises additional funds by an issuance of additional equity securities, the holdings and voting interests of existing shareholders could be diluted, and thereby affect share price.

### 15.3 Trading and settlement

As of the date of this Prospectus, trading of equities on Oslo Stock Exchange is carried out in the electronic Euronext in-house developed trading system, Optiq.

Official trading on the Oslo Stock Exchange takes place between 09:00 (CET) and 16:20 (CET) each trading day, with pre-trade period between 07:15 (CET) and 09:00 (CET), a closing auction from 16:20 (CET) to 16:25 (CET) and a trading at last period from 16:25 (CET) to 16:30 (CET). Reporting of Off-Book On Exchange trades can be done from 07:15 (CET) to 18.00 (CET).

The settlement period for trading on the Oslo Stock Exchange is two trading days (T+2). This means that securities will be settled on the investor's account with VPS two trading days after the transaction, and that the seller will receive payment after two trading days.

The Oslo Stock Exchange offers an interoperability model for clearing and counterparty services for equity trading through LCH Limited, EuroCCP and Six X-Clear.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

#### **15.4 Information, control and surveillance**

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (Inside information means precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

#### **15.5 The VPS and transfer of Shares**

The Company's Branch Register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly owned by Euronext Nordics Holding AS.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being the Central Bank of Norway), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA, are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share

acquisition, and the acquisition is not prevented by law, the relevant company's memorandum of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

#### **15.6 Shareholder register – Norwegian law**

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

#### **15.7 Foreign investment in shares listed in Norway**

Foreign investors may trade shares listed on Oslo Stock Exchange and Euronext Expand through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

#### **15.8 Disclosure obligations**

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

#### **15.9 Insider trading**

According to Norwegian law, subscription for, purchase, sale, exchange or other acquisitions or disposals of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and as implemented in Norway in accordance with section 3-1 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value or price either depends on or has an effect on the price or value of such financial instruments or incitement to such dispositions.

## 15.10 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third (or more than 50%) of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. The settlement must be guaranteed by a financial institution authorized to provide such guarantees in Norway.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

### **15.11 Compulsory acquisition**

Under Bermuda law, a majority shareholder can “squeeze out” minority shareholders via three mechanisms: a merger/amalgamation by way of a scheme of arrangement; a tender offer; and by notice, each as explained further below.

A scheme of arrangement may be effected by obtaining the agreement of the company and of holders of common shares, comprising in the aggregate a majority in number representing at least 75% in value of the shareholders (excluding shares owned by the acquirer) present and voting at a meeting ordered by the Bermuda Supreme Court held to consider the scheme of arrangement. Following such approval by the shareholders, the Bermuda Supreme Court must then sanction the scheme of arrangement. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their shares under the terms of the scheme of arrangement.

In the case of a tender offer, if an offeror has, within four months after the making of an offer for all the shares not owned by, or by a nominee for, the offeror, or any of its subsidiaries, obtained the approval of the holders of 90% or more in value of all the shares whose transfer is involved, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any non-tendering shareholder to transfer its shares on the same terms, including as to the form of consideration, as the original offer. In such circumstances, non-tendering shareholders could be compelled to transfer their shares, unless the Bermuda Supreme Court (on application made within a one-month period from the date of the offeror’s notice of its intention to acquire such shares) orders otherwise.

Where the acquiring party or parties hold not less than 95% of the shares of a company, by acquiring, pursuant to a notice given to the remaining shareholders, the shares of such remaining shareholders – when such notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Bermuda Supreme Court for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

### **15.12 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

## 16 TAXATION

*Set out below is a summary of certain Bermuda, Norwegian and U.S federal tax income tax matters related to an investment in the Company. The summary is based on the laws in force in Bermuda, Norway and the United States as of the date of this Prospectus, which may be subject to any changes. Such changes could possibly be made on a retrospective basis.*

*The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Bermuda, Norway and the United States and shareholders who cease to be resident in Bermuda, Norway and United States for tax purposes should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Bermuda, Norway and United States.*

*The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from Shares in the Company.*

### 16.1 Bermuda Tax Considerations

At the present time, there is no Bermuda income or corporation tax, withholding tax, capital gains tax, capital transfer tax, estate duty, stamp or inheritance tax payable by the Company or by the Company's shareholders upon the issue, transfer or sale of Shares. The Company has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to the Company or to any of the Company's operations or to its Shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or to any taxes payable by the Company in respect of real property owned or leased by the Company in Bermuda. There are no Bermuda withholding or other taxes payable in respect of dividends or distributions paid by the Company to the Company's shareholders in relation to the Shares (except, in certain circumstances, in the case of any of the Company's employees ordinarily resident in Bermuda).

### 16.2 Norwegian Tax Considerations

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder. All tax rates refer to the tax year 2023 and may be subject to change.

#### 16.2.1 Taxation of dividends

##### Norwegian Individual Shareholders

Dividends distributed to shareholders who are individuals residing in Norway for tax purposes (the "**Norwegian Individual Shareholders**") are taxable in Norway for such shareholders currently at an effective tax rate of 37.84% to the extent the dividend exceeds a tax-free allowance; i.e., dividends received, less the tax free allowance, shall be multiplied by 1.72 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Individual Shareholders to 37.84%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is



calculated for each calendar year and is allocated solely to Norwegian Individual Shareholders holding shares at the expiration of the relevant calendar year. The risk-free interest rate for 2021 was 1.7%.

Norwegian Individual Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share (but may not be set off against taxable dividends or capital gains on other Shares). Furthermore, excess allowance can be added to the cost price of the share and included in basis for calculating the allowance on the same share the following year.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) held by Norwegian Individual Shareholders since the Company is resident outside the EEA for tax purposes.

#### **Norwegian Corporate Shareholders**

Dividends distributed to owners of Shares who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes (the "**Norwegian Corporate Shareholders**"), are taxable as ordinary income in Norway for such owners currently at a flat rate of 22% (25% for shareholders subject to the special tax for finance activities).

#### **Shareholder not tax resident in Norway (Non-Norwegian Shareholders)**

Dividends received by Non-Norwegian Shareholders from shares in non-Norwegian companies are not subject to Norwegian taxation unless the Non-Norwegian Shareholder holds the Shares in connection with the conduct of a trade or business in Norway.

### **16.2.2 Taxation of capital gains on realization of shares**

#### **Norwegian Individual Shareholders**

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Individual Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realized by Norwegian Individual Shareholders is currently 37.84%; i.e., capital gains (less the tax free allowance) and losses shall be multiplied by 1.72 which are then included in or deducted from the Norwegian Individual Shareholder's ordinary income in the year of disposal. Ordinary income is currently taxable at a flat rate of 22%, increasing the effective tax rate on gains/losses realized by Norwegian Individual Shareholders to 37.84%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Individual Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Individual Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 16.2.1 above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e., any unused allowance exceeding the capital gain upon the realization of a share will be annulled. Unused allowance may not be set off against gains from realisation of other shares.

If the Norwegian Individual Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis (the FIFO principle).

Special rules apply for Norwegian Individual Shareholders that cease to be tax-resident in Norway.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) held by Norwegian Individual Shareholders since the Company is resident outside the EEA for tax purposes.

### **Norwegian Corporate Shareholders**

Since the Company is resident in Bermuda (which for Norwegian tax purposes is deemed a "low-tax jurisdiction" and outside the EEA), any capital gain or loss derived by a Norwegian Corporate Shareholder from a disposal of Shares will generally be taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of general income in the year of realization at a rate of 22% (25% for shareholders subject to the special tax for finance activities).

### **Non-Norwegian Shareholders**

Capital gains earned by non-Norwegian Shareholders from shares in non-Norwegian companies are not subject to Norwegian taxation unless the non-Norwegian Shareholder holds the Shares in connection with the conduct of a trade or business in Norway.

#### **16.2.3 CFC taxation**

Since the Company is resident in Bermuda (which for Norwegian tax purposes is deemed a "low-tax jurisdiction" and outside the EEA), Norwegian Individual and Corporate Shareholders (together referred to as "Norwegian Shareholders") will become subject to CFC taxation (Nw.: "NOKUS-beskatning") if Norwegian Shareholders control the Company. The Company will be deemed controlled by Norwegian Shareholders if Norwegian Shareholders directly or indirectly own or control (together referred to as "**Control**") the Shares / capital of the Company above the following thresholds.

- a) 50% or more at the beginning of and at the end of the tax year; or
- b) If the Company was Controlled by Norwegian Shareholder the previous tax year, the Company will also be deemed Controlled by Norwegian Shareholders the following tax year unless Norwegian Shareholders Control less than 50% both at the beginning and at the end of the tax year; or
- c) 60% at the end of the tax year.

CFC-taxation means that the Norwegian Shareholders will be allocated and taxed on a proportionate part of the Company's net income (calculated in accordance with Norwegian tax rules) based on their individual shareholding in the Company. Exit taxation may also apply if the Company ceases to be controlled by Norwegian Shareholders, cf. Section 2.6.11. The tax rate is 22% (25% for shareholders subject to special tax for finance activities).

#### **16.2.4 Net wealth tax**

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Individual Shareholders. The marginal net wealth tax rate is currently 1% of the value assessed, and for net wealth that exceeds NOK 20 million, the marginal net wealth tax rate is increased to 1.1%.

The value for assessment purposes for listed shares is equal to 80% of the listed value as of 1 January in the year of assessment (i.e., the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly.

Norwegian Corporate Shareholders are not subject to net wealth tax. Shareholders not resident in Norway for tax purposes ("**Foreign Individual Shareholders**") are not subject to Norwegian net wealth tax. Foreign Individual Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

### **16.2.5 VAT and transfer taxes**

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

### **16.2.6 Inheritance tax**

As of the date of this Prospectus, a transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway. However, the heir continues the giver's tax positions, including the input values, based on principles of continuity.

## **16.3 U.S. Federal Income Tax Considerations**

The following is a summary of certain U.S. federal income tax considerations that are likely to be relevant to the purchase, ownership and disposition of the Company's Shares by a U.S. Holder (as defined below).

This summary is based on provisions of the Internal Revenue Code of 1986, as amended ("**IRC**"), and regulations, rulings and judicial interpretations thereof, in force as of the date hereof. Those authorities may be changed at any time, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary is not a comprehensive discussion of all of the tax considerations that may be relevant to a particular investor's decision to purchase, hold, or dispose of Shares. In particular, this summary is directed only to U.S. Holders that hold Shares as capital assets and does not address particular tax consequences that may be applicable to U.S. Holders who may be subject to special tax rules, such as banks or other financial institutions, brokers or dealers in securities or currencies, traders in securities electing to mark to market, insurance companies, tax-exempt entities, regulated investment companies, real estate, investment trusts, entities or arrangements that are treated as partnerships for U.S. federal income tax purposes (or partners therein), holders that own or are treated as owning 10% or more of the Company's stock by vote or value, persons holding Shares as part of a hedging, straddle, conversion, "synthetic security" or other integrated financial transaction, or persons whose functional currency is not the U.S. dollar. Moreover, this summary does not address state, local or non-U.S. taxes, the U.S. federal estate or gift taxes, the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. Holders, or alternative minimum tax consequences of acquiring, holding or disposing of Shares.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Shares that is an individual citizen or resident of the United States or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such Shares. This discussion assumes that any dividends paid by the Company will be paid to U.S. Holders in U.S. dollars.

U.S. Holders should consult their own tax advisors about the consequences of the acquisition, ownership, and disposition of the Shares, including the relevance to their particular situation of the considerations discussed below and any consequences arising under non-U.S., state, local or other tax laws.

### **Taxation of Dividends**

Subject to the discussion below under "*Passive Foreign Investment Company Rules*," the gross amount of any distribution of cash or property with respect to the Company's Shares that is paid out of the Company's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be includible in a U.S. Holder's taxable income as ordinary dividend income on the day on which the U.S. Holder actually or constructively receives the dividend and the dividend will not be eligible for the dividends-received deduction allowed to corporations under the IRC.

The Company does not expect to maintain calculations of its earnings and profits in accordance with U.S. federal income tax principles. U.S. Holders therefore should expect that distributions generally will be treated as dividends

for U.S. federal income tax purposes. Any dividends paid on the Company's Shares will be treated as foreign source income.

### **Taxation of Dispositions of Shares**

Upon a sale, exchange or other taxable disposition of the Shares, U.S. Holders will realize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the disposition and the U.S. Holder's adjusted tax basis in the Shares, both as determined in U.S. dollars. Subject to the discussion below under "*Passive Foreign Investment Company Rules*", such gain or loss will be capital gain or loss, and will generally be long-term capital gain or loss if the Shares have been held for more than one year. Long-term capital gain realized by a U.S. Holder that is taxed as an individual generally is subject to taxation at a preferential rate. The deductibility of capital losses is subject to limitations. Any gain or loss realized generally will be income or loss from sources within the United States.

### **Passive Foreign Investment Company Rules**

A non-U.S. corporation will be classified as a passive foreign investment company ("**PFIC**") in a particular taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either:

- 75 percent or more of its gross income for the taxable year is passive income; or
- the average percentage of the value of its assets that produce or are held for the production of passive income is at least 50 percent.

For this purpose, passive income generally includes dividends, interest, royalties and rents and the excess of gains over losses from certain commodities transactions. Gains from commodities transactions, however, are generally excluded from the definition of passive income if such gains are active business gains from the sale of commodities and the foreign corporation's commodities meet specified criteria. The law is unclear as to what constitutes "active business gains" and there are also other uncertainties regarding the criteria that commodities must meet. If the Company owns at least 25% (by value) of the stock of another corporation, for purposes of determining whether it is a PFIC, the Company generally will be treated as owning its proportionate share of the other corporation's assets and receiving its proportionate share of the other corporation's income.

Based on the Company's financial statements and the Company's expectations about the nature and amount of its income, assets and activities and the market value of its equity, the Company does not expect to be a PFIC for its current taxable year or in the reasonably foreseeable future. However, the Company's possible status as a PFIC also depends on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. In addition, because the value of the Company's assets may be determined, in part, by reference to the market value of its equity, a decrease in such market value may result in the Company becoming a PFIC. Accordingly, no assurance can be given that the Company is not and will not become a PFIC in any year in which a U.S. Holder holds the Shares.

In the event that, contrary to the Company's expectations, it is classified as a PFIC in any taxable year in which a U.S. Holder holds the Shares, and such holder has not made any of the elections described below, the U.S. Holder generally would be subject to special rules with respect to (i) any gain realized from the sale or other taxable disposition of the Shares; and (ii) any "excess distribution" made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of the Shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder's holding period for the Shares).

Under these rules:

- the U.S. Holder's gain or excess distribution will be allocated rateably over the U.S. Holder's holding period for the Shares;
- the amount allocated to the U.S. Holder's taxable year in which the U.S. Holder recognized the gain or received the excess distribution, or to the period in the U.S. Holder's holding period before the first day of the Company's first taxable year in which it is a PFIC, will be taxed as ordinary income;
- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder that are included in its holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and
- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the U.S. Holder with respect to the tax attributable to each such other taxable year of the U.S. Holder.

If the Company is a PFIC for any taxable year during which a U.S. Holder holds the Shares, the Company would generally continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such holder owns the Shares, even if the Company ceases to meet the threshold requirements for PFIC status.

If the Company is a PFIC for any taxable year and any its subsidiaries are also PFICs, U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to their ownership of the Shares as well as their indirect ownership of equity interests in such lower-tier PFICs.

If the Company is a PFIC in a taxable year and the Shares constitute "marketable stock" in such year, a U.S. Holder may make a mark-to-market election with respect to its Shares. A U.S. Holder who makes such election generally will not be subject to the PFIC rules described above (except possibly with respect to such holder's indirect ownership of equity interests in lower-tier PFICs). Instead, in general, the U.S. Holder will include for each of its taxable years as ordinary income the excess, if any, of the fair market value of its Shares at the end of such year over its adjusted basis in its Shares. These amounts of ordinary income would not be eligible for the reduced tax rates applicable to qualified dividend income or long-term capital gains. The U.S. Holder also will recognize an ordinary loss in respect of the excess, if any, of its adjusted basis of its Shares over the fair market value of its Shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). A U.S. Holder's basis in its Shares will be adjusted to reflect any such income or loss amounts. Mark-to-market inclusions and deductions will be suspended during taxable years in which the Company is not a PFIC, but would resume if the Company subsequently becomes a PFIC. Any gain recognized by a U.S. Holder on a sale or other taxable disposition of its Shares in a year in which the Company is a PFIC will be treated as ordinary income, and any loss recognized by a U.S. Holder on a sale or other taxable disposition of its Shares in such a year will be treated as ordinary loss (but only to the extent of the net amount of previously included income as a result of the mark-to-market election), and thereafter as capital loss. A mark-to-market election cannot be made for any lower-tier PFICs. U.S. Holders should consult their tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to their Shares under their particular circumstances.

In some cases, a shareholder of a PFIC may be subject to alternative treatment by making a qualified electing fund (QEF) election to be taxed currently on its share of the PFIC's earnings and gains, regardless of whether such amounts are distributed. To make a QEF election, the Company must provide U.S. Holders with certain information compiled according to U.S. federal income tax principles. The Company currently does not intend to provide such information to U.S. Holders, and therefore it is expected that this election will be unavailable.

A U.S. Holder who owns, or is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC may be required to file an IRS Form 8621.

The rules dealing with PFICs are very complex and are affected by various factors in addition to those described above. Accordingly, prospective investors should consult their own tax advisors concerning the application of the PFIC rules to their investment in the Company.

**Foreign Financial Asset Reporting**

Individual U.S. Holders that own “specified foreign financial assets” with an aggregate value in excess of USD 50,000 on the last day of the taxable year or USD 75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with respect to such assets. “Specified foreign financial assets” include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors are encouraged to consult with their own tax advisors regarding the possible application of these rules, including the application of the rules to their particular circumstances.

**Backup Withholding and Information Reporting**

Dividends paid on, and proceeds from the sale or other disposition of, the Shares to a U.S. Holder generally may be subject to the information reporting requirements of the IRC and may be subject to backup withholding unless the U.S. Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a refund or credit against the U.S. Holder’s U.S. federal income tax liability, provided the required information is furnished to the U.S. Internal Revenue Service in a timely manner.

A holder that is not a U.S. Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

## 17 TERMS OF THE OFFERING

### 17.1 Overview of the Offering

The Offering comprises an offer of up to 260,000,000 New Shares to be issued by the Company to raise gross proceeds of up to approximately USD 250 million (equivalent to approximately NOK 2,600 million). The New Shares will be existing, validly issued and fully paid registered Shares, each with a par value of USD 0.00001. The Offer Price at which the Offer Shares will be sold is NOK 10 per Offer Share.

Disregarding any over-allotment, the Offering will represent up to approximately 53.72% of the Shares in issue.

The Managers may elect to over-allot up to 26,000,000 Additional Shares, equalling up to approximately 10% of the number of New Shares allocated and sold in the Offering, implying a total transaction size of up to approximately USD 275 million (equivalent to approximately NOK 2,860 million). In this respect, Seacrest Partners III, L.P. is expected to grant the Stabilization Manager, ABG Sundal Collier ASA, on behalf of the Managers, an option to borrow a number of Shares equal to the number of Additional Shares in order to facilitate such over-allotment and delivery of over-allotted Shares (the "**Borrowing Option**").

The Stabilization Manager (ABG Sundal Collier ASA), on behalf of the Managers, is expected to be granted an option by the Company to subscribe for a number of additional new Shares to be issued by the Company equal to the number of Additional Shares at Offer Price, to cover any short positions created by any over-allotments made in connection with the Offering (the "**Greenshoe Option**"). The Greenshoe Option will be exercisable, in whole or in part, by the Stabilization Manager, on behalf of the Managers, within a 30-day period commencing at the time of the Listing, on the terms and subject to the conditions described in this Prospectus. The Company will receive the proceeds from the issuance of any Shares subscribed pursuant to the Greenshoe Option.

The Offering consists of:

- 1) An Institutional Offering, in which Offer Shares are being offered to (a) institutional and other professional investors in Norway, (b) investors outside Norway and the United States, subject to applicable exemptions from the prospectus and registration requirements, and (c) investors in the United States who are QIBs in transactions exempt from registration requirements of the U.S. Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,000,000.
- 2) A Retail Offering, in which Offer Shares are being offered to the public in Norway, subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each investor. Investors who intend to place an order in excess of NOK 1,999,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering may be treated as one application with respect to the maximum application limit.

All offers and sales in the United States will be made only to QIBs in reliance on Section 4(a)(2) in a transaction not being subject to the registration requirements under the U.S. Securities Act. All offers and sales outside the United States will be in compliance with Regulation S of the U.S. Securities Act.

The shares may only be sold in Brazil to professional investors, as such term is defined in CVM Resolution No. 30, and according to the terms of Article 8, item VI, of CVM Resolution No.160.

This Prospectus does not constitute an offer of, or an invitation to purchase, the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see "*Important information*" beginning on page 2 and Section 18 "*Selling and transfer restrictions*".

The Bookbuilding Period for the Institutional Offering is expected to take place from 9 February 2023 at 09:00 (CET) to 16 February 2023 at 14:00 (CET). The Application Period for the Retail Offering is expected to take place from 9 February 2023 at 09:00 (CET) to 16 February 2023 at 12:00 (CET). The Company, in consultation with the Managers, reserves the right to extend the Bookbuilding Period and/or the Application Period at any time.

Any extension of the Bookbuilding Period and/or the Application Period will be announced through the Oslo Stock Exchange's information system on or before 09:00 (CET) on the first business day following the then prevailing expiration date of the Bookbuilding Period and/or the Application Period. An extension of the Bookbuilding Period and/or the Application Period can be made one or several times provided, however, that in no event will the Bookbuilding Period and/or the Application Period be extended beyond 14:00 (CET) on 23 February 2023, subject to approval by the Norwegian FSA of a supplement to the Prospectus pursuant to Article 23 of the EU Prospectus Regulation, if the extension so requires. In the event of an extension of the Bookbuilding Period and/or the Application Period, the allocation date, the payment due date, the dates of delivery of Offer Shares and the date of the Listing and commencement of trading on the Oslo Stock Exchange will be changed accordingly.

The Company will, in consultation with the Managers, determine the number of Offer Shares on the basis of the bookbuilding process in the Institutional Offering and the applications received in the Retail Offering. The bookbuilding process, which will form the main basis for the final determination of the number of Offer Shares, will be conducted only in connection with the Institutional Offering. The number of Offer Shares sold and issued in this Offering is expected to be announced by the Company through the information system of the Oslo Stock Exchange on or about 16 February 2023.

The Company expects that it will (i) on or around 16 February 2023, enter into a placing agreement (the "**Placing Agreement**") with Seacrest Partners III, L.P., and the Managers with respect to the Offering of the Offer Shares, and (ii) on or around 16 February 2023, enter into an international placement agreement (the "**International Placement Agreement**") with the International Placement Agents with respect to the offering being made to (a) investors outside Norway and the U.S., in compliance with Regulation S, and (b) QIBs in the United States as defined in Rule 144A who have provided to the Company and the Placements Agents (and the Company and the Placement Agents have accepted) a duly executed Investor Representation Letter in reliance on Section 4(a)(2) in a transaction not being subject to the registration requirements under the U.S. Securities Act.

The Offer Shares allocated in the Offering are expected to be traded on the Oslo Stock Exchange from and including the first day of Listing, expected to be on or around 20 February 2023.

Completion of the Offering is conditional upon, among other conditions, the Company satisfying the listing conditions and being listed on the Oslo Stock Exchange and the Placing Agreement and the International Placing Agreement being entered into, see Section 17.15 "*Conditions for completion of the Offering – Listing and trading of the Offer Shares*".

The Company has made, and will make, certain representations and warranties in favour of, and has agreed to certain undertakings with the Managers in the mandate agreement (the "**Mandate Agreement**"), and is expected to agree to certain undertakings with Seacrest Partners III, L.P. and the Managers in the Placing Agreement, with the Institutional Placement Agents in the International Placement Agreement, and ancillary agreements and documents entered into or to be entered into in connection with the Offering and the Listing. Further, the Company will give an undertaking in favour of the Managers that will restrict their ability to issue, sell or transfer Shares for 6 months from the first day of Listing. Board Members and the Management are expected to give an undertaking in favour of the Managers on the same for 12 months from the first day of Listing. In addition, certain major shareholders, including Seacrest Partners III, L.P., are expected to give an undertaking in favour of the Managers on the same for 6 months from the first day of Listing. For further details, see Section 17.18 "*Lock-up*" below.

Furthermore, the Company has undertaken, subject to certain conditions and limitations, to indemnify the Managers and the International Placement Agents against certain liabilities arising out of or in connection with the Offering.



See Section 17.17 "*Expenses for the Offering and the Listing*" for information regarding fees expected to be paid to the Managers and costs expected to be paid by the Company in connection with the Offering.

## 17.2 Timetable

The timetable set out below provides certain indicative key dates for the Offering (subject to extensions):

Bookbuilding Period commences.....	9 February 2023 at 09:00 (CET)
Application Period commences .....	9 February 2023 at 09:00 (CET)
Application Period ends .....	16 February 2023 at 12:00 (CET)
Bookbuilding Period ends .....	16 February 2023 at 14:00 (CET)
Allocation and pricing of the Offer Shares .....	On or around 16 February 2023
Publication of the results of the Offering .....	On or around 16 February 2023
Distribution of allocation notes .....	On or around 17 February 2023
Registration of new share capital and issuance of the New Shares .....	On or around 17 February 2023
Listing and commencement of trading in the Shares .....	On or around 20 February 2023
Accounts from which payment will be debited in the Retail Offering to be sufficiently funded..	On or around 20 February 2023
Payment date in the Retail Offering .....	On or around 21 February 2023
Delivery of the Offer Shares in the Retail Offering (subject to timely payment) .....	On or around 21 February 2023
Payment date in the Institutional Offering .....	On or around 22 February 2023
Delivery of the Offer Shares in the Institutional Offering .....	On or around 22 February 2023

The Company, in consultation with the Managers and the International Placement Agents, reserves the right to extend the Bookbuilding Period and/or the Application Period at any time. In the event of an extension of the Bookbuilding Period and/or the Application Period, the allocation date, the payment due date, the dates of delivery of Offer Shares and the date of the Listing and commencement of trading on the Oslo Stock Exchange will be changed accordingly.

## 17.3 Resolutions relating to the Offering

As at the date of this Prospectus, the Company's authorized share capital is USD 3,981.25 divided into common shares of par value USD 0.00001 each and Series A convertible shares of par value USD 0.00001 each. On 10 January 2023, the Company's shareholders approved the increase in the Company's authorized share capital to USD 8,981.25 subject to and upon the Listing becoming effective. Immediately prior to completion of the Offering, the Company will have an authorized share capital of USD 8,981.25 divided into 648,125,000 Common Shares and 250,000,000 undesignated shares of par value of USD 0.00001, with 186,126,155 Common Shares in issue.

On 7 February 2023, the Board of Directors resolved to approve the Offer Price, commence the Bookbuilding Period and the Application Period, and authorised one or more of its number by power of attorney to determine, following the end of the Bookbuilding Period (on or about 16 February 2023) whether the Offering shall be completed. If so determined, then such authorised parties will also determine the number of New Shares to be issued and the allocation of the New Shares.

## 17.4 The Institutional Offering

### 17.4.1 Bookbuilding

The Offer Price is NOK 10 per Offer Share (equivalent to approximately USD 1) in the Institutional Offering.

The Company will, in consultation with the Managers, determine the final number of Offer Shares on the basis of the applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Retail Offering. Investors' applications for Offer Shares in the Institutional Offering will, after the end of the Bookbuilding Period, be irrevocable and binding.

The final number of Offer Shares is expected to be announced by the Company through the Oslo Stock Exchange's information system on or around 16 February 2023 under the ticker code "SEAPT".

The Bookbuilding Period for the Institutional Offering will be from 9 February 2023 at 09:00 (CET) to 16 February 2023 at 14:00 (CET), unless extended.

The Company may, in consultation with the Managers, extend the Bookbuilding Period at any time, and extension may be made on one or several occasions. The Bookbuilding Period may in no event be extended beyond 14:00 (CET) on 23 February 2023, subject to approval by the Norwegian FSA of a supplement to the Prospectus pursuant to Article 23 of the EU Prospectus Regulation, if the extension so requires. In the event of an extension of the Bookbuilding Period, the allocation date, the payment due date, the date of delivery of Offer Shares and the date of the Listing and commencement of trading on the Oslo Stock Exchange will be changed accordingly.

### 17.4.2 Minimum application

The Institutional Offering is subject to a minimum application of NOK 2,000,000 per application. Investors in Norway who intend to place an application for less than NOK 2,000,000 must do so in the Retail Offering.

### 17.4.3 Application procedure

Applications for Offer Shares in the Institutional Offering must be made during the Bookbuilding Period by informing one of the Managers shown below of the number of Offer Shares that the investor wishes to order at the Offer Price.

#### **ABG Sundal Collier ASA**

Ruseløkkveien 26, 8th floor  
Postboks 1444 Vika  
0115 Oslo  
Norway  
Tel: +47 22 01 60 00

#### **Pareto Securities AS**

Dronning Mauds gate 3  
P.O. Box 1411 Vika  
N-0115 Oslo  
Norway  
Tel: +47 22 87 87 00

#### **SpareBank 1 Markets AS**

Olav Vs gate 5  
P.O. Box 1398 Vika  
N-0161 Oslo  
Norway  
Tel: + 47 24 14 74 00

All applications in the Institutional Offering will be treated in the same manner regardless of which Manager the applicant chooses to place the application with. Any orally placed application in the Institutional Offering will be binding for the investor and subject to the same terms and conditions as a written application. The Managers may, at any time and in their sole discretion, require the investor to confirm orally placed applications in writing.

Applications made may be withdrawn or amended by the investor at any time up to the expiry of the Bookbuilding Period. At the close of the Bookbuilding Period, all applications in the Institutional Offering that have not been withdrawn or amended are irrevocable and binding for the investor.

#### **17.4.4 Allocation, payment for and delivery of Offer Shares**

The Managers expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or around 17 February 2023, by issuing contract notes to the applicants by mail or otherwise.

Payment by applicants in the Institutional Offering will take place on or around 22 February 2023. Delivery of the Offer Shares are expected to take place on or around 22 February 2023 (the "**Institutional Closing Date**") through the facilities of the VPS.

For late payment, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Overdue Payment of 17 December 1976 no. 100 (the "**Norwegian Act on Overdue Payment**"), which, at the date of this Prospectus, is 10.75% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicants, and the Managers reserve the right, at the risk and cost of the applicant, to cancel the application and to re-allot or, from the third day after the payment due date, otherwise dispose of or assume ownership to the allocated Offer Shares on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit). The original applicant remains liable for payment for the Offer Shares allocated to the applicant, together with any interest, cost, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding.

In order to facilitate prompt registration of the share capital increase in the Company relating to the issuance of the New Shares, the Managers are expected to, on behalf of the applicants, subscribe for, pre-fund payment for the New Shares allocated in the Offering at a total amount equal to the par value of USD 0.00001 of the Company's Shares multiplied by the number of New Shares, and by placing an application, the applicant irrevocably authorizes and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. In addition, the Managers are expected to, on behalf of the applicants, subsequently pay the remaining total subscription amount equal to the Offer Price multiplied by the number of New Shares to the Company, and by placing an application, the applicant irrevocably authorizes and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. Irrespective of any subscription and payment for New Shares, the original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of such amount outstanding. The subscription and pre-funding of the Managers of the New Shares as described above constitute an integrated sales process where the investors subscribe for New Shares from the Company based on this Prospectus, which has been prepared by the Company.

The investors will not have any rights or claims against the Managers or the International Placement Agents.

## **17.5 The Retail Offering**

### **17.5.1 Offer Price**

The Offer Price is NOK 10 per Offer Share (equivalent to approximately USD 1) in the Retail Offering, and consequently the same as in the Institutional Offering, see Section 17.4 "*The Institutional Offering*".

Applications in the Retail Offering are subject to minimum and maximum application amount limits, see Section 17.5.2 "*Minimum and maximum application*" below. Multiple applications by one applicant in the Retail Offering will be treated as one application.

### **17.5.2 Minimum and maximum application**

The Retail Offering is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 1,999,999 for each applicant.

Multiple applications are allowed. One or multiple applications from the same applicant in the Retail Offering with a total application amount in excess of NOK 1,999,999 will be adjusted downwards to an application amount of NOK 1,999,999. If two or more identical applications are received from the same applicant, the application will only be counted once unless otherwise explicitly stated in the application. In the case of multiple applications either through the VPS online application system or applications made on a physical application form or across the VPS online application system, all such applications will be counted and considered as one application. Investors who intend to place an order in excess of NOK 1,999,999 must do so in the Institutional Offering.

### **17.5.3 Application period**

The application period during which applications for Offer Shares in the Retail Offering will be accepted will last from 9 February 2023 at 09:00 (CET) to 16 February 2023 at 12:00 (CET), unless extended. The Company may, in consultation with the Managers, extend the Application Period at any time and for any reason, and an extension may be made on one or several occasions. The Application Period may in no event be extended beyond 14:00 (CET) on 23 February 2023, subject to approval by the Norwegian FSA of a supplement to the Prospectus pursuant to Article 23 of the EU Prospectus Regulation, if the extension so requires. In the event of an extension of the Application Period, the allocation date, the payment due date, the date of delivery of Offer Shares and the date of the Listing and commencement of trading on the Oslo Stock Exchange will be changed accordingly.

### **17.5.4 Application procedures and application offices**

To participate in the Retail Offering, applicants must have a VPS account. For the establishment of a VPS account, please see Section 17.7 "VPS account" below for more information.

**Applicants in the Retail Offering with a Norwegian personal identification number, are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: [www.abgsc.no](http://www.abgsc.no), [www.paretosec.no](http://www.paretosec.no), or [www.sb1markets.no](http://www.sb1markets.no). The content of the aforementioned websites is not incorporated by reference into this Prospectus, nor does it form part of this Prospectus.**

**Applicants in the Retail Offering who do not have access to the VPS online application system must apply for Offer Shares by using the application form attached to this Prospectus as Appendix G (the "Retail Application Form"). The Retail Application Form, together with this Prospectus, may be obtained free of charge at the Company's registered office, on the Company's website <http://www.seacrestpetroleo.com/>, the Managers' websites or by contacting one of the Managers' application offices listed below.**

Applications made on the Retail Application Form or through the VPS online application system must be duly registered during the Application Period.

The Managers' application offices for the Retail Offering are set out below.

**ABG Sundal Collier ASA**  
 Ruseløkkveien 26, 8th floor  
 Postboks 1444 Vika  
 0115 Oslo  
 Norway  
 Tel: +47 22 01 60 00  
 E-mail: [subscription@abgsc.no](mailto:subscription@abgsc.no)

**Pareto Securities AS**  
 Dronning Mauds gate 3  
 P.O. Box 1411 Vika  
 N-0115 Oslo  
 Norway  
 Tel: +47 22 87 87 00  
 E-mail: [subscription@paretosec.com](mailto:subscription@paretosec.com)

**SpareBank 1 Markets AS**

Olav Vs gate 5  
P.O. Box 1398 Vika  
N-0161 Oslo  
Norway  
Tel: + 47 24 14 74 00

E-mail: [subscription@sb1markets.no](mailto:subscription@sb1markets.no)

All applications in the Retail Offering will be treated in the same manner regardless of which of the above Managers the applications are placed with. Further, all applications in the Retail Offering will be treated in the same manner regardless of whether they are submitted by delivery of a Retail Application Form through the VPS online application system.

Retail Application Forms that are incomplete or incorrectly completed, whether electronically or physically, or that are received after the expiry of the Application Period, may be disregarded without further notice to the applicant. The same applies to applications that are unlawful. Properly completed Retail Application Forms must be received by one of the Managers' application offices listed above or registered electronically through the VPS application system no later than 12:00 (CET) on 16 February 2023, unless the Application Period is extended. Neither of the Company nor any of the Managers may be held responsible for postal delays, internet lines or servers or other logistical or technical matters that may result in applications not being registered or received in time or at all, physically by any application office or electronically through the VPS application system.

All applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by one of the Managers' application offices.

**17.5.5 Allocation, payment and delivery of Offer Shares**

ABG Sundal Collier ASA, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or around 17 February 2023, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it may contact one of the application offices listed above on or around 17 February 2023 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or around 20 February 2023.

In registering an application through the VPS online application system or by completing a Retail Application Form, each applicant in the Retail Offering will authorise ABG Sundal Collier ASA (on behalf of the Managers) to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or around 21 February 2023 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 20 February 2023. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date.

Further details and instructions will be set out in the allocation notes to the applicant to be issued on or around 17 February 2023, and may be obtained by contacting one of the Managers.

Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 10.75% per annum. ABG Sundal Collier ASA, (on behalf of the Managers) reserves the right, but has no obligation, to make up to three debit attempts through 24 February 2023 if there are insufficient funds on the relevant account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to

the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or, from the third day after the Payment Date, otherwise dispose of or assume ownership to the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit therefrom).

The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding. The applicants will not have any rights or claims against any of the Managers.

In order to provide for prompt registration of the share capital increase in the Company relating to the issuance of the New Shares, the Managers are expected to, on behalf of the applicants, subscribe for and pre-fund payment for the New Shares allocated in the Offering at a total amount equal to the par value of USD 0.00001 of the Company's Shares multiplied by the number of New Shares, and by placing an application, the applicant irrevocably authorizes and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. In addition, the Managers are expected to, on behalf of the applicants, subsequently pay the remaining total subscription amount equal to the Offer Price multiplied by the number of New Shares to the Company, and by placing an application, the applicant irrevocably authorizes and instructs the Managers, or someone appointed by the Managers, to do so on its behalf. Irrespective of any subscription and payment for New Shares, the original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of such amount outstanding. The subscription and pre-funding of the Managers of the New Shares as described above constitute an integrated sales process where the applicants subscribe for New Shares from the Company based on this Prospectus, which has been prepared by the Company. The applicants will not have any claims against the Managers.

Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or around 21 February 2023.

#### **17.6 Mechanism of allocation**

It has been provisionally assumed that approximately 95-99% of the Offering will be allocated in the Institutional Offering and that approximately 1-5% of the Offering will be allocated in the Retail Offering. The final determination of the number of Offer Shares allocated to the Institutional Offering and the Retail Offering will only be decided, however, by the Company, in consultation with the Managers, following the completion of the bookbuilding process for the Institutional Offering, based on among other things the level of orders or applications received from each of the categories of investors. The Company, in consultation with the Managers, reserves the right to deviate from the provisionally assumed allocation between tranches without further notice and at its sole discretion.

No Offer Shares have been reserved for any specific national market.

In the Institutional Offering, the Company, together with the Managers, will determine the allocation of Offer Shares. An important aspect of the allocation principles is the desire to create an appropriate long-term shareholder structure for the Company. The allocation principles will, in accordance with normal practice for institutional placements, include factors such as premarketing and management road-show participation and feedback, timeliness of the order, relative order size, sector knowledge, investment history, perceived investor quality and investment horizon. The Company, the Managers further reserve the right, at their sole discretion, to take into account the creditworthiness of any applicant. The Company, the Managers may also set a maximum allocation, or decide to make no allocation to any applicant.

In the Retail Offering, no allocations will be made for a number of Offer Shares representing an aggregate value of less than NOK 10,500 per applicant provided, however, that all allocations will be rounded down to the nearest

number of whole Offer Shares and the payable amount will hence be adjusted accordingly. One or multiple orders from the same applicant in the Retail Offering with a total application amount in excess of NOK 1,999,999 will be adjusted downwards to an application amount of NOK 1,999,999. In the Retail Offering, allocation will be made pursuant to the VPS' automated simulation procedures, provided, however, that the Company and the Managers reserve the right, at their sole discretion, to allocate Offer Shares to give full allocation of Offer Shares to employees of the Group and Board Members and their related parties having applied for Offer Shares in the Retail Offering.

The Company, in consultation with the Managers, reserves the right to limit the total number of applicants to whom Offer Shares are allocated if the Company, in consultation with the Managers, deems this to be necessary in order to keep the number of shareholders in the Company at an appropriate level and such limitation does not have the effect that any conditions for the Listing with regards to the number of shareholders will not be satisfied. If the Company, in consultation with the Managers, should decide to limit the total number of applicants to whom Offer Shares are allocated, the applicants to whom Offer Shares are allocated in the Retail Offering will be determined on a random basis by using the VPS automated simulation procedures and/or other random allocation mechanism.

The Company and the Managers reserve the right to set a maximum allocation per applicant in the Retail Offering.

## **17.7 VPS account**

To participate in the Offering, each applicant must have a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Retail Application Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors in the Institutional Offering may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of VPS accounts requires verification of identification by the relevant VPS registrar in accordance with Norwegian anti-money laundering legislation (see Section 17.10 "*Mandatory anti-money laundering procedures*").

## **17.8 National Client Identifier and Legal Entity Identifier**

### **17.8.1 Introduction**

In order to participate in the Offering, subscribers will need a global identification code. Physical persons will need a so-called National Client Identifier ("**NCI**") and legal entities will need a so-called Legal Entity Identifier ("**LEI**"). Investors who do not already have an NCI or LEI, as applicable, must obtain such codes in time for the application in order to participate in the Offering.

### **17.8.2 NCI code for physical persons**

Physical persons need an NCI code to participate in a financial market transaction. The NCI code is a global identification code for physical persons. For physical persons with only a Norwegian citizenship, the NCI code is the 11-digit personal ID number (Nw.: "*fødsels- og personnummer*"). If the person in question has multiple citizenships or another citizenship than Norwegian, another relevant NCI code can be used. Investors are encouraged to contact their bank for further information.

### **17.8.3 LEI code for legal entities**

Legal entities will need a LEI code to participate in the Offering. A LEI code is a 20-character code that identifies legal entities that engage in financial market transactions. A LEI code must be obtained from an authorised LEI issuer, which can take some time. Investors should obtain a LEI code in time for the application. The Global Legal Identifier Foundation is not directly issuing LEIs, but delegates this responsibility to Local Operating Units ("**LOUs**").

Norwegian companies can apply for a LEI code through the website <https://no.nordlei.org/>. The application can be submitted through an online form and signed electronically with Bank-ID.

Non-Norwegian companies can find a complete list of LOUs on the website <https://www.gleif.org/en/about-lei/get-anlei-find-lei-issuing-organizations>.

For more information on LEI codes, visit [www.gleif.org](http://www.gleif.org).

## **17.9 Product governance**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (MiFID II); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the MiFID II Product Governance Requirements), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the Target Market Assessment).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other advisor) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

## **17.10 Mandatory anti-money laundering procedures**

The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**").

Applicants who are not registered as existing customers of any of the Managers must verify their identity to the Manager with which the application is placed in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who (i) have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form, (ii) register an application through the VPS online application system, are exempted, unless verification of identity is requested by any of the Managers. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period may not be allocated Offer Shares.



## **17.11 Over-allotment and stabilization activities**

### **17.11.1 Over-allotment of Additional Shares**

In connection with the Offering, the Managers may elect to over-allot up to 26,000,000 Additional Shares, equalling up to approximately 10% of the number of New Shares allocated and sold in the Offering. In order to permit delivery in respect of over-allotments made, Seacrest Partners III, L.P. is expected to grant the Stabilization Manager (ABG Sundal Collier ASA), on behalf of the Managers, the Borrowing Option pursuant to which the Stabilization Manager has an option to borrow a number of Shares equal to the number of Additional Shares allocated in the Offering.

Furthermore, the Company is expected to grant to the Stabilization Manager, on behalf of the Managers, the Greenshoe Option to subscribe for a number of additional new Shares to be issued by the Company up to the number of Additional Shares allocated in the Offering at the Offer Price, which may be exercised by the Stabilization Manager, on behalf of the Managers, within 30 days of commencement of Listing. To the extent that the Managers have over-allotted Shares in the Offering, the Managers have created a short position in the Shares. The Stabilization Manager may close out this short position by buying Shares in the market through stabilization activities and/or by exercising the Greenshoe Option.

A stock exchange notice will be published on the first day of Listing (expected on or around 20 February 2023), announcing whether the Managers have over-allotted Shares in connection with the Offering. Any exercise of the Greenshoe Option will be promptly announced by the Stabilization Manager through the Oslo Stock Exchange's information system.

### **17.11.2 Price stabilization**

The Stabilization Manager may, upon exercise of the Borrowing Option, from the first day of the Listing effect transactions with a view to support the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilization Manager to conduct stabilization activities and there is no assurance that stabilization activities will be undertaken. Such stabilizing activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after the Listing.

Any stabilization activities will be conducted based on the principles set out in the Commission Delegated Regulation (EU) 2016/1052, as implemented into Norwegian law by Section 3-1 (3) of the Norwegian Securities Trading Regulation, regarding buy-back programs and stabilization of financial instruments.

Any profit resulting from stabilization activities conducted by the Stabilization Manager, on behalf of the Managers, will be for the account of Seacrest Partners III, L.P.

If stabilization activities are undertaken, information on the activities will be published no later than seven trading days following such transaction(s). Further, within one week after the expiry of the 30 calendar day period of price stabilization, the Stabilization Manager will publish information as to whether or not price stabilization activities were undertaken. If stabilization activities were undertaken, the statement will also include information about: (i) the dates on which the stabilization period began and ended; (ii) the price range between which stabilization was carried out, for each day stabilization activities occurred; and (iv) if relevant, the market places where stabilization activities occurred.

It should be noted that stabilization activities might result in market prices that are higher than would otherwise prevail. Stabilization may be undertaken, but there is no assurance that it will be undertaken and it may be stopped at any time.

## **17.12 Publication of information in respect of the Offering**

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange's information system to publish information relating to the Offering, such as amendments to the Bookbuilding Period and the Application Period (if any), the final number of Offer Shares, the total amount of the Offering and the first day of Listing.

The final number of Offer Shares and the total amount of the Offering are expected to be published on or around 16 February 2023.

## **17.13 The rights conferred by the Offer Shares**

The Offer Shares will in all respects carry full shareholders' rights in the Company on an equal basis as any other existing Shares in the Company, including the right to any dividends. For a description of rights attached to the Shares, see Section 14 "*Corporate information*".

## **17.14 VPS registration**

The Shares have been, and the New Shares will be, created under the Bermuda Companies Act.

The Shares and the New Shares will be, registered in book-entry form with the VPS and have ISIN BMG7947V1211. The Company's register of shareholders with the VPS is administrated by DNB Bank ASA (being the VPS Registrar, as defined herein), with registered address at Dronning Eufemias gate 30, N-0191 Oslo, Norway.

## **17.15 Conditions for completion of the Offering – Listing and trading of the Offer Shares**

The Company will on or about 8 February 2023 apply for the Listing of its Shares on the Oslo Stock Exchange. It is expected that the Oslo Stock Exchange will approve the Listing application of the Company on or around 13 February 2023, conditional upon (i) the Company obtaining a minimum of 500 (Oslo Børs) or 100 (Euronext Expand) shareholders, each holding Shares with a value of more than NOK 10,000 and (ii) there being a minimum free float of the Shares of 25%. The Company expects that these conditions will be fulfilled through the Offering.

Completion of the Offering on the terms set forth in this Prospectus is expressly conditional upon the Oslo Stock Exchange approving the application for Listing in its meeting to be held on or around 13 February 2023, on conditions acceptable to the Company and that any such conditions are satisfied by the Company through completion of the Offering or otherwise. The Offering will be cancelled in the event that the conditions are not satisfied. There can be no assurance that the Oslo Stock Exchange will give such approval or that the Company will satisfy these conditions.

Completion of the Offering on the terms set forth in this Prospectus is otherwise only conditional on (i) the Company, in consultation with the Managers, resolving to proceed with the Offering, (ii) the Company, in consultation with the Managers, having approved the number of Offer Shares and the allocation of the Offer Shares to eligible investors following the bookbuilding process, (iii) the Managers, Seacrest Partners III, L.P. and the Company having entered into the Placing Agreement and such agreement remaining in full force and effect and (iv) the Managers, the International Placement Agents and the Company having entered into the International Placing Agreement and such agreement remaining in full force and effect. There can be no assurance that these conditions will be satisfied. If the conditions are not satisfied, the Offering may be revoked or suspended.

Assuming that the conditions are satisfied, the first day of Listing of the Shares, including the Offer Shares, is expected to be on or around 20 February 2023. The Shares are expected to trade under the ticker code "SEAPT".

Applicants in the Retail Offering selling Offer Shares prior to delivery must ensure that payment for such Offer Shares is made on or prior to the Payment Date, by ensuring that the stated bank account is sufficiently funded 20 February 2023. Applicants in the Institutional Offering selling Offer Shares prior to delivery must ensure that payment for such Offer Shares is made on or prior to the Institutional Closing Date. Accordingly, an applicant who wishes to sell his/her/its Offer Shares, following confirmed allocation of Offer Shares, but before delivery, must ensure that timely payment is made in order for such Offer Shares to be delivered in time to the applicant.

The Shares have not been and are not listed on any stock exchange or authorized market place, and no application has been filed for listing on any other stock exchanges or regulated market places than the Oslo Stock Exchange.

#### **17.16 Dilution**

Following completion of the Offering, the immediate dilution for the existing Shareholders, assuming they do not participate in the Offering, is expected to be approximately 60.6%, or approximately 63.5%, if conversion of the Notes and exercise of Mercuria Warrant 3 and 12,432,710 options under the Share Option Plan are included.

There are no pre-emption rights for existing shareholders to subscribe for or purchase any Shares in the Offering.

As of 30 September 2022, the book value per existing Share was approximately USD -0.15, equal to NOK -1.51, and the net asset value per Share was approximately USD -0.13.

#### **17.17 Expenses for the Offering and the Listing**

The Company's total costs and expenses of, and incidental to, the Offering and the Listing are estimated to amount to approximately USD 12.5 million (equivalent to approximately NOK 130 million).

The Company will, pursuant to the Mandate Agreement and the International Placement Agreement, pay to the Managers and the International Placement Agents a base fee equal to a percentage of the gross proceeds of all Shares allocated in the Offering, including any Additional Shares, multiplied with the Offer Price. In addition to the base fee, the Company may, in its sole discretion, pay to the Managers and the International Placement Agents a performance fee equal to a percentage of the gross proceeds of all Shares allocated in the Offering, including any Additional Shares, multiplied with the Offer Price.

No expenses or taxes will be charged by the Company, the Managers and the International Placement Agents to the applicants in the Offering.

#### **17.18 Lock-up**

##### **17.18.1 The Company**

Pursuant to a lock-up undertaking to be included in the Placing Agreement, the Company is expected to undertake that it will not, without the prior written consent of the Managers, during the period from the date of the Placing Agreement and until 6 months from the first day of Listing, (1) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other equity interest in the capital of the Company or any securities convertible into or exercisable for such Shares or other equity interests, or (2) enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or other equity interests, whether any such transaction described in (1) or (2) above is to be settled by delivery of the Shares or other securities or interests, in cash or otherwise, or (3) market or otherwise seeking investor interest for its Shares, or conducting any bookbuilding exercises for any sale of its Shares or (4) publicly announce or indicate an intention to effect any transaction specified in (1) or (2) above. The foregoing shall

not apply to: (A) the issue of the New Shares or any Greenshoe Option Shares in the Offering or (B) the granting of options or other rights to Shares, or the honoring of options or such other rights to Shares, by the Company pursuant to the Share Option Plan.

Consent pursuant to the lock-up agreements are at the sole discretion of the Managers, and any release from lock-up will not be subject to announcement by the Managers.

### **17.18.2 The Board Members and members of Management**

The Board Members and the members of the Management are each expected to undertake that they will not, directly or indirectly, without the prior written consent of the Managers, during the period from the first day of Listing and until 12 months from the first day of Listing, (1) sell, offer to sell, contract or agree to sell, hypothecate, lend, pledge, grant any option to purchase or otherwise transfer or dispose of or agree to dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, (3) market or otherwise seeking investor interest for its Shares, or conducting any bookbuilding exercises for any sale of its Shares or (4) publicly announce an intention to effect any transaction specified in clause (1), (2) or (3), provided, however, that the foregoing shall not apply to: (A) the pre-acceptance or acceptance of a takeover offer for all of the Shares in the Company in accordance with chapter 6 of the Norwegian Securities Trading Act or a legal merger or amalgamation, or (B) any transfer of Shares to a company wholly owned or directly or indirectly controlled by the relevant Board Member/members of Management provided that such company (i) assumes the same lock-up obligations as if it was the original party assuming such obligations and (ii) remains wholly owned or under the direct or indirect control by the relevant Board Member/members of Management for the remaining part of the lock-up period set out above.

The lock-up undertaking will apply to all Shares and rights to Shares currently held on the date which the lock-up undertaking is entered into, or which during the lock-up period described above are acquired by the Board Members or members of Management and entities directly or indirectly controlled by him or her.

Consent pursuant to the lock-up agreements are at the sole discretion of the Managers, and any release from lock-up will not be subject to announcement by the Managers.

### **17.18.3 Seacrest Partners III, L.P.**

Pursuant to a lock-up undertaking to be included in the Placing Agreement, Seacrest Partners III, L.P. is expected to undertake that it will not, directly or indirectly, without the prior written consent of the Managers, during the period from the date of the Placing Agreement and until 6 months from the first day of Listing, (1) sell, offer to sell, contract or agree to sell, hypothecate, lend, pledge, grant any option to purchase or otherwise transfer or dispose of or agree to dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, (3) market or otherwise seeking investor interest for its Shares, or conducting any bookbuilding exercises for any sale of its Shares or (4) publicly announce an intention to effect any transaction specified in clause (1), (2) or (3), provided, however, that the foregoing shall not apply to: (A) the lending of Shares in accordance with the Placing Agreement, (B) the pre-acceptance or acceptance of a takeover offer for all of the Shares in the Company in accordance with chapter 6 of the Norwegian Securities Trading Act or a legal merger and (C) any transfer of Shares to a company wholly owned or directly or indirectly controlled by the Seacrest Partners III, L.P. provided that such company (i) assumes the same lock-up obligations as if it were Seacrest Partners III, L.P. and (ii) remain wholly owned or under

the direct or indirect control by the Seacrest Partners III, L.P. for the remaining part of the lock-up period set out above.

The lock-up undertaking will apply to all Shares and rights to Shares currently held on the date which the lock-up undertaking is entered into, or which during the lock-up period described above are acquired by Seacrest Partners III, L.P. and entities directly or indirectly controlled by Seacrest Partners III, L.P.

Consent pursuant to the lock-up agreements are at the sole discretion of the Managers, and any release from lock-up will not be subject to announcement by the Managers.

#### **17.18.4 Other major shareholders**

Commandery Investment Holdings Ltd, High Power Petroleum (SeaPulse) UK Ltd and Mercuria Energy Group Limited are each expected to undertake that they will not, directly or indirectly, without the prior written consent of the Managers, during the period from the first day of Listing and until 6 months from the first day of Listing, (1) sell, offer to sell, contract or agree to sell, hypothecate, lend, pledge, grant any option to purchase or otherwise transfer or dispose of or agree to dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, (3) market or otherwise seeking investor interest for its Shares, or conducting any bookbuilding exercises for any sale of its Shares or (4) publicly announce an intention to effect any transaction specified in clause (1), (2) or (3), provided, however, that the foregoing shall not apply to: (A) the pre-acceptance or acceptance of a takeover offer for all of the Shares in the Company in accordance with chapter 6 of the Norwegian Securities Trading Act or a legal merger or amalgamation, or (B) any transfer of Shares to a company wholly owned or directly or indirectly controlled by Commandery Investment Holdings Ltd, High Power Petroleum (SeaPulse) UK Ltd or Mercuria Energy Group Limited provided that such company (i) assumes the same lock-up obligations as if it were the original party assuming such obligations and (ii) remains wholly owned or under the direct or indirect control by Commandery Investment Holdings Ltd, High Power Petroleum (SeaPulse) UK Ltd or Mercuria Energy Group Limited for the remaining part of the lock-up period set out above.

The lock-up undertaking will apply to all Shares and rights to Shares currently held on the date which the lock-up undertaking is entered into, or which during the lock-up period described above are acquired by Commandery Investment Holdings Ltd, High Power Petroleum (SeaPulse) UK Ltd or Mercuria Energy Group Limited and entities directly or indirectly controlled by each of them.

Consent pursuant to the lock-up agreements are at the sole discretion of the Managers, and any release from lock-up will not be subject to announcement by the Managers.

#### **17.19 Interest of natural and legal persons involved in the Offering**

The Managers, and the International Placement Agents or their respective affiliates, have provided from time to time, and may provide in the future, financial advisory, investment and commercial banking services, as well as financing, to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions.

The Managers and the International Placement Agents do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers and the International Placement Agents will receive a fee in connection with the Offering and, as such, have an interest in the Offering. See Section 17.17 "*Expenses for the Offering and the Listing*" for further details.

The Company will receive the proceeds from the sale of the New Shares and from the issuance of any Shares subscribed pursuant to the Greenshoe Option.

Seacrest Partners III, L.P. will receive any profit resulting from stabilization activities conducted by the Stabilization Manager.

Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.

#### **17.20 Governing law and jurisdiction**

This Prospectus, the Retail Application Form and the terms and conditions of the Offering shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, this Prospectus, the Retail Application Form or the Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with the Oslo District Court as the legal venue.

## 18 SELLING AND TRANSFER RESTRICTIONS

### 18.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby. Other than in Norway, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

### 18.2 Selling restrictions

#### 18.2.1 *United States*

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Managers have represented and agreed that they have not offered or sold, and will not offer or sell, any of the Offer Shares as part of its allocation at any time other than (i) within the United States to QIBs who have provided to the Company (and the Company has accepted) a duly executed Investor Representation Letter in reliance on Section 4(a)(2) in a transaction not being subject to the registration requirements under the U.S. Securities Act (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to provide the Company a duly executed Investor Representation Letter (such letter being subject to acceptance by the Company) and make certain acknowledgements, representations and agreements, as described under Section 18.3.1 "*United States*".

Any offer or sale in the United States will be made solely by the International Placement Agents or by affiliates of the Managers who are broker-dealers registered under the U.S. Exchange Act ("**U.S. broker-dealers**"), or by the Managers pursuant to its chaperoning arrangements with their affiliates that are U.S. broker-dealers. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act and in connection with any applicable state securities laws.

#### 18.2.2 *United Kingdom*

Each of the Managers has represented, warranted and agreed that:

- a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

section 21 of the FSMA in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

- b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

### **18.2.3 European Economic Area**

In relation to each Relevant Member State, other than Norway, no Offer Shares have been offered or will be offered to the public in that Relevant Member State, pursuant to the Offering, except that Offer Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

- a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Managers for any such offer; or
- c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Offer Shares shall result in a requirement for the Company or the Managers to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares.

This EEA selling restrictions are in addition to any other selling restrictions set out in this Prospectus.

### **18.2.4 Additional jurisdictions**

#### **18.2.4.1 Switzerland**

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under article 652a or article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under article 27 ff of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Offer Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this document nor any other offering or marketing material relating to the Offering, the Company or its Shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offering will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the Offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

#### **18.2.4.2 Canada**

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the



Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

#### 18.2.4.3 Hong Kong

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

#### 18.2.4.4 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

#### 18.2.4.5 Other jurisdictions

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Japan, Australia or any other jurisdiction in which it would not be permissible to offer the Offer Shares. In jurisdictions outside the United States and the EEA where the Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

## 18.3 Transfer restrictions

### 18.3.1 United States

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs who have provided to the Company (and the Company must have accepted) a duly executed Investor Representation Letter pursuant to an exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Section 4(a)(2), Rule 144A or Regulation S shall have the same meaning when used in this Section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- a) The purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- b) The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States.
- c) The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States.
- d) The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- e) The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.
- f) The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- g) The Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.
- h) If the purchaser is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.
- i) The purchaser acknowledges that the Company, the Managers and their respective advisors will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States purchasing pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act (i) must have provided to the Company (and the Company must have accepted) a duly executed Investor Representation Letter in reliance on Section 4(a)(2) in a transaction not being subject to the registration requirements under the U.S. Securities Act and (ii) will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- a) The purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.

- b) The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- c) The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Section 4(a)(2) in a transaction not being subject to the registration requirements under the U.S. Securities Act and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Offer Shares, as the case may be.
- d) The purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- e) The purchaser understands and acknowledges that if, in the future, the purchaser or any such other QIBs for which it is acting, or any other fiduciary or agent representing such purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, or any economic interest therein, as the case may be, such Offer Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) pursuant to an exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act; (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), or (iv) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- f) The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- g) The purchaser will not deposit or cause to be deposited such Offer Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.
- h) The purchaser acknowledges that the Offer Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares, as the case may be.
- i) The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.
- j) If the purchaser is requiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- k) The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Managers and their respective advisors will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

### **18.3.2 European Economic Area**

Each person in a Relevant Member State (other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway) who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

- a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

- b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares.

## 19 ADDITIONAL INFORMATION

### 19.1 Independent auditor

The Company's independent auditor is KPMG Auditores Independentes Ltda., with business registration number 57.755.217/0003-90 and registered address Rua do Passeio, 38 – Setor 2 – 17o andar – Centro – Rio de Janeiro - Brazil. The partners of KPMG Auditores Independentes Ltda are members of the Institute of Independent Auditors of Brazil (IBRACON).

KPMG Brazil has been appointed as the Company's independent auditor since 4 March 2022, and has audited the Company's financial statements for the financial year 2019 and onwards.

### 19.2 Advisors

Wikborg Rein Advokatfirma AS, with business registration number 916 782 195 and with its registered address at Dronning Mauds gate 11, N-0250 Oslo, Norway, has acted as Norwegian legal counsel to the Company in connection with the Listing.

Cleary Gottlieb Steen & Hamilton LLP, with business registration number DUNS 071013270 and with its registered address at One Liberty Plaza New York NY 10006, United States, has acted as U.S. legal counsel to the Company.

Wakefield Quin Limited, with company registration number 43740 and with its registered address at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda, has acted as Bermuda legal counsel to the Company.

Advokatfirmaet Schjødt AS, with registered address Tordenskiolds gate 12, 0160 Oslo, Norway, is acting as Norwegian legal counsel to the Managers and the International Placement Agents.

MJM Limited, with company registration number 46215 and its registered office address at Thistle House, 4 Burnaby Street, Hamilton, HM 11, Bermuda, has acted as Bermuda legal counsel to the Managers and the International Placement Agents.

### 19.3 Documents on display

Copies of the following documents will be available for inspection at the Company's offices during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- The Company's up to date Memorandum of Association and Bye-Laws;
- The Competent Person's Report on the Company's resources and reserves dated 11 November 2022; and
- this Prospectus.

The documents are also available at the Company's website [www.seacrestpetroleo.com](http://www.seacrestpetroleo.com). The content of the website is not incorporated by reference into, or otherwise form part of, this Prospectus.

## 20 DEFINITIONS AND GLOSSARY OF TERMS

<b>Additional Shares</b>	The additional Shares over-allotted in the Offering, equalling up to approximately 10% of the number of New Shares allocated and sold in the Offering
<b>Annual Financial Statements</b>	The consolidated financial statements of the Company as of and for the years ended 31 December 2021, 2020 and 2019, prepared in accordance with IFRS and audited by KPMG Brazil
<b>ANP</b>	Agência Nacional do Petróleo, Gás Natural e Biocombustíveis, the Brazilian oil and gas regulatory agency
<b>Anti-Money Laundering Legislation</b>	The Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 collectively
<b>Application Period</b>	The application period for the Retail Offering which commence at 09.00 (CET) on 9 February 2023 and close at 12:00 (CET) on 16 February 2023
<b>BBA</b>	The Bermuda Bribery Act 2016
<b>bbl</b>	Barrel of crude oil
<b>bcm</b>	Billion cubic meters
<b>Bermuda Companies Act</b>	Companies Act 1981 of Bermuda
<b>BMA</b>	The Bermuda Monetary Authority
<b>BMD</b>	The lawful currency of Bermuda
<b>Board of Directors</b>	The Board of Directors of the Company
<b>Board Member(s)</b>	The members of the Board of Directors of the Company, or any one of them
<b>boepd</b>	Barrels of oil equivalent per day
<b>Bookbuilding Period</b>	The offer period for the Institutional Offering which commence at 09:00 (CET) on 9 February 2023, and close at 14:00 (CET) on 16 February 2023
<b>Borrowing Option</b>	Has the meaning ascribed to such term in Section 17.1
<b>Branch Register</b>	A branch register of shares in the VPS established by the Company
<b>Brent</b>	Brent crude oil
<b>BRL</b>	Brazilian reals, the lawful currency of Brazil
<b>Bye-Laws</b>	Bye-Laws of the Company as of 10 January 2023 attached hereto as <a href="#">Appendix B</a>
<b>CDI</b>	Certificado de Depósito Interbancário, the Brazilian interbank deposit rate, the average of interbank overnight rates in Brazil
<b>CEO</b>	Chief Executive Officer
<b>CET</b>	Central European Time
<b>CFC</b>	Controlled foreign corporation taxation (Nw.: <i>NOKUS-beskatning</i> )
<b>CFO</b>	Chief Financial Officer
<b>CFT/APP</b>	Federal and Rosters of Potentially Polluting Activities
<b>CISA</b>	Swiss Federal Act on Collective Investment Schemes
<b>Clusters</b>	Cricaré Cluster and the Norte Capixaba Cluster
<b>COCG</b>	Code of Conduct Group for Business Taxation of the European Union
<b>CNPE</b>	Conselho Nacional de Política Energética, the Brazilian National Council for Energy Policy
<b>Company Information</b>	The Company's own assessment and knowledge of the potential markets in which it may operate
<b>Company or Seacrest Petróleo</b>	Seacrest Petróleo Bermuda Limited, an exempted company limited by shares with company registration number 5471 and registered office address at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda
<b>C5+</b>	Naphtha, a light refined product
<b>Connected Person</b>	A director or a person connected to a director
<b>Control</b>	The case of which Norwegian Shareholders directly or indirectly own or control the Shares / capital of the Company as described under Section 16.2.3 of the Prospectus

<b>COPOM</b>	The Monetary Policy Committee of the Brazilian Central Bank
<b>Cricaré Cluster</b>	Has the meaning ascribed to such term in Section 8.1
<b>Cricaré SPV</b>	Seacrest SPE Cricaré S.A, a wholly owned subsidiary of the Company
<b>CVM</b>	Comissão de Valores Mobiliários, the Brazilian Securities Commission
<b>D&amp;M</b>	DeGolyer and MacNaughton
<b>E&amp;P</b>	Exploration and production
<b>ECA</b>	The Exchange Control Act 1972 of Bermuda and its related regulations
<b>EEA</b>	The European Economic Area
<b>EnP</b>	EnP Ecosystemas Energéticos Holding S.A.
<b>Environmental National Policy</b>	The Federal Brazilian Law No. 6938 dated 31 August 1981
<b>ESMA</b>	The European Securities and Markets Authority
<b>EU</b>	The European Union
<b>EU Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as implemented in Norway
<b>Existing Transpetro Agreement</b>	Has the meaning ascribed to such term in Section 8.9.1
<b>FCPA</b>	The United States Foreign Corrupt Practices Act of 1977, as amended
<b>FGV</b>	Fundação Getúlio Vargas, the Getulio Vargas Foundation
<b>Financial Information</b>	The Annual Financial Statements and the Interim Financial Statements, collectively
<b>GDP</b>	Gross Domestic Product
<b>GDPR</b>	General Data Protection Regulation (Regulation (EU) 2016/679)
<b>Greenshoe Option</b>	An option expected to be granted by the Company to the Managers to subscribe for a number of Shares up to the number of Additional Shares in order to cover any short positions resulting from over-allotments made in connection with the Offering
<b>Group</b>	The Company and its consolidated subsidiaries
<b>Guarantor</b>	Has the meaning ascribed to such term in Section 10.9.2
<b>IAS 34</b>	International Accounting Standard 34 "Interim Financial Reporting" Issued by International Accounting Standards Board.
<b>IASB</b>	The International Accounting Standards Board
<b>IBAMA</b>	Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis, the federal Brazilian environmental authority
<b>ICE</b>	The Intercontinental Exchange
<b>IEMA</b>	Instituto de Meio Ambiente e Recursos Hídricos, the Water Resources Environmental Institute of the State of Espírito Santo, Brazil
<b>IGP-M</b>	The Market General Price Index calculated and disclosed on a monthly basis by FGV
<b>IFRS</b>	International Financial Reporting Standards and in accordance with interpretations determined by the International Accounting Standards Board (IASB).
<b>Imetame</b>	Imetame Energia Ltda
<b>Institutional Closing Date</b>	The date of delivery of the Offer Shares to the applicants in the Institutional Offering, expected to take place on or around 21 February 2023
<b>Institutional Offering</b>	An institutional offering, in which Offer Shares are being offered (a) to institutional and professional investors in Norway, (b) investors outside Norway and the United States, subject to applicable exemptions from the prospectus and registration requirements, and (c) in the United States to QIBs, as defined in Rule 144A of the U.S. Securities Act and in reliance on Section 4(a)(2) of the U.S. Securities Act in a transaction not being subject to, the registration requirements under the U.S. Securities Act; subject to a lower limit per application of NOK 2,000,000
<b>Interim Financial Statements</b>	The consolidated interim financial statements of the Company as of and for the nine-month period ended 30 September 2022, with comparable figures as of 31 December 2021 and for the nine-month period ended 30 September 2021, prepared in accordance with IAS 34

<b>International Placement Agreement</b>	The agreement to be entered into between the Company and the International Placement Agents with respect to the private placement to QIBs in reliance on Section 4/(a)(2) and in compliance with Regulation S.
<b>International Placement Agents</b>	Banco BTG Pactual S.A. – Cayman Branch and Itau BBA USA Securities, Inc.
<b>Investor Representation Letter</b>	The representation letter in the form attached hereto as <a href="#">Appendix H</a> of this Prospectus
<b>IPCA</b>	Índice de Preços ao Consumidor, the Broad National Consumer Price Index
<b>IRC</b>	U.S. Internal Revenue Code of 1986, as amended
<b>Joint Bidding Agreement</b>	The joint venture agreement dated 22 March 2022 entered into between Seacrest Petróleo S.A., Imetame and EnP
<b>Joint Bidding Group</b>	Imetame and EnP
<b>Junior Facility Agreement</b>	Facility agreement dated 21 December 2021, with Mercuria as lender and the Criciaré SPV as borrower
<b>Karavan</b>	Karavan Oil & Gas Participações e Consultoria
<b>kbbbl</b>	Thousands of barrels of crude oil
<b>KPMG Brazil</b>	KPMG Auditores Independentes Ltda.
<b>LEI</b>	Legal Entity Identifier
<b>LGPD</b>	Lei Geral de Proteção de Dados Pessoais, the Brazilian General Data Protection Law
<b>Listing</b>	The listing of the Shares on the Oslo Stock Exchange
<b>Longstop Date</b>	Has the meaning ascribed to such term in Section 2.2.3
<b>LOUs</b>	Local operating units
<b>Management</b>	The members of the Company's executive management
<b>Managers</b>	ABG Sundal Collier ASA, Pareto Securities AS and Sparebank 1 Markets AS
<b>Mandate Agreement</b>	The agreement entered into by the Company and the Managers in connection with the Offering and the Listing
<b>Marketing Agreement</b>	Has the meaning ascribed to such term in Section 2.2.9
<b>Memorandum of Association</b>	The Company's memorandum of association, attached hereto as <a href="#">Appendix A</a>
<b>Mercuria</b>	Mercuria Energy Trading S.A., together with its affiliates
<b>Mercuria Financing Agreements</b>	The Senior Facility Agreement, the Junior Facility Agreement and the Notes, collectively
<b>Mercuria Offtake and Marketing Agreements</b>	Has the meaning ascribed to such term in Section 2.2.9
<b>Mercuria Warrant 1</b>	A warrant exercisable in respect of common shares representing 1% of the Company's fully diluted share capital at the time of exercise
<b>Mercuria Warrant 2</b>	A warrant exercisable in respect of common shares representing 2% of the Company's fully diluted share capital at the time of exercise, with such warrant only exercisable if the Norte Capixaba Acquisition is not completed or the Company sells the Cricaré Cluster at a time when it does not own the Norte Capixaba Cluster
<b>Mercuria Warrant 3</b>	A warrant exercisable in respect of 1,302,246 common shares, representing 1% of the Company's fully diluted share capital at 15 February 2022
<b>MiFID II</b>	EU Directive 2014/65/EU on markets in financial instruments, as amended
<b>MiFID II Product Governance Requirements</b>	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures
<b>Mm3</b>	Cubic megametre
<b>MMbbbls</b>	Standard millions of barrels
<b>MMboe</b>	Millions of barrels of oil equivalents
<b>NCI</b>	National Client Identifier
<b>New Credit Agreement</b>	Credit agreement dated 3 February 2023, with such meaning as ascribed in Section 12.5.2.2
<b>New Shares</b>	The up to 260,000,000 new Shares to be issued by the Company



<b>NOK</b>	Norwegian kroner, the lawful currency of Norway
<b>NOM-account</b>	Nominee account, in which beneficial owners of shares may register ownership
<b>Norte Capixaba Acquisition</b>	Has the meaning ascribed to such term in Section 4.3.1
<b>Norte Capixaba Cluster</b>	Has the meaning ascribed to such term in Section 4.3.1
<b>Norte Capixaba SPV</b>	Seacrest Petróleo SPE Norte Capixaba Ltda., a wholly owned subsidiary of the Company
<b>Norwegian Act on Overdue Payment</b>	The Norwegian Act on Overdue Payment of 17 December 1976 no. 100
<b>Norwegian Corporate Governance Code</b>	The Norwegian Code of Practice for Corporate Governance last updated 14 October 2021
<b>Norwegian FSA</b>	The Financial Supervisory Authority of Norway (Nw.: <i>Finanstilsynet</i> )
<b>Norwegian Securities Trading Act</b>	The Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (Nw.: <i>verdipapirhandelloven</i> )
<b>Norwegian Securities Trading Regulation</b>	The Norwegian Securities Trading Regulations of 29 June 2007 no. 876, as amended (Nw.: <i>verdipapirforskriften</i> )
<b>Notes</b>	USD 18 million of convertible subordinated loan notes issued by the Company
<b>Offer Price</b>	The subscription price per Offer Share, being NOK 10
<b>Offer Shares</b>	The New Shares together with any Additional Shares, being the Shares offered pursuant to the Offering
<b>Offering</b>	The initial public offering of the Shares, consisting of the Institutional Offering and the Retail Offering
<b>Officer</b>	The officers of the Company, or any one of them
<b>Offtake Agreement</b>	Has the meaning ascribed to such term in Section 2.2.9
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>Order</b>	Persons falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
<b>Oslo Stock Exchange</b>	Oslo Børs or Euronext Expand, both Norwegian regulated markets being part of Euronext® and operated by Oslo Børs ASA
<b>Payment Date</b>	The payment date for the Offer Shares in the Retail Offering, expected to be on or around 22 February 2023
<b>Petrobras</b>	Petróleo Brasileiro S.A.
<b>PIFC</b>	A passive foreign investment company for US Federal tax purposes
<b>Placing Agreement</b>	The agreement to be entered into between the Company and the Managers with respect to the Offering
<b>PPSA</b>	Pré-Sal Petróleo S.A.
<b>PRMS</b>	The Petroleum Resources Management System
<b>Pro Forma Financial Information</b>	An unaudited pro forma balance sheet included in Section 11 of the Prospectus
<b>Prospectus</b>	This prospectus dated 8 February 2023
<b>QIB</b>	Qualified institutional buyers as defined in Rule 144A
<b>Registrar Agreement</b>	A registrar agreement between the VPS Registrar and the Company
<b>Regulated Market</b>	A market for financial instruments within the scope of Article 4(1)(21) of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments
<b>Regulation S</b>	Regulation S under the U.S. Securities Act
<b>Relevant Member State</b>	Any member state of the European Economic Area, other than Norway
<b>Relevant Persons</b>	Persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, and/or (iii) other persons to whom such investment or investment activity may lawfully be communicated or caused to be communicated
<b>Restructured Indebtedness</b>	Has the meaning ascribed to such term in Section 12.5.2.2

<b>Retail Application Form</b>	The application form to be used to apply for Offer Shares in the Retail Offering, attached hereto as <a href="#">Appendix G</a>
<b>Retail Offering</b>	A retail offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each investor
<b>Rule 144A</b>	Rule 144A under the U.S. Securities Act
<b>Seacrest Group</b>	Seacrest Group Limited, and its subsidiaries
<b>Section 4(a)(2)</b>	Section 4(a)(2) of the U.S. Securities Act
<b>SELIC</b>	Sistema Especial de Liquidação e Custodia, Special system for settlement and custody, the Brazilian Central Bank's system for performing open market operations in execution of monetary policy
<b>Senior Facility Agreement</b>	Facility agreement dated 21 December 2021, with Mercuria as lender and the Cricaré SPV as borrower
<b>Series A Shares</b>	The Series A preferred shares of the Company, with a par value of USD 0.00001
<b>SFA</b>	The Securities and Futures Act of Singapore
<b>Share Option Plan</b>	A share option plan adopted by the Company on 1 October 2020, pursuant to which the Board of Directors may in its discretion grant options over Shares to its and its affiliates' employees, Board Members, advisors, contractors and secondees
<b>Share(s)</b>	The shares of the Company, consisting as of the date of this Prospectus of 103 841 880 common shares each with a par value of USD 0.00001
<b>SIX</b>	Swiss Exchange
<b>SPV</b>	Special Purpose Vehicle
<b>Stabilization Manager</b>	ABG Sundal Collier ASA
<b>Target Market Assessment</b>	The product approval process which has determined that each Share are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II
<b>TCFA</b>	Taxa de Controle e Fiscalização Ambiental, Brazilian environmental inspection and control fee
<b>TJLP</b>	Taxa de Juros de Longo Prazo, the Brazilian long-term interest rate target which is set quarterly by the National Monetary Council
<b>TNC</b>	The Norte Capixaba waterway terminal
<b>Transpetro</b>	Petrobras Transporte S.A.
<b>Transpetro Lease Agreement</b>	Has the meaning ascribed to such term in Section 8.9.1
<b>U.S. broker-dealers</b>	Has the meaning ascribed to such term in Section 18.2.1
<b>U.S. Exchange Act</b>	The United States Securities Act of 1934, as amended
<b>U.S. or the United States</b>	The United States of America
<b>U.S. Securities Act</b>	The United States Securities Exchange Act of 1933, as amended
<b>USD</b>	United States Dollars, the lawful currency of the United States of America
<b>VPS</b>	The central securities depository at Euronext Securities Oslo (Nw.: <i>Verdipapirsentralen</i> )
<b>VPS Registrar</b>	DNB Bank ASA



**Seacrest Petroleo Bermuda Limited**

Victoria Place, 31 Victoria Street  
Hamilton HM 12,  
Bermuda  
Phone: +1 441-297-8008  
[www.seacrestpetroleo.com](http://www.seacrestpetroleo.com)

**Wikborg Rein Advokatfirma AS**

Dronning Mauds gate 11  
N-0250 Oslo  
Norway  
Phone: +47 22 82 75 00  
<https://www.wr.no/>

**Appendix A – Memorandum of Association of Seacrest Petroleo Bermuda Limited**



**BERMUDA**  
**THE COMPANIES ACT 1981**  
**MEMORANDUM OF ASSOCIATION OF COMPANY LIMITED BY SHARES**  
**Section 7(1) and (2)**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**Seacrest Petroleo Bermuda Limited**  
(hereinafter referred to as "the Company")

1. The liability of the members of the Company is limited to the amount (if any) for the time being unpaid on the shares respectively held by them.

2. We, the undersigned, namely,

<b>Name and Address</b>	<b>Bermudian Status</b>	<b>Nationality</b>	<b>Number of Shares Subscribed</b>
M Q Services Ltd. Victoria Place 31 Victoria Street Hamilton HM 10 Bermuda	Yes	Bermuda Local Company	1

agree to take such number of shares of the Company as may be allotted to us by the provisional directors of the Company, not exceeding the number of shares for which we have subscribed, and to satisfy such calls as may be made by the directors, provisional directors or promoters of the Company in respect of the shares allotted to us.

3. The Company is to be an exempted Company as defined by the Companies Act 1981.

4. The Company, with the consent of the Minister of Finance, has power to hold land situate in Bermuda not exceeding \_\_\_ in all, including the following parcels:- N/A

5. The authorised share capital of the Company is US\$100.00 divided into 100 shares of par value US\$1.00 each.

6. The objects for which the Company is formed and incorporated are unrestricted.

7. Subject to paragraph 4, the Company may do all such things as are incidental or conducive to the attainment of its objects and shall have the capacity rights, powers and privileges of a natural person, and –

(i) pursuant to Section 42 of the Act, the Company shall have the power to issue preference shares which are at the option of the holder, liable to be redeemed;

**FORM NO. 2**

- (ii) pursuant to Section 42A of the Act, the Company shall have the power to purchase its own shares for cancellation; and
- (iii) pursuant to Section 42B of the Act, the Company shall have the power to acquire its own shares to be held as treasury shares.

Signed by each subscriber in the presence of at least one witness attesting the signature thereof:



\_\_\_\_\_  
M Q Services Ltd.

(Subscriber)



\_\_\_\_\_  
(Witness)

Subscribed this <sup>5<sup>th</sup></sup> day of June, 2019


## **Appendix B – Bye-Laws of Seacrest Petroleo Bermuda Limited**

# SEACREST PETROLEO BERMUDA LIMITED

## BYE-LAWS

**Adopted by Shareholders' Resolution passed on 10 January 2023, with effect from the time of, and subject to, admission to listing of the Company's common shares on the Oslo Stock Exchange becoming effective**

**I HEREBY CERTIFY** that the following is a true copy of the Bye-laws of **Seacrest Petroleo Bermuda Limited** as approved by resolution of the Members passed on 10 January 2023.



---

Peter O'Driscoll  
General Counsel



**Wakefield Quin Limited**

Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda

TEL. 441.494.4000 FAX. 441.494.4111 [wq.bm](http://wq.bm)



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**Bye-Laws**  
**of**  
**Seacrest Petroleo Bermuda Limited**

**INTERPRETATION**

1. In these Bye-Laws, unless the context otherwise requires:

**“Affiliate”** or a person **“affiliated”** with a specified person means a person that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.

**“Appointed Stock Exchange”** means an electronic market for the trading of securities and identified as a “recognised investment exchange” or an “approved investment exchange” by the Government of Bermuda.

**“Board”** means the board of directors for the time being of the Company;

**“Branch Register”** means a branch of the Register for the shares which is maintained by a registrar in accordance with section 65 of the Companies Act 1981;

**“Bye-Laws”** means these bye-laws in their present form or as from time to time amended;

**“clear days”** means, in relation to the period of a notice, that period excluding the day on which the notice is given or served, or deemed to be given or served, and the day for which it is given or on which it is to take effect;

**“Common Shares”** means common shares of par value US\$0.00001 per share (or such other par value as may result from any reorganisation of capital) in the capital of the Company, having the rights and being subject to the limitations set out in these Bye-Laws;

**“Companies Acts”** means every Bermuda statute, regulation and order from time to time in force concerning companies insofar as the same apply to the Company;

**“Company”** means Seacrest Petroleo Bermuda Limited, an exempted company registered in Bermuda with registration number 54716;

**“Courts”** means the courts of Bermuda, and **“Court”** shall be construed accordingly;

**“Cumulative Voting”** means the system of voting for Directors in which each voting share confers on its holder a total number of votes which is equal to the total number of Directors to be elected and which the holder may cast for candidates in any proportion (including, without limitation, casting all votes for a single candidate);

**“Director”** means a director for the time being of the Company;

**“ESO”** means Euronext Securities Oslo, the Central Security Depository in Norway, a Norwegian corporation licenced by the Norwegian Financial Supervisory Authority maintaining a book entry computerised central share registry in Oslo, Norway, for bodies corporate and shall include any successor registry;

**“Group Company”** means the Company, any holding company of the Company and any subsidiary of the Company or of any such holding company;

**“Listing”** means the listing of the Company’s Common Shares on an Appointed Stock Exchange.

**“Officer”** means a Director, Secretary, or other officer of the Company appointed pursuant to Bye-Law 180, but does not include any person holding the office of auditor in relation to the Company;

**“Person entitled by Transmission”** means a person whose entitlement to a share in consequence of the death or bankruptcy of a Shareholder or of any other event giving rise to its transmission by operation of law has been noted in the Register;

**“Register”** means the register of shareholders of the Company and, except in Bye-Laws 62, 63 and 64, includes any Branch Register;

**“Registered Office”** means the registered office for the time being of the Company;

**“Registrar”** means such person or body corporate who may from time to time be appointed by the Board as registrar of the Company with responsibility to maintain the Register or a Branch Register;

**“Required Information”** means, in relation to a person to be nominated as a Director:

- (a) all information relating to the proposed Director that would be required to be disclosed in solicitations of proxies for election of directors in an election contest for a company listed on an Appointed Stock Exchange, including such person’s written consent to being named in the Company’s proxy statement as a nominee of the Shareholder and to serving as a Director if elected;
- (b) the reasons for conducting such business at the general meeting and any material interest in such business of such Shareholder and the beneficial owner, if any, on whose behalf the proposal is made;
- (c) details of the Shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, including:
  - (i) the name and address of such Shareholder, as they appear on the Company’s Register, and of such beneficial owner;

- (ii) the class or series and number of shares in the capital of the Company that are owned, directly or indirectly, beneficially and of record by such Shareholder and such beneficial owner;
- (iii) a representation that the Shareholder is a holder of record of the relevant shares in the capital of the Company at the time of the giving of the notice, will be entitled to vote at the general meeting and will appear in person or by proxy at such meeting to propose such business or nomination;
- (iv) a representation whether the Shareholder or the beneficial owner, if any, will be or is part of a group that will (x) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Company's issued and outstanding shares eligible to vote at such general meeting as is required to approve or adopt the proposal or elect the nominee and/or (y) otherwise solicit proxies or votes from Shareholders in support of such proposal or nomination;
- (v) a certification regarding whether such Shareholder and beneficial owner, if any, have complied with all applicable legal requirements in connection with the Shareholder's and/or beneficial owner's acquisition of shares or other securities of the Company and/or the Shareholder's and/or beneficial owner's acts or omissions as a Shareholder of the Company;
- (vi) any other information relating to such Shareholder and beneficial owner, if any, required by applicable regulations to be disclosed in a proxy statement or other regulatory filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest;
- (vii) a description of any agreement, arrangement or understanding with respect to the nomination or proposal and/or the voting of shares of any class in the capital of the Company between or among the Shareholder giving the notice, the beneficial owner, if any, on whose behalf the nomination or proposal is made, any of their respective Affiliates or associates and/or any others acting in concert with any of the foregoing (collectively, "**proponent persons**"); and
- (viii) a description of any agreement, arrangement or understanding (including without limitation any contract to purchase or sell, acquisition or grant of any option, right or warrant to purchase or sell, swap or other instrument) to which any proponent person is a party, the intent or effect of which may be (x) to transfer to or from any proponent person, in whole or in part, any of the economic consequences of ownership of any security of the Company, (y) to increase or decrease the voting power of any proponent person with respect to shares of any class or series of shares in the capital of the Company and/or (z) to provide any proponent person, directly or indirectly, with the opportunity to profit or share in any profit derived

from, or to otherwise benefit economically from, any increase or decrease in the value of any security of the Company;

**“Resident Representative”** means the person or, if permitted by the Companies Acts, the company appointed to perform the duties of resident representative of the Company as set out in the Companies Acts (and includes any assistant or deputy resident representative appointed by the Board);

**“Resolution”** means a resolution of the Shareholders or, where required, of a separate class or separate classes of Shareholders, adopted in general meeting or passed in accordance with the provisions of these Bye-Laws;

**“Seal”** means the common seal of the Company and includes any duplicate seal;

**“Secretary”** means the secretary of the Company or, if there are joint secretaries, any of the joint secretaries and includes a deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the secretary;

**“Shareholder”** means a holder of a share (of any class) of the Company;

**“Share”** or **“share”** means any share in the capital of the Company;

**“subsidiary”** and **“holding company”** have the same meanings as in section 86 of the Companies Act 1981, except that references in that section to a company shall include any body corporate or other legal entity, whether incorporated or established in Bermuda or elsewhere;

**“Undesignated Shares”** means the shares of par value US\$0.00001 per share (or such other par value as may result from any reorganisation of capital) in the capital of the Company, having such rights and being subject to such limitations as may be attached to them pursuant to Bye-Law 9; and

**“US dollars”** or **“US\$”** means United States dollars.

2. For the purposes of these Bye-Laws, unless the context otherwise requires:
  - 2.1 a corporation shall be deemed to be present in person at a meeting if its representative, duly authorised pursuant to these Bye-Laws, is present;
  - 2.2 words importing only the singular number include the plural number and vice versa;
  - 2.3 words importing only one gender include the other genders;
  - 2.4 references to a company include any body corporate or other legal entity, whether incorporated or established in Bermuda or elsewhere;

- 2.5 references to a person include any company, partnership or other body of persons, whether corporate or not, any trust and any government, governmental body or agency or public authority, whether of Bermuda or elsewhere;
- 2.6 references to writing include typewriting, printing, lithography, photography, electronic mail and other modes of representing or reproducing words in a legible and non-transitory form;
- 2.7 a reference to anything being done by electronic means includes its being done by means of any electronic or other communications equipment or facilities and references to any communication being delivered or received, or being delivered or received at a particular place, include the transmission of an electronic or similar communication, and to a recipient identified in such manner or by such means, as the Board may from time to time approve or prescribe, either generally or for a particular purpose;
- 2.8 references to a signature or to anything being signed or executed include such forms of electronic signature or other means of verifying the authenticity of an electronic or similar communication as the Board may from time to time approve or prescribe, either generally or for a particular purpose;
- 2.9 references to a dividend include a distribution paid in respect of shares to Shareholders out of contributed surplus or any other distributable reserve;
- 2.10 any words or expressions defined in the Companies Acts, if not otherwise defined in or given a particular meaning by these Bye-Laws, have the same meaning in these Bye-Laws, except that the definition of “attorney” shall not apply;
- 2.11 any reference to any statute or statutory provision (whether of Bermuda or elsewhere) includes a reference to any modification or re-enactment of it for the time being in force and to every rule, regulation or order made under it (or under any such modification or re-enactment) and for the time being in force and any reference to any rule, regulation or order made under any such statute or statutory provision includes a reference to any modification or replacement of such rule, regulation or order for the time being in force; and
- 2.12 references to shares carrying the general right to vote at general meetings of the Company are to those shares (of any class or series) carrying the right to vote, other than shares which entitle the holders to vote only in limited circumstances or upon the occurrence of a specified event or condition (whether or not those circumstances have arisen or that event or condition has occurred).

#### **REGISTERED OFFICE**

3. The Registered Office shall be at such place in Bermuda as the Board from time to time decides.

## SHARE CAPITAL

4. The authorised share capital of the Company at the date of adoption of these Bye-Laws is US\$8,981.25 divided into 648,125,000 Common Shares and 250,000,000 Undesignated Shares.

5. **Common Shares**

The Common Shares shall entitle their holders to the following rights:-

(a) **as regards dividend:-**

after making all necessary provisions, where relevant, for payment of any preferred dividend in respect of any preference shares in the Company then outstanding, the Company shall apply any profits or reserves which the Directors resolve to distribute in paying such profits or reserves to the holders of the Common Shares in respect of their holdings of such shares pari passu and pro rata to the number of Common Shares held by each of them;

(b) **as regards capital:-**

on a return of assets on liquidation, reduction of capital or otherwise, the holders of the Common Shares shall be entitled to be paid the surplus assets of the Company remaining after payment of its liabilities (subject to the rights of the holders of any preferred shares in the Company then in issue having preferred rights on a return of capital) in respect of their holdings of Common Shares pari passu and pro rata to the number of Common Shares held by each of them; and

(c) **as regards voting in general meetings:-**

except where Cumulative Voting applies, the holders of the Common Shares shall be entitled to receive notice of, and to attend and vote at, general meetings of the Company; every holder of Common Shares present in person or by proxy shall have one vote for each Common Share held by him.

The Common Shares do not have pre-emption rights on or in respect of the issue of any new Shares in the capital of the Company, and the holders of Common Shares shall therefore not be entitled to any such pre-emption rights by virtue of their holding of Common Shares.

6. The rights of the Undesignated Shares shall be determined in accordance with the provisions of Bye-Law 9.

## SHARE RIGHTS

7. Subject to the Companies Acts and to the rights conferred on the holders of any other class of shares, any share in the Company may be issued with or have attached to it such preferential, deferred, qualified or special rights, privileges or conditions as the Company may by Resolution



decide or, if no such Resolution is in effect or insofar as the Resolution does not make specific provision, as the Board may from time to time determine.

8. Without limiting the foregoing and subject to the Companies Acts, the Company may issue preference shares (including any preference shares created pursuant to Bye-Law 9) which (i) are liable to be redeemed on the happening of a specified event or events or on a given date or dates and/or (ii) are liable to be redeemed at the option of the Company and/or the holder. The terms and manner of redemption of any redeemable shares created pursuant to Bye-Law 9 shall be as the Board may by resolution determine before the allotment of such shares and the terms and manner of redemption of any other redeemable preference shares shall be either (a) as the Company may by Resolution determine or (b) insofar as the Resolution does not make any express provision, as the Board may by resolution determine, in either case, before the allotment of such shares.
9. The rights attaching to the Undesignated Shares shall be as follows:
  - 9.1 each Undesignated Share shall have attached to it such preferred, qualified or other special rights, privileges and conditions and be subject to such restrictions, whether in regard to dividend, return of capital, redemption, conversion into Common Shares or voting or otherwise, as the Board may determine on or before its allotment;
  - 9.2 the Board may allot the Undesignated Shares in more than one series and, if it does so, may name and designate each series in such manner as it deems appropriate to reflect the particular rights and restrictions attached to that series, which may differ in all or any respects from any other series of Undesignated Shares;
  - 9.3 the particular rights and restrictions attached to any Undesignated Share shall be recorded in a resolution of the Board and, as determined by the Board in its sole discretion, may be greater than the rights attached to the Common Shares, including by:-
    - 9.3.1 restricting dividends to Common Shares;
    - 9.3.2 diluting the voting power of Common Shares or providing that holders of preference shares may have the right to vote on matters as a class;
    - 9.3.3 impairing the liquidation rights of the Common Shares; and/or
    - 9.3.4 delaying or preventing a change of control of the Company; and
  - 9.4 the Board may at any time before the allotment of any Undesignated Share by further resolution in any way amend such rights and restrictions or vary or revoke its designation.
10. The terms of any redeemable preference shares (including any redeemable preference shares created pursuant to Bye-Law 9) may provide for the whole or any part of the amount due on redemption to be paid or satisfied otherwise than in cash, to the extent permitted by the Companies Acts.

11. The Board may, in connection with the issue of any shares (whether pursuant to Bye-Law 9 or otherwise), exercise all powers of paying commissions and brokerages conferred or permitted by law.

#### **VARIATION OF RIGHTS**

12. Subject to the Companies Acts, all or any of the special rights for the time being attached to any class of shares for the time being in issue may, unless otherwise expressly provided in the rights attaching to or by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up), be altered or abrogated with the consent in writing of the holders of more than 50 per cent of all of the votes capable of being cast at the relevant time by the holders of the issued shares of that class or with the sanction of a Resolution passed at a separate general meeting of the holders of shares of that class by a majority of more than 50 per cent of the votes cast.
13. All the provisions of these Bye-Laws relating to general meetings of the Company shall apply *mutatis mutandis* to any separate general meeting of any class of Shareholders, except that the necessary quorum shall be two or more Shareholders present in person or by proxy together holding or representing a majority of the issued shares of the relevant class; provided that, if the relevant class of Shareholders has only one Shareholder, one Shareholder present in person or by proxy shall constitute the necessary quorum.
14. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered or abrogated by (i) the creation or issue of further shares ranking *pari passu* with them, (ii) the creation or issue for full value (as determined by the Board) of further shares ranking as regards participation in the profits or assets of the Company or voting or otherwise in priority to them or (iii) the purchase or redemption by the Company of any of its own shares.

#### **SHARES**

15. The unissued shares of the Company (whether forming part of the original share capital or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options (including under any share option incentive scheme) or other rights over or otherwise deal with or dispose of them to such persons, at such times and for such consideration and generally on such terms and conditions as the Board may from time to time determine.
16. Shares may be issued in fractional denominations and in such event the Company shall deal with such fractions to the same extent as its whole shares, so that a share in a fractional denomination shall have, in proportion to the fraction of a whole share that it represents, all the rights of a whole share, including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.
17. Where any fraction of a share or other difficulty arises on any alteration, the Board may settle the same as it thinks fit including, without limitation to the generality of the foregoing, the issue to

Shareholders of fractions of shares and/or arranging for the sale and transfer of fractions of shares of Shareholders.

18. Subject to the Companies Acts, the rules of any Appointed Stock Exchange on which the Company's shares are listed or admitted to trading and any other laws that apply as a result of such listing or admission to trading, the Company may purchase its own shares and the Board may (without the sanction of a Resolution) authorise any exercise of the Company's power to purchase its own shares, whether in the market, by tender or by private agreement, at such prices (whether at par or above or below par) and otherwise on such terms and conditions as the Board may from time to time determine. The whole or any part of the amount payable on any such purchase may be paid or satisfied otherwise than in cash, to the extent permitted by the Companies Acts.
19. The Board may, at its discretion and without the sanction of a Resolution, authorise the acquisition by the Company of its own shares, to be held as treasury shares, upon such terms as the Board may in its discretion determine, provided always that such acquisition is effected in accordance with the Companies Acts. The Company shall be entered in the Register as a Shareholder in respect of the treasury shares, subject to the Companies Acts and the Company shall not exercise any rights and shall not enjoy or participate in any of the rights attaching to those shares except as provided by the Companies Acts.
20. Subject to these Bye-Laws, any treasury shares held by the Company will be at the disposal of the Board, which may elect to hold the shares as treasury shares, dispose of or transfer the shares for cash or other consideration, or cancel any of the shares.
21. Except only as otherwise provided in these Bye-Laws, as ordered by a court of competent jurisdiction or as otherwise required by law, the Company shall be entitled to treat the registered holder of any share (or any fractional part of a share) as the absolute owner of it and accordingly no person shall be recognised by the Company as holding any share (or any fractional part of a share) upon trust, and the Company shall not be bound by or required in any way to recognise (even when having notice of it) any equitable, contingent, future or partial interest or other right in any share (or any fractional part of a share) except an absolute right to the entirety of the share or to the fractional part of a share in the registered holder of it.

#### **UNTRACED SHAREHOLDERS**

22. The Company shall be entitled to sell, at the best price reasonably obtainable, the shares of a Shareholder or the shares to which a person is entitled by virtue of transmission on death, bankruptcy, or otherwise by operation of law if and provided that:
  - 22.1 during a period of six (6) years, no dividend in respect of those shares has been claimed and at least three (3) cash dividends have become payable on the share in question;
  - 22.2 on or after expiry of that period of six (6) years, the Company has inserted an advertisement in a newspaper circulating in the area of the last registered address at which service of notices upon the Shareholder or person entitled by transmission may be

effected in accordance with these Bye-Laws and in a national newspaper published in the relevant country, giving notice of its intention to sell such shares;

- 22.3 during that period of six (6) years and the further period of three (3) months following the publication of such advertisement, the Company has not received any communication from such Shareholder or person entitled by transmission; and
- 22.4 if so required by the rules of any securities exchange upon which the shares in question are listed for the time being, notice has been given to that exchange of the Company's intention to make such sale.
23. If during any six (6) year period referred to in Bye-Law 22.1 above, further shares have been issued in right of those held at the beginning of such period or of any previously issued during such period and all the other requirements of Bye-Law 22 (other than the requirement that they be in issue for six (6) years) have been satisfied in regard to the further shares, the Company may also sell the further shares.
24. To give effect to any such sale, the Board may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. The transferee shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity in, or invalidity of, the proceedings in reference to the sale.
25. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former Shareholder or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former Shareholder or other person in the books of the Company as a creditor for such amount, though no trust shall be created in respect of the debt and no interest shall be payable in respect of the same. At the expiry of the further three (3) month period set forth in Bye-Law 22.3, if the Company has not received any communication from the untraced Shareholder, the liability to the untraced Shareholder will cease and the Company shall not be required to account for any money earned on the net proceeds of sale of Shares, which may be employed in the business of the Company or invested in such investments as the Board from time to time thinks fit.

#### **INCREASE OF CAPITAL**

26. The Company may from time to time increase its capital by such sum, to be divided into shares of such par value, as the Company by Resolution shall prescribe.
27. The Company may, by the Resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of these Bye-Laws and the Companies Acts) at a discount or make any other provision as to the issue of the new shares.

28. The new shares shall be subject to all the provisions of these Bye-Laws with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise.

#### **ALTERATION OF CAPITAL**

29. The Company may from time to time by Resolution:
- 29.1 divide its shares into several classes and attach to them respectively any preferential, deferred, qualified or special rights, privileges or conditions;
  - 29.2 consolidate and divide all or any of its share capital into shares of larger par value than any of its existing shares;
  - 29.3 sub-divide its shares or any of them into shares of smaller par value than is fixed by its memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
  - 29.4 make provision for the issue and allotment of shares which do not carry any voting rights;
  - 29.5 cancel shares which, at the date of the passing of the relevant Resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its authorised share capital by the amount of the shares so cancelled; and
  - 29.6 change the currency denomination of its share capital.
30. Where any difficulty arises in regard to any division, consolidation or sub-division under Bye-Law 29, the Board may settle the same as it thinks expedient and, in particular, may arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion among the Shareholders who would have been entitled to the fractions, except that any proceeds in respect of any holding which are less than a sum fixed by the Board may be retained for the benefit of the Company. For the purpose of any such sale the Board may authorise some person to transfer the shares representing fractions to the purchaser, who shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
31. Subject to the Companies Acts and to any confirmation or consent required by law or these Bye-Laws, the Company may from time to time by Resolution convert any preference shares in the Company (unless otherwise expressly provided by the rights attaching to or by the terms of issue of the preference shares in question) into redeemable preference shares.

#### **REDUCTION OF CAPITAL**

32. Subject to the Companies Acts and to any confirmation or consent required by applicable law or these Bye-Laws, the Company may from time to time by Resolution authorise the reduction in

any manner of its issued share capital (but not to a sum less than any minimum share capital prescribed by its memorandum) or any share premium account.

33. In relation to any such reduction, the Company may by Resolution determine the terms upon which the reduction is to be effected, including, in the case of a reduction of part only of a class of shares, those shares to be affected.

#### **CERTIFICATED SHARES AND UNCERTIFICATED SHARES**

34. Shares shall be issued in registered form.

#### **CERTIFICATED SHARES**

35. Unless otherwise provided by the rights attaching to or by the terms of issue of any particular shares (but subject always to the provisions of these Bye-Laws concerning uncertificated shares), each Shareholder shall, upon becoming the holder of any share, be entitled to a share certificate for all the shares of each class held by him (and, on transferring a part of his holding, to a certificate for the balance), but the Board may decide not to issue certificates for any shares held by, or by the nominee of, any securities exchange or depository or any operator of any clearance or settlement system except at the request of any such person. In the case of a share held jointly by several persons, delivery of a certificate in their joint names to one of several joint holders shall be sufficient delivery to all.
36. Share certificates shall be in such form as the Board may from time to time prescribe, subject to the requirements of the Companies Acts. No fee shall be charged by the Company for issuing a share certificate. If a share certificate is worn-out or defaced, or alleged to have been lost or destroyed, it may be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of any exceptional costs and out of pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of wearing-out or defacement, on delivery of the certificate to the Company. The Board may require any such indemnity to be secured in such manner as the Board may think fit.
37. All certificates for shares (other than letters of allotment, scrip certificates and other like documents) shall be signed by such person or persons (whether or not Officers) as the Board may from time to time decide, but the Board may determine that certificates for shares or for particular shares need not be signed by any person.
38. The Board may also determine, either generally or in any particular case, that any signatures on certificates for shares (or certificates or agreements or other documents evidencing the issue by the Company of awards under any share option, share incentive or other form of employee benefits plan adopted by the Company from time to time) need not be autographic but may be affixed to such certificates, agreements or other documents by some mechanical means or may be facsimiles printed on such certificates, agreements or other documents. If any Officer who has signed, or whose facsimile signature has been used on, any such certificate, agreement or other document ceases for any reason to hold his office, such certificate, agreement or other document may nevertheless be issued as though that Officer had not ceased to hold such office.

## **UNCERTIFICATED SHARES**

39. If at any time the Company participates or is able to participate in an Appointed Stock Exchange on which the Company's shares are listed or admitted to trading, the Board may permit any class of shares to be held in uncertificated form and to be transferred by means of a relevant system acceptable to the Appointed Stock Exchange (including, where shares are listed on the Oslo Stock Exchange, the system of ESO). Conversion of shares held in certificated form into shares held in uncertificated form, and vice versa, may be made in such manner as the Board may in its absolute discretion think fit (subject to the facilities and requirements of the Appointed Stock Exchange). Shares held in uncertificated form shall not constitute a separate class of shares from other shares in that class simply by virtue of such shares being held in uncertificated form.
40. Unless otherwise determined by the Board and permitted under the rules of the Appointed Stock Exchange, if any, on which the Company's shares are listed or admitted to trading, no person shall be entitled to receive a certificate in respect of any share for so long as transfers of that share may be made otherwise by written instrument as permitted by the Companies Acts. The Board shall have power to implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of an uncertificated share (subject always to the requirements of the Appointed Stock Exchange (including, where shares are listed on the Oslo Stock Exchange, the system of ESO) and no provision of these Bye-Laws shall apply or have effect to the extent that it is any way inconsistent with the holding of shares in uncertificated form or the transfer of title to uncertificated shares by means of a relevant system permitted by the Appointed Stock Exchange or otherwise permitted by applicable law.
41. A Shareholder may, in accordance with the Companies Acts or the requirements of an Appointed Stock Exchange, apply to the Board to change a share from a certificated share to an uncertificated share or vice versa and the Board shall prescribe the manner for such conversion in accordance with the facilities and regulations of the Appointed Stock Exchange.
42. Nothing in these Bye-Laws shall preclude (i) title to a certificated share being evidenced or transferred otherwise than in writing to the extent permitted by the Companies Acts or the rules of the Appointed Stock Exchange, if any, on which the Company's shares are listed or admitted to trading, or otherwise as may be determined by the Board from time to time or (ii) the Board from recognising the renunciation of the allotment of any share by the allottee in favour of some other person on such terms and subject to such conditions as the Board may from time to time decide.

## **LIEN**

43. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys, whether presently due or not, called or payable in respect of such share. The Company's lien on a share shall extend to all dividends payable on it. The Board may at any time, either generally or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this Bye-Law.

44. The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently due nor until the expiration of 14 clear days after a notice, stating and demanding payment of the sum presently due and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the share or the person entitled by transmission to it.
45. The net proceeds of sale by the Company of any shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is due, and any residue shall (subject to a like lien for debts or liabilities not presently due as existed upon the share prior to the sale) be paid to the holder of, or the person entitled by transmission to, the share immediately before such sale. For giving effect to any such sale the Board may authorise some person to transfer the share to the purchaser. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the sale.
46. Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability upon the Company to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any shares registered in any of the Company's registers as held either jointly or solely by any Shareholders or in respect of any dividends, bonuses or other monies due or payable or accruing due or which may become due or payable to such Shareholder by the Company on or in respect of any Shares registered as mentioned above or for or on account or in respect of any Shareholder and whether in consequence of:
- 46.1 the death of such Shareholder;
  - 46.2 the non-payment of any income tax or other tax by such Shareholder;
  - 46.3 the non-payment of any estate, probate, succession, death, stamp, or other duty by the executor or administrator of such Shareholder or by or out of his estate; or
  - 46.4 any other act or thing;
- in every such case (except to the extent that the rights conferred upon holders of any class of shares render the Company liable to make additional payments in respect of sums withheld on account of those matters):
- 46.5 the Company shall be fully indemnified by such Shareholder or his executor or administrator from all liability;
  - 46.6 the Company shall have a lien upon all dividends and other monies payable in respect of the shares registered in any of the Company's registers as held either jointly or solely by such Shareholder for all monies paid or payable by the Company as referred to above in respect of such Shares or in respect of any dividends or other monies in respect of those



Shares or for or on account or in respect of such Shareholder under or in consequence of any such law, together with interest at the rate of ten per cent (10%) per annum (or such other rate as the Board may determine) from the date of payment to date of repayment, and the Company may deduct or set off against such dividends or other monies so payable any monies paid or payable by the Company as referred to above together with interest at the same rate;

- 46.7 the Company may recover as a debt due from such Shareholder or his executor or administrator (wherever constituted) any monies paid by the Company under or in consequence of any such law and interest on those monies at the rate and for the period referred to above in excess of any dividends or other monies then due or payable by the Company; and
- 46.8 the Company may if any such money is paid or payable by it under any such law as referred to above refuse to register a transfer of any Shares by any such Shareholder or his executor or administrator until such money and interest is set off or deducted as referred to above or in the case that it exceeds the amount of any such dividends or other monies then due or payable by the Company, until such excess is paid to the Company.

Subject to the rights conferred upon the holders of any class of shares, nothing in this Bye-Law 46 will prejudice or affect any right or remedy which any law may confer or purport to confer on the Company. As between the Company and every such Shareholder as referred to above (and, his executor, administrator and estate, wherever constituted), any right or remedy which such law shall confer or purport to confer on the Company shall be enforceable by the Company.

#### **CALLS ON SHARES**

47. The Board may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their shares (whether on account of the par value of the shares or by way of premium) and not by the terms of issue of the shares made payable at a date fixed by or in accordance with their terms of issue and each Shareholder shall (subject to the Company serving on him at least 14 clear days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine.
48. A call may be made payable by instalments and shall be deemed to be made at the time when the resolution of the Board authorising the call is passed.
49. A person on whom a call is made shall (in addition to the transferee) remain liable for it notwithstanding the subsequent transfer of the share in respect of which the call is made.
50. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of it.
51. If a sum called in respect of a share is not paid before or on the day appointed for its payment, the person from whom the sum is due shall pay interest on the sum from the day appointed for

payment to the time of actual payment at such rate as the Board may determine, but the Board may waive payment of such interest, wholly or in part.

52. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any date fixed by or in accordance with such terms of issue, whether on account of the nominal value of the share or by way of premium, shall for all purposes of these Bye-Laws be deemed to be a call duly made, notified and payable on the date on which, by the terms of issue, the same becomes payable, and, in case of non-payment, all the relevant provisions of these Bye-Laws as to payment of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
53. The Board may, on the issue of any shares, differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.
54. The Board may, if it thinks fit, receive all or any part of the moneys payable on a share beyond the sum actually called up on it if the holder is willing to make payment in advance and, on any moneys so paid in advance, may (until they would otherwise be due) pay interest at such rate as may be agreed between the Board and the Shareholder paying the sum in advance.

#### **FORFEITURE OF SHARES**

55. If a Shareholder fails to pay any call or instalment of a call on the day appointed for its payment, the Board may at any time while any part of such call or instalment remains unpaid serve on him a notice requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued. The notice shall state a further day (not being less than 14 clear days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the shares in respect of which such call is made or instalment is payable will be liable to be forfeited.
56. The Board may accept the surrender of any share liable to be forfeited, and, in any such case, references in these Bye-Laws to forfeiture include surrender.
57. If the requirements of any notice given under Bye-Law 55 are not complied with, any share in respect of which the notice was given may, at any time before payment of all calls or instalments and interest due in respect of it is made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.
58. When any share has been forfeited, notice of the forfeiture shall be served on the person who was before forfeiture the holder of the share or the person entitled by transmission to it, but no forfeiture shall be invalidated by any omission to give such notice.
59. A forfeited share shall become the property of the Company and may be sold, re-offered or otherwise disposed of either to the person who was, before forfeiture, the holder of, or entitled to, the share or to any other person, on such terms and in such manner as the Board thinks fit. At

any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Board may think fit.

60. A person whose shares have been forfeited shall cease to be a Shareholder in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Board may determine from the date of forfeiture until payment and the Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited.
61. An affidavit to the effect that the deponent is a Director or the Secretary and that a share has been duly forfeited on the date stated in the affidavit shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on its sale, re-allotment or disposition, and the Board may authorise some person to transfer the share to the person to whom it is sold, re-allotted or disposed of. That person shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any), nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the share.

#### **REGISTER OF SHAREHOLDERS**

62. The Register shall be kept in the manner prescribed by the Companies Acts at the Registered Office or at such other place in Bermuda as may be authorised by the Board from time to time.
63. The Company may also keep one or more Branch Registers at such place or places outside Bermuda to the extent and in the manner permitted by the Companies Acts and the Board may make such regulations as it thinks fit regarding the keeping of any Branch Register and may revoke or vary any such regulations. The Board may authorise any share on the Register to be included in a Branch Register or any share registered on a Branch Register to be registered on another Branch Register, provided that at all times the Register is maintained in accordance with the Companies Acts.
64. The Register or any Branch Register may be closed at such times and for such periods as the Board may from time to time decide, subject to the Companies Acts and/or the rules of the Appointed Stock Exchange, if any, on which the Company's shares are listed or admitted to trading. Except during such time as it is closed, the Register and a Branch Register shall be open to inspection in the manner prescribed by the Companies Acts between 10:00 a.m. and 12:00 noon (or between such other times as the Board from time to time determines) on every working day.
65. Unless the Board so determines, no Shareholder or intending Shareholder shall be entitled to have entered in the Register any indication of any trust or any equitable, contingent, future or partial interest in any share or any fractional part of a share, and if any such entry exists or is permitted by the Board it shall not be deemed to abrogate any provisions of Bye-Laws 22 to 25 (inclusive).

#### **OBLIGATION TO DISCLOSE INTERESTS**

66. Each holder of shares of the Company shall be under an obligation to make certain notifications to the Company in accordance with the provisions of Bye-Laws 66 to 72 (inclusive).
67. The Company may by notice in writing require any person whom the Board knows or has reasonable cause to believe to be interested (legally or beneficially) in the Company's shares:
  - 67.1 to confirm that fact or (as the case may be) to indicate whether or not it is the case, and
  - 67.2 where he holds an interest in shares at the date of the notice, to give such further information as may be required in accordance with Bye-Law 68.
68. A person who has received a notice under Bye-Law 67 shall respond, in writing, to the Board within 10 Business Days (or such other period as the Board shall specify in the notice) and shall:
  - 68.1 state their full name and address, and, where the person interested in shares is a body corporate, include a confirmation that the signatory to such response is duly authorised on behalf of such body corporate to give the relevant confirmation to the Company;
  - 68.2 confirm the number of shares in which he is or was interested as at the date of the notice; and
  - 68.3 in a case where the person no longer has an interest in the Company's shares, state that he no longer has such an interest.
69. Where the Company has served a notice under Bye-Law 67 on a person who is or was interested in shares in the Company, and that person fails to give the Company the information required by the notice within the time specified in it, the Board, in its sole discretion, may direct that for so long as the shares are held by that person and the default continues, the shares in question will be subject to restrictions including (without limitation) that:
  - 69.1 no voting rights are exercisable in respect of the shares;
  - 69.2 any transfer of the shares is void; and/or
  - 69.3 except in a liquidation, no payment may be made of sums due from the Company on the shares, whether in respect of dividend, capital or otherwise.
70. For the purposes of Bye-Laws 66 to 72 (inclusive), a person is taken to be interested in any shares:
  - 70.1 in which his spouse or any child or step-child or other Affiliate of his is interested;
  - 70.2 if a body corporate is interested in them, and

- 70.2.1 that body corporate or its directors are accustomed to act in accordance with his directions or instructions, or
  - 70.2.2 he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that body corporate; or
  - 70.3 he enters into a contract for their purchase by him (whether for cash or other consideration); or
  - 70.4 not being the registered holder, he is entitled to exercise or receive any right conferred by the holding of the shares or is entitled to control the exercise of any such right; or
  - 70.5 where property is held on trust and shares in the Company are comprised in such trust property, and the Shareholder or a person identified in Bye-Law 70.1 is a beneficiary of the trust.
71. The Company may keep a register for purposes of Bye-Laws 66 to 72 (inclusive), and whenever the Company issues a notice in accordance with Bye-Laws 66 to 72 (inclusive) and receives a response, the Company may cause to be inscribed in the register, against that person's name, the relevant information and the date of the record.
72. Nothing contained in Bye-Laws 66 to 72 (inclusive) shall be taken to limit the powers of the Company to apply to the court for an order imposing restrictions on a person's shares.

#### **DEPOSITORY INTERESTS**

73. The Directors shall, subject always to the Companies Acts and the facilities and requirements of any relevant system concerned and these Bye-Laws, have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in shares in the capital of the Company in the form of depository interests or similar interests, instruments or securities, and to the extent such arrangements are so implemented, no provision of these Bye-Laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of the depository interests or the shares in the Company represented by them. The Directors may from time to time take such actions and do such things as they may, in their absolute discretion, think fit in relation to the operation of any such arrangements.

#### **REGISTER OF DIRECTORS AND OFFICERS**

74. The Secretary shall maintain a register of the Directors and Officers of the Company as required by the Companies Acts. The register of Directors and Officers shall be open to inspection in the manner prescribed by the Companies Acts between 10:00 a.m. and 12:00 noon (or between such other times as the Board from time to time determines) on every working day.

#### **TRANSFER OF SHARES**

75. Subject to the Companies Acts, the rules of the Appointed Stock Exchange, if any, on which the Company's shares are listed or admitted to trading and to such of the restrictions contained in these Bye-Laws as may be applicable, any Shareholder may transfer all or any of his shares (of any class) in certificated form by an instrument of transfer in any form which the Board may from time to time approve. The instrument of transfer may be endorsed on the certificate.
76. The instrument of transfer of a share in certificated form shall be signed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect of it. All instruments of transfer may be retained by the Company.
77. The Board may, in its absolute discretion and without assigning any reason for its decision, decline to register any transfer of any share which is not a fully-paid share. The Board may also decline to register any transfer if:
  - 77.1 the instrument of transfer is not duly stamped, if required, and lodged at the Registered Office or any other place as the Board may from time to time specify for the purpose, accompanied by the certificate (if any) for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - 77.2 the instrument of transfer is in respect of more than one class of share;
  - 77.3 the instrument of transfer is in favour of more than four persons jointly;
  - 77.4 it is not satisfied that all applicable consents, authorisations, permissions or approvals of any governmental body or agency in Bermuda or any other applicable jurisdiction required to be obtained under relevant law prior to such transfer have been obtained; or
  - 77.5 the information required to be provided under Bye-Laws 66 to 72 (inclusive) has not been provided to the Company, and/or the Company is awaiting such further beneficial ownership and/or "know your client" information as the Company (acting through the Secretary) may reasonably require to enable the Company to comply with its obligations under Bermuda law.
78. The Board shall decline to register the transfer of any share, and shall direct the Registrar to decline (and the Registrar shall decline) to register the transfer of any interest in any share held through the Register or a Branch Register, to a person where the Board is of the opinion that such transfer might breach any law or requirement of any authority or any Appointed Stock Exchange until it has received such evidence as it may require to satisfy itself that no such breach would occur.
79. If the Board declines to register a transfer it shall, within one month after the date on which the instrument of transfer was lodged, send to the transferee notice of such refusal.

80. Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye-Laws 75 to 79 (inclusive).
81. Notwithstanding any other provisions of these Bye-Laws, shares that are listed or admitted to trading on an Appointed Stock Exchange may be transferred in accordance with the rules and regulations of that exchange, and the Board shall, subject always to the Companies Acts and any other applicable laws and the facilities and requirements of any Appointed Stock Exchange, have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in shares in the capital of the Company held in uncertificated form, and the holding and transfer of such shares or securities. To the extent such arrangements are so implemented, no provision of these Bye-Laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer thereof or the shares in the capital of the Company represented thereby.

#### **TRANSMISSION OF SHARES**

82. In the case of the death of a Shareholder, the survivor or survivors, where the deceased was a joint holder, or the estate representative, where he was sole holder, shall be the only person or persons recognised by the Company as having any title to his shares; but nothing in these Bye-Laws shall release the estate of a deceased holder from any liability in respect of any share held by him either solely or jointly with other persons. In this Bye-Law, estate representative means the person to whom probate or letters of administration or confirmation as executor has or have been granted under the laws applicable to the estate of the deceased Shareholder or, failing such person, such other person as the Board may in its absolute discretion determine to be the person recognised by the Company for the purpose of this Bye-Law.
83. In the case of a person becoming entitled to a share in consequence of the death of a Shareholder or otherwise by operation of applicable law, the Board may require the production to the Company of such evidence of his entitlement as is prescribed by the Companies Acts or, to the extent that no such evidence is prescribed, as may from time to time be required by the Board. Upon production of such evidence the name and address of the person so entitled shall be noted in the Register.
84. Subject to Bye-Law 86, any person entitled by transmission to a share shall be entitled to receive (and may give a discharge for) any dividends or other moneys payable in respect of the share, to attend and vote in respect of the share at general meetings of the Company and of the relevant class of Shareholders and generally to exercise in respect of the share all of the rights or privileges of a Shareholder as if he were registered as the holder of the share.
85. Any person entitled by transmission to a share may elect either to be registered himself as the holder of the share or to have some person nominated by him registered as the transferee of the share. If he elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have his nominee registered, he shall signify his election by signing an instrument of transfer of such share in favour of his nominee. All the provisions of these Bye-Laws relating to the right to transfer and the registration of transfer of shares (including the provision of information as required by Bye-Law 77.5) shall

apply to any such notice or instrument of transfer as if the death of the Shareholder or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Shareholder.

86. The Board may at any time give notice requiring a person entitled by transmission to a share to elect either to be registered himself or to transfer the share and if the notice is not complied with within 60 days the Board may withhold payment of all dividends and other moneys payable in respect of the share until the requirements of the notice have been complied with.
87. Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye-Laws 82 to 86 (inclusive).

#### **GENERAL MEETINGS**

88. The Board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Companies Acts and, save where an election has been made under section 71A of the Companies Act 1981, an annual general meeting shall be held in each calendar year.
89. Where an election has been made under section 71A of the Companies Act 1981, any Shareholder may, on notice to the Company not later than 3 calendar months before the end of the year in question, require the Company to convene and hold an annual general meeting.
90. Subject to the provisions of Bye-Law 91, the Board may, whenever it thinks fit, and shall, on the requisition in writing of Shareholders holding such number of shares as is prescribed by, and made in accordance with, the Companies Acts, convene a general meeting in the manner required by the Companies Acts. All general meetings other than annual general meetings shall be called special general meetings.
91. For such time as a Shareholder beneficially owns at least twenty per cent (20%) of the issued shares in the capital of the Company carrying the right to vote at general meetings of the Company (a "**Significant Shareholder**"), special general meetings shall also be called by the Board or the chairman of the Board on the written request of a Significant Shareholder delivered to the Registered Office.
92. Each general meeting shall be held at such time and place as the Board decides.

#### **NOTICE OF GENERAL MEETINGS**

93. An annual general meeting of the Company (other than an adjourned meeting) shall be called by at least twenty-one (21) clear days' notice and a special general meeting of the Company (other than an adjourned meeting) shall be called by at least twenty-one (21) clear days' notice. The notice of a general meeting shall specify the place, and, in the case of a special general meeting, the general nature of the business to be considered. Notice of every general meeting shall be given in any manner permitted by these Bye-Laws to all Shareholders (other than those who, under the provisions of these Bye-Laws or the terms of issue of the shares which they hold, are



not entitled to receive such notice from the Company) and to each Director and to the Resident Representative.

94. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting. A Shareholder present, either in person or by proxy, at any general meeting of the Company or of the holders of any class of shares in the Company, will be deemed to have received notice of that meeting and, where required, of the purpose for which it was called.

#### **PROCEEDINGS AT GENERAL MEETINGS**

95. The chairman of the Board or, in his absence, another member of the Board designated by the chairman shall preside as chairman at every general meeting of the Company or of any class of Shareholders. If there is no such chairman or other designated member of the Board present, or if at any meeting neither the chairman nor such other designated member of the Board is present within 15 minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall appoint one of those Directors who is willing to act as chairman or, if only one Director is present, he shall preside as chairman, if willing to act. If none of the Directors present is willing to act as chairman, the Director or Directors present may appoint any other Officer who is present and willing to act as chairman. In default of any such appointment, the persons present and entitled to vote shall elect any Officer who is present and willing to act as chairman or, if no Officer is present or if none of the Officers present is willing to act as chairman, one of their number to be chairman.
96. All shareholder action may only be taken at an annual general meeting or special general meeting of shareholders, duly convened and held in accordance with these Bye-Laws, and may not be taken by written consent in lieu of a meeting. Section 77A of the Companies Act 1981 shall not apply to the Company.
97. No business shall be transacted at any general meeting or adjourned meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment or election of a chairman, which shall not be treated as part of the business of the meeting. Except as otherwise provided by the Companies Acts, at all general meetings, two or more Shareholders present in person or by proxy and having the right to attend and vote at the meeting and holding shares representing more than a majority of the votes that may be cast by all Shareholders at the relevant time shall be a quorum.
98. If within 10 minutes (or such longer time as the chairman of the meeting may determine to wait) after the time appointed for a meeting a quorum is not present, the meeting, if convened on the requisition of Shareholders, shall be dissolved. If within 15 minutes after the time appointed for a meeting, no Shareholders are present, the meeting shall be dissolved. In any other case, the meeting may be further adjourned to such other day and such other time and place as the chairman of the meeting may determine in accordance with Bye-Laws 106 and 107, but otherwise the meeting shall be dissolved.

99. If it appears to the chairman of a general meeting that the place of the meeting specified in the notice convening the meeting is inadequate to accommodate all persons entitled and wishing to attend, the meeting is duly constituted and its proceedings are valid if the chairman is satisfied that adequate facilities are available, whether at the place of the meeting or elsewhere, to ensure that each such person who is unable to be accommodated at the place of the meeting is able to communicate simultaneously and instantaneously with the persons present at the place of the meeting, whether by the use of microphones, loud-speakers, audio-visual or other communications equipment or facilities.
100. Any meeting of the Shareholders or of any class of Shareholders may be held by such electronic means as the Board may from time to time approve and which permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
101. Each Director and the Resident Representative shall be entitled to attend and speak at any general meeting of the Company or of any class of Shareholders.
102. The Board may make any health and safety and/or security arrangements which it considers appropriate relating to the holding of a general meeting of the Company or of any class of Shareholders including, without limitation, arranging for any person attending a meeting to be searched and for items of personal property which may be taken into a meeting to be restricted, and any person who fails to comply with any such arrangements may be refused entry to the meeting.
103. Subject to the Companies Acts, a resolution may only be put to a vote at a general meeting of the Company or of any class of Shareholders if:
- 103.1 it is proposed by or at the direction of the Board; or
- 103.2 it is proposed at the direction of the Court; or
- 103.3 it is proposed on the requisition in writing of such number of Shareholders as is prescribed by, and is made in accordance with, the relevant provisions of the Companies Acts; or
- 103.4 the chairman of the meeting in his absolute discretion decides that the resolution may properly be regarded as within the scope of the meeting.
104. No amendment may be made to a resolution, at or before the time when it is put to a vote, unless the chairman of the meeting in his absolute discretion decides that the amendment or the amended resolution may properly be put to a vote at that meeting.
105. If the chairman of the meeting rules a resolution or an amendment to a resolution admissible or out of order (as the case may be), the proceedings of the meeting or on the resolution in question shall not be invalidated by any error in his ruling. Any ruling by the chairman of the meeting in relation to a resolution or an amendment to a resolution shall be final and conclusive.

106. The chairman of the meeting may, with the consent of any meeting at which a quorum is present, adjourn the meeting from time to time (or *sine die*) and from place to place.
107. In addition to any other power of adjournment conferred by these Bye-Laws or applicable law, the chairman of the meeting may at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place (or *sine die*) if, in his opinion, it would facilitate the conduct of the business of the meeting to do so or if he is so directed (prior to or at the meeting) by the Board. When a meeting is adjourned *sine die* the time and place for the adjourned meeting shall be fixed by the Board.
108. When a meeting is adjourned for three months or more or *sine die*, not less than 10 clear days' notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting. Except as expressly provided by these Bye-Laws, it shall not be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.
109. No business shall be transacted at any adjourned meeting except business which might properly have been transacted at the meeting from which the adjournment took place.

#### **VOTING**

110. Except where a greater majority is required by the Companies Acts or these Bye-Laws, any question proposed for consideration at any general meeting of the Company or of any class of Shareholders, other than a resolution to determine the appointment of Directors (where Bye-Law 136 applies), shall be decided by a simple majority of the votes cast by Shareholders entitled to vote at such meeting.
111. At any general meeting, all resolutions put to the Shareholders will be decided on a poll vote, whether on a count of votes received in the form of electronic records or otherwise as determined by the chairman of the meeting from the responses to poll cards distributed to Shareholders eligible to vote at such general meeting, ahead of or during such meeting where such poll cards have been marked with the name and relevant number of votes cast by a Shareholder.
112. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted at the direction of the chairman of the meeting, who shall declare the result. The result of the poll shall be deemed to be the resolution of the meeting at which the poll is conducted.
113. On a poll, votes may be cast either personally or by proxy.
114. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
115. In the case of an equality of votes at a general meeting, the chairman of such meeting shall not be entitled to a second or casting vote and the resolution shall fail.

116. In the case of joint holders of a share, the vote of the senior who tends a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.
117. Subject to Bye-Law 118, a Shareholder who is a patient for any purpose of any statute or applicable law relating to mental health or in respect of whom an order has been made by any court in Bermuda (or elsewhere having jurisdiction) for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, *curator bonis* or other person in the nature of a receiver, committee or *curator bonis* appointed by such court, and such receiver, committee, *curator bonis* or other person may vote by proxy and may otherwise act and be treated as such Shareholder for the purpose of general meetings.
118. Evidence to the satisfaction of the Board of the authority of any person claiming the right to vote under Bye-Law 117 shall be produced at the Registered Office (or at such other place as may be specified for the deposit of instruments of proxy) not later than the last time by which an instrument appointing a proxy must be deposited in order to be valid for use at the meeting or adjourned meeting or on the holding of the poll at or on which that person proposes to vote and, in default, the right to vote shall not be exercisable.
119. No Shareholder shall, unless the Board otherwise determines, be entitled to vote at any general meeting of the Company or of any class of Shareholders in respect of any share held by him unless all calls or other sums presently payable by him in respect of that share have been paid.
120. No objection may be raised to the qualification of any voter or to the counting of, or failure to count, any vote except at the meeting at which the vote objected to is tendered. Any objection so raised shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that it may have affected the decision of the meeting. The decision of the chairman on any such matter shall be final and conclusive. Except as otherwise decided by the chairman, every vote counted and not disallowed at the meeting shall be valid and every vote disallowed or not counted shall be invalid.

#### **PROXIES AND CORPORATE REPRESENTATIVES**

121. A Shareholder may appoint one or more persons as his proxy, with or without the power of substitution, to represent him and vote on his behalf in respect of all or some only of his shares at any general meeting (including an adjourned meeting). A proxy need not be a Shareholder.
122. A Shareholder which is a corporation may appoint any person (or two or more persons in the alternative) as its representative to represent it and vote on its behalf at any general meeting (including an adjourned meeting) and such a corporate representative may exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder.
123. A Shareholder which is a corporation may appoint more than one such corporate representatives (with or without appointing any persons in the alternative) at any such meeting provided that

such appointment specifies the number of shares in respect of which each such appointee is authorised to act as representative, not exceeding in aggregate the number of shares held by the appointor and carrying the right to attend and vote at the relevant meeting.

124. The appointment of a proxy or a corporate representative in relation to a particular meeting shall, unless the contrary is stated, be valid for any adjournment of the meeting.
125. A Shareholder may appoint a standing proxy, with or without the power of substitution, or (if a corporation) a standing representative by delivery to the Registered Office (or at such other place as the Board may from time to time specify for such purpose) of evidence of such appointment. The appointment of such a standing proxy or representative shall be valid for every general meeting and adjourned meeting until such time as it is revoked by notice to the Company, but:
  - 125.1 the appointment of a standing proxy or representative may be made on an irrevocable basis in which case the Company may recognise the vote of the proxy or representative given in accordance with the terms of the appointment, to the exclusion of the vote of the Shareholder, until such time as the appointment ceases to be effective in accordance with its terms;
  - 125.2 (subject to Bye-Law 125.1) the appointment of a standing proxy or representative shall be deemed to be suspended at any meeting or poll taken subsequently to any meeting at which the Shareholder is present or in respect of which the Shareholder has specifically appointed another proxy or representative; and
  - 125.3 the Board may from time to time require such evidence as it deems necessary as to the due execution and continuing validity of the appointment of any standing proxy or representative and, if it does so, the appointment of the standing proxy or representative shall be deemed to be suspended until such time as the Board determines that it has received the required evidence or other evidence satisfactory to it.
126. A proxy may be appointed by an instrument in writing in any common form or in such other form as the Board may approve, such instrument being executed under the hand of the appointor or of his attorney or agent authorised by him in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. A proxy may also be appointed in such other manner as the Board may from time to time approve but shall not be treated as valid until 24 hours after the time at which it, together with such evidence as to its due execution as the Board may from time to time require, is delivered to the Registered Office (or to such other place or places as the Board may from time to time specify for the purpose).
127. Any instrument or other form of communication appointing or evidencing the appointment of a proxy or a corporate representative (other than a standing proxy or representative), together with such evidence as to its due execution as the Board may from time to time require, shall be delivered to the Registered Office (or to such other place or places as may be specified in the notice convening the meeting or in any notice of an adjourned meeting or, in either case, in any other information sent to Shareholders by or on behalf of the Board in relation to the meeting or

adjourned meeting) by such time or times as may be specified in the notice of meeting or adjourned meeting or in any such other information (which times may differ when more than one place is so specified) or, if no such time is specified, at any time prior to the holding of the relevant meeting or adjourned meeting at which the appointee proposes to vote, and if not so delivered (but subject to Bye-Law 132) the appointment shall not be treated as valid.

128. If the terms of appointment of a proxy include a power of substitution, any proxy appointed by substitution under such power shall be deemed to be the proxy of the Shareholder who conferred such power. All the provisions of these Bye-Laws relating to the execution and delivery of an instrument or other form of communication appointing or evidencing the appointment of a proxy shall apply, *mutatis mutandis*, to the instrument or other form of communication effecting or evidencing such an appointment by substitution.
129. The appointment of a proxy, whether a standing proxy or a proxy relating to a particular meeting, shall be deemed, unless the contrary is stated, to confer authority to vote on any amendment of a resolution and on any other resolution put to a meeting for which it is valid in such manner as the proxy thinks fit.
130. A vote given by proxy, whether a standing proxy or a proxy relating to a particular meeting, shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the appointment of the proxy or of the authority under which it was executed, unless notice of such death, insanity or revocation was received by the Company at the Registered Office (or at any other place as may be specified for the delivery of instruments or other forms of communication appointing or evidencing the appointment of proxies in the notice convening the meeting or in any other information sent to Shareholders by or on behalf of the Board in relation to the meeting) at least one hour before the commencement of the meeting or adjourned meeting at which the vote is given or by such later time as the Board may decide, either generally or in any particular case.
131. Notwithstanding the preceding provisions of these Bye-Laws, the Board may decide, either generally or in any particular case, to treat an instrument or other form of communication appointing or evidencing the appointment of a proxy or a corporate representative as properly delivered for the purposes of these Bye-Laws if a copy or facsimile image of the instrument is sent by electronic means to the Registered Office (or to such place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any other information sent by or on behalf of the Board in relation to the meeting or adjourned meeting).
132. Subject to the Companies Acts, the Board may also at its discretion waive any of the provisions of these Bye-Laws relating to the execution and deposit of an instrument or other form of communication appointing or evidencing the appointment of a proxy or a corporate representative or any ancillary matter (including, without limitation, any requirement for the production or delivery of any instrument or other communication to any particular place or by any particular time or in any particular way) and, in any case in which it considers it appropriate, may accept such verbal or other assurances as it thinks fit as to the right of any person to attend and vote on behalf of any Shareholder at any general meeting.

## **MERGERS, AMALGAMATIONS, DISCONTINUANCE AND SALES**

133. Any merger or amalgamation of the Company with another company shall require the approval of *EITHER* (i) the Board by a resolution passed with the approval of a majority of those Directors then in office and eligible to vote on that resolution; and (ii) a Resolution passed by simple majority of the holders of issued and outstanding shares carrying the right to vote at general meetings at the relevant time; *OR*, where such merger or amalgamation with another company is not approved by resolution of the Board, the relevant Shareholder approval shall require (iii) a Resolution passed by the affirmative vote of the holders of at least seventy five per cent (75%) of the then issued and outstanding shares carrying the right to vote at general meetings at the relevant time, in addition to any other sanction required by the Companies Acts in respect of any variation of the rights of any class of Shareholders.
134. A discontinuance of the Company out of Bermuda under Section 132G of the Companies Act 1981 of Bermuda shall, for the purposes of that section, require the approval of *EITHER* (i) the Board by a resolution passed with the approval of a majority of those Directors then in office and eligible to vote on that resolution; and (ii) a Resolution passed by simple majority of the holders of issued and outstanding shares carrying the right to vote at general meetings at the relevant time; *OR* where such discontinuance out of Bermuda is not approved by resolution of the Board, the relevant Shareholder approval shall require (iii) a Resolution passed by the affirmative vote of the holders of at least seventy five per cent (75%) of the then issued and outstanding shares carrying the right to vote at general meetings at the relevant time.

## **APPOINTMENT AND REMOVAL OF DIRECTORS**

135. The Board shall consist of seven (7) Directors or such other number as determined by the Board from time to time, provided that at all times there shall be no fewer than five (5) Directors. The Directors in office immediately prior to the adoption of these Bye-Laws will continue in office until the 2023 annual general meeting, at which time the new Board will be elected in accordance with Bye-Law 136.
136. Save as otherwise required by the Companies Acts or pursuant to Bye-Law 137 or Bye-Law 149, each Director shall be elected by Cumulative Voting at each annual general meeting of the Company. By way of illustration only of Cumulative Voting, if there are ten candidates proposed to the Shareholders at a general meeting for election as Directors but only nine available Director positions, a Shareholder holding 100 voting shares would be entitled to apportion 900 votes among the ten candidates, and the nine candidates achieving the highest total number of votes would be elected to the Board.
137. Any unfilled Board position, whether arising as a result of a failure to appoint a Director at a general meeting, removal of a Director, resignation of a Director, death or incapacity of a Director, or an increase in the number of Directors as determined by the Board, shall constitute a Board vacancy and may be filled by the Board, so to hold office until the next annual general meeting of the Company.

138. Subject to the Companies Acts and these Bye-Laws, no person shall be appointed a Director unless such person is recommended by the Board or its nomination and corporate governance committee. A Director need not be a Shareholder.
139. Save where at an annual general meeting a Shareholder requisitions a resolution for the appointment of a Director in accordance with the Companies Acts, or a special general meeting is requisitioned by a Shareholder in accordance with the Companies Acts and these Bye-Laws to consider the appointment of a Director, any Shareholder wishing to propose for election as a Director someone who is not an existing Director or who is not proposed by the Board must give notice of the intention to propose that person for election and the following provisions of Bye-Laws 140 to 143 (inclusive) will apply.
140. Where a Shareholder-proposed Director is to be elected at an annual general meeting, notice of such Shareholder proposal must be given in writing to the Registered Office not less than ninety (90) days nor more than one hundred and twenty (120) days before the anniversary of the last annual general meeting prior to the giving of the notice or, in the event that the annual general meeting is called for a date that is not thirty (30) days before or after such anniversary, the notice must be given not later than ten (10) days following the earlier of the date on which notice of the annual general meeting was posted to Shareholders or the date on which public disclosure of the date of the annual general meeting was made.
141. Where a Shareholder-proposed Director is to be elected at a special general meeting, that notice must be given in writing not later than twenty one (21) days following the earlier of the date on which notice of the special general meeting was posted to Shareholders or the date on which public disclosure of the date of the special general meeting was made.
142. Any Shareholder-proposed Director shall only be eligible for appointment as a Director if:
- 142.1 he or she has, to the extent necessary or desirable, been approved by the competent regulatory authorities with responsibility for regulating the business activities of the Company and group of companies to which it belongs; and
- 142.2 the nominating Shareholder, at the time of submitting the notice in writing referenced in Bye-Laws 140 and 141 above, also submits the Required Information concerning such proposed nominee, and updates and supplements such notice from time to time to the extent necessary so that the Required Information shall be true and correct (x) as of the record date for determining the Shareholders entitled to notice of the meeting and (y) as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement of it, provided that if the record date for determining the Shareholders entitled to vote at the meeting is less than fifteen (15) days prior to the meeting or any adjournment or postponement of it, the information shall be supplemented and updated as of such later date. The nominating Shareholder shall ensure that the Required Information and any such update and supplement shall be delivered in writing to the Secretary of the Company at the Registered Office not later than five (5) days after the record date for determining the Shareholders entitled to notice of the meeting (in the case of any update and supplement required to be made as of the record date for



determining the Shareholders entitled to notice of the meeting), not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update or supplement required to be made as of fifteen (15) days prior to the meeting or adjournment or postponement thereof) and not later than five (5) days after the record date for determining the Shareholders entitled to vote at the meeting, but no later than the day prior to the meeting or any adjournment or postponement of it (in the case of any update and supplement required to be made as of a date less than fifteen (15) days prior to the date of the meeting or any adjournment or postponement of it).

143. The Board, on behalf of the Company, may require any proposed Director nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Company and, for such time as the Company's shares are listed on an Appointed Stock Exchange, the applicable rules and regulations of such Appointed Stock Exchange.
144. All Directors, upon election or appointment (but not on re-appointment), must provide written acceptance of their appointment, in such form as the Board may think fit, by notice in writing to the Registered Office within 30 days of their appointment.
145. Directors shall be individuals appointed as follows:
- 145.1 by the Company in accordance with Bye-Law 136 at an annual general meeting; or
- 145.2 in accordance with Bye-Law 137 or 149;
- save that in the absence of any Directors remaining in office, the provisions of section 72 of the Companies Act 1981 shall apply. Until the 2023 annual general meeting, the Directors are the persons referred to in Bye-Law 135.
146. No Director may appoint an alternate Director and the provisions of sections 91(2)(A) and 91A of the Companies Act 1981 shall not apply to the Company.

#### **RESIGNATION AND DISQUALIFICATION OF DIRECTORS**

147. The office of a Director shall be vacated:
- 147.1 if he resigns his office, on the date on which notice of his resignation is delivered to the Registered Office or tendered at a meeting of the Board or on such later date as may be specified in such notice; or
- 147.2 on his being prohibited by law from being a Director; or
- 147.3 on his ceasing to be a Director by virtue of any provision of the Companies Acts.
148. The Company may in a quorate special general meeting called for that purpose remove a Director by majority vote of Shareholders present in person or by proxy, *PROVIDED ALWAYS THAT:*

- 148.1 notice of any such meeting shall be served upon the Director concerned not less than 14 days before the meeting;
- 148.2 the affected Director shall be entitled to be heard at that meeting; and
- 148.3 Directors may only be removed upon the affirmative vote of the holders of at least seventy five per cent (75%) of the then issued and outstanding shares carrying the right to vote at general meetings at the relevant time.
149. Any vacancy created by the removal of a Director at a special general meeting may be filled at the meeting by the election of another Director in his place by Cumulative Voting or, in the absence of any such election, by the Board.

#### **DIRECTORS' REMUNERATION AND EXPENSES**

150. Each Director shall be entitled to receive such fees for his services as a Director, if any, as the Board may from time to time determine. Each Director shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director, including (but without limitation) his reasonable travelling, hotel and incidental expenses in attending and returning from meetings of the Board or any committee of the Board or general meetings.
151. The Board may from time to time determine that, subject to the requirements of the Companies Acts, all or part of any fees or other remuneration payable to any non-employee Director or other Officer of the Company shall be provided in the form of shares or other securities of the Company or any subsidiary of the Company, or options or rights to acquire such shares or other securities, on such terms as the Board may decide.

#### **DIRECTORS' INTERESTS**

152. A Director may hold any other office or place of profit with the Company (except that of auditor) in addition to his office of Director for such period and upon such terms as the Board may determine and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, in addition to any remuneration or other amounts payable to a Director pursuant to any other Bye-Law.
153. A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
154. Subject to the Companies Acts and these Bye-Laws, a Director notwithstanding his office (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested and (ii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company or other person promoted by the Company or in which the Company is interested. The Board may also cause the voting power conferred by the shares in any other company or other

person held or owned by the Company to be exercised in such manner in all respects as the Board thinks fit, including the exercise of votes in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company or person or voting or providing for the payment of remuneration to any such Directors as the directors or officers of such other company or person.

155. A Director who is in any way, whether directly or indirectly, to his knowledge interested in a contract with the Company or any other Group Company shall declare the nature of his interest at the first opportunity at a meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. Following a declaration under this Bye-Law (but subject always to the provisions of Bye-Laws 170 through 172), a Director shall be entitled to vote on the contract or matter in question and count in determining a quorum.
156. Subject to the Companies Acts and any further disclosure required thereby, a general notice to the Directors by a Director or other Officer declaring that he is a director or officer of or has an interest in a person and is to be regarded as interested in any transaction or arrangement made with that person shall be a sufficient declaration of interest in relation to any transaction or arrangement so made.
157. So long as, where it is necessary, he declares the nature of his interest in accordance with Bye-Law 155, a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from any office or employment to which these Bye-Laws allow him to be appointed or from any transaction or arrangement in which these Bye-Laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

#### **POWERS OF THE BOARD**

158. Subject to the provisions of the Companies Acts and these Bye-Laws, the Board shall manage the business and affairs of the Company and may exercise all the powers of the Company. No alteration of these Bye-Laws shall invalidate any prior act of the Board which would have been valid if that alteration had not been made. The powers given by this Bye-Law shall not be limited by any special power given to the Board by these Bye-Laws and, except as otherwise expressly provided in these Bye-Laws, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.
159. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any other person.
160. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for money paid to the Company shall be signed,

drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time determine.

161. The Board may exercise all the powers of the Company to grant or procure the grant or provision of benefits, including pensions, annuities or other allowances, to or for any person, including any Director or former Director, who has held any executive office or employment with, or whose services have directly or indirectly been of benefit to, the Company or any company which is or has been a subsidiary of the Company or otherwise associated with any of them or a predecessor in business of the Company or of any such other company, and to or for any relation or dependant of any such person, and to contribute to any fund and pay premiums for the purchase or provision of any such benefit, or for the insurance of any such person.
162. The Board may from time to time appoint one or more of its body to hold any executive office with the Company for such period and on such terms as the Board may determine and may revoke or terminate any such appointment. Any such revocation or termination shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any person so appointed shall receive such remuneration, if any (whether by way of salary, commission, participation in profits or otherwise), as the Board may determine.

#### **DELEGATION OF THE BOARD'S POWERS**

163. The Board may by power of attorney or otherwise (including by a duly passed resolution) appoint any person, whether nominated directly or indirectly by the Board, to be the attorney or agent of the Company and may delegate to such person any of the Board's powers, authorities and discretions (with power to sub-delegate) for such period and subject to such conditions as it may think fit. The Board may revoke or vary any such appointment or delegation, but no person dealing in good faith and without notice of such revocation or variation shall be affected by any such revocation or variation. Any such power of attorney or resolution or other document may contain such provisions for the protection and convenience of persons dealing with any such attorney or agent as the Board may think fit.
164. The Board may entrust to and confer upon any Officer any of its powers, authorities and discretions (with power to sub-delegate) on such terms and conditions with such restrictions as it thinks fit and either collaterally with, or to the exclusion of, its own powers and may from time to time revoke or vary all or any of such powers, but no person dealing in good faith and without notice of such revocation or variation shall be affected by any revocation or variation.
165. The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons (whether Directors or not) as it thinks fit. The Board may make any such delegation on such terms and conditions with such restrictions as it thinks fit and either collaterally with, or to the exclusion of, its own powers and may from time to time revoke or vary such delegation, but no person dealing in good faith and without notice of such revocation or variation shall be affected by any revocation or variation. Any committee so formed shall, in the exercise of the powers, authorities and discretions so

delegated, conform to any regulations which may be imposed on it by the Board. The power to delegate to a committee extends to all the powers, authorities and discretions of the Board generally (including, but without limitation, those conferred by Bye-Law 158) and shall not be limited by the fact that in certain provisions of these Bye-Laws, but not in others, express reference is made to a committee or to particular powers, authorities or discretions being exercised by the Board or by a committee of the Board. The Board shall at all times maintain a nomination committee with responsibility to nominate candidates for appointment as Directors from time to time.

166. The meetings and proceedings of any committee of the Board consisting of two or more members shall be governed by the provisions contained in these Bye-Laws for regulating the meetings and proceedings of the Board so far as they are capable of applying and are not superseded by any regulations imposed by the Board except that, unless otherwise determined by the Board, the quorum necessary for the transaction of business at any committee meeting shall be two members.

#### **PROCEEDINGS OF THE BOARD**

167. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Except where a greater majority is required by these Bye-Laws, questions arising at any meeting shall be determined by a majority of the votes cast. In the case of an equality of votes the motion shall be deemed to be lost and the chairman of the meeting shall not be entitled to a second or casting vote.
168. A meeting of the Board may at any time be summoned by the chairman or, if there is no chairman, by the chief executive officer, if he is a Director. The Secretary shall also summon a meeting of the Board on the requisition of any two or more of the Directors for the time being in office.
169. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent to him by post, facsimile or other electronic means at his last known address or any other address given by him to the Company for this purpose. A Director may waive notice of any meeting either prospectively or retroactively or at the meeting in question.
170. The quorum necessary for the transaction of business at any meeting of the Board shall be two Directors or a majority of the Directors then in office, whichever is the higher number, but in determining the majority of the Directors then in office for the purpose of ascertaining a quorum for the transaction of any particular business at a meeting there shall be disregarded any Director who is not permitted to vote on that business.
171. A Director shall not vote (but shall be counted in the quorum at a meeting) in respect of any resolution concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment (including fixing or varying its terms), or the termination of the appointment, of two or more Directors to offices or places of profit with the

Company or any other company in which the Company is interested, those proposals may be divided and a separate resolution be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution unless it concerns his own appointment or the termination of his own appointment.

172. If any question arises at any meeting as to the entitlement of any Director (including the chairman of the meeting) to vote and the question is not resolved by his voluntarily agreeing to abstain from voting, the question shall be referred to the decision of a vote of the other Directors present at the meeting (for which purpose the interested Director shall be counted in the quorum but shall not vote on the matter) and their ruling in relation to the Director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned, so far as known to him, has not been fairly disclosed.
173. The Resident Representative shall, upon delivering written notice of an address for the purposes of receiving notice to the Registered Office, be entitled to receive notice of and to attend and be heard at and to receive minutes of all meetings of the Board.
174. The Company may by Resolution suspend or relax the provisions of Bye-Laws 170 to 174 (inclusive) to any extent or ratify any transaction not duly authorised by reason of a contravention of it.
175. So long as at least two Directors remain in office, the continuing Directors may act notwithstanding any vacancy in the Board, but, if less than two Directors remain in office, the sole continuing Director may act only for the purposes of calling a general meeting for such purposes as he thinks fit and of nominating a person or persons for appointment to the Board.
176. The chairman of the Board or, in his absence, any Director holding the office of president shall preside as chairman at every meeting of the Board. If there is no such chairman or president, or if at any meeting the chairman or the president is not present within 5 minutes after the time appointed for holding the meeting or is not willing to act as chairman, the Directors present may choose one of their number to be chairman of the meeting.
177. A resolution in writing signed or approved by all the Directors shall be as valid and effectual as a resolution passed at a meeting of the Board duly called and constituted. Such a resolution may be contained in one document or in several documents in like form each signed or approved by one or more of the Directors.
178. A meeting of the Board may be held by such electronic means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting. Such a meeting will be deemed to take place where the largest group of those participating in the meeting are physically present together or, if there is no such group, where the chairman of the meeting then is.
179. All acts done in good faith by the Board or by any committee or by any person acting as a Director or member of a committee or any person authorised by the Board or any committee shall,

notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting or that they or any of them were disqualified or had vacated their office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director, member of such committee or person so authorised.

#### **OFFICERS**

180. The Company may have such Officers in addition to the Directors and the Secretary, as the Board may from time to time determine. Without limiting the foregoing, such other Officers may include a chairman and deputy chairman or a president and one or more vice-presidents. A person appointed to any such other office need not be a Director and the same person may hold more than one office.
181. Any person elected or appointed pursuant to Bye-Law 180 shall hold office for such period and on such terms as the Board may determine and the Board may revoke or vary any such election or appointment at any time by resolution of a majority of the Directors then in office. Any such revocation or variation shall be without prejudice to any claim for damages that such Officer may have against the Company or the Company may have against such Officer for any breach of any contract of service between him and the Company which may be involved in such revocation or variation. If any such office becomes vacant for any reason, the vacancy may be filled by the Board.
182. Except as provided in the Companies Acts or these Bye-Laws, the powers and duties of any Officer elected or appointed pursuant to Bye-Law 180 shall be such as are determined from time to time by the Board.

#### **MINUTES**

183. The Board shall cause minutes to be made and books kept for the purpose of recording all the proceedings at meetings of the Board and of any committee of the Board and at general meetings of the Company and of any class of Shareholders of the Company.
184. The minutes of general meetings of the Company and of any class of Shareholders of the Company (but not minutes of meetings of the Board or any committee of it) shall be open to inspection in the manner prescribed by the Companies Acts between 10:00 a.m. and 12:00 noon (or between such other times as the Board from time to time determines) on every working day.

#### **SECRETARY AND RESIDENT REPRESENTATIVE**

185. The Secretary and, if required by the Companies Acts, the Resident Representative shall be appointed by the Board at such remuneration (if any) and on such terms as it may think fit and any Secretary and Resident Representative so appointed may be removed by the Board. The duties of the Secretary and those of the Resident Representative shall be those prescribed by the Companies Acts, together with such other duties as shall from time to time be prescribed by the Board.

186. A provision of the Companies Acts or these Bye-Laws requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

#### **THE SEAL**

187. The Seal shall consist of a circular metal device with the name of the Company around its outer margin and the details of its registration across its centre. The Company may also have for use in any territory outside Bermuda one or more additional Seals, each of which shall be a duplicate of the Seal except, in the case of a Seal for use in sealing documents creating or evidencing securities issued by the Company, for the addition on its face of the word "Securities".
188. The Board shall provide for the custody of every Seal. A Seal shall only be used by authority of the Board or of a committee of the Board. Subject to the Companies Acts and except as provided in Bye-Law 187, any instrument to which a Seal is affixed shall be signed by an Officer or by any person who has been authorised by the Board either generally or specifically to attest to the use of a Seal.

#### **DIVIDENDS AND OTHER PAYMENTS**

189. Subject to the Companies Acts, the Board may from time to time declare dividends to be paid to the Shareholders, according to their respective rights and interests, and may fix the time for the payment of such dividends, whether in cash or satisfied by the issue of additional shares or other assets.
190. Except insofar as the rights attaching to, or the terms of issue of, any shares otherwise provide:
- 190.1 all dividends shall be declared and paid (whether in cash or satisfied by the issue of additional shares or other assets) according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of a call may be treated for the purpose of this Bye-Law 190 as paid up on the share; and
- 190.2 dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
191. The Board may deduct from any dividend or other moneys payable to a Shareholder (either alone or jointly with another) by the Company on or in respect of any shares all sums of money (if any) due from him (either alone or jointly with another) to the Company on account of calls or otherwise in respect of shares of the Company.
192. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company, unless the terms of issue of that share otherwise expressly provide.



193. Any dividend or other sum payable in cash to the holder of a share may be paid through the system maintained by ESO or any other relevant system for such payments, by cheque, warrant or other means approved by the Board and, in the case of a cheque or warrant, may be sent through the post addressed to the holder at his address in the Register (or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the share at his registered address as appearing in the Register) or addressed to such person at such address as the holder or joint holders may in writing direct.
194. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of one or more of the holders and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company.
195. In addition, any dividend or other sum payable to the holder of a share may be paid by a bank or other funds transfer system or by such other means as may be approved by the Board and to or through such person as the holder or joint holders may direct in writing, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or when it has acted on any such direction.
196. Any one of two or more joint holders may give an effectual receipt for any dividend or other moneys payable or property distributable in respect of the shares held by such joint holders.
197. If (i) a payment for a dividend or other sum payable in respect of a share sent by the Company to the person entitled to it in accordance with these Bye-Laws is left uncashed or is returned to the Company and, after reasonable enquiries, the Company is unable to establish any new address or, with respect to a payment to be made by a funds transfer system, a new account, for that person or (ii) such a payment is left uncashed or returned to the Company on two consecutive occasions, the Company shall not be obliged to send any dividends or other sums payable in respect of that share to that person until he notifies the Company of an address or, where the payment is to be made by a funds transfer system, details of the account, to be used for the purpose.
198. Any dividend or other distribution in respect of a share which is unclaimed for a period of 6 years from the date on which it became payable shall be forfeited and shall revert to the Company. The payment by the Company of any unclaimed dividend or other distribution payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect of it.
199. The Board may direct payment or satisfaction of any dividend or other distribution wholly or in part by the distribution of specific assets and, in particular, of fully or partly paid up shares or debentures of any other company; and, where any difficulty arises in regard to such dividend or distribution, the Board may settle it as it thinks expedient, and in particular may authorise any person to sell and transfer any fractions, or may ignore fractions altogether, and may fix the value for distribution or dividend purposes of any such specific assets, and may determine that cash payments shall be made to any Shareholders upon the footing of the values so fixed in order to secure equality of distribution, and may vest any such specific assets in trustees as may seem expedient to the Board.

## **RESERVES**

200. The Board may, before declaring any dividend or other distribution, set aside such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such manner as the Board may from time to time think fit. The Board may also without placing the same to reserves carry forward any sums which it may think it prudent not to distribute.

## **CAPITALISATION OF RESERVES**

201. The Board may, at any time and from time to time, resolve that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account and accordingly that such amount be set free for distribution amongst the Shareholders or any class of Shareholders who would be entitled to it if distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up amounts for the time being unpaid on any shares in the Company held by such Shareholders respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted, distributed and credited as fully-paid amongst such Shareholders, or partly in one way and partly in the other; provided that, for the purpose of this Bye-Law, a share premium account may be applied only in paying up of unissued shares to be issued to such Shareholders credited as fully-paid.
202. Where any difficulty arises in regard to any distribution under Bye-Law 201, the Board may settle the same as it thinks expedient and, in particular, may make such provision as it thinks fit in the case of securities becoming distributable in fractions (including provision for the whole or part of the benefit of fractional entitlements to accrue to the Company) and may authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments should be made to any Shareholders in lieu of any fractional entitlements, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect to it, and such appointment shall be effective and binding upon the Shareholders.
203. Whenever the Board decides to make a capitalisation issue of shares under Bye-Laws 201 and 202 it may, subject to the rights attached to any particular class of shares, also decide to offer any Shareholder the right to elect to forego his entitlement to receive additional shares under such capitalisation issue (or such part of his entitlement as the Board may determine) and to receive instead a payment in cash (a "cash option") in accordance with the following provisions of Bye-Laws 204 to 208 (inclusive).
204. The amount payable under and all other terms of the cash option shall be decided by the Board, which may fix a limit on the extent to which an election for the cash option shall be effective (whether by reference to a part of any Shareholder's total entitlement to additional shares or to

- the total number of additional shares in respect of which all such elections may be made on any occasion).
205. The Board shall give notice to the Shareholders of their rights of election in respect of the cash option and shall specify the procedure to be followed in order to make an election.
  206. Payments to those Shareholders who elect to receive cash instead of their entitlement to further shares under such a capitalisation issue (“cash electors”) may be made either (i) out of profits or reserves of the Company available for the payment of dividends or (ii) out of the net proceeds of sale of the shares to which the cash electors would have been entitled under such capitalisation issue but for their election to receive cash, or partly in one way and partly in the other, as the Board determines. To the extent that the Board determines that payment is to be made as in (ii) above, the Board shall be entitled to sell the additional shares to which the cash electors would have been entitled, to appoint some person to transfer those shares to the purchaser (who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale). The net proceeds of sale shall be applied in or towards payment of the amounts due to cash electors in respect of their cash entitlement and, to the extent that they exceed that entitlement, may be retained by the Company for its benefit.
  207. The Board may decide that Shareholders resident in territories where, in the opinion of the Board, compliance with local laws or regulations would be unduly onerous if those Shareholders were to receive additional shares, shall be deemed to have exercised rights of election to receive cash.
  208. The Board may determine that any sums due in respect of a cash option to all or some of those Shareholders whose registered addresses are in a particular territory shall be paid in a currency or currencies other than US dollars and, if it does so, the Board may fix or otherwise determine the basis of conversion into the other currency or currencies and payment of that converted amount in that currency shall be in full satisfaction of the entitlement to such sum.
  209. The Board may, subject to the rights attached to any particular class of shares, offer any Shareholder the right to elect to receive further shares, credited as fully paid, instead of cash in respect of all (or some part) of any dividend (a “scrip dividend”) in accordance with the following provisions of Bye-Laws 210 to 215.
  210. The basis of allotment of the further shares shall be decided by the Board so that, as nearly as may be considered convenient, the value of the further shares, including any fractional entitlement, is equal to the amount of the cash dividend which would otherwise have been paid. For these purposes the value of the further shares shall be calculated in such manner as may be determined by the Board, but the value shall not in any event be less than the par value of a share.
  211. The Board shall give notice to the Shareholders of their rights of election in respect of the scrip dividend and shall specify the procedure to be followed in order to make an election.
  212. The dividend or that part of it in respect of which an election for the scrip dividend is made shall not be paid and instead further shares shall be allotted in accordance with elections duly made

and the Board shall capitalise a sum equal to not less than the aggregate par value of, nor more than the aggregate “value” (as determined under Bye-Law 210) of, the shares to be allotted, as the Board may determine out of such sums available for the purpose as the Board may consider appropriate.

213. The Board may decide that the right to elect for any scrip dividend shall not be made available to Shareholders resident in any territory where, in the opinion of the Board, compliance by the Company with local laws or regulations would be unduly onerous.
214. The Board may do all acts and things considered necessary or expedient to give effect to the provisions of a scrip dividend election and the issue of any shares in accordance with the provisions of Bye-Laws 209 to 215 (inclusive), and may make such provisions as it thinks fit for the case of shares becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than to the Shareholders concerned).
215. The Board may from time to time establish or vary a procedure for election mandates, under which a holder of shares may, in respect of any future dividends for which a right of election pursuant to Bye-Laws 209 to 215 (inclusive) is offered, elect to receive further shares in lieu of such dividend on the terms of such mandate.

#### **RECORD DATES**

216. Notwithstanding any other provision of these Bye-Laws, the Company by Resolution or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and for the purpose of identifying the persons entitled to receive notices of general meetings of the Company or of any class of Shareholders or other documents. Any such record date may be on or at any time before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made or such notice or other document is dispatched.
217. In relation to any general meeting of the Company or of any class of Shareholders or to any adjourned meeting of which notice is given, the Board may specify in the notice of meeting or adjourned meeting or in any document sent to Shareholders by or on behalf of the Board in relation to the meeting, a time and date (a “record date”) which is not more than 30 days before the date fixed for the meeting (the “meeting date”) and, notwithstanding any provisions in these Bye-Laws to the contrary, in any such case:
  - 217.1 each person entered in the Register at the record date as a Shareholder, or a Shareholder of the relevant class (a “record date holder”) shall be entitled to attend and to vote at the relevant meeting and to exercise all of the rights or privileges of a Shareholder, or a Shareholder of the relevant class, in relation to that meeting in respect of the shares, or the shares of the relevant class, registered in his name at the record date; and
  - 217.2 accordingly, a holder of relevant shares at the meeting date who is not the record date holder shall not be entitled to attend or to vote at the relevant meeting, or to exercise

any of the rights or privileges of a Shareholder, or a Shareholder of the relevant class, in respect of the relevant shares at that meeting.

#### **ACCOUNTING RECORDS**

218. The Board shall cause accounting records of the Company to be kept in accordance with the requirements of the Companies Acts.
219. The records of account shall be kept at the Registered Office or at such other place or places as the Board thinks fit; provided that, if the records of account are kept at some place outside Bermuda, there shall be kept at an office of the Company in Bermuda such records as are required by the Companies Acts to be so kept. The records of account shall at all times be open to inspection by the Directors and, to the extent prescribed by the Companies Acts, by the Resident Representative. No Shareholder (other than an Officer) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the Board or by Resolution.
220. The Board shall procure that financial statements of the Company are prepared and audited in respect of each year or other period from time to time fixed by the Board and that those financial statements are made available to Shareholders and laid before the Company in general meeting in accordance with the requirements of the Companies Acts.

#### **AUDITORS**

221. Auditors shall be appointed and their duties regulated in accordance with the Companies Acts, any other applicable law and such requirements not inconsistent with the Companies Acts as the Board may from time to time determine.

#### **SERVICE OF NOTICES AND OTHER DOCUMENTS**

222. Any notice or other document (except for share certificates, which may only be delivered under Bye-Laws 222.1 or 222.2) may be sent to, served on or delivered to any Shareholder by the Company by any of the following means:-
- 222.1 personally;
- 222.2 by sending it by courier to or leaving it at the Shareholder's address appearing in the Register;
- 222.3 by, where applicable, sending it by email or other electronic means, in each case to an address or number supplied by such Shareholder for the purposes of communication in such manner; or
- 222.4 by publication of an electronic record of it on a website and notification of such publication (which shall include the address of the website, the place on the website

where the document may be found, and how the document may be accessed on the website) by any of the methods set out in paragraphs 222.1, 222.2, or 222.3 of this Bye-Law 222, in accordance with the Companies Acts.

223. Any notice or other document shall be deemed to have been served on or delivered to any Shareholder by the Company:-

223.1 if sent by personal delivery, at the time of delivery;

223.2 if sent by courier, 72 hours after sending;

223.3 if sent by email or other electronic means, 12 hours after sending; or

223.4 if published as an electronic record on a website, at the time that the notification of such publication shall be deemed to have been delivered to such Shareholder,

and in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed and receipted by the courier, published on a website in accordance with the Companies Acts and the provisions of these Bye-Laws, or sent by email or other electronic means, as the case may be, in accordance with these Bye-Laws.

224. Each Shareholder and each person becoming a Shareholder subsequent to the adoption of these Bye-Laws, by virtue of its holding or its acquisition and holding of a share, as applicable, shall be deemed to have acknowledged and agreed that any notice or other document (excluding a share certificate) may be provided by the Company by way of accessing them on a website instead of being provided by other means.

225. If at any time, by reason of the suspension or curtailment of postal services within Bermuda or any other territory, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised in at least one national newspaper published in the territory concerned and such notice shall be deemed to have been duly served on each person entitled to receive it in that territory on the day, or on the first day, on which the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least five clear days before the meeting the posting of notices to addresses throughout that territory again becomes practicable.

226. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed as sufficient service on or delivery to all the joint holders.

227. In the case of a person entitled by transmission to a share, any notice or other document shall be served on or delivered to him as if he were the holder of that share and his address noted in the Register were his registered address. In any other case, any notice or other document delivered, sent or given to a Shareholder in any manner permitted by these Bye-Laws shall, notwithstanding that the Shareholder is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have

been duly served or delivered in respect of any share registered in the name of such Shareholder as sole or joint holder.

228. A Shareholder shall not be entitled to receive any communication from the Company if two consecutive communications addressed to him, and properly served under these Bye-Laws, have been returned to the Company undelivered, but he shall again become entitled to receive communications following written notice from him to the Company of a new or corrected registered address. For the purposes of this Bye-Law, references to a communication include (without limitation) notices of general meetings and any cheque or other instrument of payment or attempted payment by a funds transfer system; but nothing in this Bye-Law shall entitle the Company to cease sending any cheques, warrants or orders or otherwise to cease making any payments for dividends or other monies payable in respect of shares, unless it is so entitled under Bye-Law 197.

#### **DESTRUCTION OF DOCUMENTS**

229. The Board may authorise or arrange the destruction of documents held by the Company as follows:
- 229.1 at any time after the expiration of six years from the date of registration, all instruments of transfer of shares and all other documents transferring or purporting to transfer shares or representing or purporting to represent the right to be registered as the holder of shares on the faith of which entries have been made in the Register;
  - 229.2 at any time after the expiration of one year from the date of cancellation, all registered share certificates which have been cancelled;
  - 229.3 at any time after the expiration of two years from the date of recording them, all dividend mandates and notifications of change of address;
  - 229.4 at any time after the expiration of one year from the date of actual payment, all paid dividend warrants and cheques; or
  - 229.5 at any time after the expiration of one year from the general meeting at which it last could be used, any form of proxy.
230. It shall conclusively be presumed in favour of the Company that:
- 230.1 every entry in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made;
  - 230.2 every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
  - 230.3 every share certificate so destroyed was a valid certificate duly and properly cancelled;

- 230.4 every other document mentioned in Bye-Law 229 above so destroyed was a valid and effective document in accordance with the particulars of it recorded in the books and records of the Company; and
- 230.5 every paid dividend warrant and cheque so destroyed was duly paid.
231. The provisions of Bye-Law 230 shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant.
232. Nothing in Bye-Laws 229 to 233 (inclusive) shall be construed as imposing on the Company or the Board any liability in respect of the destruction of any document earlier than as stated in Bye-Law 229 above or in any other circumstances in which liability would not attach to the Company or the Board in the absence of Bye-Laws 229 to 233 (inclusive).
233. References in Bye-Laws 229 to 233 (inclusive) to the destruction of any document include references to its disposal in any manner.

#### **WINDING UP**

234. If the Company is wound up, the liquidator may, with the sanction of a Resolution and any other sanction required by the Companies Acts:
- 234.1 divide among the Shareholders in cash or in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and for such purposes set such value as he deems fair on any property to be so divided and determine how such division shall be carried out as between the Shareholders or different classes of Shareholders; and
- 234.2 vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no Shareholder shall be compelled to accept any shares or other assets upon which there is any liability.

#### **EXEMPTION AND INDEMNIFICATION OF OFFICERS**

235. Subject always to Bye-Law 239, no Officer shall be liable for the acts, receipts, neglects or defaults of any other Officer nor, so long as he has acted honestly and in good faith with a view to the best interests of the Company, shall any Officer be liable in respect of any negligence, default or breach of duty on his own part in relation to the Company or any subsidiary of the Company, or for any loss or damage which may happen, in or arising out of the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office.
236. Subject always to Bye-Law 239, every Officer shall be indemnified out of the funds of the Company against all liabilities, losses, damages or expenses (including but not limited to liabilities under



contract, tort and statute or any applicable foreign law or regulation and all legal and other costs and expenses properly payable) arising out of the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office (including but not limited to liabilities attaching to him and losses arising by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company or any subsidiary of the Company).

237. The Board shall have power to purchase and maintain insurances for the benefit of any persons who are or were at any time Officers or employees of the Company, or of any other company which is its holding company or of any other company which is a subsidiary of the Company or such holding company or in which the Company or such holding company has any direct or indirect interest, including (without limitation) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported performance of their duties or powers or offices in relation to the Company or such other company.
238. Each Shareholder and the Company irrevocably agrees to waive any claim or right of action he or it may at any time have, whether individually or by or in the right of the Company, against any Officer indemnified pursuant to Bye-Laws 235 to 242 (inclusive) on account of any action taken by such Officer or the failure of such Officer to take any action in the performance of his duties with or for the Company *PROVIDED HOWEVER* that such waiver shall not apply to any claims or rights of action arising out of the fraud of such Officer or to recover any gain, personal profit or advantage to which such Officer is not legally entitled.
239. In Bye-Laws 235 to 242 (inclusive), (i) the term "Officer" includes, in addition to the persons specified in the definition of that term in Bye-Law 1, the Resident Representative, a member of a committee constituted under Bye-Law 165 and any person acting as an Officer or committee member in the reasonable belief that he has been so appointed or elected, notwithstanding any defect in such appointment or election, and (ii) where the context so admits, references to an Officer include the estate and personal representatives of a deceased Officer or any such other person.
240. The provisions for exemption from liability and indemnity contained in this Bye-Law shall have effect to the fullest extent permitted by law, but shall not extend to any matter which would render any of them void pursuant to the Companies Acts.
241. Expenses incurred in defending any civil or criminal action or proceeding for which indemnification is required pursuant to these Bye-Laws shall be advanced to the Officer seeking indemnification by the Company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the indemnified Officer to repay such amount if any allegation of fraud or dishonesty is proved against the Officer.
242. To the extent that any person is entitled to claim an indemnity pursuant to these Bye-Laws in respect of an amount paid or discharged by him, the relevant indemnity shall take effect as an obligation of the Company to reimburse the person making such payment (including advance payments of fees or other costs) or effecting such discharge.

#### **ALTERATION OF BYE-LAWS**

243. These Bye-Laws may be amended, altered, repealed or rescinded, in whole or in part, by a resolution of the Board passed by a majority of the Directors then in office and eligible to vote on that resolution, but no such amendment, alteration, repeal, rescission, revocation or amendment shall be operative unless and until it is approved at a subsequent general meeting of the Company by a Resolution requiring the affirmative vote of the holders of not less than seventy five per cent (75%) of the votes cast at the general meeting.

## **Appendix C – Competent Person's Report on Resources and Reserves**

**DEGOLYER AND MACNAUGHTON**  
5001 SPRING VALLEY ROAD  
SUITE 800 EAST  
DALLAS, TEXAS 75244

This is a digital representation of a DeGolyer and MacNaughton report.

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**DEGOLYER AND MACNAUGHTON**  
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November 11, 2022

Seacrest SPE Cricaré  
Rua José Alexandre Buaiz No. 300  
20 andar, Sala 2001  
Vitória, CEP 29050-545  
Brazil

Ladies and Gentlemen:

Pursuant to your request, we have prepared estimates, as of December 31, 2022, of the extent of the proved, probable, and possible oil and gas reserves, estimates of the value of the proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves, and estimates of the extent of the 1C, 2C, and 3C contingent resources of certain properties located in the Cricaré and Norte Capixaba Clusters in the Espírito Santo Basin, Brazil, as presented in Table 1 of this report. Seacrest SPE Cricaré (Seacrest Petroleo) has represented that it is in the process of acquiring a working interest in the Norte Capixaba Cluster from Petróleo Brasileiro S.A. (Petrobras). As represented by Seacrest Petroleo, the transaction is expected to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023. Table 1 also presents the current expiration date of the concessions and the expiration dates of a future extension as represented by Seacrest Petroleo.

Estimates of reserves and contingent resources presented in this report have been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists & Engineers. The reserves definitions are discussed in detail under the Definition of Reserves heading of this report.

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The contingent resources definitions are discussed in detail under the Definition of Contingent Resources heading of this report.

This report is compliant with the Competent Person's Report requirements as published in the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulators' recommendations for the implementation of the European Commission Regulation on Prospectuses No. 809/2004 dated March 20, 2013 (ESMA/2013/319). PRMS is a referenced standard therein.

Reserves estimated in this report are gross reserves and net reserves. Gross reserves are defined as the total estimated petroleum remaining to be produced from these properties after December 31, 2022. Net reserves are defined as that portion of the gross reserves attributable to the evaluated interests after deducting all interests held by others. Seacrest Petroleo has advised that the government royalty obligation is paid in cash; therefore, net reserves have not been reduced in consideration of this royalty obligation. Additionally, the evaluated interest in these properties is 100 percent; therefore, net reserves are equal to gross reserves. Gross reserves and net reserves are expressed herein as net reserves.

This report presents values for proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves that were estimated using initial prices, expenses, and costs provided by Seacrest Petroleo and forecast prices, expenses, and costs as described herein. Prices, expenses, and costs were provided in Brazilian reais (R\$) and United States dollars (U.S.\$). All values were estimated in U.S.\$, and all prices, expenses, costs, and revenue shown in this report are expressed in U.S.\$). A detailed explanation of the forecast price, expense, and cost assumptions is included under the Valuation of Reserves heading of this report.

Values for proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves in this report are expressed in terms of estimated future gross revenue, future net revenue, and present worth. Future gross revenue is defined as that revenue which will accrue to the evaluated interests from the production and sale of the estimated net reserves. Future net revenue is calculated by deducting royalties paid in cash, operating expenses, capital costs, abandonment costs, indirect taxes, and Brazilian income taxes from the future gross revenue. Operating expenses include field operating expenses, transportation and processing expenses, and an allocation of overhead that directly relates to production activities. Capital costs include drilling and completion costs, facilities costs, and field maintenance costs. Abandonment costs are represented by Seacrest Petroleo

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to be inclusive of those costs associated with the removal of equipment, plugging of wells, and reclamation and restoration associated with the abandonment. Present worth is defined as the future net revenue discounted at a specified arbitrary discount rate compounded monthly over the expected period of realization. Present worth should not be construed as fair market value because no consideration was given to additional factors that influence the prices at which properties are bought and sold. In this report, present worth values using a nominal discount rate of 10 percent are reported in detail and values using nominal discount rates of 8, 12, 15, and 20 percent are reported as totals.

Contingent resources estimated in this report are gross contingent resources and net contingent resources. Gross contingent resources are defined as the total estimated petroleum that is potentially recoverable from known accumulations after December 31, 2022. Net contingent resources are defined as that portion of the gross contingent resources attributable to the evaluated interests after deducting all interests held by others. Seacrest Petroleo has advised that the government royalty obligation is paid in cash; therefore, net contingent resources have not been reduced in consideration of this royalty obligation. Additionally, the evaluated interest in these properties is 100 percent; therefore, net contingent resources are equal to gross contingent resources. Gross contingent resources and net contingent resources are expressed herein as net contingent resources.

The contingent resources estimated herein are those quantities of petroleum that are potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable. Because of the uncertainty of commerciality, the contingent resources estimated herein cannot be classified as reserves. The contingent resources estimates in this report are provided as a means of comparison to other contingent resources and do not provide a means of direct comparison to reserves. A detailed explanation of the contingent resources estimated herein is included under the Estimation of Contingent Resources heading of this report.

Contingent resources quantities should not be confused with those quantities that are associated with reserves due to the additional risks involved. The quantities that might actually be recovered should they be developed may differ significantly from the estimates presented herein. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.

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Estimates of reserves and revenue and contingent resources should be regarded only as estimates that may change as further production history and additional information become available. Not only are such estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

Key information regarding the fields evaluated herein was provided by Seacrest Petroleo. As far as we are aware, there are no special factors that would affect the interests held by Seacrest Petroleo that would require additional information for the proper evaluation of these fields. Reserves were estimated based on the prices and costs as described herein. All evaluations herein were considered in the context of current agreements and regulations and did not consider uncertainties that might be associated with political conditions.

Information used in the preparation of this report was obtained from Seacrest Petroleo. In the preparation of this report we have relied, without independent verification, upon information furnished by Seacrest Petroleo with respect to the property interests being evaluated, production from such properties, development plans, agreements relating to current and future operations and sale of production, and various other information and data that were accepted as represented. Although we have not had independent verification, the information used in this report appears reasonable. The technical staff of Seacrest Petroleo involved with the assessment and implementation of development of Seacrest Petroleo's petroleum assets are represented as adherent to the generally accepted practices of the petroleum industry. The staff members appear to be experienced and technically competent in their fields of expertise. No site visit was made to the fields evaluated herein. However, existing test data, reports from third parties, and photographic evidence of the fields were considered adequate because the fields are in an established producing venue.

### **Executive Summary**

Seacrest Petroleo has represented that it holds an interest in the Cricaré Cluster and is in the process of acquiring a working interest in the Norte Capixaba Cluster in Brazil. Estimates of the extent of the proved, probable, and possible reserves, estimates of the value of the proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves, and estimates of the extent of the 1C, 2C, and 3C contingent resources are presented herein. Quantities of barrels of



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oil equivalent (boe) were based on the summation of oil, and gas, where gas was converted to oil equivalent volumes using an energy equivalent factor of 5,614 cubic feet of gas per 1 boe.

### Reserves

The estimated net proved, probable, and possible reserves, as of December 31, 2022, of the properties evaluated herein are summarized as follows, expressed in thousands of barrels (10<sup>3</sup>bbl), millions of cubic feet (10<sup>6</sup>ft<sup>3</sup>), and thousands of barrels of oil equivalent (10<sup>3</sup>boe):

	<b>Net Reserves</b>		
	<b>Oil (10<sup>3</sup>bbl)</b>	<b>Marketable Gas (10<sup>6</sup>ft<sup>3</sup>)</b>	<b>Oil Equivalent (10<sup>3</sup>boe)</b>
Proved			
Developed Producing	16,963.20	4,034.25	17,681.81
Developed Non-Producing	19,077.72	18,808.73	22,428.05
<b>Total Proved Developed</b>	<b>36,040.92</b>	<b>22,842.98</b>	<b>40,109.86</b>
Proved Undeveloped	42,884.99	13,934.50	45,367.09
<b>Total Proved</b>	<b>78,925.91</b>	<b>36,777.48</b>	<b>85,476.95</b>
Probable	51,506.95	14,725.34	54,129.91
<b>Proved plus Probable</b>	<b>130,432.86</b>	<b>51,502.82</b>	<b>139,606.86</b>
Possible	25,510.53	8,535.12	27,030.86
<b>Proved plus Probable plus Possible</b>	<b>155,943.39</b>	<b>60,037.94</b>	<b>166,637.72</b>

Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Marketable gas quantities estimated herein were converted to oil equivalent using an energy equivalent factor of 5,614 cubic feet of gas per 1 barrel of oil equivalent.
3. As represented by Seacrest Petroleo, 100 percent of the marketable gas reserves estimated herein will be consumed as fuel in field operations.
4. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the end of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.
5. Technical forecasts and estimated economic limits were projected beyond the expiration of the concession agreements. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleo's request, the reserves evaluated herein consider the potential concession extensions.
6. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

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Valuation of Reserves

Estimates of future net revenue and present worth of the reserves estimated in this report were prepared using a Base Case and two price sensitivities. Net reserves estimated herein were based on the Base Case cost and price assumptions.

An explanation of the Base Case and two price sensitivity case assumptions is include under the Valuation of Reserves heading of this report.

The future net revenue and the proved developed producing, proved developed, total proved, proved plus-probable, and proved plus-probable-plus-possible oil and gas reserves of the properties evaluated herein are summarized in Table A-2. A summary of the oil and gas reserves is presented by field in Table A-4.

The estimated future net revenue and present worth of the future net revenue attributable to the evaluated interest in the proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves, as of December 31, 2022, of the properties evaluated under the Base Case economic assumptions described herein are summarized as follows, expressed in thousands of United States dollars (10<sup>3</sup>U.S.\$):

	<b>Valuation Summary-Base Case</b>			
	<b>Future Net Revenue (10<sup>3</sup>U.S.\$)</b>	<b>Present Worth at 8 Percent (10<sup>3</sup>U.S.\$)</b>	<b>Present Worth at 10 Percent (10<sup>3</sup>U.S.\$)</b>	<b>Present Worth at 12 Percent (10<sup>3</sup>U.S.\$)</b>
Proved Developed Producing	503,324	384,775	361,144	339,804
Proved Developed	1,277,850	879,872	808,489	745,728
Total Proved	3,123,086	1,964,800	1,768,024	1,597,449
Proved plus Probable	5,187,194	2,865,170	2,524,775	2,240,656
Proved plus Probable plus Possible	6,409,707	3,472,801	3,051,966	2,702,384

## Notes:

1. Values for probable and possible reserves have not been risk adjusted to make them comparable to values associated with proved reserves.
2. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.
3. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

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The two sensitivity cases provide a range of values under different economic conditions, including prices below and above the Base Case prices.

Projections of net reserves summarized herein were based on the Base Case, and quantities in the sensitivity cases are those included to the limit of projected production under the Base Case or when an annual economic limit for each case is reached, whichever occurs first. Unless noted otherwise, all other components of the evaluation for the sensitivity cases are the same as those stated for the Base Case herein.

Projections of future net revenue for the proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves are presented in Tables A-5 through A-9.

The estimated future net revenue and present worth of the future net revenue attributable to the evaluated interest in the proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible quantities, as of December 31, 2022, of the properties evaluated under the Low Price Case sensitivity economic assumptions described herein are summarized as follows, expressed in thousands of United States dollars ( $10^3$ U.S.\$):

	<b>Valuation Summary-Low Price Case</b>			
	<b>Future Net Revenue (<math>10^3</math>U.S.\$)</b>	<b>Present Worth at 8 Percent (<math>10^3</math>U.S.\$)</b>	<b>Present Worth at 10 Percent (<math>10^3</math>U.S.\$)</b>	<b>Present Worth at 12 Percent (<math>10^3</math>U.S.\$)</b>
Proved Developed Producing	410,405	318,661	299,850	282,718
Proved Developed	1,080,735	754,167	694,525	641,802
Total Proved	2,688,538	1,696,091	1,526,085	1,378,440
Proved plus Probable	4,490,310	2,485,379	2,188,938	1,941,185
Proved plus Probable plus Possible	5,579,494	3,026,742	2,658,626	2,352,558

Notes:

1. Values for probable and possible quantities have not been risk adjusted to make them comparable to values associated with proved quantities.
2. Reserves are those estimated using the Base Case, and quantities in the sensitivity cases should not be confused with reserves.
3. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.
4. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

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Projections of future net revenue for the proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible quantities of the Low Price Case sensitivity are presented in Tables A-10 through A-14.

The estimated future net revenue and present worth of the future net revenue attributable to the evaluated interest in the proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible quantities, as of December 31, 2022, of the properties evaluated under the High Price Case sensitivity economic assumptions described herein are summarized as follows, expressed in thousands of United States dollars ( $10^3$ U.S.\$):

	<b>Valuation Summary-High Price Case</b>			
	<b>Future Net Revenue</b> <b>(<math>10^3</math>U.S.\$)</b>	<b>Present Worth at 8 Percent</b> <b>(<math>10^3</math>U.S.\$)</b>	<b>Present Worth at 10 Percent</b> <b>(<math>10^3</math>U.S.\$)</b>	<b>Present Worth at 12 Percent</b> <b>(<math>10^3</math>U.S.\$)</b>
Proved Developed Producing	598,221	450,563	422,032	396,447
Proved Developed	1,477,596	1,005,401	922,185	849,356
Total Proved	3,559,299	2,232,701	2,009,295	1,815,935
Proved plus Probable	5,884,084	3,244,957	2,860,621	2,540,126
Proved plus Probable plus Possible	7,239,939	3,918,869	3,445,311	3,052,217

Notes:

1. Values for probable and possible quantities have not been risk adjusted to make them comparable to values associated with proved quantities.
2. Reserves are those estimated using the Base Case, and quantities in the sensitivity cases should not be confused with reserves.
3. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.
4. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Projections of future net revenue for the proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible quantities of the High Price Case sensitivity are presented in Tables A-15 through A-19.

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Contingent Resources

The estimated net contingent resources, as of December 31, 2022, of the properties evaluated herein are summarized as follows, expressed in thousands of barrels (10<sup>3</sup>bbl), millions of cubic feet (10<sup>6</sup>ft<sup>3</sup>), and thousands of barrels of oil equivalent (10<sup>3</sup>boe):

	<b>Net Contingent Resources</b>		
	<b>Oil (10<sup>3</sup>bbl)</b>	<b>Marketable Gas (10<sup>6</sup>ft<sup>3</sup>)</b>	<b>Oil Equivalent (10<sup>3</sup>boe)</b>
1C	2,963.54	4,711.83	3,802.84
2C	9,888.58	13,828.63	12,351.82
3C	21,539.97	31,998.55	27,239.75

## Notes:

1. Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.
2. Marketable gas contingent resources estimated herein were converted to oil equivalent using an energy equivalent factor of 5,614 cubic feet of gas per 1 barrel of oil equivalent.
3. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.
4. The contingent resources estimated herein have an economic status of undetermined, since the evaluations of those contingent resources are at a stage such that it is premature to clearly define the associated cash flows.
5. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Table A-3 presents summaries of the net contingent resources estimated herein.

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## Ownership and Infrastructure

For the 22 fields evaluated herein (Figure 1 and 2), Seacrest Petroleo has represented that it holds a 100-percent working interest in the Cricaré Cluster and is in the process of acquiring a 100-percent working interests of the Norte Capixaba Cluster. The evaluated interest and concession expiration dates for the fields evaluated are listed in the following table:

<b>Basin Cluster Field</b>	<b>Evaluated Interest (%)</b>	<b>Concession Expiration Date</b>	<b>Extension of the Concession Expiration Date</b>
Espírito Santo			
Cricaré			
Biguá	100	August 24, 2032	August 24, 2059
Cacimbas	100	August 6, 2025	August 6, 2052
Campo Grande	100	August 6, 2025	August 6, 2052
Córrego Dourado	100	August 6, 2025	August 6, 2052
Fazenda Cedro	100	August 6, 2025	August 6, 2052
Fazenda São Jorge	100	August 6, 2025	August 6, 2052
Guriri	100	November 11, 2035	November 11, 2062
Inhambu	100	November 24, 2032	November 24, 2059
Jacutinga	100	July 28, 2036	July 28, 2063
Lagoa Suruaca	100	August 6, 2025	August 6, 2052
Mariricu	100	August 6, 2025	August 6, 2052
Mariricu Norte	100	August 6, 2025	August 6, 2052
Rio Itaúnas	100	August 6, 2025	August 6, 2052
Rio Preto	100	August 6, 2025	August 6, 2052
Rio São Mateus	100	August 6, 2025	August 6, 2052
São Mateus	100	August 6, 2025	August 6, 2052
São Mateus Leste	100	April 16, 2037	April 16, 2064
Tabuiaia	100	December 6, 2033	December 6, 2060
Norte Capixaba			
Cancã	100	August 24, 2034	August 24, 2061
Fazenda Alegre	100	May 8, 2052	
Fazenda Santa Luzia	100	May 8, 2038	May 8, 2065
Fazenda São Rafael	100	May 8, 2025	August 5, 2052

### Notes:

1. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.
2. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleo's request, the reserves evaluated herein consider the potential concession extensions.
3. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

In Brazil, a 27-year concession extension is granted as determined by the Agência Nacional de Petróleo, Gas Natural e Biocombustíveis (ANP), if certain conditions are met by the company operating the concession. As such, reserves estimated in this report may include quantities that will be produced beyond

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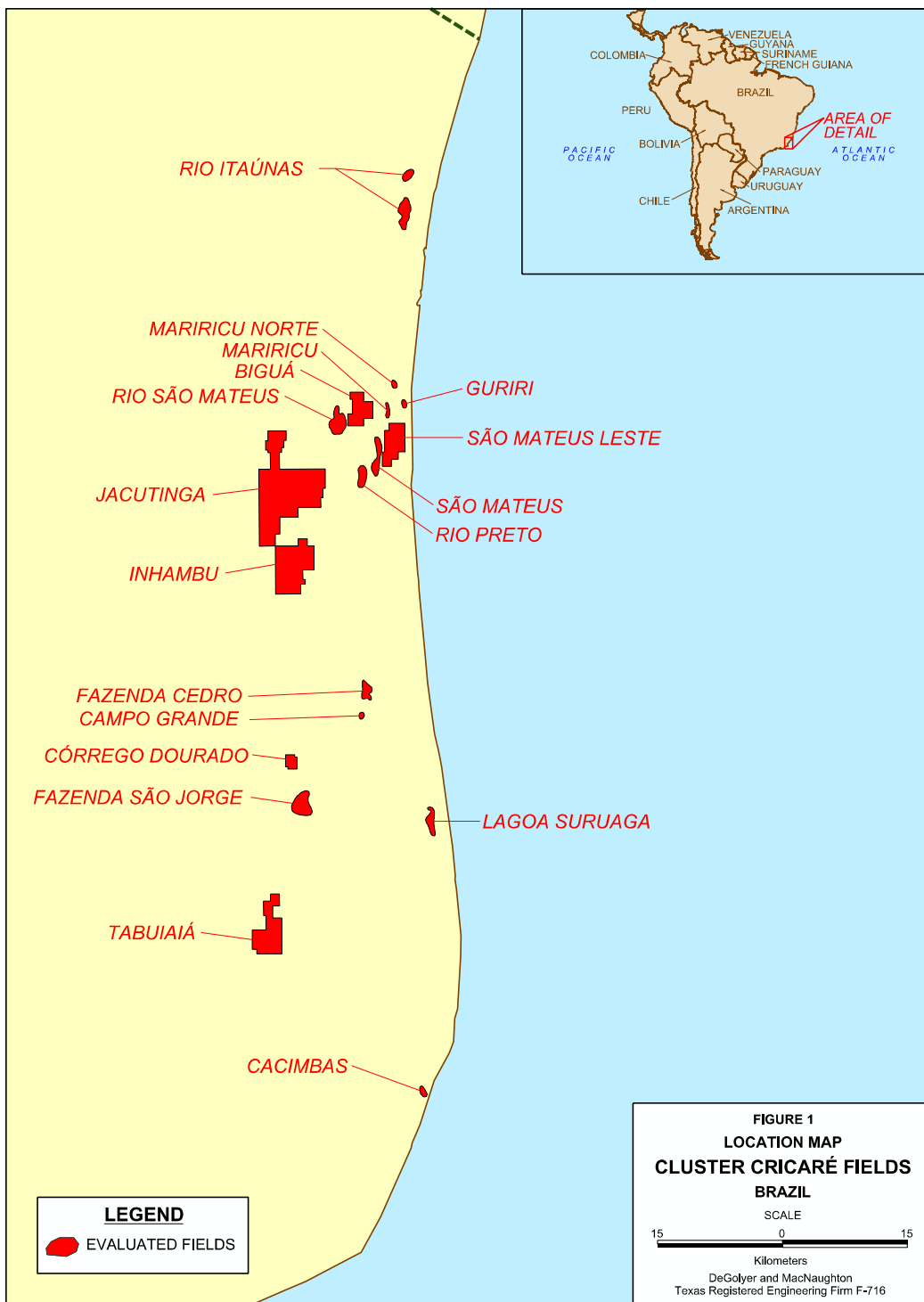
the current expiration dates of the concessions based on Seacrest Petróleo's representation that it will meet the conditions required by the ANP to obtain the concession extensions. As a result, the properties evaluated in this report were projected to the limits of economic production or to the end of the concession extensions, whichever occurs first.

Seacrest Petróleo interests are held through contractual instruments that are common in the petroleum industry. We had an opportunity to review certain segments of pertinent agreements; however, we, as engineers, cannot express an opinion as to the accounting or legal aspects of those agreements.

For this report, technical and commercial uncertainties were considered in each case exclusive of ongoing political events in a given venue. All contracts, regulations, and agreements in place on December 31, 2022, were considered to be valid for their stated terms, as represented by Seacrest Petróleo.

The infrastructure in the area of these fields is very advanced. The onshore Brasil fields are located near an elaborate composite of terminals, pipelines, and flow stations. There is an extensive established network of service companies to allow developments of all types, including complex mechanical and operational elements. Power options, including electrical, natural gas, and diesel sources, are readily available to operators in this venue.

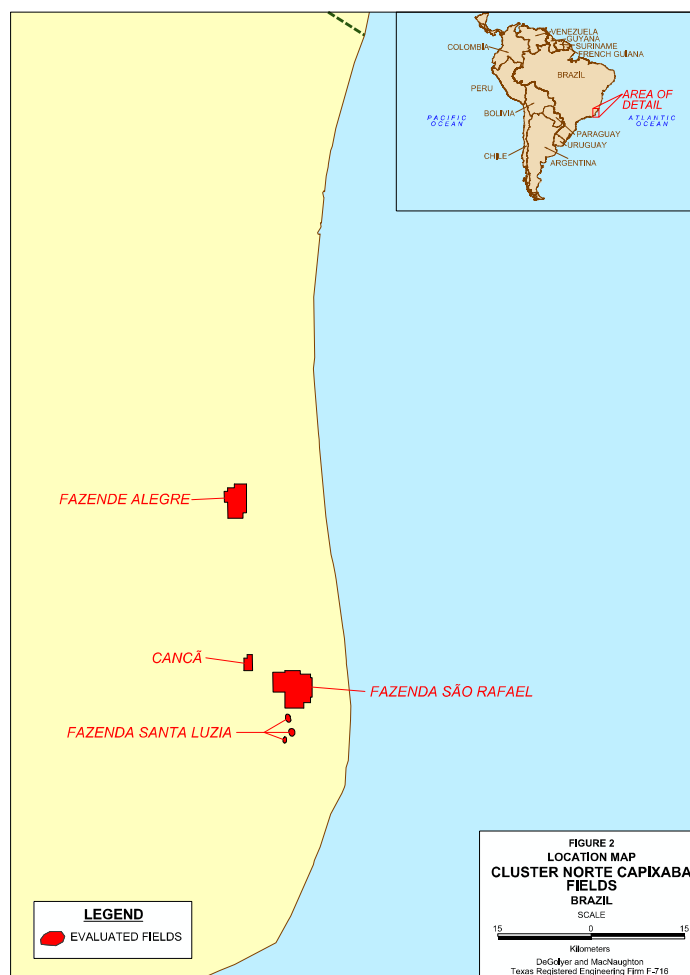
**FIGURE 1**  
**Location Map, Cricaré Cluster**





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**FIGURE 2**  
**Location Map, Norte Capixaba Cluster**



### **Environmental Considerations**

There are certain environmental considerations in any venue of petroleum production. We are not aware of any extraordinary environmental elements associated with the properties evaluated herein. As such, we have included abandonment costs, as appropriate, to accomplish routine and safe removal of subsurface and surface equipment and reclamation, where applicable, at a given field site.

### **Definition of Reserves**

Estimates of proved, probable, and possible reserves presented in this report have been prepared in accordance with the PRMS approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists & Engineers. The petroleum reserves are defined as follows:

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

*Proved Reserves* are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate.

*Probable Reserves* are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability [P50] that the actual quantities recovered will equal or exceed the 2P estimate.

*Possible Reserves* are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate.

Once projects satisfy commercial maturity, the associated quantities are classified as Reserves. These quantities may be allocated to the following subdivisions based on the funding and operational status of wells and associated facilities within the reservoir development plan:

*Developed Reserves* are quantities expected to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

*Developed Producing Reserves* are expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate. Improved recovery Reserves are considered producing only after the improved recovery project is in operation.

*Developed Non-Producing Reserves* include shut-in and behind-pipe reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

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*Undeveloped Reserves* are quantities expected to be recovered through future significant investments. Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

The extent to which probable and possible reserves ultimately may be recategorized as proved reserves is dependent upon future drilling, testing, and well performance. The degree of risk to be applied in evaluating probable and possible reserves is influenced by economic and technological factors as well as the time element. Estimates of probable and possible reserves in this report have not been adjusted in consideration of these additional risks to make them comparable to estimates of proved reserves.

### **Estimation of Reserves**

Estimates of reserves were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry and in accordance with definitions established by the PRMS. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

Based on the current stage of field development, production performance, the development plans provided by Seacrest Petroleo, and analyses of areas offsetting existing wells with test or production data, reserves were categorized as proved, probable, or possible.

The undeveloped reserves estimates were based on opportunities identified in the plan of development provided by Seacrest Petroleo. Developed non-producing reserves include those quantities associated with behind-pipe zones and the reactivation of shut-in wells and include minor remaining capital expenditure as compared to the cost of a new well.

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Seacrest Petroleo has represented that its senior management is committed to the development plans provided by Seacrest Petroleo and that Seacrest Petroleo has the financial capability to execute these development plans, including the drilling and completion of wells and the installation of equipment and facilities.

For depletion-type reservoirs or those whose performance disclosed a reliable decline in producing-rate trends or other diagnostic characteristics, reserves were estimated by the application of appropriate decline curves or other performance relationships.

In certain cases, reserves were estimated by incorporating elements of analogy with similar wells or reservoirs for which more complete data were available.

In the evaluation of developed non-producing and undeveloped reserves, type-well analysis was performed using well data from analogous reservoirs for which more complete historical performance data were available.

Seacrest Petroleo has advised that it has reasonable certainty that the extensions of the concessions of all properties will be obtained. In Brazil, a 27-year concession extension is granted as determined by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP), if certain conditions are met by the company operating the concession. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain the concession extensions. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the end of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.

Data provided by Seacrest Petroleo from wells drilled through June 30, 2022, and made available for this evaluation were used to prepare the reserves estimates herein. These reserves estimates were based on consideration of monthly production data available only through June 30, 2022. Estimated cumulative production, as of December 31, 2022, was deducted from the estimated gross ultimate recovery to estimate gross reserves. This required that production be estimated for up to 6 months.

Oil reserves estimated herein are to be recovered by normal field separation and are expressed in thousands of barrels ( $10^3$ bbl). In these estimates, 1 barrel equals 42 United States gallons.

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Gas quantities estimated herein are expressed as marketable gas and sales gas. Marketable gas is defined as the total gas produced from the reservoir after reduction for shrinkage resulting from field separation; processing, including removal of the nonhydrocarbon gas to meet pipeline specifications; and flare and other losses but not from fuel usage. Sales gas is defined as the total gas to be produced from the reservoirs, measured at the point of delivery, after reduction for fuel usage, flare, and shrinkage resulting from field separation and processing. Gas reserves estimated herein are reported as marketable gas and sales gas. Seacrest Petroleo has represented that all gas quantities produced from the evaluated fields are consumed as fuel in field operations; consequently, sales gas reserves were estimated herein to be zero. Gas quantities are expressed at a temperature base of 20 degrees Celsius ( $^{\circ}\text{C}$ ) and at a pressure base of 1 kilogram per square centimeter ( $\text{kg}/\text{cm}^2$ ). Gas quantities included in this report are expressed in millions of cubic feet ( $10^6\text{ft}^3$ ).

Gas quantities are identified by the type of reservoir from which the gas will be produced. Nonassociated gas is gas at initial reservoir conditions with no crude oil present in the reservoir. Associated gas includes both gas-cap gas and solution gas. Gas-cap gas is gas at initial reservoir conditions and is in communication with an underlying crude oil zone. Solution gas is gas dissolved in crude oil at initial reservoir conditions. Gas quantities reported herein are associated and nonassociated gas.

At the request of Seacrest Petroleo, marketable gas reserves estimated herein were converted to oil equivalent using an energy equivalent factor of 5,614 cubic feet of gas per 1 barrel of oil equivalent.

The reserves presented herein are associated with the represented development plan provided by Seacrest Petroleo for all the fields in the Cricaré and Norte Capixaba Clusters. Developed producing reserves are associated with 105 active producers. Developed non-producing reserves are associated with 259 workovers to reactivate shut-in wells and recomplete behind-pipe zones. Undeveloped reserves are associated with the drilling of 218 wells. Probable undeveloped reserves are associated with the drilling of 88 wells and 71 recompletions. Probable and possible reserves were also estimated for the wells, as applicable, associated with incremental recoveries above quantities estimated for proved and probable reserves, respectively.

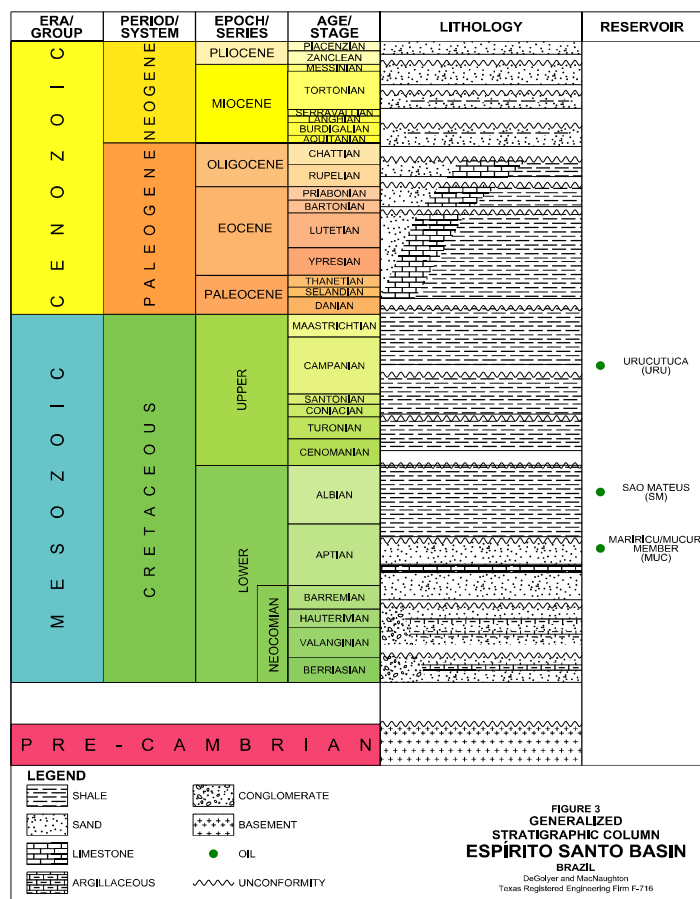
## Methodology

Proved developed producing reserves were estimated based on performance trends of existing wells and completions. Proved developed non-producing reserves were estimated for recompletions using a combination of analogous performance and volumetric analysis. Proved undeveloped reserves were estimated for scheduled drilling and sidetracks based on analogy with produced reservoirs, as well as volumetric analysis where sufficient data were available. Probable and possible reserves were based on better well performance than projected for proved reserves plus incremental volumetric recovery.

Additional details regarding the fields associated with the Cricaré and Norte Capixaba Clusters reserves estimated in this report are described below, such as location of the asset, date of discovery, brief geologic overview, reservoir parameters, engineering methodology, and production status. Where data were available, representative structure maps for the main fields evaluated in this report are also included. Figure 3 shows the stratigraphic column for the Espírito Santo basin, where the Cricaré and Norte Capixaba cluster fields are located.

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**FIGURE 3**  
**Stratigraphic Column**



### Cricaré Cluster

#### Biguá Field

The Biguá field, in the Espírito Santo Basin, covers an area of 8.79 square kilometers and is located about 5 kilometers from the city of São Mateus in the municipality of São Mateus. The field was discovered in November 2006 and production began in November 2008. A total of seven onshore wells were drilled, and three wells are currently on production. Gross production is transported through a 6-inch-diameter pipeline (6.54 kilometers) to the São Mateus-08 Station. After passing through the separation system, the oil is transported through a 12-inch-diameter pipeline (23.5 kilometers) to the North Capixaba Terminal (TNC), located in the district of Campo Grande, municipality of São Mateus. The

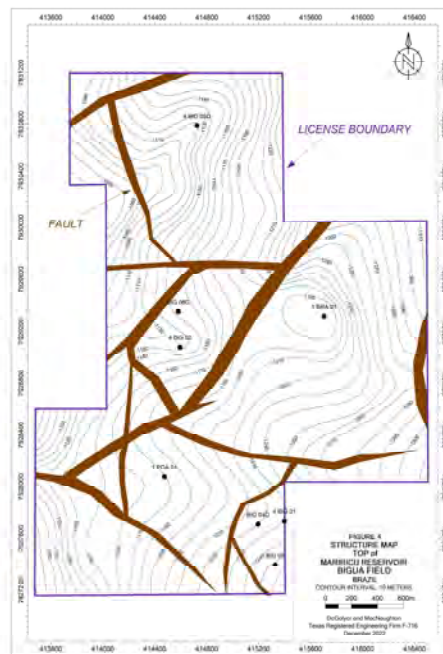


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field's main reservoirs are phreavium-deltaic sandstones of the Marirucu Formation, Mucuri Member. The average porosity is 16 percent and permeability is around 15 millidarcys. The oil has an average density ranging between 18 and 24° API. The primary recovery mechanism is solution gas drive.

A representative structure map of the Biguá field on top of the Marirucu reservoir is shown on Figure 4.

**FIGURE 4**  
**Structure Map, Biguá Field**



### Cacimbas Field

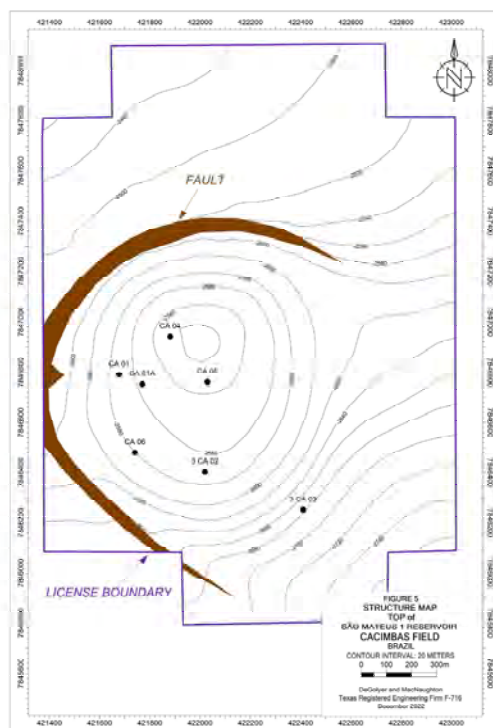
The Cacimbas field, in the Espírito Santo Basin, covers an area of 3.39 square kilometers and is located about 35 kilometers from the town of Linhares. The field was discovered in November 2006 and production began in November 2008. A total of seven onshore wells were drilled, and three wells are currently on production. Gross production is transported through 3-inch-diameter pipelines (23.5 kilometers) to the Cacimbas Gas Treatment Unit (UTGC). The field was discovered by well 1-CA-1 A-ES, which found the presence of oil in the permeable sandstone of the São Mateus Formation, cyclically interspersed with layers of carbonates and waterproof siltites that serve as seals. The reservoirs were found in the discovery well at

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a depth of 2,558.5 meters with a thickness of 8.0 meters of sandstone with oil. Geologically, the field is located on the eastern edge of the Regency Platform, where five hydrocarbon deposits (two deposits of oil and three deposits of nonassociated gas) were mapped.

A representative structure map of the Cacimbas field on top of the São Mateus 1 reservoir is shown on Figure 5.

**FIGURE 5**  
**Structure Map, Cacimbas Field**



### Campo Grande Field

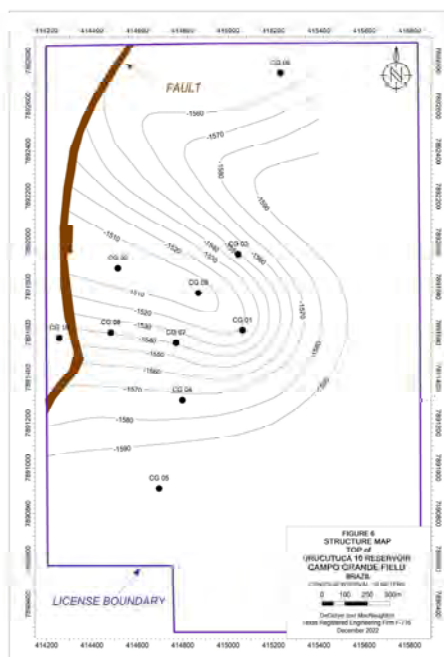
The Campo Grande field, in the Espírito Santo Basin, covers an area of 4.11 square kilometers and is located about 38 kilometers from the city of São Mateus, between the boundaries of the municipalities of São Mateus and Jaguaré. The field was discovered in May 1975 and production began in August 2008. A total of 10 wells were drilled, and 2 wells are currently on production. Gross production is transported through 3-inch-diameter pipelines and stored in 400-barrel atmospheric tanks located at the base of the leases. Natural gas quantities produced are vented

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from the tanks in their entirety due to the small volumes produced. Gross production is transported by trailers to the Fazenda Alegre Station (FALS), where the separation and treatment of the oil is carried out, and later forwarded to the TNC. The main reservoir rocks of the field consist of turbiditic sandstone of the Urucutuca Formation, which has an average porosity of 21 percent and variable permeability, mainly due to the shale intercalations. The mapping of this formation resulted in two Production Zones, URUC10 and URUC20, which contain oil (with a density of 24° API) and nonassociated gas, respectively.

A representative structure map of the Campo Grande field on top of the Urucutuca 10 reservoir is shown on Figure 6.

**FIGURE 6**  
**Structure Map, Campo Grande Field**



### Córrego Dourado

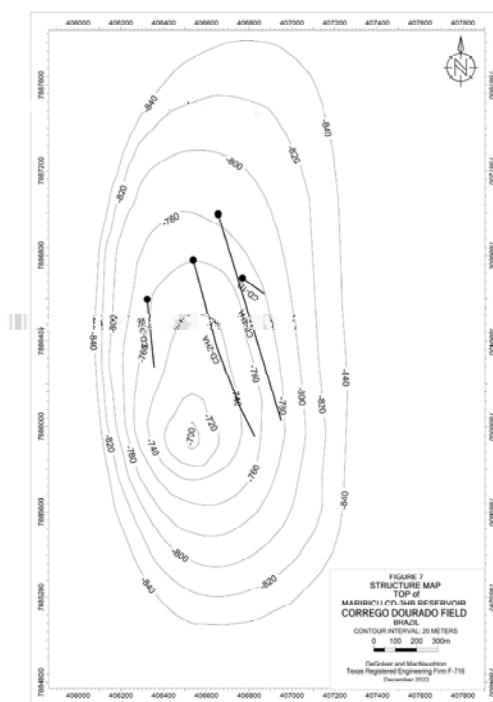
The Córrego Dourado field, in the Espírito Santo Basin, covers an area of 4.11 square kilometers and is located about 38 kilometers from the city of São Mateus in the municipality of São Mateus. The field was discovered in May 1975 and production began in August 2008. A total of eight wells were drilled, and four wells are currently on production. All fluids produced are stored in two tanks.

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From the tanks, gross production is transported by trailers to the FALS, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. The only hydrocarbon-producing reservoir in the field corresponds to the fluoride-deltaic sandstone of the Mariricu Formation, Mucuri Member, and has an average porosity of 17 percent and permeability of 100 millidarcys, saturated with viscous oil of 13.6° API. The primary mechanism of production is solution gas drive. As a secondary recovery method, thermal stimulation is performed by cyclic steam injection.

A representative structure map of the Córrego Dourado field on top of the Mariricu CD-3HB reservoir is shown on Figure 7.

**FIGURE 7**  
**Structure Map, Córrego Dourado Field**



### Fazenda Cedro Field

The Fazenda Cedro field covers an area of 5.77 square kilometers, and is located 35 kilometers from the city of São Mateus. The field was discovered in February 1972 and production began in October 1973. In 2022, the Fazenda Cedro

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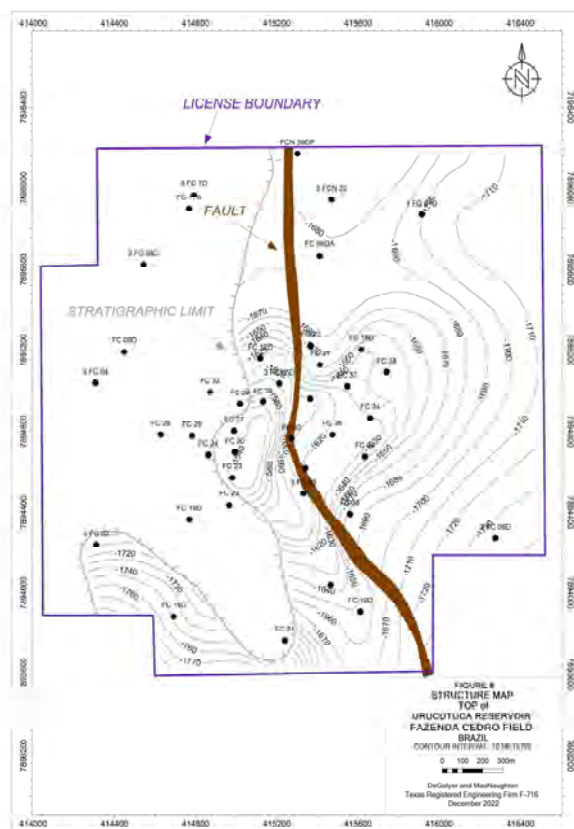
Norte (area of 6.09 square kilometers) and Fazenda Queimadas (area of 8.03 square kilometers) fields were annexed into this field. A total of 137 wells were drilled, and there are currently 38 wells available for production. All fluids produced are transported through 3-inch-diameter pipelines and stored in 400-barrel atmospheric tanks. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. Gross production is transported by trailers to the FALS, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. The main reservoir of the field is the CED/MUC Zone, which was generated by the erosion of the Itaúnas Member (evaporitic seal) that allowed the deposition of the so-called Cedar Sandstone (Urucutuca Formation) on the sandstones of the Mucuri Member, originating subzones that communicate hydraulically through an underlying aquifer. Hydrocarbon production occurs in Cretaceous turbidite sandstones, in the Urucutuca Formation, and in the fluviodeltaic-lacustrine sandstone of the Mucuri Member of the Mariricu Formation, which was partially eroded. The trapeze of hydrocarbons in the main reservoir of the field is mixed (stratigraphic and structural), and in secondary reservoirs it is essentially stratigraphic. The sealable facies are the shales of the Urucutuca Formation. The main mechanism of primary recovery is water influx. In the Fazenda Cedro Norte field, hydrocarbon production occurs in turbiditic sandstone from the Upper Cretaceous, in the Urucutuca Formation. The trapping was propagated by the depositional system, in which the turbiditic channels fit stratigraphically into thick shale sections of the Urucutuca Formation; the main reservoir is the URUC-02 Zone.

The Fazenda Cedro Norte field is composed of 13 hydrocarbon-bearing sandstones, 3 of which are nonassociated gas. Of the aquifers associated with the mapped oil/water contacts, only the URUC-02 Zone acts effectively in the reservoir, generating a strong bottom influx that represents its main primary oil recovery mechanism. The other reservoirs of the field can be considered volumetric, and solution gas drive is the primary mechanism of production (the aquifer action of the URUC-04 Zone can be disregarded). In the Fazenda Queimadas field, the production of hydrocarbons occurs in turbiditic sandstone from the Upper Cretaceous, in the Urucutuca Formation. The trapping was propagated by the depositional system, in which the turbiditic channels fit stratigraphically into thick shale sections of the Urucutuca Formation; the main reservoir is the URUC-01 Zone. The other reservoirs in the field are all volumetric, and solution gas drive is the primary production mechanism.

A representative structure map of the Fazenda Cedro field on top of the Urucutuca reservoir is shown on Figure 8.

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**FIGURE 8**  
**Structure Map, Fazenda Cedro Field**



### Fazenda São Jorge Field

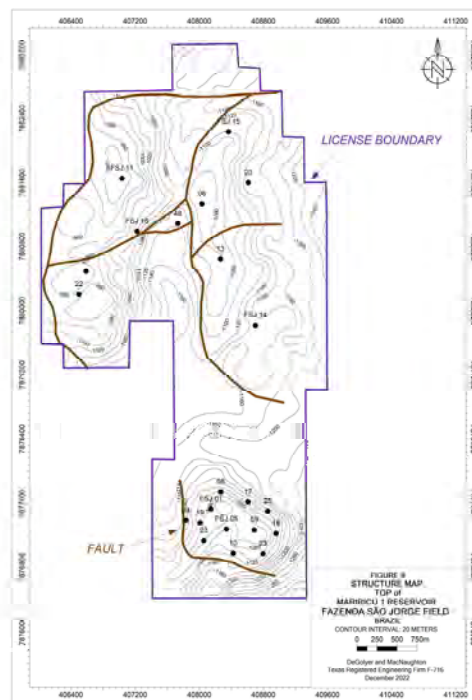
The Fazenda São Jorge field covers an area of 16.58 square kilometers and is located 30 kilometers from the town of Linhares. It was discovered in July 1983 and production began in September 1983. In 2022, the Lagoa Bonita field (area of 4.11 square kilometers) was annexed into this field. A total of 59 wells were drilled, and there are currently 30 wells available for production. All fluids produced are transported through 3-inch-diameter pipelines and stored in 400-barrel atmospheric tanks. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. Gross production is transported by trailers to the FALS, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. In the northern area of the Fazenda São Jorge field, the production of hydrocarbons occurs in conventional reservoirs, consisting of silty sandstone from the Aptian section of the Mariricu Formation, Mucuri Member. In the southern area, production occurs mainly in unconventional reservoirs, consisting

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of anhydrates replaced by carbonates from the evaporitic sections of the Itaúnas and Mucuri Members of the Mariricu Formation. The behavior of the production from the various reservoirs indicates that the primary recovery mechanism of the field is mainly the result of the effects of solution gas drive. The reservoirs in the Lagoa Bonita field are composed of fluoriodeltaic sandstone carbonates of the Mucuri Member (Mariricu Formation) and Albian carbonate sandstones belonging to the Barra Nova Group. The hydrocarbon-bearing section in the Mucuri Member corresponds to a sequence of thin to thick sandstones deposited from mouth bars on deltaic fronts in the form of discontinuous bodies with small dimensions.

A representative structure map of the Fazenda São Jorge field on top of the Mariricu 1 reservoir is shown on Figure 9.

**FIGURE 9**  
**Structure Map, Fazenda São Jorge Field**



### Guriri Field

The Guriri field, in the Espírito Santo Basin, covers an area of 6.18 square kilometers and is located about 12 kilometers from the city of São Mateus in the municipality of São Mateus. The field was discovered in February 1984 and

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production began in March 1984. A total of two onshore wells were drilled, and two wells are currently on production. All fluids produced are stored in 400-barrel atmospheric tanks. From the tanks, gross production is transported by trailers to the SM-08 Station, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. The field is located on the eastern edge of the São Mateus Platform, and has three blocks in two zones (MUC01 and MUC02). The discovery well (1-GU-01-ES) tested a domical structure mapped at the level of the Mariricu Formation, Mucuri Member. Hydrocarbon production occurs in the Aptian section in the silty sandstone of the Mariricu Formation, Mucuri Member, where six production zones were mapped. The production of the field mainly comes from the MUC02-GU01 Production Zones. It consists of reservoirs formed in fluvio-deltaic environments, reworked by tidal facies, and there is intense tectonic activity. The main production mechanism is solution gas drive.

A representative structure map of the Guriri field on top of the Mariricu 1 reservoir is shown on Figure 10.

**FIGURE 10**  
**Structure Map, Guriri Field**



### Inhambu Field

The Inhambu field, in the Espírito Santo Basin, covers an area of 23.72 square kilometers and is located about 30 kilometers from the city of São Mateus in the municipality of São Mateus. The field was discovered in December 2003 and

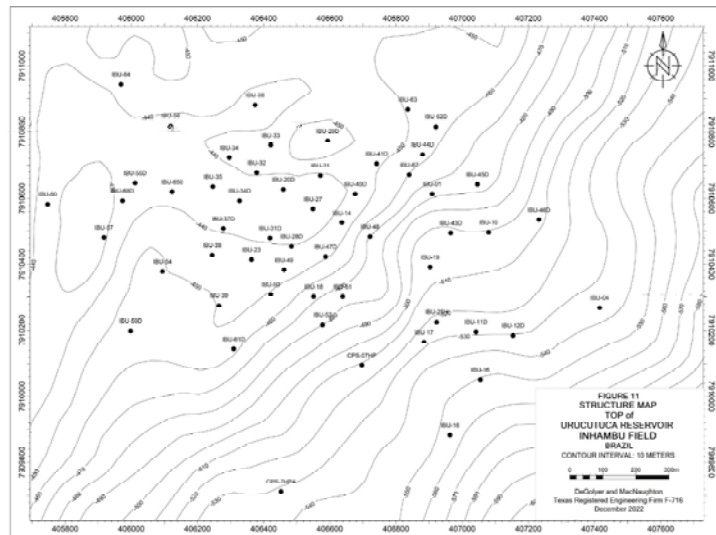


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production began in January 2006. A total of 80 onshore wells were drilled, and there are 57 wells currently on production. Some wells produce directly to a tank installed at its own base, and others produce to a main satellite. All fluids that reach the main satellite are stored in tanks. These fluids, together with the fluids stored in the tanks installed in the bases of the wells, are then transported by trailer to the FALS. At FALS, the oil is treated and later exported to the TNC. Natural gas quantities produced are vented from the tanks due to the small volumes produced. The reservoirs found in the area correspond to turbiditic sandstones of the Urucutuca do Campaniano / Maastrichtiano Formation. Secondary, there are accumulations of Aptian fluvio-deltaic sandstone of the Mariricu Formation, Mucuri Member. The primary production mechanism is solution gas drive. However, the high densities and viscosities of the oil in both reservoirs necessitate the use of thermal stimulation performed through cyclic steam injection, which began in June 2005.

A representative structure map of the Inhambu field on top of the Urucutuca reservoir is shown on Figure 11.

**FIGURE 11**  
**Structure Map, Inhambu Field**



### Jacutinga Field

The Jacutinga field covers an area of 56.57 square kilometers, and is located 9 kilometers from the town of Linhares. The field began discovered in September 2004 and production began in March 2010. In 2022, the Córrego Cedro Norte field (area of

10.28 square kilometers), Córrego Cedro Norte Sul (area of 1.42 square kilometers), Córrego das Pedras (area of 3.95 square kilometers), Rio Preto Oeste (area of 4.11 square kilometers), Rio Preto Sul (area of 9.26 square kilometers), and Seriema (area of 2.8 square kilometers) fields were annexed into this field. A total of 111 onshore wells were drilled, and 37 wells are currently on production. All fluids produced are transported through 3-inch-diameter pipelines and stored in 400-barrel atmospheric tanks. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. Gross production is transported by trailers to the FAL or by pipeline to the SM-08 Station, where the separation and treatment of the oil is carried out, and later forwarded to the TNC.

In the Jacutinga field, the main reservoirs are found in the area that corresponds to very low translucent-deltaic sandstones of the Mariricu Formation, Mucuri Member, saturated with very viscous oil, and with very low-transmissive sands in the porous medium, so that the production occurs through stimulation performed by means of hydraulic fracturing or thermal methods (steam injection). Secondary accumulations are found in the sandstone of the São Mateus Formation, with extremely low transmissibility and with high-viscosity oil, which prevents the viability of production, even when subjected to thermal stimulation. The primary production mechanism is solution gas drive, but the characteristics of the oil prevent efficient recovery. Cyclic steam injection is the only viable improved recovery method for this field.

In the Córrego Cedro Norte field, the reservoirs found in the area correspond to Aptian fluoridatic sandstones of the Mariricu Formation, Mucuri Member, and are saturated with viscous, biodegraded oil. The production mechanism is solution gas drive, but the high density and viscosity of the oil prevent efficient recovery. Cyclic steam injection has been carried out in this field since 2002.

The Córrego Cedro Norte Sul field is located on the western edge of the Plataforma de São Mateus, and the reservoirs belong to the Mariricu Formation, Mucuri Member. The basal portion of the Mariricu Formation, which corresponds to the Mucuri Member, includes sandstones and conglomerates interspersed with shales and/or microbial anidritas carbonates, while at its top occur evaporitic layers of the Itaúnas Member (mainly anidrite), originating from a curvi-deltaic-lacustrine depositional environment; the presence of 13.6° API oil was verified.

In the Córrego das Pedras field, the main reservoirs belong to the Mariricu Formation, Mucuri Member, and are predominantly composed of Aptian silty

rocks formed by intercalations of very thin sandstones and siltites saturated with high-viscosity oil. The production mechanism is predominantly solution gas drive.

In the Rio Preto Oeste field, the production of hydrocarbons occurs in the Aptian section from siliciclastic reservoirs of the Mariricu Formation, Mucuri Member. The field consists of siliciclastic reservoirs formed at the base by rocks of depositional environments dominated by alluvial fans during periods of low sea level and intense tectonic activity, followed by fluoride-deltaic deposits during transgressive periods of high seas. The primary production mechanism is solution gas drive, and thermal stimulation with steam began in October 2000.

In the Rio Preto Sul field, the production of hydrocarbons occurs in the Aptian section from siliciclastic reservoirs of the Mariricu Formation, Mucuri Member. The field consists of siliciclastic reservoirs formed at the base by rocks of depositional environments dominated by alluvial fans during periods of low sea level and intense tectonic activity, followed by fluoride-deltaic deposits during transgressive periods of high seas. The primary production mechanism is solution gas drive.

In the Seriema field, hydrocarbon production occurs in the Aptian section from siliciclastic reservoirs of the Mariricu Formation, Mucuri Member. The field consists of siliciclastic reservoirs formed at the base by rocks of depositional environments dominated by alluvial fans during periods of low sea and intense tectonic activity, followed by fluoride-deltaic deposits during transgressive periods of high seas. The primary production mechanism is solution gas drive. Cyclic steam injection has been used to improve recovery.

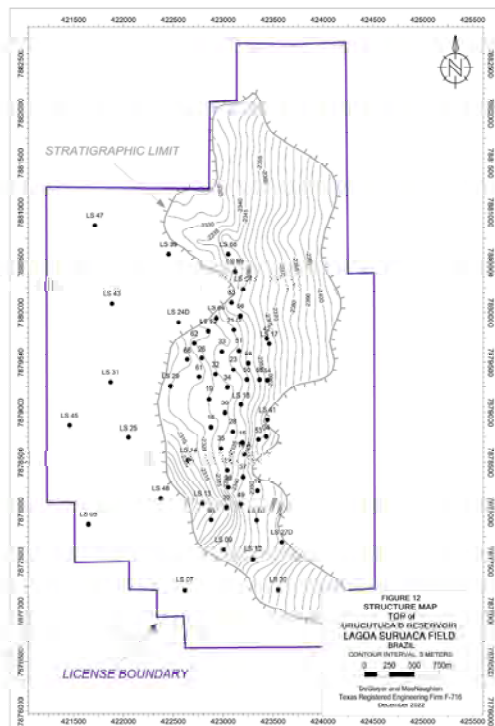
#### Lagoa Suruaca Field

The Lagoa Suruaca field, in the Espírito Santo Basin, covers an area of 15.48 square kilometers and is located about 43 kilometers from the town of Linhares. The field was discovered in May 1981 and production began in July 1981. A total of 69 onshore wells were drilled, and there are currently 18 wells on production. All fluids produced are stored in 400-barrel atmospheric tanks. Gross production is transported by trailers to the Fazenda São Rafael Station (FSRS), where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. The reservoirs are composed of bodies of sandstone and conglomeratic sandstones deposited in a complex system of channels, from a turbiditic system, in the middle of the thick shale section of the Urucutuca Formation.

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A representative structure map of the Lagoa Suruaca field on top of the Urucutuca D reservoir is shown on Figure 12.

**FIGURE 12**  
**Structure Map, Lagoa Suruaca Field**



### Mariricu Field

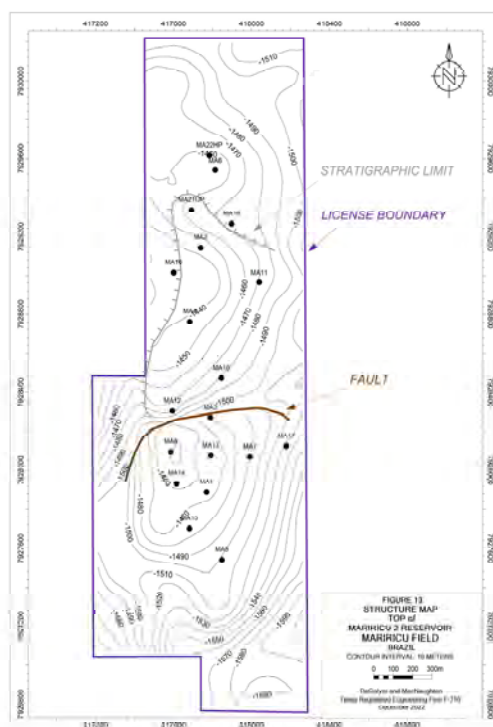
The Mariricu field, in the Espírito Santo Basin, covers an area of 3.17 square kilometers and is located about 10 kilometers from the city of São Mateus. The field was discovered in December 1981 and production began in April 1982. A total of 19 onshore wells were drilled, and there are currently 2 wells on production. All fluids produced are stored in 400-barrel atmospheric tanks. Gross production is transported by trailers to the SM-08 Station, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. The field is located in the center of the Plataforma de São Mateus, Espírito Santo Basin, and is divided into two blocks, one to the north (3-MA-02-ES) and one to the south (1-MA-01-ES). Hydrocarbon production occurs in the Aptian section in siliciclastic sandstone of the Mariricu Formation, Mucuri Member. The

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primary production mechanism in the field is solution gas drive, and the secondary mechanism is gas cap (in the Mucuri 1 Zone of the 1-MA-01-ES Block).

A representative structure map of the Mariricu field on top of the Mariricu 2 reservoir is shown on Figure 13.

**FIGURE 13**  
**Structure Map, Mariricu Field**



### Mariricu Norte Field

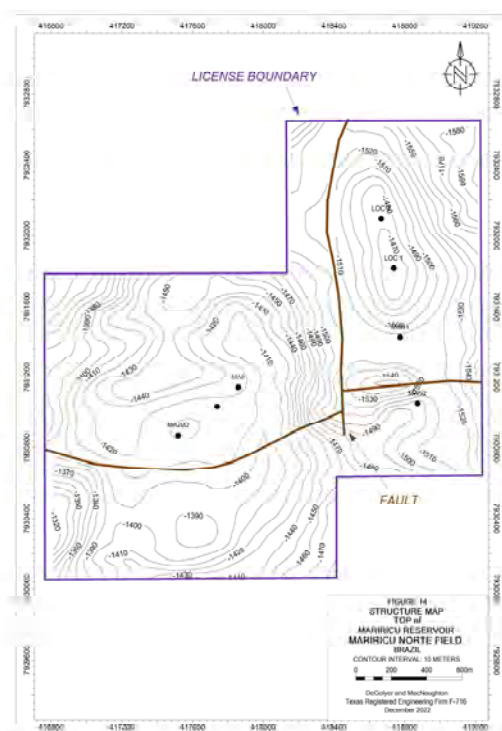
The Mariricu Norte field, in the Espírito Santo Basin, covers an area of 3.17 square kilometers and is located about 15 kilometers from the city of São Mateus. The field was discovered in September 1981 and production began in May 1982. A total of five onshore wells were drilled, and there is currently there are one well on production. All fluids produced are stored in 400- barrel atmospheric tanks. Gross production is transported by trailers to the SM-08 Station, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. The field is located in a system of failed blocks that

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strike in the north-south and east-west directions. The reservoirs belong to the Mariricu Formation, Mucuri Member, and are composed of fluoride-Deltaic sandstone influenced by tidal forces. The main production mechanism is solution gas drive.

A representative structure map of the Mariricu Norte field on top of the Mariricu reservoir is shown on Figure 14.

**FIGURE 14**  
**Structure Map, Mariricu Norte Field**



### Rio Itaúnas Field

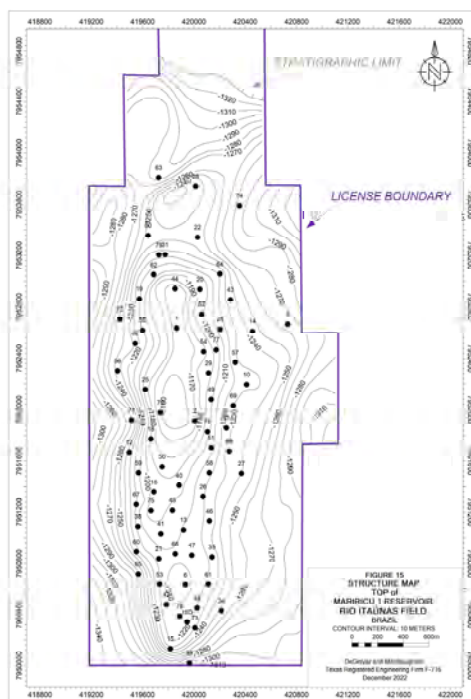
The Rio Itaunas field, in the Espírito Santo Basin, covers an area of 10.46 square kilometers and is located about 6 kilometers from the city of Conceição da Barra. The field was discovered in April 1977 and of production began in October 1978. A total of 83 onshore wells were drilled, and there are currently 16 wells on production. All fluids produced are stored in 400-barrel atmospheric tanks. Gross production is transported by trailers to the SM-08 Station, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas quantities produced are vented from the tanks in their entirety due to the small

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volumes produced. The field is located at the northern end of the São Mateus Platform, and is structured in two blocks (North Block and South Block). The production of hydrocarbons occurs in the Aptian section in the siliciclastic sandstone of the Mariricu Formation, Mucuri Member, and in calcareites (the 4-RL-05-ES Block) of the shallow platform of the Regency Formation. Five stratigraphic zones were identified at depths ranging from 1,000 to 1,300 meters. The best reservoir facies have absolute permeabilities greater than 1,000 millidarcys; however, the average is less than 200 millidarcys. Due to the high viscosity of the oil, the transmissibility is low and the wells generally have low productivity rates. Cyclic steam injection has been implemented as improved recovery in the field.

A representative structure map of the Rio Itaúnas field on top of the Mariricu 1 reservoir is shown on Figure 15.

**FIGURE 15**  
**Structure Map, Rio Itaúnas Field**



### Rio Preto Field

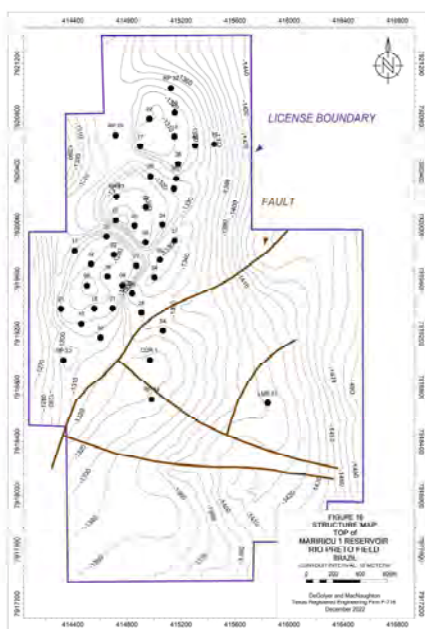
The Rio Preto field, in the Espírito Santo Basin, covers an area of 7.60 square kilometers and is located about 12 kilometers from the city of São Mateus. The

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field was discovered in August 1976 and production began in October 1976. A total of 42 onshore wells were drilled, and there are currently 12 wells on production. All fluids produced are stored in 400-barrel atmospheric tanks. Gross production is transported by trailers to the SM-08 Station, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. The field is located in the southern center of the São Mateus Platform, consisting of six distinct hydrocarbon accumulations, aligned in a north-northeast/south-southwest structural direction, resulting from compressive efforts that occurred in this area during the Eocene. Hydrocarbon production occurs in the Aptian section, in the siliciclastic sandstone of the Mariricu Formation, Mucuri Member, where five stratigraphic zones were mapped. The primary mechanism of recovery in the field is solution gas drive, and there is secondary recovery in the field through water injection.

A representative structure map of the Rio Preto field on top of the Mariricu 1 reservoir is shown on Figure 16.

**FIGURE 16**  
**Structure Map, Rio Preto Field**



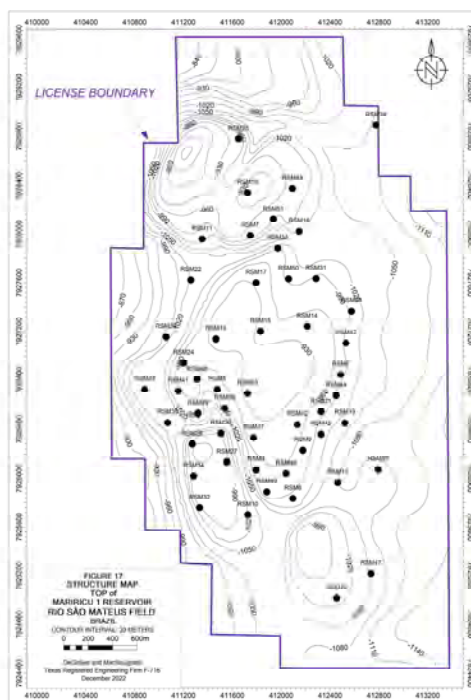


### Rio São Mateus Field

The Rio São Mateus field, in the Espírito Santo Basin, covers an area of 11.48 square kilometers and is located about 4 kilometers from the city of São Mateus. The field was discovered in September 1979 and production began in October 1979. A total of 57 onshore wells were drilled, and there are currently 6 wells on production. All fluids produced are stored in 400-barrel atmospheric tanks. Gross production is transported by trailers to the SM-08 Station, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. The production of hydrocarbons occurs in the Aptian section, from reservoirs composed of the sandstones and conglomerates of the Mariricu Formation, Mucuri Member, in five structural blocks and in four stratigraphic zones. The Mucuri 3 zone, the main reservoir, is responsible for 91.2 percent of the accumulated oil production of the field. The oil produced from this field has a density of about 20° API. The production mechanism of this field is gas cap.

A representative structure map of the Rio São Mateus field on top of the Mariricu 1 reservoir is shown on Figure 17.

**FIGURE 17**  
**Structure Map, Rio São Mateus Field**

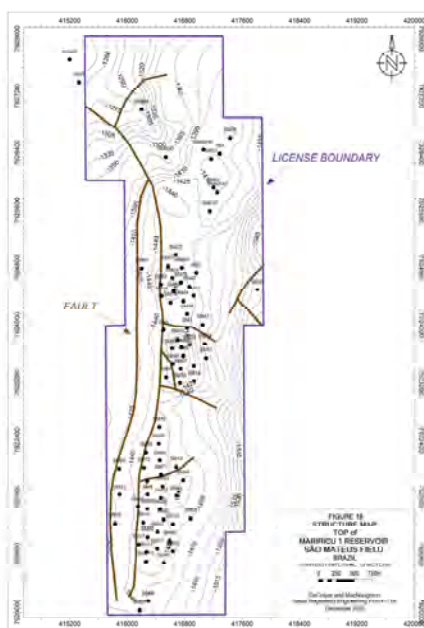


### São Mateus Field

The São Mateus field, in the Espírito Santo Basin, covers an area of 15.67 square kilometers and is located about 10 kilometers from the city of São Mateus. The field was discovered in May 1969 and production began in February 1975. A total of 90 onshore wells were drilled, and there are currently 25 wells on production. All fluids produced are stored in 400-barrel atmospheric tanks. Gross production is transported by trailers to the SM-08 Station, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas is sent for consumption in the Inhambu field in the Steam Generating Units (UGV). The production of hydrocarbons occurs in the Aptian section in the siicyclotic sandstone of the Maririco Formation, Mucuri Member. The permeabilities of these reservoirs are low. The structured area of the field forms three blocks (1-SM-01-ES, 4-SM-08-ES, and 4-SM-51-ES) where five hydrocarbon producing zones were recognized: Unit MUC-1 (Mucuri 1 Zone and Mucuri 2 Zone), Unit MUC-2 (Mucuri 3 Zone and Mucuri 4 Zone), and Unit MUC-3 (Mucuri 5 Zone). The primary recovery mechanism in the field is solution gas drive, and there is secondary recovery in the field through water injection.

A representative structure map of the São Mateus field on top of the Mariricu 1 reservoir is shown on Figure 18.

**FIGURE 18**  
**Structure Map, São Mateus Field**

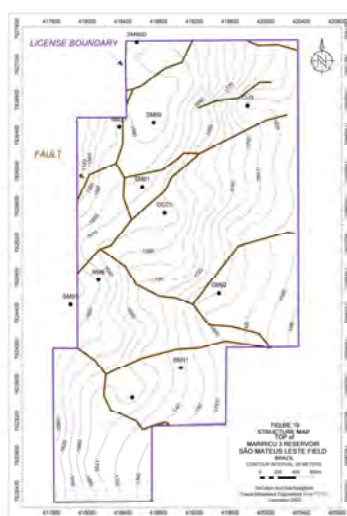


### São Mateus Leste Field

The São Mateus Leste field, in the Espírito Santo Basin, covers an area of 10.68 square kilometers and is located about 10 kilometers from the city of São Mateus. The field was discovered in December 2007 and production began in August 2010. A total of six onshore wells were drilled, and there are currently three wells on production. All crude production of the field (oil, water, and associated natural gas) is directed to atmospheric tanks located in the bases of wells 3-BRSA-0840D-ES (3-SM-0090D-ES), 4-BRS A-0613-ES (4-OCO-0001-ES), and 4-BRSA-0554-ES (4-MAI-0001-ES), where gas/liquid separation occurs. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. The oil/water emulsion is then transported by trailers to the SM-08 Station. From the station, the production is drained by means of a pipeline to the TNC. The main reservoirs are those of the Maririco Formation, Mucuri Member, and are composed predominantly of Aptian silty rocks with porosities between 12 and 21 percent and permeabilities ranging from 10 to 200 millidarcys. Despite these unfavorable permoporosal conditions, the quality of the oil (density ranges from 16 to 32° API), makes transmissibility in the porous medium regular. The production mechanism is predominantly solution gas drive.

A representative structure map of the São Mateus Leste field on top of the Mariricu 3 reservoir is shown on Figure 19.

**FIGURE 19**  
**Structure Map, São Mateus Leste Field**



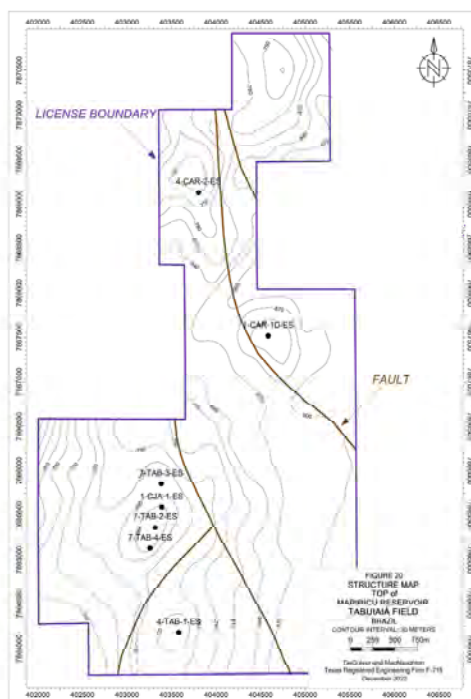
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### Tabuiaia Field

The Tabuiaia field, in the Espírito Santo Basin, covers an area of 16.25 square kilometers and is located about 32 kilometers from the town of Linhares. The field was discovered in May 2006 and production began in September 2006. A total of eight onshore wells were drilled, and there are currently two wells on production. All fluids produced are stored in 400-barrel atmospheric tanks. From the tanks, production is transported by trailers to the FALS, where the separation and treatment of the oil is carried out, and later forwarded to the TNC. Natural gas quantities produced are vented from the tanks in their entirety due to the small volumes produced. The reservoirs found in the area correspond to Aptian fluoride-deltaes continental sandstones of the Maririco Formation, Mucuri Member, and produce a saturated oil with a density ranging from 15.5 to 21.1° API, porosities ranging between 11 and 20 percent, and low permeability. The production mechanism is predominantly solution gas drive.

A representative structure map of the Tabuiaia field on top of the Maririco reservoir is shown on Figure 20.

**FIGURE 20**  
**Structure Map, Tabuiaia Field**



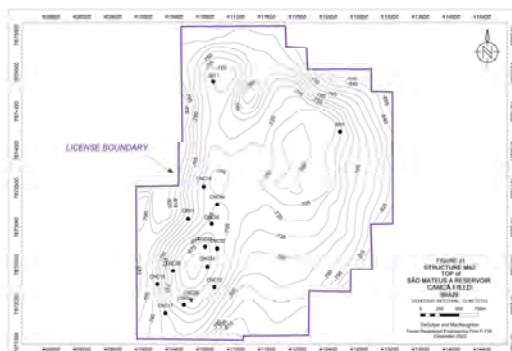
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Norte Capixaba ClusterCancã Field

The Cancã field, in the Espírito Santo Basin, covers an area of 15.67 square kilometers and is located about 25 kilometers from the town of Linhares. The field was discovered in May 1969 and production began in February 1975. A total of 52 onshore wells were drilled, and there are currently 40 wells on production. The production collection system is composed of lines connecting part of the field to the Cancã Collection Station (ECNC), located in the area of well 7-CNC-0006-ES, which has storage tanks, and connecting the rest of the field to the manifold of well 3-BRSA-0494-ES, where other tanks are installed. In addition to these tanks, there are others installed in the area of well 7-CNC-0019-ES, an isolated tank in the area of well 3-BRSA-1103-ES, and an additional tank in the area of well 7-CNC-0006-ES. From the tanks, production is transported, by trailer to the FALS. After primary processing, the oil is transported to the TNC. The main reservoirs correspond to Albian sandstones from the arid to semi-arid environment of the São Mateus Formation. Secondary accumulations were observed in the Cenomanian /Eocene sands originating from gravitational flows of the Urucutuca Formation, and in Aptian sands of a deltaic environment influenced by tidal forces. The production mechanism is predominantly solution gas drive, and there is no evidence of aquifer action. Cyclic steam injection is performed in the wells for the purpose of improved recovery.

A representative structure map of the Cancã field on top of the São Mateus reservoir is shown on Figure 21.

**FIGURE 21**  
**Structure Map, Cancã Field**



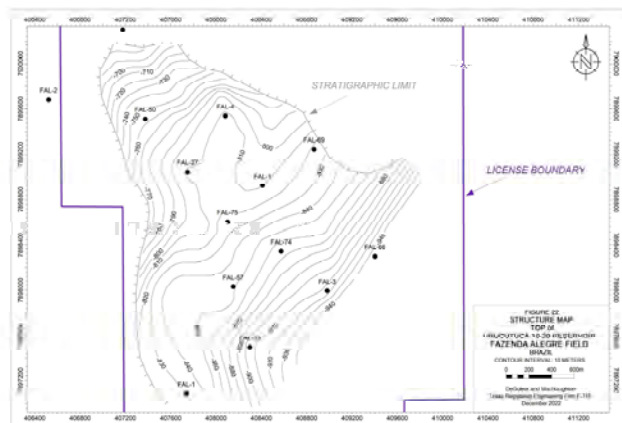
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### Fazenda Alegre Field

The Fazenda Alegre field, in the Espírito Santo Basin, covers an area of 16.36 square kilometers and is located about 25 kilometers from the city of São Mateus. The field was discovered in June 1996 and production began in October 1996. A total of 200 onshore wells were drilled, and there are currently 101 wells on production. The production collection system consists of four satellite stations distributed throughout the field, which transport oil and natural gas to the FALS. Some wells produce directly to atmospheric tanks installed in their bases. There is no natural gas processing at the station. After primary processing, the oil is transported through a pipeline to the TNC. The natural gas produced is used for internal consumption of the field facilities. The reservoirs correspond to Maastrichtian turbiditic sandstones of a high-energy channel environment under the tidal influence of the Urucutuca Formation, and have an average porosity of 27 percent and permeabilities ranging between 500 and 2,000 millidarcys. The reservoirs are saturated with a viscous oil with a density of 13° API. The production mechanism is predominantly solution gas drive, with moderate performance of the aquifer. Due to the high viscosity of the oil, steam injection into the wells is performed as an improved recovery method.

A representative structure map of the Fazenda Alegre field on top of the Urucutuca 10-20 reservoir is shown on Figure 22.

**FIGURE 22**  
**Structure Map, Fazenda Alegre Field**



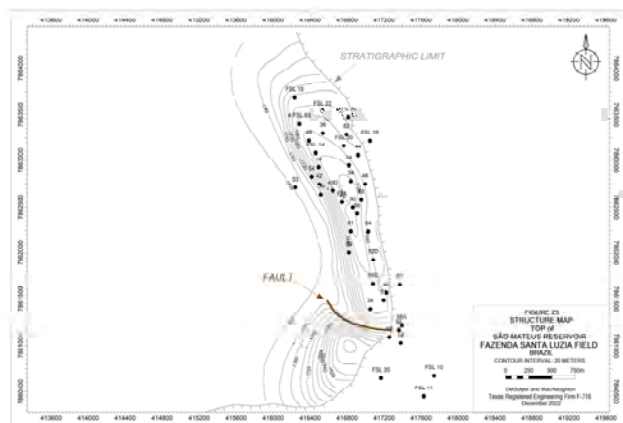
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### Fazenda Santa Luzia Field

The Fazenda Santa Luzia field, in the Espírito Santo Basin, covers an area of 10.02 square kilometers and is located about 30 kilometers from the town of Linhares. The field was discovered in August 1992 and production began in October 1992. A total of 77 onshore wells were drilled, and there are currently 58 wells on production. The collection system consists of four production satellites and a main manifold at the Fazenda Santa Luzia Treatment Plant. After passing through the separation system, the oil is transported by pipelines ranging in diameter between 4 and 12 inches (55.3 kilometers) to the TNC, located in the district of Campo Grande, municipality of São Mateus. The gas produced is debugged and transferred naturally by pressure differential to the FSRS (5.6 kilometers straight), where the gas is compressed and then sent to be processed in the Cacimbas Gas Treatment Unit (UTGC). The reservoirs of the field are permeable sandstones of the São Mateus Formation cyclically interspersed with layers of carbonates and waterproof siltites that serve as seals. The primary recovery mechanism of oil production in the field is solution gas drive.

A representative structure map of the Fazenda Santa Luzia field on top of the São Mateus reservoir is shown on Figure 23.

**FIGURE 23**  
**Structure Map, Fazenda Santa Luzia Field**



### Fazenda São Rafael Field

The Fazenda São Rafael field, in the Espírito Santo Basin, covers an area of 29.91 square kilometers and is located about 35 kilometers from the town of

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Linhares. The field was discovered in December 1996 and production began in February 1997. A total of 84 onshore wells were drilled, and there are currently 24 wells on production. Oil and gas is collected through 3-inch pipelines, connected to the São Rafael Farm Station (EFSR). The processing of oil production, as well as the separation and treatment of the produced water, is carried out in the station. After passing through the separation system, the oil is transported by pipelines with diameters ranging between 8 and 12 inches (49 kilometers) to the Terminal TNC. The gas is separated and transported by pipelines with diameters ranging from 6 to 8 inches (32 kilometers) to the Cacimbas Gas Treatment Unit (UTGC). The field is located in the central part of the Regency Platform and is structured in 8 blocks where 26 production zones were mapped; 2 of these production zones produce nonassociated gas and the rest produce oil. The production of hydrocarbons occurs in the Albian section in the silicyctotic sandstone of the São Mateus Formation, deposited in an environment of incised valleys. This depositional environment provides the formation of two distinct types of reservoirs, one with excellent permoporous conditions (a river sandstone with porosity ranging from 20 to 25 percent and permeability ranging from 500 to 1,000 millidarcys) and one with poorer permoporous characteristics (a platform sandstone with porosity ranging from 10 to 20 percent and permeability ranging from 1 to 1,000 millidarcys). The river sandstone is strategically embedded in the platform sandstone, forming the same hydrodynamic unit. The primary recovery mechanism in most areas is solution gas drive.

A representative structure map of the Fazenda São Rafael field on top of the São Mateus reservoir is shown on Figure 24.

**FIGURE 24**  
**Structure Map, Fazenda São Rafael Field**





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The estimated net proved, probable, and possible reserves, as of December 31, 2022, of the properties evaluated herein are summarized as follows, expressed in thousands of barrels (10<sup>3</sup>bbl), millions of cubic feet (10<sup>6</sup>ft<sup>3</sup>), and thousands of barrels of oil equivalent (10<sup>3</sup>boe):

	Net Reserves		
	Oil (10 <sup>3</sup> bbl)	Marketable Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil Equivalent (10 <sup>3</sup> boe)
Proved			
Developed Producing	16,963.20	4,034.25	17,681.81
Developed Non-Producing	19,077.72	18,808.73	22,428.05
<b>Total Proved Developed</b>	<b>36,040.92</b>	<b>22,842.98</b>	<b>40,109.86</b>
Proved Undeveloped	42,884.99	13,934.50	45,367.09
<b>Total Proved</b>	<b>78,925.91</b>	<b>36,777.48</b>	<b>85,476.95</b>
Probable	51,506.95	14,725.34	54,129.91
<b>Proved plus Probable</b>	<b>130,432.86</b>	<b>51,502.82</b>	<b>139,606.86</b>
Possible	25,510.53	8,535.12	27,030.86
<b>Proved plus Probable plus Possible</b>	<b>155,943.39</b>	<b>60,037.94</b>	<b>166,637.72</b>

## Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Marketable gas quantities estimated herein were converted to oil equivalent using an energy equivalent factor of 5,614 cubic feet of gas per 1 barrel of oil equivalent.
3. As represented by Seacrest Petroleo, 100 percent of the marketable gas reserves estimated herein will be consumed as fuel in field operations.
4. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the end of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.
5. Technical forecasts and estimated economic limits were projected beyond the expiration of the concession agreements. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleo's request, the reserves evaluated herein consider the potential concession extensions.
6. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

### Valuation of Reserves

Revenue values in this report were estimated using initial prices, expenses, and costs provided by Seacrest Petroleo and forecast prices, expenses, and costs

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described herein. Three economic cases were evaluated in this report: Base Case, Low Price Case, and High Price Case. Net reserves estimated herein were based on the Base Case price, expense, and cost estimations.

Estimates of future net revenue and present worth of proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves were based on the revenue associated with the Base Case future prices and costs.

In this report, values for proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves were based on projections of estimated future production and revenue prepared for these properties with no risk adjustment applied to the probable or possible reserves. Probable and possible reserves involve substantially higher risk than proved reserves. Revenue values associated with proved-plus-probable and proved-plus-probable-plus-possible reserves have not been adjusted to account for such risks; this adjustment would be necessary in order to make values associated with probable and possible reserves comparable to values associated with proved reserves.

Future net revenue was estimated in accordance with Brazilian Law n° 9,478, the Petroleum Law of 1997. The fiscal terms outlined in the Petroleum Law and assessable to Seacrest Petroleo, as well as other economic assumptions used in this evaluation for the Base Case, are presented as follows:

#### *Brazilian Fiscal Terms*

The Petroleum Law of 1997 affords the Brazilian government three elements of government take: 1) Petroleum levies consisting of royalties, a special participation fee, and surface rentals; 2) direct taxes, which are levied through the financial transaction tax, the corporate income tax, and two social contribution taxes; and 3) indirect taxes, which are levies on equipment and services used by companies engaged in exploration and production activities.

#### *Royalties*

The estimated royalties are to be paid in cash and are included in Royalties Paid in Cash in the tables of this report. The royalty rate in Brazil varies by field between 5 and 10 percent.

Specific field royalty rates were provided by Seacrest Petroleo. In addition to the royalty, there is a 1-percent landlord fee payable to the landowners where onshore fields are located.

At the request of Seacrest Petroleo, a royalty payment of 10 percent was considered for the Cricaré Cluster and a reduced royalty payment of 5 percent was considered for quantities associated with all incremental activity. Seacrest Petroleo has represented that the ANP-enacted Resolution n° 749/2018 allows for a reduction of royalty rates over incremental production on mature fields. Seacrest Petroleo has advised that it has reasonable certainty that the royalty reduction over the incremental production of all properties will be obtained. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain these royalty reductions.

At the request of Seacrest Petroleo, a royalty payment of 8.5 percent was considered for the Norte Capixaba Cluster. A reduced royalty payment of 5 percent was considered for quantities associated with all incremental activity in the Fazenda San Rafael and Fazenda Santa Lucía fields for 5 years starting in 2023. Seacrest Petroleo has represented that the ANP-enacted Resolution n° 1097/2022 allows for a reduction of royalty rates over incremental production on mature fields. Seacrest Petroleo has advised that it has reasonable certainty that the royalty reduction over the incremental production of all properties will be obtained. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain these royalty reductions.

Oil and gas royalties are assessed on the market value of the oil, which is defined as the greater of the sales price or the market valuation as determined by the ANP. For the purposes of this evaluation, the royalty value was assumed to equal the market value of the crude oil and gas.

### *Special Participation Fee*

The special participation fee (SPF) is a tax assessed at the field level on a sliding-scale basis that varies depending on the location of the field (onshore or offshore), water depth, level of production, and number of years on production. For the fields evaluated herein, the SPF tax is zero.

### *Brazilian Income Taxes*

Income tax in Brazil is assessed on a consolidated-entity basis at a statutory rate of 34 percent. This rate consists of the base tax rate of 15 percent, a surtax of 10 percent, and a social contribution component of 9 percent. As represented by Seacrest Petroleo, the Superintendência do Desenvolvimento do Nordeste (Sudene) benefit will be obtained, and a 10-year reduction of the income tax from 34 to 15.25 percent will be granted starting in 2023.

### *Social Contribution Taxes*

Seacrest Petroleo has advised that is not liable for any additional social contribution taxes.

### *Retention Area Fee*

For the Cricaré Cluster, Seacrest Petroleo has advised that an annual retention area fee of R\$2,637.28 per square kilometer is paid. For the Norte Capixaba Cluster, Seacrest Petroleo has advised that an annual retention area fee of R\$2483,98 per square kilometer is paid. Seacrest Petroleo has represented that the Cricaré and Norte Capixaba Clusters properties evaluated herein cover total areas of 285 square kilometers and 59.53 square kilometers, respectively.

### *Oil Prices*

Oil prices used in this evaluation were based on price forecasts as described herein. A net realized oil price of U.S.\$85.00 per barrel was used for 2023, a net realized oil price of U.S.\$80.00

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per barrel was used for 2024, and a net realized oil price of U.S.\$75.00 per barrel was used for 2025 and held flat for the remaining life of the evaluation.

#### *Operating Expenses, Capital Costs, and Abandonment Costs*

Estimates of future operating expenses, capital costs, and abandonment costs were based on information provided by Seacrest Petroleo. This information included projected costs related to the respective field work programs and expected operating costs. Future operating expenses, either higher or lower than current expenses, may have been estimated to account for changes in operating conditions or to conform to the field activity level that corresponds to the reserves case. Abandonment costs are those costs associated with the removal of equipment, the plugging of wells, and reclamation and restoration costs associated with abandonment. Estimates of operating expenses, capital costs, and abandonment costs were projected in constant 2023 U.S.\$ terms. No general escalation that might result from inflation has been applied. Operating expenses, capital costs, and abandonment costs were considered, as appropriate, in determining the economic viability of the developed non-producing and undeveloped reserves estimated herein.

The operating expenses for the operation of both clusters are 15 percent lower than the operating expenses estimated for operating the individual clusters separately. Seacrest Petroleo has represented that it has identified potential cost-saving opportunities due to synergies in the operation of the two clusters. Based on these representations, the operating expenses considered herein assumed that Seacrest Petroleo will operate both clusters and that it will implement the cost-saving opportunities that have been identified to obtain the 15-percent reduction.

#### *Exchange Rate*

An exchange rate of R\$5.50 per U.S.\$1.00 that was used herein.

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*Concession Expiration Date*

Seacrest Petroleo has advised that it has reasonable certainty that the extensions of the concessions of all properties will be obtained. In Brazil, a 27-year concession extension is granted as determined by ANP if certain conditions are met by the company operating the concession. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain the concession extensions. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the end of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.

The estimated future net revenue and present worth of the future net revenue attributable to the evaluated interest in the proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves, as of December 31, 2022, of the properties evaluated under the Base Case economic assumptions described herein are summarized as follows, expressed in thousands of United States dollars (10<sup>3</sup>U.S.\$):

	<b>Valuation Summary-Base Case</b>			
	<b>Future Net Revenue (10<sup>3</sup>U.S.\$)</b>	<b>Present Worth at 8 Percent (10<sup>3</sup>U.S.\$)</b>	<b>Present Worth at 10 Percent (10<sup>3</sup>U.S.\$)</b>	<b>Present Worth at 12 Percent (10<sup>3</sup>U.S.\$)</b>
Proved Developed Producing	503,324	384,775	361,144	339,804
Proved Developed	1,277,850	879,872	808,489	745,728
Total Proved	3,123,086	1,964,800	1,768,024	1,597,449
Proved plus Probable	5,187,194	2,865,170	2,524,775	2,240,656
Proved plus Probable plus Possible	6,409,707	3,472,801	3,051,966	2,702,384

## Notes:

1. Values for probable and possible reserves have not been risk adjusted to make them comparable to values associated with proved reserves.
2. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.
3. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

### Sensitivities

Three price sensitivity scenarios were evaluated in this report in order to present alternative outcomes to the future revenue estimates for estimated reserves. Prices in the sensitivity cases vary from initial conditions and differ from the Base Case. Projections of net reserves summarized herein were based on the Base Case scenario, and quantities in the sensitivity cases are those included to the limit of projected production under the Base Case scenario or when an annual economic limit for each case is reached, whichever occurs first. Unless noted otherwise, all other components of the evaluation for the sensitivity cases are the same as stated for the Base Case herein.

The Low Price Case and the High Price Case are relative to the Base Case.

The oil prices used for the Low Price Case are summarized as follows, expressed in thousands of United States dollars ( $10^3$ U.S.\$):

#### *Low Price Case*

Oil prices used in this evaluation were based on price forecasts as described herein. A net realized oil price of U.S.\$76.50 per barrel was used for 2023, a net realized oil price of U.S.\$72.00 per barrel was used for 2024, and a net realized oil price of U.S.\$67.50 per barrel was used for 2025 and held flat for the remaining life of the evaluation.

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The estimated future net revenue and present worth of the future net revenue attributable to the evaluated interest in the proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible quantities, as of December 31, 2022, of the properties evaluated under the Low Price Case sensitivity economic assumptions described herein are summarized as follows, expressed in thousands of United States dollars ( $10^3$ U.S.\$):

	Valuation Summary-Low Price Case			
	Future Net Revenue ( $10^3$ U.S.\$)	Present Worth at 8 Percent ( $10^3$ U.S.\$)	Present Worth at 10 Percent ( $10^3$ U.S.\$)	Present Worth at 12 Percent ( $10^3$ U.S.\$)
Proved Developed Producing	410,405	318,661	299,850	282,718
Proved Developed	1,080,735	754,167	694,525	641,802
Total Proved	2,688,538	1,696,091	1,526,085	1,378,440
Proved plus Probable	4,490,310	2,485,379	2,188,938	1,941,185
Proved plus Probable plus Possible	5,579,494	3,026,742	2,658,626	2,352,558

Notes:

1. Values for probable and possible quantities have not been risk adjusted to make them comparable to values associated with proved quantities.
2. Reserves are those estimated using the Base Case, and quantities in the sensitivity cases should not be confused with reserves.
3. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.
4. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

The oil prices used for the High Price Case are summarized as follows, expressed in thousands of United States dollars ( $10^3$ U.S.\$):

### *High Price Case*

Oil prices used in this evaluation were based on price forecasts as described herein. A net realized oil price of U.S.\$93.50 per barrel was used for 2023, a net realized oil price of U.S.\$88.00 per barrel was used for 2024, and a net realized oil price of U.S.\$82.50 per barrel was used for 2025 and held flat for the remaining life of the evaluation.



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The estimated future net revenue and present worth of the future net revenue attributable to the evaluated interest in the proved developed producing, proved developed, total proved, proved-plus-probable, and proved-plus-probable-plus-possible quantities, as of December 31, 2022, of the properties evaluated under the High Price Case sensitivity economic assumptions described herein are summarized as follows, expressed in thousands of United States dollars (10<sup>3</sup>U.S.\$):

	Valuation Summary-High Price Case			
	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 8 Percent (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)	Present Worth at 12 Percent (10 <sup>3</sup> U.S.\$)
Proved Developed Producing	598,221	450,563	422,032	396,447
Proved Developed	1,477,596	1,005,401	922,185	849,356
Total Proved	3,559,299	2,232,701	2,009,295	1,815,935
Proved plus Probable	5,884,084	3,244,957	2,860,621	2,540,126
Proved plus Probable plus Possible	7,239,939	3,918,869	3,445,311	3,052,217

Notes:

1. Values for probable and possible quantities have not been risk adjusted to make them comparable to values associated with proved quantities.
2. Reserves are those estimated using the Base Case, and quantities in the sensitivity cases should not be confused with reserves.
3. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.
4. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

## Definition of Contingent Resources

Estimates of contingent resources presented in this report have been prepared in accordance with the PRMS approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists & Engineers. Because of the lack of commerciality or sufficient development drilling, the contingent resources estimated herein cannot be classified as reserves. The petroleum contingent resources are classified as follows:

*Contingent Resources* are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known

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accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.

*Economically Viable Contingent Resources* are those quantities associated with technically feasible projects where cash flows are positive under reasonably forecast conditions but are not Reserves because it does not meet the other commercial criteria.

*Economically Not Viable Contingent Resources* are those quantities for which development projects are not expected to yield positive cash flows under reasonable forecast conditions. May also be subject to additional unsatisfied contingencies.

Where evaluations are incomplete and it is premature to clearly define the associated cash flows, it is acceptable to note that the project economic status is “undetermined.”

The estimation of petroleum resources is subject to both technical and commercial uncertainties and, in general, may be quoted as a range. The range of uncertainty reflects a reasonable range of estimated potentially recoverable quantities. In all cases, the range of uncertainty is dependent on the amount and quality of both technical and commercial data that are available and may change as more data become available.

*1C (Low), 2C (Best), and 3C (High) Estimates* – Estimates of contingent resources in this report are expressed using the terms 1C (low) estimate, 2C (best) estimate, and 3C (high) estimate to reflect the range of uncertainty.

### **Estimation of Contingent Resources**

Estimates of contingent resources were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry and in

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accordance with definitions established by the PRMS. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

Based on the current stage of field development, production performance, the development plans provided by Seacrest Petroleo, and analyses of areas offsetting existing wells with test or production data, contingent resources were categorized as 1C, 2C, or 3C.

Contingent resources were estimated by incorporating elements of analogy with similar wells or reservoirs for which more complete data were available. Estimates of ultimate oil recoveries from the analogy-based evaluations were compared to the original oil in place (OOIP) estimates provided by Seacrest Petroleo as appropriate. These comparisons yielded a reasonable range in analogy-based oil recovery factor estimates associated with the 1C, 2C, and 3C contingent resources.

Data provided by Seacrest Petroleo from wells drilled through June 30, 2022, and made available for this evaluation were used to prepare the contingent resources estimates herein. These contingent resources estimates were based on consideration of monthly production data available only through June 30, 2022. Estimated cumulative production, as of December 31, 2022, was deducted from the estimated gross ultimate recovery to estimate gross contingent resources. This required that production be estimated for up to 6 months.

Oil contingent resources estimated herein are to be recovered by normal field separation and are expressed in  $10^3$ bbl. In these estimates, 1 barrel equals 42 United States gallons.

Gas quantities associated with contingent resources estimated herein are expressed as marketable gas and sales gas contingent resources. Marketable gas is defined as the total gas produced from the reservoir after reduction for shrinkage resulting from field separation; processing, including removal of the nonhydrocarbon gas to meet pipeline specifications; and flare and other losses but not from fuel usage. Sales gas is defined as the total gas to be produced from the reservoirs, measured at the point of delivery, after reduction for fuel usage, flare, and shrinkage resulting from field separation and processing. Seacrest Petroleo has represented that all gas quantities produced from the evaluated fields are consumed as fuel in field operations; consequently, sales gas contingent resources were estimated herein to be zero.

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Gas quantities are expressed at a temperature base of 20 °C and at a pressure base of 1 kg/cm<sup>2</sup>. Gas quantities included in this report are expressed in 10<sup>6</sup>ft<sup>3</sup>.

Gas quantities are identified by the type of reservoir from which the gas will be produced. Nonassociated gas is gas at initial reservoir conditions with no crude oil present in the reservoir. Associated gas includes both gas-cap gas and solution gas. Gas-cap gas is gas at initial reservoir conditions and is in communication with an underlying crude oil zone. Solution gas is gas dissolved in crude oil at initial reservoir conditions. Gas quantities reported herein are associated and nonassociated gas.

At the request of Seacrest Petroleo, marketable gas contingent resources estimated herein were converted to oil equivalent using an energy equivalent factor of 5,614 cubic feet of gas per 1 barrel of oil equivalent.

The contingent resources estimated herein have an economic status of undetermined, since the evaluations of those contingent resources are at a stage such that it is premature to clearly define the associated cash flows.

The contingent resources estimated herein are associated with the following projects: the drilling of 20 wells in the Cancã field; cyclic steam injection in the Regencia Formation; cyclic steam injection in the São Mateus-Regencia Formation; recompletion of behind-pipe zones in new wells in the Inhambu field; and the development of associated gas reservoirs in the Lagoa Suroaca, Rio Preto Sul, Rio São Mateus, São Mateus, and São Mateus Leste fields. The key contingencies identified for these projects include the lack of evidence of a technically mature, feasible development plan; the lack of a reasonable assessment of the future economics to meet defined investment and operating criteria; the lack of evidence that the necessary facilities are available or can be made available; the lack of evidence that the necessary fuel gas will be available; and the lack of authorization from the ANP to develop certain associated gas reservoirs.

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### **Professional Qualifications**

DeGolyer and MacNaughton is a Delaware Corporation with offices at 5001 Spring Valley Road, Suite 800 East, Dallas, Texas 75244, U.S.A. The firm has been providing petroleum consulting services throughout the world since 1936. The firm's professional engineers, geologists, geophysicists, petrophysicists, and economists are engaged in the independent evaluation of oil and gas properties, evaluation of hydrocarbon and other mineral prospects, basin evaluations, comprehensive field studies, equity studies, and studies of supply and economics related to the energy industry. Except for the provision of professional services on a fee basis, DeGolyer and MacNaughton has no commercial arrangement with, and is independent of, any other person or company involved in the interests which are the subject of this report. DeGolyer and MacNaughton has no economic or beneficial interest (present or contingent) in any of the interests which are the subject of this report, nor in any person or company involved therewith, and is not being remunerated by way of a fee that is linked to the admission or valuation of Seacrest Petroleo.

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The evaluation has been supervised by Mr. Federico Dordoni. Mr. Dordoni is a Executive Vice President with DeGolyer and MacNaughton, Division Manager of the firm's Asia-Pacific / Latin America Division, a Registered Professional Engineer in the State of Texas, and a member of the Society of Petroleum Engineers and the Society of Petroleum Evaluation Engineers. He has over 17 years of oil and gas industry experience.

Submitted,

*DeGolyer and MacNaughton*

DeGOLYER and MacNAUGHTON  
Texas Registered Engineering Firm F-716



*Federico Dordoni*

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Federico Dordoni, P.E.  
Executive Vice President  
DeGolyer and MacNaughton

**TABLE A-1**  
**LIST of FIELDS EVALUATED**  
as of  
**DECEMBER 31, 2022**  
in the  
**CRICARÉ and NORTE CAPIXABA CLUSTERS**  
in the  
**ESPÍRITO SANTO BASIN, BRAZIL**  
for  
**SEACREST SPE CRICARE**



<b>Basin Cluster Field</b>	<b>Evaluated Interest (%)</b>	<b>Concession Expiration Date</b>	<b>Extension of the Concession Expiration Date</b>
<b>Espirito Santo</b>			
<b>Cricaré</b>			
Biguá	100	August 24, 2032	August 24, 2059
Cacimbas	100	August 6, 2025	August 6, 2052
Campo Grande	100	August 6, 2025	August 6, 2052
Córrego Dourado	100	August 6, 2025	August 6, 2052
Fazenda Cedro	100	August 6, 2025	August 6, 2052
Fazenda São Jorge	100	August 6, 2025	August 6, 2052
Guriri	100	November 11, 2035	November 11, 2062
Inhambu	100	November 24, 2032	November 24, 2059
Jacutinga	100	July 28, 2036	July 28, 2063
Lagoa Suruaca	100	August 6, 2025	August 6, 2052
Mariricu	100	August 6, 2025	August 6, 2052
Mariricu Norte	100	August 6, 2025	August 6, 2052
Rio Itaúnas	100	August 6, 2025	August 6, 2052
Rio Preto	100	August 6, 2025	August 6, 2052
Rio São Mateus	100	August 6, 2025	August 6, 2052
São Mateus	100	August 6, 2025	August 6, 2052
São Mateus Leste	100	April 16, 2037	April 16, 2064
Tabuiaíá	100	December 6, 2033	December 6, 2060
<b>Norte Capixaba</b>			
Cancã	100	August 24, 2034	August 24, 2061
Fazende Alegre	100	May 8, 2052	
Fazenda Santa Luzia	100	May 8, 2038	May 8, 2065
Fazenda São Rafael	100	May 8, 2025	August 5, 2052

**Notes:**

- Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.
- Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleo's request, the reserves evaluated herein consider the potential concession extensions.
- Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.

**TABLE A-2**  
**SUMMARY of NET RESERVES, FUTURE NET REVENUE, and PRESENT WORTH**  
as of  
**DECEMBER 31, 2022**  
for  
**CERTAIN FIELDS**  
in the  
**CRICARÉ and NORTE CAPIXABA CLUSTERS**  
in the  
**ESPÍRITO SANTO BASIN, BRAZIL**  
for  
**SEACREST SPE CRICARE**

<b>Reserves Category</b>	<b>Oil (10<sup>3</sup>bbl)</b>	<b>Marketable Gas (10<sup>6</sup>ft<sup>3</sup>)</b>	<b>Sales Gas (10<sup>6</sup>ft<sup>3</sup>)</b>	<b>Future Net Revenue (10<sup>3</sup>U.S.\$)</b>	<b>Present Worth at 10 Percent (10<sup>3</sup>U.S.\$)</b>
Proved Developed Producing	16,963.20	4,034.25	0.00	503,324	361,144
Proved Developed	36,040.92	22,842.98	0.00	1,277,850	808,489
Total Proved	78,925.91	36,777.48	0.00	3,123,086	1,768,024
Proved plus Probable	130,432.86	51,502.82	0.00	5,187,194	2,524,775
Proved plus Probable plus Possible	155,943.39	60,037.94	0.00	6,409,707	3,051,966

Notes:

1. Probable and possible reserves and values associated with probable and possible reserves have not been risk adjusted to make them comparable to proved reserves or values associated with proved reserves, respectively.
2. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.
3. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.
4. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleo's request, the reserves evaluated herein consider the potential concession extensions.
5. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.



**TABLE A-3**  
**SUMMARY OF NET CONTINGENT RESOURCES**  
as of  
**DECEMBER 31, 2022**  
for  
**CERTAIN FIELDS**  
in the  
**CRICARÉ and NORTE CAPIXABA CLUSTERS**  
in the  
**ESPIRITO SANTO BASIN, BRAZIL**  
for  
**SEACREST SPE CRICARÉ**



Cluster Project	1C			2C			3C		
	Oil (10 <sup>3</sup> bbl)	Marketable Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (10 <sup>3</sup> bbl)	Marketable Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (10 <sup>3</sup> bbl)	Marketable Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales Gas (10 <sup>6</sup> ft <sup>3</sup> )
<b>Cricaré</b>									
Cyclic steam injection in Regencia Formation	715.00	0.00	0.00	2,382.00	0.00	0.00	4,763.50	0.00	0.00
Cyclic steam injection in Sao Mateus – Regencia Formation	1,077.00	0.00	0.00	3,592.00	0.00	0.00	7,184.20	0.00	0.00
New completions at proposed locations in the Inhambu field	0.00	9.57	0.00	0.00	18.53	0.00	0.00	22.84	0.00
Production of Associated Free Gas (GLA) Zones	0.00	4,702.26	0.00	0.00	12,575.81	0.00	0.00	31,006.33	0.00
<b>Sub total</b>	<b>1,792.00</b>	<b>4,711.83</b>	<b>0.00</b>	<b>5,974.00</b>	<b>12,594.34</b>	<b>0.00</b>	<b>11,947.70</b>	<b>31,029.17</b>	<b>0.00</b>
<b>Norte Capixaba</b>									
Canã	1,171.54	0.00	0.00	3,914.58	0.00	0.00	9,592.27	0.00	0.00
Production of Not Associated Gas (GNA) Fields Fazenda Alegre	0.00	0.00	0.00	0.00	1,234.29	0.00	0.00	969.38	0.00
Fazenda São Rafael and Fazenda Santa Luzia	1,171.54	0.00	0.00	3,914.58	1,234.29	0.00	9,592.27	969.38	0.00
<b>Sub total</b>	<b>2,963.54</b>	<b>4,711.83</b>	<b>0.00</b>	<b>9,888.58</b>	<b>13,828.63</b>	<b>0.00</b>	<b>21,539.97</b>	<b>31,998.55</b>	<b>0.00</b>

**Notes:**

1. Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.
2. There is no certainty that it will be commercially viable to produce any portion of the resources evaluated.
3. The contingent resources estimated have an economic status of economic undetermined.
4. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

TABLE A-4  
SUMMARY OF NET RESERVES  
as of  
DECEMBER 31, 2022  
for  
CERTAIN FIELDS  
in the  
CRICARÉ and NORTE CAPIXABA CLUSTERS  
in the  
ESPÍRITO SANTO BASIN, BRAZIL  
for  
SEACREST SPE CRICARÉ



Cluster Field	Proved Developed Producing			Proved Developed Non-Producing			Proved Developed Marketable			Proved Undeveloped			Total Proved			Proved plus Probable			Proved plus Possible			
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales (10 <sup>6</sup> ft <sup>3</sup> )	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales (10 <sup>6</sup> ft <sup>3</sup> )	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales (10 <sup>6</sup> ft <sup>3</sup> )	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales (10 <sup>6</sup> ft <sup>3</sup> )	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales (10 <sup>6</sup> ft <sup>3</sup> )	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales (10 <sup>6</sup> ft <sup>3</sup> )	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Sales (10 <sup>6</sup> ft <sup>3</sup> )	
<b>Cricaré</b>																						
Biguaí	0.00	0.00	0.00	9.90	1,408.52	0.00	9.90	1,408.52	0.00	213.26	177.98	0.00	223.16	1,586.50	0.00	350.77	1,692.29	0.00	464.07	1,786.06	0.00	0.00
Cacimbas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Campo Grande	8.59	2.27	0.00	8.59	2.27	0.00	8.59	2.27	0.00	0.00	0.00	0.00	8.59	2.27	0.00	10.36	2.74	0.00	12.76	3.38	0.00	0.00
Correço Dourado	13.36	1.13	0.00	205.98	21.37	0.00	219.34	22.50	0.00	57.06	5.71	0.00	276.40	28.21	0.00	370.14	37.67	0.00	375.27	38.29	0.00	0.00
Fazenda Ceiro	119.91	16.70	0.00	1,119.64	447.68	0.00	1,239.55	464.38	0.00	1,719.35	885.46	0.00	2,958.90	1,349.84	0.00	4,318.05	2,161.91	0.00	5,953.48	3,161.92	0.00	0.00
Fazenda São Jorge	407.58	35.26	0.00	852.81	1,478.69	0.00	1,260.39	1,513.95	0.00	2,709.79	389.42	0.00	3,970.18	1,903.37	0.00	5,814.14	2,152.85	0.00	7,241.48	2,344.32	0.00	0.00
Guriri	0.00	0.00	0.00	26.84	2.98	0.00	26.84	2.98	0.00	0.00	0.00	0.00	26.84	2.98	0.00	29.71	3.31	0.00	32.96	3.69	0.00	0.00
Inhambu	245.00	15.11	0.00	3,547.41	316.64	0.00	3,792.41	331.75	0.00	3,701.67	333.48	0.00	7,494.08	665.23	0.00	18,642.63	1,667.76	0.00	20,930.93	1,871.33	0.00	0.00
Jacutinga	188.61	17.91	0.00	3,081.19	382.87	0.00	3,269.80	400.78	0.00	206.59	26.91	0.00	3,476.39	427.69	0.00	10,578.82	1,161.72	0.00	10,676.38	1,172.44	0.00	0.00
Lagoa Sinuaca	20.58	11.10	0.00	248.15	6,825.40	0.00	269.73	6,886.50	0.00	2,920.83	324.74	0.00	3,190.66	7,161.24	0.00	4,924.75	7,444.41	0.00	6,581.83	7,737.59	0.00	0.00
Mairinçu	8.87	1.18	0.00	42.70	9.74	0.00	51.57	10.92	0.00	0.00	0.00	0.00	51.57	10.92	0.00	59.36	12.56	0.00	68.94	14.59	0.00	0.00
Marinicu Norte	15.52	3.15	0.00	9.34	1.90	0.00	24.86	5.05	0.00	0.00	0.00	0.00	24.86	5.05	0.00	28.80	5.85	0.00	33.44	6.79	0.00	0.00
Rio Itaunas	0.00	0.00	0.00	251.56	8.67	0.00	251.56	8.67	0.00	0.00	0.00	0.00	251.56	8.67	0.00	1,383.60	138.44	0.00	2,765.88	294.51	0.00	0.00
Rio Preto	16.36	3.37	0.00	201.45	38.17	0.00	217.81	41.54	0.00	0.00	0.00	0.00	217.81	41.54	0.00	250.22	47.73	0.00	290.53	55.42	0.00	0.00
Rio São Mateus	0.00	28.52	0.00	878.62	1,892.91	0.00	878.62	1,921.43	0.00	181.57	21.60	0.00	1,060.19	1,943.03	0.00	1,439.10	2,209.68	0.00	1,499.50	2,389.20	0.00	0.00
São Mateus	171.42	19.68	0.00	598.88	283.79	0.00	770.30	303.47	0.00	24.42	2.80	0.00	794.72	306.27	0.00	906.88	322.22	0.00	1,042.67	341.34	0.00	0.00
São Mateus Leslie	0.00	0.00	0.00	10.22	2.27	0.00	10.22	2.27	0.00	0.00	0.00	0.00	10.22	2.27	0.00	11.72	2,267.68	0.00	13.38	2,268.05	0.00	0.00
Tabuaíá	0.00	0.00	0.00	3.37	0.69	0.00	3.37	0.69	0.00	0.00	0.00	0.00	3.37	0.69	0.00	3.80	0.78	0.00	4.29	0.88	0.00	0.00
<b>Cricaré Total</b>	<b>1,215.80</b>	<b>155.38</b>	<b>0.00</b>	<b>11,089.06</b>	<b>13,122.29</b>	<b>0.00</b>	<b>12,304.86</b>	<b>13,277.87</b>	<b>0.00</b>	<b>11,734.64</b>	<b>2,168.10</b>	<b>0.00</b>	<b>24,039.50</b>	<b>15,446.77</b>	<b>0.00</b>	<b>49,132.65</b>	<b>21,329.60</b>	<b>0.00</b>	<b>57,997.89</b>	<b>23,489.80</b>	<b>0.00</b>	<b>0.00</b>
<b>Norte Capixaba</b>																						
Cancã	2,273.44	173.54	0.00	1,104.24	102.29	0.00	3,377.68	275.83	0.00	8,188.85	668.27	0.00	11,566.53	944.10	0.00	21,505.82	1,765.24	0.00	26,085.07	2,139.57	0.00	0.00
Fazenda Alegre	11,717.88	2,319.53	0.00	6,490.34	1,161.16	0.00	18,208.22	3,480.69	0.00	5,740.00	762.94	0.00	23,948.22	4,243.63	0.00	29,652.97	5,240.37	0.00	33,409.41	5,891.37	0.00	0.00
Fazenda Santa Luzia	909.84	845.32	0.00	91.26	3,663.36	0.00	1,001.10	4,508.68	0.00	2,379.93	1,774.03	0.00	3,381.03	6,282.71	0.00	7,477.06	9,389.50	0.00	9,720.85	11,149.67	0.00	0.00
Fazenda São Rafael	846.24	540.48	0.00	302.82	759.63	0.00	1,149.06	1,300.11	0.00	14,841.57	8,581.16	0.00	15,990.63	9,861.27	0.00	22,664.36	13,778.11	0.00	28,730.17	17,367.53	0.00	0.00
<b>Norte Capixaba Total</b>	<b>15,747.40</b>	<b>3,878.87</b>	<b>0.00</b>	<b>7,968.66</b>	<b>5,686.44</b>	<b>0.00</b>	<b>23,736.06</b>	<b>9,565.31</b>	<b>0.00</b>	<b>31,150.35</b>	<b>11,766.40</b>	<b>0.00</b>	<b>54,886.41</b>	<b>21,331.71</b>	<b>0.00</b>	<b>81,300.21</b>	<b>30,173.22</b>	<b>0.00</b>	<b>97,945.50</b>	<b>36,548.14</b>	<b>0.00</b>	<b>0.00</b>
<b>Total</b>	<b>16,963.20</b>	<b>4,034.25</b>	<b>0.00</b>	<b>19,077.72</b>	<b>18,808.73</b>	<b>0.00</b>	<b>36,040.92</b>	<b>22,842.98</b>	<b>0.00</b>	<b>42,884.99</b>	<b>13,934.50</b>	<b>0.00</b>	<b>78,925.91</b>	<b>36,777.48</b>	<b>0.00</b>	<b>130,432.86</b>	<b>51,502.82</b>	<b>0.00</b>	<b>155,943.39</b>	<b>60,037.94</b>	<b>0.00</b>	<b>0.00</b>

Notes:  
1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.  
2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
4. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



TABLE A-5  
 PROJECTION OF PROVED DEVELOPED PRODUCING RESERVES and FUTURE NET REVENUE  
 as of  
 DECEMBER 31, 2022  
 for  
 CERTAIN FIELDS  
 in the  
 CRICARE and NORTE CAPIXABA CLUSTERS  
 in the  
 ESPRITO SANTO BASIN, BRAZIL  
 for  
 SEACREST SPE CRICARE  
 BASE CASE

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	2,173.38	0.00	85.00	-	184,737	18,329	40,578	0	0	779	19,071	105,980	100,456
2024	1,917.00	0.00	80.00	-	153,359	15,207	39,161	0	0	779	14,978	83,234	71,418
2025	1,700.86	0.00	75.00	-	127,642	12,642	37,966	0	0	779	11,617	64,560	50,143
2026	1,521.87	0.00	75.00	-	114,141	11,306	36,978	0	0	779	9,924	55,156	38,779
2027	1,163.00	0.00	75.00	-	87,225	8,448	22,496	0	33,000	0	8,579	14,675	9,340
2028	1,052.57	0.00	75.00	-	78,943	7,648	21,896	0	0	27	7,531	41,851	24,111
2029	946.09	0.00	75.00	-	70,957	6,870	21,297	0	0	27	6,521	36,242	18,900
2030	855.50	0.00	75.00	-	64,163	6,214	20,796	0	0	27	5,662	31,464	14,853
2031	775.06	0.00	75.00	-	58,130	5,625	20,351	0	0	27	4,899	27,228	11,635
2032	706.77	0.00	75.00	-	53,008	5,131	19,973	0	0	27	4,251	23,626	9,139
2033	635.92	0.00	75.00	-	47,694	4,613	19,582	0	0	27	7,980	15,492	5,425
2034	563.07	0.00	75.00	-	42,230	4,074	19,179	0	0	27	6,443	12,507	3,964
2035	506.66	0.00	75.00	-	38,000	3,665	18,867	0	0	27	5,250	10,191	2,924
2036	463.36	0.00	75.00	-	34,752	3,347	18,627	0	0	27	4,335	8,416	2,186
2037	411.70	0.00	75.00	-	30,877	2,976	18,342	0	0	27	3,241	6,291	1,479
2038	373.69	0.00	75.00	-	28,027	2,702	18,132	0	0	27	2,436	4,730	1,007
2039	340.62	0.00	75.00	-	25,547	2,463	17,949	0	0	27	1,737	3,371	649
2040	311.90	0.00	75.00	-	23,393	2,253	17,790	0	0	27	1,130	2,193	382
2041	284.29	0.00	75.00	-	21,322	2,051	17,637	0	0	27	546	1,061	167
2042	259.89	0.00	75.00	-	19,492	1,878	17,502	0	0	27	29	56	8
2043	0.00	0.00	-	-	0	0	0	45,000	0	0	0	(45,000)	(5,821)
2044	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2045	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2046	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2047	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2048	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2049	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2050	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2051	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2052	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2053	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>16,963.20</b>	<b>0.00</b>			<b>1,303,561</b>	<b>127,442</b>	<b>465,087</b>	<b>0</b>	<b>76,000</b>	<b>3,548</b>	<b>126,160</b>	<b>503,324</b>	<b>361,144</b>

Notes:  
 1. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 4. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Present Worth (10<sup>3</sup>U.S.\$) at:

8 Percent	384,775
12 Percent	339,804
15 Percent	311,650
20 Percent	273,296

*These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.*



TABLE A-6  
 PROJECTION of PROVED DEVELOPED RESERVES and FUTURE NET REVENUE  
 as of  
 DECEMBER 31, 2022  
 for  
 CERTAIN FIELDS  
 in the  
 CRICARE and NORTE CAPIXABA CLUSTERS  
 in the  
 ESPRITO SANTO BASIN, BRAZIL  
 for  
 SEACREST SPE CRICARE  
 BASE CASE

Year	Net Production		Volume Weighted Average Prices		Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )								
2023	2,944.52	0.00	85.00	-	24,288	44,843	10,050	0	779	27,385	142,939	135,488
2024	3,192.50	0.00	80.00	-	25,544	46,214	650	0	779	27,756	154,457	132,528
2025	2,997.20	0.00	75.00	-	22,096	45,135	500	0	779	23,772	132,508	102,919
2026	2,849.96	0.00	75.00	-	20,392	44,321	150	0	779	22,470	125,635	88,331
2027	2,593.27	0.00	75.00	-	18,384	42,901	150	0	779	20,056	112,225	71,423
2028	2,533.79	0.00	75.00	-	17,405	42,572	350	0	779	19,570	109,358	63,002
2029	2,334.99	0.00	75.00	-	15,893	41,472	250	0	779	17,692	99,038	51,649
2030	2,255.08	0.00	75.00	-	15,024	41,030	250	0	779	16,975	95,073	44,881
2031	2,036.33	0.00	75.00	-	13,475	39,632	250	0	779	14,912	83,627	35,735
2032	1,875.05	0.00	75.00	-	12,340	38,929	150	0	779	13,353	75,078	29,041
2033	1,719.80	0.00	75.00	-	11,258	38,071	100	0	779	12,742	67,000	23,220
2034	1,450.38	0.00	75.00	-	9,688	36,580	100	0	779	12,027	60,704	18,902
2035	1,366.12	0.00	75.00	-	8,997	36,114	0	0	779	19,186	37,383	19,726
2036	1,184.17	0.00	75.00	-	7,943	35,109	0	0	779	15,250	28,732	7,722
2037	970.10	0.00	75.00	-	6,423	33,925	0	0	779	10,714	20,916	4,918
2038	882.25	0.00	75.00	-	5,831	33,439	0	0	779	8,851	17,269	3,675
2039	759.22	0.00	75.00	-	5,074	32,758	0	0	779	6,209	12,121	2,335
2040	622.62	0.00	75.00	-	4,254	32,003	0	0	779	3,268	6,382	1,115
2041	571.85	0.00	75.00	-	3,947	31,723	0	0	779	2,180	4,260	672
2042	328.57	0.00	75.00	-	2,377	17,882	0	33,000	27	1,481	-30,124	-4,304
2043	298.78	0.00	75.00	-	2,160	17,717	0	0	27	852	1,653	214
2044	272.37	0.00	75.00	-	1,965	17,571	0	0	27	294	571	67
2045	0.00	0.00	-	-	0	0	0	45,000	0	0	(45,000)	(4,770)
2046	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2047	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2048	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2049	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2050	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2051	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2052	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2053	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0
<b>Total</b>	<b>36,040.92</b>	<b>0.00</b>			<b>254,758</b>	<b>790,141</b>	<b>12,950</b>	<b>76,000</b>	<b>14,882</b>	<b>319,895</b>	<b>1,277,850</b>	<b>808,489</b>

Notes:  
 1. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 4. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Present Worth (10<sup>3</sup>U.S.\$) at:

8 Percent	879,872
12 Percent	745,728
15 Percent	685,244
20 Percent	559,684

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



TABLE A-7  
 PROJECTION of TOTAL PROVED RESERVES and FUTURE NET REVENUE  
 as of  
 DECEMBER 31, 2022  
 for  
 CERTAIN FIELDS  
 in the  
 CRICARE and NORTE CAPIXABA CLUSTERS  
 in the  
 ESPRITO SANTO BASIN, BRAZIL  
 for  
 SEACREST SPE CRICARE  
 BASE CASE

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	3,129.21	0.00	85.00	-	265,983	25,237	45,864	20,650	0	779	29,349	144,104	136,593
2024	5,252.06	0.00	80.00	-	420,165	39,254	57,604	96,590	0	779	47,755	178,183	152,886
2025	6,582.29	0.00	75.00	-	492,172	47,703	64,849	96,550	0	779	55,165	227,126	176,409
2026	7,889.63	0.00	75.00	-	591,722	58,931	72,190	55,750	0	779	66,835	337,237	237,104
2027	8,193.64	0.00	75.00	-	614,524	62,173	73,671	42,150	0	779	69,047	366,504	233,256
2028	7,688.56	0.00	75.00	-	576,642	52,202	71,078	6,350	0	779	65,139	381,094	219,552
2029	6,374.88	0.00	75.00	-	478,117	43,103	63,813	250	0	779	52,606	317,566	165,610
2030	5,617.56	0.00	75.00	-	421,317	37,735	59,625	250	0	779	45,399	277,529	131,013
2031	4,679.63	0.00	75.00	-	350,972	31,261	54,438	250	0	779	36,446	227,798	97,343
2032	4,031.78	0.00	75.00	-	302,384	26,869	50,855	150	0	779	30,250	193,481	74,841
2033	3,363.06	0.00	75.00	-	252,230	22,264	47,158	100	0	779	53,774	128,155	44,874
2034	2,732.55	0.00	75.00	-	204,942	18,357	43,671	100	0	779	42,835	99,200	31,442
2035	2,287.98	0.00	75.00	-	171,599	15,213	39,153	0	0	779	36,028	78,366	22,485
2036	1,915.53	0.00	75.00	-	143,665	12,821	37,310	0	0	779	29,560	61,352	15,935
2037	1,582.20	0.00	75.00	-	118,666	10,481	37,310	0	0	779	23,630	46,466	10,924
2038	1,405.33	0.00	75.00	-	105,400	9,280	36,331	0	0	779	20,033	38,977	8,295
2039	1,205.23	0.00	75.00	-	90,393	8,007	35,225	0	0	779	15,746	30,636	5,902
2040	1,009.83	0.00	75.00	-	75,737	6,782	34,145	0	0	779	11,555	22,476	3,919
2041	908.82	0.00	75.00	-	68,162	6,137	33,986	0	0	779	9,395	16,265	2,883
2042	811.00	0.00	75.00	-	60,825	5,456	33,045	0	0	779	7,320	14,225	2,032
2043	703.47	0.00	75.00	-	52,760	4,787	32,450	0	0	779	5,010	9,734	1,259
2044	629.70	0.00	75.00	-	47,227	4,269	32,042	0	0	779	3,446	6,681	783
2045	366.86	0.00	75.00	-	27,514	2,660	18,094	0	37,620	27	2,289	(33,176)	(3,516)
2046	317.59	0.00	75.00	-	23,819	2,303	17,821	0	0	27	1,247	2,421	232
2047	267.52	0.00	75.00	-	20,064	1,938	17,544	0	0	27	189	366	32
2048	0.00	0.00	-	-	0	0	0	0	51,690	0	0	(51,690)	(4,054)
2049	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2050	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2051	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2052	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2053	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>78,925.91</b>	<b>0.00</b>			<b>5,977,001</b>	<b>555,223</b>	<b>1,112,975</b>	<b>319,140</b>	<b>89,310</b>	<b>17,219</b>	<b>760,048</b>	<b>3,123,086</b>	<b>1,768,024</b>

Notes:  
 1. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 4. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Present Worth (10<sup>3</sup>U.S.\$) at:

8 Percent	1,964,800
12 Percent	1,597,449
15 Percent	1,382,048
20 Percent	1,105,632

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



**TABLE A-8**  
**PROJECTION OF PROVED-plus-PROBABLE RESERVES and FUTURE NET REVENUE**  
 as of  
**DECEMBER 31, 2022**  
 for  
**CERTAIN FIELDS**  
 in the  
**CRICARE and NORTE CAPIXABA CLUSTERS**  
 in the  
**ESPIRITO SANTO BASIN, BRAZIL**  
 for  
**SEACREST SPE CRICARE**  
 BASE CASE

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	3,277.71	0.00	85.00	-	278,605	26,348	52,040	24,200	0	779	30,119	145,119	137,554
2024	6,086.17	0.00	80.00	-	486,893	44,670	67,571	119,190	0	779	55,266	199,417	171,105
2025	8,358.51	0.00	75.00	-	626,888	58,984	80,138	118,650	0	779	71,068	297,269	230,889
2026	10,465.57	0.00	75.00	-	784,168	75,492	91,735	79,150	0	779	89,803	447,209	314,423
2027	11,248.97	0.00	75.00	-	843,673	81,743	96,122	68,150	0	779	96,423	500,496	318,507
2028	10,482.66	0.00	75.00	-	786,200	68,392	91,884	6,350	0	779	90,263	528,532	304,491
2029	8,862.37	0.00	75.00	-	664,678	57,376	82,924	250	0	779	74,775	448,574	233,931
2030	7,749.18	0.00	75.00	-	581,189	50,007	76,768	250	0	779	64,102	389,283	183,788
2031	6,597.23	0.00	75.00	-	494,792	42,100	70,398	250	0	779	53,100	328,165	140,232
2032	6,020.84	0.00	75.00	-	451,563	37,680	67,211	150	0	779	47,666	298,077	115,301
2033	5,062.52	0.00	75.00	-	379,690	31,506	61,911	100	0	779	86,392	199,002	69,681
2034	4,866.17	0.00	75.00	-	364,963	31,097	60,825	750	0	779	85,115	186,397	59,080
2035	4,719.22	0.00	75.00	-	353,941	30,149	60,012	650	0	779	85,175	177,176	50,835
2036	4,584.93	0.00	75.00	-	343,870	29,399	59,270	300	0	779	84,404	169,718	44,080
2037	4,079.26	0.00	75.00	-	305,945	26,115	56,473	300	0	779	75,423	146,855	34,526
2038	3,922.44	0.00	75.00	-	294,183	25,148	55,606	250	0	779	72,212	140,188	29,834
2039	3,193.77	0.00	75.00	-	239,533	20,340	51,577	50	0	779	58,642	110,145	21,219
2040	2,899.45	0.00	75.00	-	217,459	18,597	49,949	150	0	779	50,285	97,689	17,037
2041	2,422.55	0.00	75.00	-	181,691	15,470	47,312	0	0	779	40,091	78,039	12,319
2042	2,185.94	0.00	75.00	-	162,445	13,764	45,893	200	0	779	34,609	67,200	9,602
2043	1,922.36	0.00	75.00	-	144,177	12,313	44,546	350	0	779	29,342	56,847	7,353
2044	1,726.26	0.00	75.00	-	129,469	11,054	43,461	0	0	779	25,158	49,017	5,739
2045	1,387.91	0.00	75.00	-	104,093	9,152	41,591	0	0	779	17,831	34,740	3,682
2046	1,270.18	0.00	75.00	-	95,264	8,400	40,939	0	0	779	15,315	29,831	2,862
2047	1,330.61	0.00	75.00	-	99,795	8,877	41,274	0	0	779	16,587	32,278	2,803
2048	1,396.83	0.00	75.00	-	104,762	9,319	41,640	0	0	779	18,008	35,016	2,753
2049	1,297.74	0.00	75.00	-	97,331	8,478	41,091	0	0	779	15,955	31,028	2,208
2050	1,143.59	0.00	75.00	-	85,770	7,414	40,239	0	0	779	12,680	24,658	1,589
2051	1,016.15	0.00	75.00	-	76,212	6,535	39,534	0	0	779	9,969	19,385	1,131
2052	885.77	0.00	75.00	-	66,433	5,622	38,814	0	0	779	7,204	14,014	740
2053	0.00	0.00	-	-	0	0	0	0	94,150	0	0	(94,150)	(4,499)
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>130,432.86</b>	<b>0.00</b>			<b>9,845,675</b>	<b>871,541</b>	<b>1,738,748</b>	<b>419,690</b>	<b>94,150</b>	<b>23,370</b>	<b>1,510,982</b>	<b>5,187,194</b>	<b>2,524,775</b>

Notes:  
 1. Probable reserves and values associated with probable reserves have not been risk adjusted to make them comparable to proved reserves or values associated with proved reserves, respectively.  
 2. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 3. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 4. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 5. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

**These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.**

Present Worth (10<sup>3</sup>U.S.\$) at:

8 Percent	2,865,170
12 Percent	2,240,656
15 Percent	1,895,466
20 Percent	1,472,909



TABLE A-9  
 PROJECTION OF PROVED-plus-PROBABLE-plus-POSSIBLE RESERVES and FUTURE NET REVENUE  
 as of  
 DECEMBER 31, 2022  
 for  
 CERTAIN FIELDS  
 in the  
 CRICARE and NORTE CAPIXABA CLUSTERS  
 in the  
 ESPRITO SANTO BASIN, BRAZIL  
 for  
 SEACREST SPE CRICARE  
 BASE CASE

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	3,375.78	0.00	85.00	-	286,941	27,037	52,583	24,200	0	779	31,202	151,140	143,262
2024	6,758.21	0.00	80.00	-	540,656	49,290	71,288	119,190	0	779	62,194	237,915	204,138
2025	9,639.79	0.00	75.00	-	722,984	68,150	87,223	118,650	0	779	83,245	364,937	283,446
2026	12,373.57	0.00	75.00	-	928,018	89,549	102,341	79,150	0	779	107,979	548,220	385,441
2027	13,182.67	0.00	75.00	-	988,701	96,837	106,615	68,150	0	779	114,607	601,513	382,823
2028	12,479.17	0.00	75.00	-	935,938	81,393	102,925	6,350	0	779	109,431	635,060	365,864
2029	10,610.14	0.00	75.00	-	795,760	68,656	92,589	250	0	779	91,570	541,916	282,610
2030	9,294.64	0.00	75.00	-	697,098	59,882	85,314	250	0	779	78,969	471,904	222,771
2031	7,910.63	0.00	75.00	-	593,297	50,485	77,680	250	0	779	65,736	398,387	170,240
2032	7,222.44	0.00	75.00	-	541,683	45,245	73,856	150	0	779	59,243	362,410	140,186
2033	6,098.15	0.00	75.00	-	457,361	37,889	67,638	100	0	779	108,683	242,272	84,832
2034	5,806.23	0.00	75.00	-	435,467	36,994	66,023	750	0	779	105,314	225,607	71,508
2035	5,641.07	0.00	75.00	-	423,080	36,069	65,110	650	0	779	104,936	216,536	61,841
2036	5,522.81	0.00	75.00	-	414,211	35,533	64,456	300	0	779	104,470	206,673	54,197
2037	4,927.25	0.00	75.00	-	369,544	31,659	61,162	300	0	779	93,567	182,077	42,807
2038	4,745.41	0.00	75.00	-	355,906	30,528	60,157	250	0	779	89,822	174,370	37,109
2039	3,917.35	0.00	75.00	-	293,802	25,057	55,578	50	0	779	72,129	140,209	27,010
2040	3,623.16	0.00	75.00	-	271,737	23,311	53,952	150	0	779	65,776	127,768	22,281
2041	3,039.62	0.00	75.00	-	227,972	19,429	50,724	0	0	779	53,320	103,720	16,372
2042	2,737.72	0.00	75.00	-	205,329	17,441	49,054	200	0	779	46,863	90,992	13,002
2043	2,462.76	0.00	75.00	-	184,707	15,850	47,534	350	0	779	40,904	79,290	10,256
2044	2,221.98	0.00	75.00	-	166,648	14,289	46,203	0	0	779	35,767	69,610	8,151
2045	1,796.11	0.00	75.00	-	134,708	11,763	43,848	0	0	779	26,585	51,733	5,484
2046	1,581.70	0.00	75.00	-	118,627	10,312	42,962	0	0	779	22,022	42,852	4,111
2047	1,634.83	0.00	75.00	-	122,612	10,754	42,956	0	0	779	23,135	44,988	3,907
2048	1,753.29	0.00	75.00	-	131,497	11,599	43,611	0	0	779	25,652	49,856	3,920
2049	1,646.15	0.00	75.00	-	123,461	10,707	43,018	0	0	779	23,426	45,531	3,240
2050	1,472.67	0.00	75.00	-	110,450	9,510	42,059	0	0	779	19,740	38,362	2,471
2051	1,316.60	0.00	75.00	-	98,745	8,434	41,196	0	0	779	16,419	31,917	1,861
2052	1,151.49	0.00	75.00	-	86,362	7,298	40,283	0	0	779	12,911	25,091	1,324
2053	0.00	0.00	-	-	0	0	0	0	94,150	0	0	(94,150)	(4,499)
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>155,943.39</b>	<b>0.00</b>			<b>11,763,302</b>	<b>1,040,950</b>	<b>1,879,818</b>	<b>419,690</b>	<b>94,150</b>	<b>23,370</b>	<b>1,895,617</b>	<b>6,409,707</b>	<b>3,051,966</b>

Notes:  
 1. Probable and possible reserves and values associated with probable and possible reserves have not been risk adjusted to make them comparable to proved reserves or values associated with proved reserves, respectively.  
 2. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.  
 3. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.  
 4. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleo's request, the reserves evaluated herein consider the potential concession extensions.  
 5. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.

Present Worth (10 <sup>3</sup> U.S.\$) at:	Present Worth (10 <sup>3</sup> U.S.\$) at:
8 Percent	3,472,801
12 Percent	2,702,394
15 Percent	2,279,561
20 Percent	1,764,486



**TABLE A-10**  
**PROJECTION OF PROVED DEVELOPED PRODUCING RESERVES and FUTURE NET REVENUE**  
 as of  
 DECEMBER 31, 2022  
 for  
 CERTAIN FIELDS  
 in the  
 CRICARE and NORTE CAPIXABA CLUSTERS  
 in the  
 ESPRITO SANTO BASIN, BRAZIL  
 for  
 SEACREST SPE CRICARE  
 LOW PRICE CASE

Year	Net Production		Volume Weighted Average Prices		Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )								
2023	2,173.38	0.00	76.50	-	16,525	40,578	0	0	779	16,528	91,853	87,065
2024	1,917.00	0.00	72.00	-	13,712	39,161	0	0	779	12,867	71,505	61,353
2025	1,700.86	0.00	67.50	-	11,400	37,966	0	0	779	9,861	54,802	42,565
2026	1,286.01	0.00	67.50	-	8,426	23,177	0	33,000	27	8,414	13,762	9,675
2027	1,163.00	0.00	67.50	-	7,603	22,496	0	0	27	7,375	40,965	26,084
2028	1,052.57	0.00	67.50	-	71,048	21,886	0	0	27	6,441	35,797	20,623
2029	946.09	0.00	67.50	-	6,196	21,297	0	0	27	5,542	30,789	16,062
2030	855.50	0.00	67.50	-	5,746	20,796	0	0	27	4,776	26,542	12,530
2031	775.06	0.00	67.50	-	5,073	20,351	0	0	27	4,097	22,769	9,730
2032	706.77	0.00	67.50	-	4,707	19,973	0	0	27	3,520	19,560	7,566
2033	635.92	0.00	67.50	-	4,159	19,582	0	0	27	6,513	12,644	4,427
2034	563.07	0.00	67.50	-	3,673	19,179	0	0	27	5,144	9,984	3,165
2035	506.66	0.00	67.50	-	3,304	18,867	0	0	27	4,081	7,921	2,273
2036	463.36	0.00	67.50	-	3,018	18,627	0	0	27	3,266	6,339	1,646
2037	411.70	0.00	67.50	-	2,790	18,342	0	0	27	2,291	4,447	1,046
2038	373.69	0.00	67.50	-	2,434	18,132	0	0	27	1,575	3,056	650
2039	340.62	0.00	67.50	-	2,220	17,949	0	0	27	951	1,845	355
2040	311.90	0.00	67.50	-	2,053	17,790	0	0	27	409	795	139
2041	0.00	0.00	-	-	0	0	0	45,000	0	0	(45,000)	(7,104)
2042	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2043	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2044	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2045	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2046	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2047	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2048	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2049	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2050	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2051	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2052	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2053	0.00	0.00	-	-	0	0	0	0	0	0	0	0
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0
<b>Total</b>	<b>16,183.16</b>	<b>0.00</b>			<b>109,804</b>	<b>416,149</b>	<b>0</b>	<b>76,000</b>	<b>2,742</b>	<b>103,651</b>	<b>410,405</b>	<b>299,850</b>

Notes:  
 1. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 4. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Present Worth (10 <sup>3</sup> U.S.\$) at:	Present Worth (10 <sup>3</sup> U.S.\$) at:
8 Percent	318,661
12 Percent	282,718
15 Percent	259,916
20 Percent	228,528

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



**TABLE A-11**  
**PROJECTION of PROVED DEVELOPED RESERVES and FUTURE NET REVENUE**  
as of  
**DECEMBER 31, 2022**  
for  
**CERTAIN FIELDS**  
in the  
**CRICARE and NORTE CAPIXABA CLUSTERS**  
in the  
**ESPIRITO SANTO BASIN, BRAZIL**  
for  
**SEACREST SPE CRICARE**  
**LOW PRICE CASE**



Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	2,944.52	0.00	76.50	-	225,256	22,004	44,843	10,050	0	779	23,916	123,664	117,218
2024	3,192.50	0.00	72.00	650	229,860	23,198	46,214	650	0	779	24,219	134,800	115,662
2025	2,997.20	0.00	67.50	-	202,311	20,043	45,135	500	0	779	20,657	115,197	89,473
2026	2,849.96	0.00	67.50	-	192,372	18,469	44,321	150	0	779	19,504	109,149	76,741
2027	2,593.27	0.00	67.50	-	175,046	16,652	42,901	150	0	779	17,354	97,210	61,867
2028	2,533.79	0.00	67.50	-	171,031	15,762	42,572	350	0	779	16,923	94,645	54,526
2029	2,334.99	0.00	67.50	-	157,612	14,395	41,472	250	0	779	15,249	85,467	44,571
2030	2,255.08	0.00	67.50	-	152,217	13,596	41,030	250	0	779	14,613	81,949	38,686
2031	2,036.33	0.00	67.50	-	137,588	12,188	39,632	250	0	779	12,776	71,763	30,666
2032	1,875.05	0.00	67.50	-	126,565	11,159	38,929	150	0	779	11,388	64,160	24,818
2033	1,719.80	0.00	67.50	-	116,087	10,183	38,071	100	0	779	10,722	54,232	15,488
2034	1,450.38	0.00	67.50	-	97,900	8,766	36,580	100	0	779	17,542	34,133	10,819
2035	1,366.12	0.00	67.50	-	92,213	8,133	36,114	0	0	779	15,996	31,191	8,949
2036	1,184.17	0.00	67.50	-	79,932	7,187	35,109	0	0	779	12,488	24,369	6,330
2037	970.10	0.00	67.50	-	65,482	5,789	33,925	0	0	779	8,457	16,532	3,887
2038	882.25	0.00	67.50	-	59,552	5,254	33,439	0	0	779	6,797	13,283	2,827
2039	759.22	0.00	67.50	-	51,247	4,572	32,758	0	0	779	4,444	8,694	1,675
2040	396.67	0.00	67.50	-	26,910	2,598	18,270	0	33,000	27	2,045	(29,030)	(5,063)
2041	361.40	0.00	67.50	-	24,394	2,351	18,064	0	0	27	1,344	2,608	412
2042	328.57	0.00	67.50	-	22,179	2,142	17,882	0	0	27	724	1,404	201
2043	296.78	0.00	67.50	-	20,168	1,947	17,717	0	0	27	162	315	41
2044	0.00	0.00	-	-	0	0	0	45,000	0	0	0	(45,000)	(5,269)
2045	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2046	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2047	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2048	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2049	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2050	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2051	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2052	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2053	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>35,334.15</b>	<b>0.00</b>			<b>2,425,922</b>	<b>226,388</b>	<b>745,176</b>	<b>12,950</b>	<b>76,000</b>	<b>13,351</b>	<b>269,320</b>	<b>1,080,735</b>	<b>694,525</b>

Notes:  
1. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest. Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.  
2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.  
3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleo's request, the reserves evaluated herein consider the potential concession extensions.  
4. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Present Worth (10<sup>3</sup>U.S.\$) at:

8 Percent	754,167
12 Percent	641,802
15 Percent	573,808
20 Percent	463,984

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



TABLE A-12  
 PROJECTION of TOTAL PROVED RESERVES and FUTURE NET REVENUE  
 as of  
 DECEMBER 31, 2022  
 for  
 CERTAIN FIELDS  
 in the  
 CRICARE and NORTE CAPIXABA CLUSTERS  
 in the  
 ESPRITO SANTO BASIN, BRAZIL  
 for  
 SEACREST SPE CRICARE  
 LOW PRICE CASE

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	3,129.21	0.00	76.50	-	239,385	22,859	45,864	20,650	0	779	25,655	123,578	117,137
2024	5,252.06	0.00	72.00	-	378,149	35,567	57,604	96,590	0	779	41,910	145,699	125,014
2025	6,582.29	0.00	67.50	-	442,955	43,154	64,849	96,550	0	779	48,353	189,270	147,006
2026	7,889.63	0.00	67.50	-	532,550	53,250	72,190	55,750	0	779	58,677	291,904	205,231
2027	8,193.64	0.00	67.50	-	553,071	56,166	73,671	42,150	0	779	60,591	319,514	203,349
2028	7,688.56	0.00	67.50	-	518,977	47,173	71,078	6,350	0	779	57,111	336,486	193,852
2029	6,374.88	0.00	67.50	-	430,305	38,956	63,813	250	0	779	45,947	280,560	146,312
2030	5,617.56	0.00	67.50	-	379,185	34,093	59,625	250	0	779	39,529	244,909	115,614
2031	4,679.63	0.00	67.50	-	315,874	28,240	54,438	250	0	779	31,554	200,613	85,727
2032	4,031.78	0.00	67.50	-	272,146	24,271	50,855	150	0	779	26,035	170,056	65,781
2033	3,363.06	0.00	67.50	-	227,006	20,117	47,158	100	0	779	45,928	112,924	39,541
2034	2,732.55	0.00	67.50	-	184,447	16,592	43,671	100	0	779	36,467	86,838	27,524
2035	2,287.98	0.00	67.50	-	154,438	14,213	37,448	0	0	779	30,692	68,006	19,512
2036	1,915.53	0.00	67.50	-	129,298	11,590	39,153	0	0	779	25,095	52,681	13,682
2037	1,582.20	0.00	67.50	-	106,799	9,454	37,310	0	0	779	19,944	39,312	9,242
2038	1,405.33	0.00	67.50	-	94,860	8,369	36,331	0	0	779	16,759	32,622	6,943
2039	1,205.23	0.00	67.50	-	81,354	7,222	35,225	0	0	779	12,940	25,188	4,852
2040	1,009.83	0.00	67.50	-	68,163	6,117	34,145	0	0	779	9,205	17,917	3,124
2041	908.82	0.00	67.50	-	61,346	5,534	33,986	0	0	779	7,282	14,165	2,236
2042	811.00	0.00	67.50	-	54,743	4,920	33,045	0	0	779	5,434	10,565	1,510
2043	703.47	0.00	67.50	-	47,484	4,317	32,450	0	0	779	3,377	6,561	849
2044	418.24	0.00	67.50	-	28,231	2,734	18,378	0	37,620	27	2,411	(32,939)	(3,857)
2045	366.86	0.00	67.50	-	24,763	2,399	18,094	0	0	27	1,443	2,800	297
2046	317.59	0.00	67.50	-	21,437	2,076	17,821	0	0	27	514	999	96
2047	0.00	0.00	-	-	0	0	0	0	51,690	0	0	(51,690)	(4,489)
2048	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2049	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2050	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2051	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2052	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2053	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>78,446.93</b>	<b>0.00</b>			<b>5,346,966</b>	<b>498,918</b>	<b>1,081,767</b>	<b>319,140</b>	<b>89,310</b>	<b>16,440</b>	<b>652,853</b>	<b>2,688,538</b>	<b>1,526,085</b>

Notes:  
 1. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 4. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Present Worth (10<sup>3</sup>U.S.\$) at:  
 8 Percent 1,696,091  
 12 Percent 1,378,440  
 15 Percent 1,191,697  
 20 Percent 951,722

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



**TABLE A-13**  
**PROJECTION OF PROVED-plus-PROBABLE RESERVES and FUTURE NET REVENUE**  
 as of  
**DECEMBER 31, 2022**  
 for  
**CERTAIN FIELDS**  
 in the  
**CRICARE and NORTE CAPIXABA CLUSTERS**  
 in the  
**ESPIRITO SANTO BASIN, BRAZIL**  
 for  
**SEACREST SPE CRICARE**  
 LOW PRICE CASE

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	3,277.71	0.00	76.50	-	250,745	23,866	52,040	24,200	0	779	26,249	123,611	117,168
2024	6,086.17	0.00	72.00	-	438,203	40,456	67,571	119,190	0	779	48,484	161,723	138,763
2025	8,358.51	0.00	67.50	-	564,199	53,334	80,138	118,650	0	779	62,370	248,928	193,342
2026	10,465.57	0.00	67.50	-	705,751	68,194	91,735	79,150	0	779	78,957	386,936	272,046
2027	11,248.97	0.00	67.50	-	759,306	73,623	96,122	68,150	0	779	84,764	435,668	277,274
2028	10,482.66	0.00	67.50	-	707,579	61,785	91,884	6,350	0	779	79,281	467,500	269,331
2029	8,862.37	0.00	67.50	-	598,210	51,840	82,924	250	0	779	65,483	366,934	207,001
2030	7,749.18	0.00	67.50	-	523,070	45,165	76,768	250	0	779	55,977	344,131	162,453
2031	6,597.23	0.00	67.50	-	445,313	38,019	70,398	250	0	779	46,177	289,690	123,791
2032	6,020.84	0.00	67.50	-	406,407	34,024	67,211	150	0	779	41,337	262,906	101,697
2033	5,062.52	0.00	67.50	-	341,720	28,455	61,911	100	0	779	34,520	219,655	81,611
2034	4,866.17	0.00	67.50	-	328,467	26,825	60,825	750	0	779	32,732	164,299	52,077
2035	4,719.22	0.00	67.50	-	318,547	27,223	60,012	650	0	779	31,136	155,747	44,686
2036	4,584.93	0.00	67.50	-	309,483	26,543	59,270	300	0	779	29,683	148,908	38,675
2037	4,079.26	0.00	67.50	-	275,350	23,548	56,473	300	0	779	27,548	128,357	30,177
2038	3,922.44	0.00	67.50	-	264,765	22,671	55,606	250	0	779	26,053	122,406	26,051
2039	3,193.77	0.00	67.50	-	215,680	18,340	51,577	50	0	779	49,178	95,656	18,428
2040	2,899.45	0.00	67.50	-	195,713	16,767	49,949	150	0	779	43,514	84,564	14,745
2041	2,422.55	0.00	67.50	-	163,522	13,947	47,312	0	0	779	34,432	67,052	10,584
2042	2,185.94	0.00	67.50	-	146,200	12,411	45,893	200	0	779	29,545	57,372	8,198
2043	1,922.36	0.00	67.50	-	129,759	11,109	44,546	350	0	779	24,849	48,126	6,225
2044	1,726.26	0.00	67.50	-	116,522	9,873	43,461	0	0	779	21,124	41,185	4,822
2045	1,387.91	0.00	67.50	-	93,684	8,299	41,591	0	0	779	14,582	28,433	3,014
2046	1,270.18	0.00	67.50	-	85,737	7,621	40,939	0	0	779	12,340	24,058	2,309
2047	1,330.61	0.00	67.50	-	89,816	8,046	41,274	0	0	779	13,477	26,240	2,279
2048	1,396.83	0.00	67.50	-	94,286	8,431	41,640	0	0	779	14,748	28,688	2,255
2049	1,297.74	0.00	67.50	-	87,597	7,654	41,091	0	0	779	12,925	25,148	1,790
2050	1,143.59	0.00	67.50	-	77,192	6,692	40,239	0	0	779	10,009	19,473	1,254
2051	1,016.15	0.00	67.50	-	68,590	5,699	39,534	0	0	779	7,593	14,785	863
2052	885.77	0.00	67.50	-	59,789	5,073	38,814	0	0	779	5,132	9,991	528
2053	0.00	0.00	-	-	0	0	0	0	94,150	0	0	(94,150)	(4,496)
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>130,432.86</b>	<b>0.00</b>			<b>8,861,102</b>	<b>787,290</b>	<b>1,738,748</b>	<b>419,690</b>	<b>94,150</b>	<b>23,370</b>	<b>1,307,544</b>	<b>4,490,310</b>	<b>2,188,938</b>

Notes:  
 1. Probable reserves and values associated with probable reserves have not been risk adjusted to make them comparable to proved reserves or values associated with proved reserves, respectively.  
 2. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 3. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 4. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 5. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

**These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.**

**Present Worth (10<sup>3</sup>U.S.\$) at:**  
 8 Percent 2,485,379  
 12 Percent 1,941,185  
 15 Percent 1,639,935  
 20 Percent 1,271,085



**TABLE A-14**  
**PROJECTION OF PROVED-plus-PROBABLE-plus-POSSIBLE RESERVES and FUTURE NET REVENUE**  
 as of  
**DECEMBER 31, 2022**  
 for  
**CERTAIN FIELDS**  
 in the  
**CRICARE and NORTE CAPIXABA CLUSTERS**  
 in the  
**ESPIRITO SANTO BASIN, BRAZIL**  
 for  
**SEACREST SPE CRICARE**  
 LOW PRICE CASE

Year	Net Production		Volume Weighted Average Prices		Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )								
2023	3,375.78	0.00	76.50	-	24,492	52,583	24,200	0	779	27,214	128,979	122,256
2024	6,758.21	0.00	72.00	-	486,591	71,288	119,190	0	779	54,661	196,050	168,216
2025	9,639.79	0.00	67.50	-	61,608	87,223	118,650	0	779	73,217	309,209	240,162
2026	12,373.57	0.00	67.50	-	80,881	102,341	79,150	0	779	95,148	478,917	335,310
2027	13,182.67	0.00	67.50	-	89,630	106,615	68,150	0	779	100,961	525,679	334,560
2028	12,479.17	0.00	67.50	-	842,344	102,925	6,350	0	779	96,359	562,409	324,008
2029	10,610.14	0.00	67.50	-	62,022	92,589	250	0	779	80,446	480,089	250,372
2030	9,294.64	0.00	67.50	-	62,388	85,314	250	0	779	69,222	417,740	197,202
2031	7,910.63	0.00	67.50	-	533,968	77,680	250	0	779	57,435	352,255	150,526
2032	7,222.44	0.00	67.50	-	487,515	73,856	150	0	779	51,652	320,226	123,869
2033	6,098.15	0.00	67.50	-	411,626	67,638	100	0	779	94,382	214,512	75,112
2034	5,806.23	0.00	67.50	-	391,920	66,023	750	0	779	91,728	189,235	63,150
2035	5,641.07	0.00	67.50	-	380,772	65,110	650	0	779	91,743	189,923	54,493
2036	5,522.81	0.00	67.50	-	372,790	64,456	300	0	779	91,562	183,612	47,668
2037	4,927.25	0.00	67.50	-	332,589	61,162	300	0	779	82,057	159,737	37,555
2038	4,745.41	0.00	67.50	-	320,315	60,157	250	0	779	78,741	152,860	32,531
2039	3,917.35	0.00	67.50	-	264,421	55,578	50	0	779	62,977	122,443	23,588
2040	3,623.16	0.00	67.50	-	244,563	53,952	150	0	779	57,316	111,345	19,416
2041	3,039.62	0.00	67.50	-	205,175	50,724	0	0	779	46,217	89,933	14,197
2042	2,737.72	0.00	67.50	-	184,796	49,054	200	0	779	40,465	78,569	11,227
2043	2,462.76	0.00	67.50	-	166,237	47,534	350	0	779	35,150	68,122	8,811
2044	2,221.98	0.00	67.50	-	149,984	46,203	0	0	779	30,576	59,532	6,970
2045	1,796.11	0.00	67.50	-	121,237	43,848	0	0	779	22,380	43,572	4,618
2046	1,581.70	0.00	67.50	-	106,765	9,347	0	0	779	18,317	35,660	3,421
2047	1,634.83	0.00	67.50	-	110,351	9,740	0	0	779	19,311	37,565	3,262
2048	1,753.29	0.00	67.50	-	118,347	43,611	0	0	779	21,559	41,908	3,294
2049	1,646.15	0.00	67.50	-	9,667	43,018	0	0	779	19,582	38,069	2,709
2050	1,472.67	0.00	67.50	-	8,586	42,059	0	0	779	18,298	31,683	2,041
2051	1,316.60	0.00	67.50	-	88,870	7,614	0	0	779	13,340	25,941	1,513
2052	1,151.49	0.00	67.50	-	77,726	40,283	0	0	779	10,216	19,860	1,048
2053	0.00	0.00	-	-	0	0	0	94,150	0	0	(94,150)	(4,496)
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0
<b>Total</b>	<b>155,943.39</b>	<b>0.00</b>			<b>940,220</b>	<b>1,879,818</b>	<b>419,690</b>	<b>94,150</b>	<b>23,370</b>	<b>1,650,232</b>	<b>5,579,494</b>	<b>2,658,626</b>

Notes:  
 1. Probable and possible reserves and values associated with probable and possible reserves have not been risk adjusted to make them comparable to proved reserves or values associated with proved reserves, respectively.  
 2. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 3. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 4. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 5. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

**Present Worth (10<sup>3</sup>U.S.\$) at:**

8 Percent	3,026,742
12 Percent	2,352,558
15 Percent	1,982,144
20 Percent	1,530,867

**These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.**



**TABLE A-15**  
**PROJECTION OF PROVED DEVELOPED PRODUCING RESERVES and FUTURE NET REVENUE**  
 as of  
 DECEMBER 31, 2022  
 for  
 CERTAIN FIELDS  
 in the  
 CRICARE and NORTE CAPIXABA CLUSTERS  
 in the  
 ESPRITO SANTO BASIN, BRAZIL  
 for  
 SEACREST SPE CRICARE  
 HIGH PRICE CASE

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	2,173.38	0.00	93.50	-	203,210	20,134	40,578	0	0	779	21,612	120,107	113,846
2024	1,917.00	0.00	88.00	-	168,696	16,703	39,161	0	0	779	17,089	94,964	81,482
2025	1,700.86	0.00	82.50	-	140,321	13,883	37,966	0	0	779	13,373	74,320	57,724
2026	1,521.87	0.00	82.50	-	125,555	12,417	36,978	0	0	779	11,496	63,887	44,918
2027	1,360.50	0.00	82.50	-	112,242	11,087	35,083	0	0	779	9,805	54,488	34,678
2028	1,052.57	0.00	82.50	-	86,837	8,398	21,898	0	33,000	27	8,620	14,905	8,587
2029	946.09	0.00	82.50	-	78,053	7,543	21,297	0	0	27	7,501	41,685	21,759
2030	855.50	0.00	82.50	-	70,579	6,824	20,796	0	0	27	6,547	36,385	17,178
2031	775.06	0.00	82.50	-	63,942	6,177	20,351	0	0	27	5,702	31,685	13,540
2032	706.77	0.00	82.50	-	58,309	5,634	19,973	0	0	27	4,983	27,692	10,712
2033	635.92	0.00	82.50	-	52,463	5,066	19,582	0	0	27	4,448	18,340	6,422
2034	563.07	0.00	82.50	-	46,453	4,475	19,179	0	0	27	3,742	15,030	4,764
2035	506.66	0.00	82.50	-	41,799	4,026	18,867	0	0	27	3,299	12,480	3,575
2036	463.36	0.00	82.50	-	38,227	3,677	18,627	0	0	27	2,850	10,491	2,725
2037	411.70	0.00	82.50	-	33,965	3,270	18,342	0	0	27	2,405	8,135	1,913
2038	373.69	0.00	82.50	-	30,829	2,968	18,132	0	0	27	2,003	6,403	1,363
2039	340.62	0.00	82.50	-	28,101	2,705	17,949	0	0	27	1,850	4,897	943
2040	311.90	0.00	82.50	-	25,732	2,475	17,790	0	0	27	1,650	3,580	626
2041	284.29	0.00	82.50	-	23,454	2,253	17,637	0	0	27	1,203	2,334	368
2042	259.89	0.00	82.50	-	21,441	2,064	17,502	0	0	27	628	1,220	174
2043	237.58	0.00	82.50	-	19,600	1,888	17,379	0	0	27	104	202	26
2044	0.00	0.00	-	-	0	0	0	45,000	0	0	0	(45,000)	(5,269)
2045	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2046	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2047	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2048	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2049	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2050	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2051	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2052	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2053	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>17,398.28</b>	<b>0.00</b>			<b>1,469,808</b>	<b>143,667</b>	<b>496,053</b>	<b>0</b>	<b>76,000</b>	<b>4,327</b>	<b>149,540</b>	<b>598,221</b>	<b>422,032</b>

Notes:  
 1. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 4. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Present Worth (10 <sup>3</sup> U.S.\$) at:	
8 Percent	450,563
12 Percent	386,447
15 Percent	362,917
20 Percent	317,548

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



**TABLE A-16**  
**PROJECTION of PROVED DEVELOPED RESERVES and FUTURE NET REVENUE**  
 as of  
**DECEMBER 31, 2022**  
 for  
**CERTAIN FIELDS**  
 in the  
**CRICARE and NORTE CAPIXABA CLUSTERS**  
 in the  
**ESPIRITO SANTO BASIN, BRAZIL**  
 for  
**SEACREST SPE CRICARE**  
**HIGH PRICE CASE**

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	2,944.52	0.00	93.50	-	275,313	26,572	44,843	10,050	0	779	30,853	162,216	153,761
2024	3,192.50	0.00	88.00	-	280,940	27,892	46,214	650	0	779	31,293	174,112	149,393
2025	2,997.20	0.00	82.50	-	247,269	24,150	45,135	500	0	779	26,888	149,817	116,362
2026	2,849.96	0.00	82.50	-	235,122	22,314	44,321	150	0	779	25,437	142,121	89,922
2027	2,593.27	0.00	82.50	-	213,944	20,116	42,901	150	0	779	22,757	127,241	80,980
2028	2,533.79	0.00	82.50	-	209,038	19,048	42,572	350	0	779	22,218	124,071	71,479
2029	2,334.99	0.00	82.50	-	192,636	17,389	41,472	250	0	779	20,134	112,612	58,727
2030	2,255.08	0.00	82.50	-	186,044	16,453	41,030	250	0	779	19,336	108,196	51,076
2031	2,036.33	0.00	82.50	-	168,163	14,762	39,632	250	0	779	17,047	95,493	40,807
2032	1,875.05	0.00	82.50	-	154,692	13,520	38,929	150	0	779	15,317	85,997	33,265
2033	1,719.80	0.00	82.50	-	141,883	12,334	38,071	100	0	779	30,782	59,837	20,952
2034	1,450.38	0.00	82.50	-	119,656	10,611	36,580	100	0	779	24,312	47,274	14,984
2035	1,366.12	0.00	82.50	-	112,705	9,858	36,114	0	0	779	22,377	43,577	12,503
2036	1,184.17	0.00	82.50	-	97,694	8,698	35,109	0	0	779	18,013	35,085	9,115
2037	970.10	0.00	82.50	-	80,033	7,058	33,925	0	0	779	12,972	25,289	5,948
2038	882.25	0.00	82.50	-	72,786	6,406	33,439	0	0	779	10,905	21,257	4,524
2039	759.22	0.00	82.50	-	62,635	5,574	32,758	0	0	779	7,975	15,549	2,956
2040	622.62	0.00	82.50	-	51,367	4,675	32,003	0	0	779	4,713	9,197	1,604
2041	571.85	0.00	82.50	-	47,177	4,337	31,723	0	0	779	3,506	6,832	1,079
2042	519.97	0.00	82.50	-	42,897	3,933	31,435	0	0	779	2,290	4,460	637
2043	296.78	0.00	82.50	-	24,649	2,374	17,717	0	33,000	27	1,541	-30,010	-3,882
2044	272.37	0.00	82.50	-	22,471	2,159	17,571	0	0	27	923	1,791	210
2045	245.51	0.00	82.50	-	20,255	1,953	17,423	0	0	27	290	562	60
2046	0.00	0.00	-	-	0	0	0	0	45,000	0	0	(45,000)	(4,317)
2047	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2048	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2049	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2050	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2051	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2052	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2053	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>36,477.83</b>	<b>0.00</b>			<b>3,059,369</b>	<b>282,186</b>	<b>821,117</b>	<b>12,950</b>	<b>76,000</b>	<b>15,661</b>	<b>371,859</b>	<b>1,477,596</b>	<b>922,185</b>

Notes:  
 1. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 4. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Present Worth (10<sup>3</sup>U.S.\$) at:

8 Percent	1,005,401
12 Percent	849,356
15 Percent	756,410
20 Percent	635,207

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



TABLE A-17  
 PROJECTION of TOTAL PROVED RESERVES and FUTURE NET REVENUE  
 as of  
 DECEMBER 31, 2022  
 for  
 CERTAIN FIELDS  
 in the  
 CRICARE and NORTE CAPIXABA CLUSTERS  
 in the  
 ESPRITO SANTO BASIN, BRAZIL  
 for  
 SEACREST SPE CRICARE  
 HIGH PRICE CASE

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	3,129.21	0.00	93.50	-	292,582	27,614	45,864	20,650	0	779	33,043	164,632	156,050
2024	5,252.06	0.00	86.00	-	462,182	42,940	57,604	96,590	0	779	53,600	210,669	180,760
2025	6,562.29	0.00	82.50	-	541,389	52,250	64,849	96,550	0	779	61,978	264,983	205,812
2026	7,889.63	0.00	82.50	-	650,894	64,613	72,190	55,750	0	779	74,992	382,570	268,976
2027	8,193.64	0.00	82.50	-	675,976	68,160	73,671	42,150	0	779	77,502	413,494	283,161
2028	7,688.56	0.00	82.50	-	634,306	57,231	71,078	6,350	0	779	73,166	425,702	245,250
2029	6,374.88	0.00	82.50	-	525,927	47,247	63,613	250	0	779	59,265	354,573	184,910
2030	5,617.56	0.00	82.50	-	463,449	41,376	59,625	250	0	779	51,269	310,150	146,412
2031	4,679.63	0.00	82.50	-	386,070	34,280	54,438	250	0	779	41,338	254,985	108,960
2032	4,031.78	0.00	82.50	-	332,622	29,464	50,855	150	0	779	34,467	216,907	83,903
2033	3,363.06	0.00	82.50	-	277,453	24,410	47,158	100	0	779	61,620	143,386	50,206
2034	2,732.55	0.00	82.50	-	225,436	20,123	43,671	100	0	779	49,202	111,561	35,361
2035	2,287.98	0.00	82.50	-	188,758	16,680	41,213	0	0	779	41,363	88,723	25,457
2036	1,915.53	0.00	82.50	-	158,032	14,049	39,153	0	0	779	34,028	70,023	18,186
2037	1,582.20	0.00	82.50	-	130,532	11,510	37,310	0	0	779	27,315	53,618	12,606
2038	1,405.33	0.00	82.50	-	115,940	10,191	36,331	0	0	779	23,307	45,332	9,648
2039	1,205.23	0.00	82.50	-	99,432	8,793	35,225	0	0	779	18,563	36,082	6,951
2040	1,009.83	0.00	82.50	-	83,311	7,448	34,145	0	0	779	13,903	27,036	4,715
2041	908.82	0.00	82.50	-	74,978	6,739	33,986	0	0	779	11,508	22,366	3,531
2042	811.00	0.00	82.50	-	66,908	5,992	33,045	0	0	779	9,206	17,886	2,556
2043	703.47	0.00	82.50	-	58,036	5,258	32,450	0	0	779	6,644	12,905	1,669
2044	629.70	0.00	82.50	-	51,950	4,688	32,042	0	0	779	4,910	9,531	1,116
2045	366.86	0.00	82.50	-	30,266	2,922	18,094	0	37,620	27	3,136	(31,533)	(3,342)
2046	317.59	0.00	82.50	-	26,201	2,529	17,821	0	0	27	1,980	3,844	369
2047	267.52	0.00	82.50	-	22,070	2,129	17,544	0	0	27	806	1,564	136
2048	0.00	0.00	-	-	0	0	0	0	51,690	0	0	(51,690)	(4,054)
2049	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2050	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2051	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2052	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2053	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>78,925.91</b>	<b>0.00</b>			<b>6,574,700</b>	<b>608,656</b>	<b>1,112,975</b>	<b>319,140</b>	<b>89,310</b>	<b>17,219</b>	<b>868,101</b>	<b>3,559,299</b>	<b>2,009,295</b>

Notes:  
 1. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest. Petroleo compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleo in the operation of the two clusters.  
 2. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleo, whichever occurs first.  
 3. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleo has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleo's request, the reserves evaluated herein consider the potential concession extensions.  
 4. Seacrest Petroleo has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleo's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

Present Worth (10<sup>3</sup>U.S.\$) at:

8 Percent	2,232,701
12 Percent	1,815,935
15 Percent	1,572,065
20 Percent	1,259,389

This data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



**TABLE A-18**  
**PROJECTION OF PROVED-plus-PROBABLE RESERVES and FUTURE NET REVENUE**  
 as of  
**DECEMBER 31, 2022**  
 for  
**CERTAIN FIELDS**  
 in the  
**CRICARE and NORTE CAPIXABA CLUSTERS**  
 in the  
**ESPIRITO SANTO BASIN, BRAZIL**  
 for  
**SEACREST SPE CRICARE**  
**HIGH PRICE CASE**

Year	Net Production		Volume Weighted Average Prices		Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )								
2023	3,277.71	0.00	93.50	-	306,465	52,040	24,200	0	779	33,989	166,627	157,941
2024	6,086.17	0.00	86.00	-	535,582	67,571	119,190	0	779	62,049	237,107	203,445
2025	8,358.51	0.00	82.50	-	689,577	80,138	118,650	0	779	79,768	345,611	268,435
2026	10,465.57	0.00	82.50	-	862,584	91,735	79,150	0	779	100,647	507,482	366,799
2027	11,248.97	0.00	82.50	-	928,040	96,122	68,150	0	779	108,082	565,245	399,741
2028	10,482.66	0.00	82.50	-	864,819	91,884	6,350	0	779	101,245	589,560	339,650
2029	8,862.37	0.00	82.50	-	731,145	82,924	250	0	779	84,066	500,212	280,860
2030	7,749.18	0.00	82.50	-	639,307	76,768	250	0	779	72,226	434,436	205,084
2031	6,597.23	0.00	82.50	-	544,271	70,398	250	0	779	60,024	366,641	156,674
2032	6,020.84	0.00	82.50	-	496,720	67,211	150	0	779	53,995	333,251	128,908
2033	5,062.52	0.00	82.50	-	417,658	61,911	100	0	779	46,264	222,046	77,750
2034	4,866.17	0.00	82.50	-	341,111	60,825	750	0	779	36,489	206,495	66,085
2035	4,719.22	0.00	82.50	-	389,335	60,012	650	0	779	36,215	198,604	56,983
2036	4,584.93	0.00	82.50	-	378,257	59,270	300	0	779	35,123	190,529	49,485
2037	4,079.26	0.00	82.50	-	336,538	56,473	300	0	779	34,951	165,352	38,875
2038	3,922.44	0.00	82.50	-	323,601	55,606	250	0	779	34,374	157,970	33,619
2039	3,193.77	0.00	82.50	-	263,487	51,577	50	0	779	34,105	124,633	24,010
2040	2,899.45	0.00	82.50	-	239,205	49,949	150	0	779	33,057	110,844	19,330
2041	2,422.55	0.00	82.50	-	199,860	47,312	0	0	779	32,751	89,028	14,054
2042	2,185.94	0.00	82.50	-	178,690	45,893	200	0	779	32,672	77,030	11,007
2043	1,922.36	0.00	82.50	-	158,595	44,546	350	0	779	32,635	65,588	8,482
2044	1,726.26	0.00	82.50	-	142,417	43,461	0	0	779	29,194	56,850	6,656
2045	1,387.91	0.00	82.50	-	114,502	41,591	0	0	779	21,080	41,049	4,351
2046	1,270.18	0.00	82.50	-	104,789	40,939	0	0	779	18,288	35,605	3,416
2047	1,330.61	0.00	82.50	-	109,776	41,274	0	0	779	19,698	38,319	3,328
2048	1,396.83	0.00	82.50	-	115,239	41,640	0	0	779	21,268	41,346	3,251
2049	1,297.74	0.00	82.50	-	107,064	41,091	0	0	779	18,984	36,908	2,626
2050	1,143.59	0.00	82.50	-	94,346	40,239	0	0	779	15,352	29,844	1,923
2051	1,016.15	0.00	82.50	-	83,832	39,534	0	0	779	12,344	24,005	1,400
2052	885.77	0.00	82.50	-	73,076	38,814	0	0	779	9,278	18,037	952
2053	0.00	0.00	-	-	0	0	0	94,150	0	0	(94,150)	(4,496)
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0
<b>Total</b>	<b>130,432.86</b>	<b>0.00</b>			<b>10,830,236</b>	<b>1,738,748</b>	<b>419,690</b>	<b>94,150</b>	<b>23,370</b>	<b>1,714,423</b>	<b>5,984,084</b>	<b>2,860,621</b>

Notes:  
 1. Probable reserves and values associated with probable reserves have not been risk adjusted to make them comparable to proved reserves or values associated with proved reserves, respectively.  
 2. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
 3. Reserves were estimated only to the limits of economic production as defined under the Definition of Reserves heading of this report, or to the expiration dates of the concession extensions as advised by Seacrest Petroleum, whichever occurs first.  
 4. Projected forecasts and estimated economic limits are estimated to occur after the expiration dates of the concession agreements. Seacrest Petroleum has represented that it will meet the conditions required by the ANP to obtain concession extensions. Based on this representation, and at Seacrest Petroleum's request, the reserves evaluated herein consider the potential concession extensions.  
 5. Seacrest Petroleum has represented that the expected date for the closing of the transaction to acquire a 100-percent interest in the Norte Capixaba Cluster is to be completed in the first quarter of 2023; however, at Seacrest Petroleum's request and for purposes of this report, estimates of net reserves assume the acquisition of working interests since January 1, 2023.

**Present Worth (10<sup>3</sup> U.S.\$) at:**

8 Percent	3,244,957
12 Percent	2,540,126
15 Percent	2,150,993
20 Percent	1,674,730

**These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.**





**TABLE A-19**  
**PROJECTION OF PROVED-plus-PROBABLE-plus-POSSIBLE RESERVES AND FUTURE NET REVENUE**  
 as of  
**DECEMBER 31, 2022**  
 for  
**CERTAIN FIELDS**  
 in the  
**CRICARE and NORTE CAPIXABA CLUSTERS**  
 in the  
**ESPIRITO SANTO BASIN, BRAZIL**  
 for  
**SEACREST SPE CRICARE**  
**HIGH PRICE CASE**

Year	Net Production		Volume Weighted Average Prices		Future Gross Revenue (10 <sup>3</sup> U.S.\$)	Royalties Paid in Cash (10 <sup>3</sup> U.S.\$)	Operating Expenses (10 <sup>3</sup> U.S.\$)	Capital Costs (10 <sup>3</sup> U.S.\$)	Abandonment Cost (10 <sup>3</sup> U.S.\$)	Indirect Taxes (10 <sup>3</sup> U.S.\$)	Income Tax (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
	Oil (10 <sup>3</sup> bbl)	Gas (10 <sup>6</sup> ft <sup>3</sup> )	Oil (U.S.\$/bbl)	Gas (U.S.\$/10 <sup>3</sup> ft <sup>3</sup> )									
2023	3,375.78	0.00	93.50	-	315,635	29,583	52,583	24,200	0	779	35,190	173,300	164,267
2024	6,758.21	0.00	86.00	-	594,722	53,955	71,288	119,190	0	779	69,727	278,783	240,062
2025	9,639.79	0.00	82.50	-	795,283	74,693	87,223	118,650	0	779	93,273	420,665	326,730
2026	12,373.57	0.00	82.50	-	1,020,819	98,218	102,341	79,150	0	779	120,808	619,523	485,572
2027	13,182.67	0.00	82.50	-	1,087,570	106,225	106,615	68,150	0	779	128,253	677,348	431,088
2028	12,479.17	0.00	82.50	-	1,029,532	89,262	102,925	6,350	0	779	122,505	707,711	407,718
2029	10,610.14	0.00	82.50	-	875,337	75,288	92,589	250	0	779	102,694	603,737	314,849
2030	9,294.64	0.00	82.50	-	786,808	65,880	85,314	250	0	779	88,715	526,070	248,341
2031	7,910.63	0.00	82.50	-	652,627	55,380	77,660	250	0	779	74,038	444,520	189,954
2032	7,222.44	0.00	82.50	-	595,851	49,636	73,856	150	0	779	66,833	404,597	156,505
2033	6,086.15	0.00	82.50	-	503,097	41,561	67,638	100	0	779	122,985	270,034	94,553
2034	5,806.23	0.00	82.50	-	479,014	40,580	66,023	750	0	779	118,901	251,981	79,868
2035	5,641.07	0.00	82.50	-	465,388	39,569	65,110	650	0	779	118,131	241,149	69,190
2036	5,522.81	0.00	82.50	-	455,632	38,988	64,456	300	0	779	117,379	233,730	60,705
2037	4,927.25	0.00	82.50	-	406,498	34,765	61,162	300	0	779	105,075	204,417	48,059
2038	4,745.41	0.00	82.50	-	391,496	33,528	60,157	250	0	779	100,902	195,880	41,687
2039	3,917.35	0.00	82.50	-	323,182	27,518	55,578	50	0	779	81,282	157,975	30,433
2040	3,623.16	0.00	82.50	-	288,911	25,600	53,952	150	0	779	74,237	144,183	25,145
2041	3,039.62	0.00	82.50	-	250,769	21,336	50,724	0	0	779	60,423	117,507	18,549
2042	2,737.72	0.00	82.50	-	225,861	19,151	49,054	200	0	779	53,263	103,414	14,777
2043	2,462.76	0.00	82.50	-	203,178	17,397	47,534	350	0	779	46,658	90,460	11,701
2044	2,221.98	0.00	82.50	-	183,313	15,683	46,203	0	0	779	40,959	79,689	9,330
2045	1,796.11	0.00	82.50	-	148,179	12,868	43,848	0	0	779	30,789	59,895	6,348
2046	1,581.70	0.00	82.50	-	130,491	11,276	42,662	0	0	779	25,728	50,046	4,801
2047	1,634.83	0.00	82.50	-	134,874	11,766	42,956	0	0	779	26,959	52,414	4,552
2048	1,753.29	0.00	82.50	-	144,646	12,706	43,611	0	0	779	29,747	57,803	4,544
2049	1,646.15	0.00	82.50	-	135,807	11,747	43,018	0	0	779	27,271	52,992	3,771
2050	1,472.67	0.00	82.50	-	121,495	10,434	42,059	0	0	779	23,181	45,042	2,901
2051	1,316.60	0.00	82.50	-	108,619	9,254	41,196	0	0	779	19,498	37,892	2,209
2052	1,151.49	0.00	82.50	-	94,998	8,008	40,283	0	0	779	15,606	30,322	1,601
2053	0.00	0.00	-	-	0	0	0	94,150	0	0	0	(94,150)	(4,499)
2054	0.00	0.00	-	-	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>155,943.39</b>	<b>0.00</b>			<b>12,939,632</b>	<b>1,141,655</b>	<b>1,879,818</b>	<b>419,690</b>	<b>94,150</b>	<b>23,370</b>	<b>2,141,010</b>	<b>7,239,939</b>	<b>3,445,311</b>

Notes:  
 1. Probable and possible reserves and values associated with probable and possible reserves have not been risk adjusted to make them comparable to proved reserves or values associated with proved reserves, respectively.  
 2. Values in this table assume a 15-percent reduction in operating expenses when both clusters are operated by Seacrest Petroleum compared to the operating expenses estimated for operating the individual clusters separately, based on potential cost-saving opportunities identified by Seacrest Petroleum in the operation of the two clusters.  
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**Present Worth (10<sup>3</sup>U.S.\$) at:**

8 Percent	3,918,969
12 Percent	3,052,217
15 Percent	2,576,985
20 Percent	1,996,108

*These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.*

## Appendix D – Annual Financial Statements

# Seacrest Petroleo Bermuda Limited

**Consolidated financial statements  
for the year ended 31 December,  
2019**

# Contents

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# Independent auditor's report on the consolidated financial statements

To the Directors of  
**Seacrest Petroleo Bermuda Limited**  
Hamilton, Bermuda

## Opinion

We have audited the consolidated financial statements of Seacrest Petroleo Bermuda Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the period from June 5, 2019 (incorporation date) to December 31, 2019, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Seacrest Petroleo Bermuda Limited as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the period from June 5, 2019 (incorporation date) to December 31, 2019 in accordance with IFRS Accounting Standards.

## Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and consequently, responsible for our audit opinion.

We communicate with those charged with management regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, December 9, 2022

KPMG Auditores Independentes Ltda.  
CRC SP-014428/O-6 F-RJ



Leandro Basto Pereira  
Accountant CRC RJ115543/O-6

# Seacrest Petroleo Bermuda Limited

## Consolidated statements of financial position on December 31, 2019 and June 5, 2019

*(Expressed in U.S. dollars)*

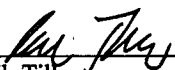



	Note	2019	June 5, 2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,512	-
Other receivables		<u>-</u>	<u>1</u>
		2,512	1
<b>Total assets</b>		<u><b>2,512</b></u>	<u><b>1</b></u>
<b>liabilities</b>			
<b>Current liabilities</b>			
Supplier and other accounts payable	11.d	203,401	1
<b>Non-current liabilities</b>			
Accounts payable to related parties	5.a	1,805,246	-
<b>Total liabilities</b>		<u>2,008,647</u>	<u>1</u>
<b>Equity</b>			
Share capital	6.a	1	1
Accumulated losses		<u>(2,006,136)</u>	<u>-</u>
<b>Total equity</b>		<u>(2,006,135)</u>	<u>1</u>
<b>Total equity and liabilities</b>		<u><b>2,512</b></u>	<u><b>1</b></u>

The notes are an integral part of these consolidated financial statements.



# Seacrest Petroleo Bermuda Limited

## Signature page Board of Directors

  
\_\_\_\_\_  
Erik Tiller  
Chairman of the board  
\_\_\_\_\_  
Paul Murray  
Director  
\_\_\_\_\_  
Scott Aitken  
Director  
\_\_\_\_\_  
Fabiano Ramos  
Director  
\_\_\_\_\_  
Pedro Magalhaes  
Director

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of profit or loss

For the period from June 5, 2019 to December 31, 2019

*(Expressed in U.S. dollars)*

		2019	June 5, 2019
<b>Operating expenses</b>			
General and administrative expenses	7	<u>(1,109,618)</u>	<u>-</u>
<b>Operating loss</b>		<u><b>(1,109,618)</b></u>	<u>-</u>
Financial expenses	8	<u>(2,983)</u>	<u>-</u>
<b>Net loss for the period</b>		<u><b>(1,112,601)</b></u>	<u><b>-</b></u>
<b>Net loss per share</b>		<b>(11,126)</b>	<b>-</b>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of comprehensive loss

For the period from June 5, 2019 to December 31, 2019

*(Expressed in U.S. dollars)*

	2019	June 5, 2019
<b>Net loss for the period</b>	(1,112,601)	-
<b>Other comprehensive income</b>		
Currency translation adjustments	<u>-</u>	<u>-</u>
<b>Total comprehensive loss (income)</b>	<u>(1,112,601)</u>	<u>-</u>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of changes in equity

For the period from June 5, 2019 to December 31, 2019

*(Expressed in U.S. dollars)*

	Share capital	Accumulated losses	Total equity
<b>Balance at June 5, 2019</b>	<u>-</u>	<u>-</u>	<u>-</u>
Capital increase	<u>1</u>	<u>-</u>	<u>1</u>
<b>Balance at June 5, 2019</b>	<u>1</u>	<u>-</u>	<u>1</u>
Accumulated losses (subsidiaries acquired)	-	(893,535)	<b>(893,535)</b>
Loss for the period	<u>-</u>	<u>(1,112,601)</u>	<u><b>(1,112,601)</b></u>
<b>Balance at December 31, 2019</b>	<u>1</u>	<u><b>(2,006,136)</b></u>	<u><b>(2,006,135)</b></u>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of cash flows

For on the period from June 5, 2019 to December 31, 2019

*(Expressed in U.S. dollars)*

	2019	June 5, 2019
<b>Cash flows from operating activities</b>		
Net loss for the period	(1,112,601)	-
<i>Changes in assets and liabilities</i>		
Other receivables	1	(1)
Supplier and other accounts payable	203,401	-
Accounts payable to related parties	911,712	-
	<u>2,512</u>	<u>(1)</u>
<b>Net cash provided by operating activities</b>	<b>2,512</b>	<b>(1)</b>
<b>Cash flow from financing activity</b>		
Capital increase	<u>-</u>	<u>1</u>
<b>Net cash provided by financing activity</b>	<b>-</b>	<b>1</b>
<b>Increase / (decrease) in cash and cash equivalent</b>	<b>2,512</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the period</b>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of the year</b>	<u>2,512</u>	<u>-</u>

The explanatory notes are an integral part of these consolidated financial statements.

## **Notes to the consolidated financial statements**

*(In U.S. dollars—USD, unless otherwise indicated)*

### **1 Operations**

Seacrest Petroleo Bermuda Limited (“Entity”) and its subsidiaries (together the “Group”) is an oil and gas explorations Group. The Group’s parent company was incorporated on June 5, 2019 and domiciled in Bermuda. The address of its registered office is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda. The majority owner of the Group is Seacrest Partners III L.P. which is a limited partnership incorporated in Bermuda. The shares are owned by a number of limited partners and common shareholders.

The Group is engaged in oil and gas exploration, development, production and trade of activities.

### **2 Basis of preparation**

#### **a. Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were approved and authorized for issuance by the Board of Directors on December 9, 2022.

#### **b. Going concern**

The consolidated financial statements have been prepared on a going concern basis.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future as the Group has sufficient commitments from its shareholders to fund its working capital needs following the date these consolidated financial statements were authorized and issued.

#### **c. Functional and presentation currency**

These consolidated financial statements are presented in U.S. dollars, which is the Group’s functional currency.

#### **d. Use of estimates and judgments**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**e. Basis of consolidation**

***e.1 Subsidiaries***

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights over the variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

***e.2 Transactions eliminated on consolidation***

Intragroup balances and transactions, and any other unrealized revenues or expenses derived from transactions within the group are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the extension in which there is no evidence of loss due to impairment.

***e.3 Subsidiaries***

	Country	2019
Seacrest Petroleo B.V. (i)	Holland	100% directly
Seacrest Exploração e Produção de Petroleo Ltda (i)	Brazil	100% indirectly

(i) Seacrest Petroleo B.V. was established in December 2017 by Seacrest Group Ltd. The company remained essentially dormant up to the point the shares were transferred to Seacrest Petroleo Bermuda Limited in June 2019 for USD 1.00 when the Group was organized.

(i) Seacrest Exploração e Produção de Petroleo Ltda was established in August 2017 and the shares were acquired by Seacrest Petroleo B.V. for USD 1.00. The company remained essentially dormant up to the point the shares were transferred to Seacrest Petroleo Bermuda Limited in June 2019 when the Group was organized.

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

**a. Foreign currency**

Transactions in foreign currency are those that are made in currencies other than the Group’s functional currency, and they are translated into the respective functional currencies of Group companies at rates of exchange on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date have been translated to the functional currency at rates on the reporting date. Foreign currency differences are generally recognised in profit or loss and presented within finance costs. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

**b. Financial instruments**

***(i) Financial assets***

Financial assets are measured at: amortized cost or fair value through profit or loss (“FVTPL”). This classification is based on the characteristics of contractual cash flow and the business model to manage the asset.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. On December 31, 2019, the Group financial assets are represented as:

- Cash and cash equivalents

**(ii) *Impairment of financial assets***

Expected credit losses are assessed using an impairment model and is applicable to financial assets measured at amortized cost.

The provisions for expected losses will be measured on one of the following bases:

- Expected credit losses for 12 months, i.e., credit losses that result from potential default events within 12 months after the reporting date; and
- Lifetime expected credit losses, i.e., credit losses that result from all possible default events over the expected life of a financial instrument.

The measurement of lifetime expected credit losses applies if the credit risk of a financial asset on the reporting date has increased significantly since its initial recognition, and the 12-month credit loss measurement applies if the risk has not increased significantly since its initial recognition. The Group determines that the credit risk of a financial asset has not increased significantly if the asset has low credit risk on the reporting date.

**(iii) *Financial liabilities***

The Group classifies non-derivative financial liabilities in the category of other financial liabilities. Such financial liabilities are initially recognized at fair value plus any transaction costs directly assignable. After the initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method. The interest expenses and exchange profit and loss are recognized in the profit or loss.

The Group derecognises a financial liability when its contractual obligation is withdrawn, canceled or expires. The Group also derecognises a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Any gain or loss on derecognition is also recognized in profit or loss.

On December 31, 2019, the Group's non-derivative financial liabilities were represented by:

- Supplier and other accounts payable
- Accounts payable with related parties

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

**c. *Financial expenses***

Financial costs represent bank expenses.

Financial expenses are recognized on an accrual basis when ascertained or incurred by the Group.



**d. First time adoption of IFRS**

IFRS 1 “First-time adoption of International Financial Reporting Standards” has been applied in preparing these financial statements. These financial statements have been prepared according to IFRS applicable as of December 31, 2019. In preparing these financial statements, the date adopted as transition to IFRS was the statement of financial position prepared on June 5th, 2019.

The requirement in IFRS 1 to provide reconciliations of financial information prepared under previous GAAP to IFRS is not relevant to the Company as this is the first set of financial statements of the Company.

**e. New standards and interpretations not yet effective**

Several new standards are effective for the years started after January 1, 2019. The Group did not adopt these standards for the preparation of these financial statements.

The following standards and interpretations not yet effective do not present a material impact on the Group’s consolidated financial statements:

- Changes in references to the conceptual framework in IFRS.
- Definition of a business (amendments to IFRS 3).
- Definition of materiality (amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts

**4 Cash and cash equivalents**

	<b>2019</b>	<b>June 5, 2019</b>
Bank accounts	2,512	-

The cash and cash equivalents are kept in order to meet short-term commitments and responsibilities and not for investments.

**5 Related party transactions**

**a. Accounts payable to related parties**

	<b>2019</b>	<b>June 5, 2019</b>
Seacrest Group Limited	1,482,759	-
Seacrest Capital Group Limited	68,751	-
Azimuth Group Services Limited	253,736	-
	1,805,246	-

The balances represent operating costs of the Group paid by those various related party entities.

**b. Compensation of key-management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries, directly or indirectly, including all executive and non-executive directors. The compensation paid or payable to key management for employee services is shown below:

	<b>2019</b>	<b>June 5, 2019</b>
Salaries and other employee benefits incurred during the year ended December 31	540,000	-

## 6 Equity

**a. Share capital**

Issued capital at December 31, 2019 and June 5, 2019 comprised:

	<b>Share capital USD</b>	<b>Total USD</b>
100 fully paid ordinary shares	1	1
Balance at June 5 and December 31, 2019	1	1

***Ordinary shares***

When the Company was established in June 2019 100 shares were issued for a total consideration of USD 1.00. This was the only transaction at the time the Company was established.

**b. Income (loss) by share**

	<b>2019</b>	<b>June 5, 2019</b>
Weighted average number of shares	100	100
Net loss for the period	(1,112,601)	-
Net loss per weighted average share	<b>(11,126)</b>	-

## 7 General and administrative expenses

	<b>2019</b>	<b>June 5, 2019</b>
Employee benefit and compensation	540,000	-
Travel and other sundry items	54,685	-
Services hired (i)	432,514	-
Other operating expenses (ii)	82,419	-
	<b>1,109,618</b>	-

- (i) Professional and technical services were hired, such as lawyers, environmental specialists, geology, and geography consultation, as support for the future operations.
- (ii) Consists of start-up project costs incurred to design and create the Group

## 8 Net financial results

	<b>2019</b>	<b>June 5, 2019</b>
Banking expenses	2,983	-
	<b>2,983</b>	<b>-</b>

## 9 Income tax and social contribution

The Group is subject to Brazilian tax through the operation of its subsidiary.

Under current Bermuda law, the Group is not required to pay tax in Bermuda on either income or capital gains.

The Group presented no taxable income for the year ended December 31, 2019.

The tax losses for 2019 are USD 1,112,601. These tax losses were not recognized by the Group due to the unpredictability of the projection of taxable profits at this point in time.

## 10 Operating Segments

Operating segments are defined as components of an entity for which separate financial statements are available and are regularly evaluated by the chief operating decision maker in order to allocate resources in evaluating the performance of managers in a given segment. By this definition, the Group has a single operating segment, which consists of oil and gas exploration and production (E&P).

All E&P costs within the Group are located in Brazil.

## 11 Financial instruments and risk management

The Group's primary objective in undertaking risk management to manage risk exposures, minimising its exposure to unexpected financial loss and limiting the potential deviation from anticipated outcomes. The Group does not invest in derivatives or other risk assets on a speculative basis.

All the operations with financial instruments are recognized through fair value through profit of loss ("FVTPL") or amortised cost in the consolidated financial statements of the Group.

	<b>2019</b>		
	<b>Fair Value</b>	<b>Amortised Cost</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	-	2,512	2,512
<b>Liabilities</b>			
Accounts payable with related parties	-	1,805,246	1,805,246
Supplier and other accounts payable	-	203,401	203,401

The book value of financial assets and liabilities not measured at fair value is a reasonable approximation of the fair value.

**a. Credit risk**

Credit risk is the exposure that a counter-party to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Group. The Group performs due diligence on any party with which it intends to enter into a contractual agreement. In order to mitigate credit risk the Group keeps its resources in financial institutions whose liquidity is acknowledged.

The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets, and management does not expect any losses from non-performance by these counterparties. The Groups credits risks are in the following accounts:

- Cash and cash equivalents

**b. Market risks**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market factors. Market risk comprises three types of risk: foreign exchange risk (currency risk), market prices (price risk) and market interest rate risk (interest rate risk).

**c. Foreign exchange risks**

At 31, December, 2019 the Group is not exposed to currency risk on payments denominated in currencies other than the functional currency. Currency risk arises when future commercial transactions or recorded assets or liabilities are denominated in a currency that is not the Group's functional currency.

**d. Liquidity risk**

Liquidity risk is the risk of an entity finding difficulty in fulfilling its obligations to its financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus cash held by the Group over and above balances required for working capital management.

The Group closely monitors its cash position and cash flow forecasts to help it determine whether it has sufficient financial resources to fund its short and medium term operations.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

The table below analyses the Group's financial liabilities into relevant maturity groupings as at December 31, 2019.

	2019			
	Up to 1 year	1 – 2 years	2 – 5 years	More than 5 years
Suppliers and other accounts payable	203,401	-	-	-
Accounts payable to related parties	-	-	1,805,246	-
	203,401	-	1,805,246	-

## **12 Subsequent Events**

On August 27, 2020, Karavan Seacrest Spe Cricaré S.A. (“Karavan”), a subsidiary of the Group, and Petróleo Brasileiro S.A. (“Petrobras”) entered into an agreement under which Petrobras sold its total interest in 27 oil exploration and production concessions (“Cricaré Cluster”) to Karavan. On December 29, 2021, the approval was obtained, and Karavan completed the acquisition of the Cricaré Cluster. Cricaré Cluster started its operations by the Group in January 2022.

On December 9, 2021, the Group acquired 100% interest in Seacrest Petróleo SPE Norte Capixaba Ltda. (“Norte Capixaba”), from the individuals Leonardo Luis do Carmo and Cristina da Silva Camargo. Norte Capixaba was an off-the-shelf Brazilian company and it has a fully subscribed and paid-up capital of USD 18.00, represented by one hundred (100) shares, with a nominal value of USD 0.18 each.

On December 21, 2021, a loan was signed between Mercuria Energy Trading S.A. and Karavan, called senior facility agreement, whose principal value was USD 35,000,000 and maturity date was September 27, 2027, with compound interest of 12% + USD LIBOR per year. Although the USD LIBOR is to be discontinued, Management does not expect material impact, since the amendment will consider a similar reference interest rate.

On December 21, 2021, a loan was signed between Mercuria Energy Trading S.A. and Karavan, called junior facility agreement, whose principal value was USD 10,000,000 and maturity date was June 21, 2027, with compound interest of 15% + USD LIBOR per year. Although the USD LIBOR to be discontinued, Management does not expect material impact, since the amendment will consider a similar reference interest rate.

On December 30, 2021, Seacrest Exploração e Produção de Petróleo Ltda., a subsidiary of the Group, exercised a call option, for US\$ 1,000, over 50.1% (49.9% at December 31, 2020) of the shares held by Karavan Oil e Gás Participações e Consultoria Ltda in its investee Karavan Seacrest SPE Cricaré S.A., that changed its name to Seacrest SPE Cricaré S.A. (“Cricaré”), pursuant to a shareholders’ agreement signed by the parties on April 17, 2020.

On February 23, 2022, the wholly-owned subsidiary, Seacrest Petróleo SPE Norte Capixaba Ltda. entered into a purchase agreement with Petróleo Brasileiro S.A (“Petrobras”) for 4 onshore production field concessions, with integrated facilities, located in the state of Espírito Santo – ES, collectively called Cluster Norte Capixaba. The assets acquired do not qualify as a business, due to the absence of a substantive process connecting the inputs (concession agreements acquired) and outputs (oil produced). Inputs acquired do not include a workforce, therefore it was determined that the transaction is an asset acquisition rather than a business combination.

The transaction depends on the approval of operational security and financial requirements by the ANP. The approval is foreseen to occur by December, 2022. To guarantee the evaluation of the transaction a payment of USD 34,219,214 was made on February 23, 2022 and new payments may be done after the closing of the transaction.

Cluster Norte Capixaba comprises four terrestrial fields: Cancã, Fazenda Alegre, Fazenda São Rafael and Fazenda Santa Luzia. Terminal Norte Capixaba and all the production facilities contained in the ring fence of the four concessions are also part of the Cluster Norte Capixaba, in addition to the ownership of some land.

The total consideration for the transferred assets shall consist of the amount of US\$ 478,000,000.

Between February and May 2022 the Group received a capital increase of USD 49,000,000 from investors for 69,159,142 common shares. The Group also received USD 18,000,000 from investors for convertible loan notes.

# **Seacrest Petroleo Bermuda Limited**

Consolidated Financial Statements

**For the years ended 31 December, 2020 and 2019**

(expressed in U.S. dollars)

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# Independent Auditor's Report on the Consolidated Financial Statements

To the Directors of  
**Seacrest Petroleo Bermuda Limited**  
Hamilton, Bermuda

## Opinion

We have audited the consolidated financial statements of Seacrest Petroleo Bermuda Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Seacrest Petroleo Bermuda Limited as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

## Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (SAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and consequently, responsible for our audit opinion.

We communicate with those charged with management regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, December 9, 2022

KPMG Auditores Independentes Ltda.  
CRC SP-014428/O-6 F-RJ



Leandro Basto Pereira  
Accountant CRC RJ115543/O-6

# Seacrest Petroleo Bermuda Limited

## Consolidated statements of financial position on December 31, 2020 and December 31, 2019


(expressed in U.S. dollars)

	Note	2020	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	428,278	2,512
Advances and prepaid expenses		24,534	-
Accounts receivable with related parties	6.a	11,673	-
Recoverable taxes		22	-
		464,507	2,512
<b>Non-current assets</b>			
Advances for the acquisition of oil and gas assets	5	11,864,756	-
		11,864,756	-
<b>TOTAL ASSETS</b>		<b>12,329,263</b>	<b>2,512</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Taxes payable	7	18,892	-
Supplier and other accounts payable	14	351,696	203,401
Supplier and other accounts payable - related parties	6.b	27,879	-
Employee benefits and compensation payable	8	31,423	-
		429,890	203,426
<b>Non-current liabilities</b>			
Accounts payable to related parties	6.c	3,276,768	1,805,246
<b>Total liabilities</b>		3,706,658	2,008,247
<b>Equity</b>			
Share capital	9.a	931	1
Share premium	9.a	13,175,994	-
Other reserves	9.c	1,677,574	-
Currency translation adjustments		1,041,397	-
Accumulated losses		(7,273,291)	(2,006,136)
<b>Total equity</b>		8,622,605	(2,006,135)
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,329,263</b>	<b>2,512</b>

The notes are an integral part of these consolidated financial statements.


# Seacrest Petroleo Bermuda Limited

Signature page  
**Board of Directors**




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Erik Tiller  
Chairman of the board



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Paul Murray  
Director



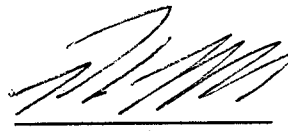
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Scott Aitken  
Director



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Fabiano Ramos  
Director



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Pedro Magalhaes  
Director

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of profit or loss

For years ended on December 31, 2020 and 2019

(expressed in U.S. dollars)

		<u>2020</u>	<u>2019</u>
<b>Operating expenses</b>			
General and administrative expenses	10	(5,221,614)	(1,109,618)
<b>Operating loss</b>		<u>(5,221,614)</u>	<u>(1,109,618)</u>
Financial expenses	11	(45,541)	(2,983)
<b>Net loss for the year</b>		<u>(5,267,155)</u>	<u>(1,112,601)</u>
<b>Net loss per share</b>		<b>(0. 0718)</b>	<b>(11,126)</b>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of comprehensive income

For years ended on December 31, 2020 and 2019  
(expressed in U.S. dollars)

	<u>2020</u>	<u>2019</u>
<b>Net loss for the year</b>	(5,267,155)	(1,112,601)
<b>Other comprehensive income</b>		
Currency translation adjustments	1,041,397	-
<b>Total comprehensive income</b>	<u>(4,225,758)</u>	<u>(1,112,601)</u>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of changes in equity

For years ended on December 31, 2020 and 2019  
(expressed in U.S. dollars)

	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
<b>Balance at December 31, 2019</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,006,136)</b>	<b>(2,006,136)</b>
<b>Comprehensive income</b>						
Loss for the year	-	-	-	-	(5,267,155)	(5,267,155)
<i>Other comprehensive income</i>						
Currency translation adjustment	-	-	1,041,397	-	-	1,041,397
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,041,397</b>	<b>-</b>	<b>(5,267,155)</b>	<b>(4,225,758)</b>
Capital increase	930	13,175,994	-	-	-	13,176,924
Share-based payment	-	-	-	1,677,574	-	1,677,574
<b>Total transactions with owners of Group, recognized directly in equity</b>	<b>930</b>	<b>13,175,994</b>	<b>-</b>	<b>1,677,574</b>	<b>-</b>	<b>14,854,498</b>
<b>Balance at December 31, 2020</b>	<b>931</b>	<b>13,175,994</b>	<b>1,041,397</b>	<b>1,677,574</b>	<b>(7,273,291)</b>	<b>8,622,605</b>

The notes are an integral part of these consolidated financial statements.



# Seacrest Petroleo Bermuda Limited

## Consolidated statement of changes in equity

For years ended on December 31, 2020 and 2019  
(expressed in U.S. dollars)

	Share capital	Accumulated losses	Total equity
<b>Balance at June 5, 2019</b>	-	-	-
Capital increase	1	-	1
<b>Balance at June 5, 2019</b>	<b>1</b>	-	<b>1</b>
Accumulated losses	-	(893,535)	<b>(893,535)</b>
Loss for the period	-	(1,112,601)	<b>(1,112,601)</b>
<b>Balance at December 31, 2019</b>	<b>1</b>	<b>(2,006,136)</b>	<b>(2,006,135)</b>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of cash flows

For years ended on December 31, 2020 and 2019

(expressed in U.S. dollars)

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Net loss for the year	(5,267,155)	(1,112,601)
<i>Adjustments to net of loss</i>		
Shared-based payment	1,677,574	-
<i>Changes in assets and liabilities</i>		
Advances and prepaid expenses	(24,534)	1
Recoverable taxes	(22)	-
Accounts receivable with related parties	(11,673)	-
Supplier and other accounts payable	148,270	203,401
Taxes payable	18,892	-
Employee benefits and compensation payable	31,423	-
Supplier and other accounts payable- related parties	27,879	-
Accounts payable to related parties	1,471,522	911,712
<b>Net cash (used in) / provided by operating activities</b>	<b>(1,927,799)</b>	<b>2,512</b>
<b>Cash flows from investing activities</b>		
Advances for the acquisition of oil and gas assets	(11,864,756)	-
<b>Net cash used in investing activities</b>	<b>(11,864,756)</b>	<b>-</b>
<b>Cash flow from financing activity</b>		
Capital increase	13,176,924	-
<b>Net cash provided by financing activities</b>	<b>13,176,924</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalent</b>	<b>(615,631)</b>	<b>2,512</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,512</b>	<b>-</b>
Effect of movements in exchange rates on cash held	1,041,397	-
<b>Cash and cash equivalents at end of the year</b>	<b>428,278</b>	<b>2,512</b>

The explanatory notes are an integral part of these consolidated financial statements.

## **Notes to the consolidated financial statements**

*(In U.S. dollars—USD, unless otherwise indicated)*

### **1 Operations**

Seacrest Petroleo Bermuda Limited (“Entity”) and its subsidiaries (together the “Group”) is an oil and gas explorations Group. The Group’s parent company was incorporated on June 5, 2019 and domiciled in Bermuda. The address of its registered office is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda. The majority owner of the Group is Seacrest Partners III L.P. which is a limited partnership incorporated in Bermuda. The shares are owned by a number of limited partners and common shareholders.

The Group is engaged in oil and gas exploration, development, production and trade of activities.

On August 27, 2020, Karavan Seacrest Spe Cricaré S.A. (“Karavan”), a subsidiary of the Group, and Petróleo Brasileiro S.A. (“Petrobras”) entered into an agreement under which Petrobras sold its total interest in 27 oil exploration and production concessions (“Cricaré Cluster”) to Karavan. On December 29, 2021, the approval was obtained, and Karavan completed the acquisition of the Cricaré Cluster. Cricaré Cluster started its operations by the Group in January 2022.

### **2 Basis of preparation**

#### **a. Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were approved and authorized for issuance by the Board of Directors on December 9, 2022.

#### **b. Going concern**

The consolidated financial statements have been prepared on a going concern basis.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future as the Group has sufficient commitments from its shareholders to fund its working capital needs following the date these consolidated financial statements were authorized and issued.

#### **c. Functional and presentation currency**

These consolidated financial statements are presented in U.S. dollars, which is the Group’s functional currency.

**d. Use of estimates and judgments**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**e. Basis of consolidation**

***e.1 Subsidiaries***

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights over the variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

***e.2 Transactions eliminated on consolidation***

Intragroup balances and transactions, and any other unrealized revenues or expenses derived from transactions within the group are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the extension in which there is no evidence of loss due to impairment.

***e.3 Subsidiaries***

	<b>Country</b>	<b>2020</b>	<b>2019</b>
Seacrest Exploração e Produção de Petroleo Ltda	Brazil	100%	100%
Seacrest Petroleo B.V.	Holland	100%	100%
Karavan Seacrest SPE Cricare S.A. (i)	Brazil	49%	-

- i. The Group acquired 49% of the shares in Karavan Seacrest SPE Cricare S.A. in 2020 for USD 100.00.

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

**a. Foreign currency**

Transactions in foreign currency are those that are made in currencies other than the Group's functional currency, and they are translated into the respective functional currencies of Group companies at rates of exchange on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date have been translated to the functional currency at rates on the reporting date. Foreign currency differences are generally recognised in profit or loss and presented within finance costs. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

**b. Financial instruments**

***Financial assets***

Financial assets are measured at: amortized cost, or fair value through profit or loss (“FVTPL”). This classification is based on the characteristics of contractual cash flow and the business model to manage the asset.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. On December 31, 2020, the Group financial assets are represented as:

- Cash and cash equivalents
- Accounts receivable with related parties

***Impairment of financial assets***

Expected credit losses are assessed using an impairment model and is applicable to financial assets measured at amortized cost.

The provisions for expected losses will be measured on one of the following bases:

- Expected credit losses for 12 months, i.e., credit losses that result from potential default events within 12 months after the reporting date; and
- Lifetime expected credit losses, i.e., credit losses that result from all possible default events over the expected life of a financial instrument.

The measurement of lifetime expected credit losses applies if the credit risk of a financial asset on the reporting date has increased significantly since its initial recognition, and the 12-month credit loss measurement applies if the risk has not increased significantly since its initial recognition. The Group determines that the credit risk of a financial asset has not increased significantly if the asset has low credit risk on the reporting date.

***Financial liabilities***

The Group classifies non-derivative financial liabilities in the category of other financial liabilities. Such financial liabilities are initially recognized at fair value plus any transaction costs directly assignable. After the initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method. The interest expenses and exchange profit and loss are recognized in the profit or loss.

The Group derecognises a financial liability when its contractual obligation is withdrawn, canceled or expires. The Group also derecognises a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Any gain or loss on derecognition is also recognized in profit or loss.

On December 31, 2020 and 2019, the Group's non-derivative financial liabilities were represented by:

- Supplier and other accounts payable
- Supplier and other accounts payable- related parties
- Accounts payable with related parties

In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs, the estimated future level of inflation, and the appropriate discount rate. The ultimate restoration costs are uncertain, and costs may vary in response to several factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other fields. The expected timing of expenditure may also change.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

The provision is recorded as part of the cost of the related property, plant and equipment item, at present value, discounted at a risk-free rate, and is fully recognized at the time of the commencement of operations at each oil field and the recognition of its reserves. The provision is annually revised by Management by adjusting the amounts of assets and liabilities already accounted for. Revisions to the calculation basis of estimated expenditure are recognized as cost of property, plant and equipment, and the accounting effects arising from changes to financial assumptions, such as the discount rates used for calculating the future obligation, are taken directly to profit or loss for the year.

**c. Share based payments**

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of profit or loss over the vesting period.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of profit or loss over the remaining vesting period.

**d. Financial expenses and exchange variation, net**

Financial costs represent bank expenses, interest, late payment charges, other financial costs and monetary and foreign exchange rate variations.

Financial expenses are recognized on an accrual basis when ascertained or incurred by the Group.

**4 Cash and cash equivalents**

	<u>2020</u>	<u>2019</u>
Banks	428,278	2,512

The cash and cash equivalents are kept in order to meet short-term commitments and responsibilities and not for investments.

## 5 Advances for the acquisition of oil and gas assets

	2020	2019
Cricaré assets deposit (i)	11,864,756	-
	11,864,756	-

(i) Represents the deposit made with Petróleo Brasileiro S.A. (“Petrobras”) for the acquisition of the Cricare assets.

## 6 Related party transactions

### a. Accounts receivable with related parties - Current

	2020	2019
<b>Affiliated companies:</b>		
Azibras Exploração de Petróleo e Gás Ltda	11,113	-
Seacrest III Limited	560	-
	11,673	-

Represents general and administrative expenses paid by the Group on behalf of the related parties listed above.

### b. Supplier and other accounts payable- related parties

	2020	2019
<b>Affiliated companies:</b>		
Azilat Limited (i)	27,879	-

(i) The amount recorded in 2020 represents general and administrative expenses paid on behalf of the Group in 2020.

### c. Accounts payable to related parties

	2020	2019
<b>Affiliated companies:</b>		
Seacrest Group Limited	2,228,811	1,482,759
Seacrest Capital Group Limited	91,454	68,751
Azimuth Group Services Limited	956,503	253,736
	3,276,768	1,805,246

The balances represent operating costs of the Group paid by those various related party entities.



**d. Compensation of key-management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries, directly or indirectly, including all executive and non-executive directors. The compensation paid or payable to key management for employee services is shown below:

	<b>2020</b>	<b>2019</b>
Salaries and other employee benefits incurred during the year ended December 31	2,757,574	540,000

**7 Taxes payable**

The composition of taxes payable is demonstrated as it follows:

	<b>2020</b>	<b>2019</b>
Taxes on revenue	35	-
Withholding taxes (i)	18,857	-
	<b>18,892</b>	<b>-</b>

(i) Withholding taxes relates to taxes on income and importation.

**8 Employee benefits and compensation payable**

The breakdown of salaries and charges payable is described below:

	<b>2020</b>	<b>2019</b>
Salaries payable	19,209	-
Taxes on payroll payable	12,214	-
	<b>31,423</b>	<b>-</b>

The Group currently does not have any retirement plans in place for its employees and directors.

## 9 Equity

### a. Share capital

Issued capital at December, 2020 comprised:

	<b>Share capital USD</b>	<b>Share premium USD</b>	<b>Total USD</b>
93,060,000 fully paid ordinary shares	931	13,175,994	13,176.925
Balance at December 31, 2020	<b>931</b>	<b>13,175,994</b>	<b>13,176.925</b>

Issued capital at December 31, 2019 comprised:

	<b>Share capital USD</b>	<b>Total USD</b>
100 fully paid ordinary shares	1	1
Balance at December 31, 2019	<b>1</b>	<b>1</b>

#### *Ordinary shares*

When the Company was established in June 2019 100 shares were issued for a total consideration of USD 1.00.

Ordinary shares each have a par value of USD 0.00001 and 115,000,000 (94,000,000 in 2020) shares have been authorised. The Group issued 114,924,000 (93,060,000 in 2020) shares and each ordinary share carries one vote.

### b. Income (loss) by share

	<b>2020</b>	<b>2019</b>
Weighted average number of shares	73,397,372	100
Net loss for the year	(5,267,155)	(1,112,601)
Net loss per weighted average share	<b>(0.0718)</b>	<b>(11,126)</b>

**c. Other reserves**

During the year ended December 31, 2020, the Group granted share options to selected employees. Total options issued to each individual were divided into tranches. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of options granted is determined using the Black-Scholes valuation model. The significant inputs into the model were: share price of USD 0.57 at the grant date, an exercise prices of USD 0.00001 per share, volatility of 35.3%, dividend yield of Nil%, vesting period of 0 to 3 years, and an average annual risk-free interest rate of 10.00%. The volatility measured at the standard deviation of continuously compounded share returns was based on statistical analysis of the daily share prices of two comparable quoted share over a period of one year.

There were 10,000,000 share options granted during the year ended December 31, 2020, relate to key management personnel compensation (Nil in 2019).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

<u>Grant-vest</u>	<u>Expiry date</u>	<u>Exercise price in \$ per share option</u>	<u>Share option</u>
2020-2022	October 7, 2025	0.00001	5,447,500
2020-2024	December 31, 2025	0.00001	<u>4,552,500</u>
			<u><b>10,000,000</b></u>

As at December 31, 2020, the weighted average remaining option life was 3.8 years.

For the year ended December 31, 2020, the expense recognized in the Consolidated Statement of Profit or Loss arising from the share options issuance is USD 1,677,574 (Nil in 2019).

**10 General and administrative expenses**

	<u>2020</u>	<u>2019</u>
Employee benefit and compensation	2,757,574	540,000
Travel and other sundry items	87,325	54,685
Office rent and running costs	1,218	-
Taxes and fees	63,487	-
Contractual guarantee fees	6,182	-
Services hired (i)	1,886,141	432,514
Other operating expenses	<u>425,869</u>	<u>82,419</u>
	<u><b>5,227,796</b></u>	<u><b>1,109,618</b></u>

- (i) Professional and technical services were hired, such as lawyers, environmental specialists, geology, and geography consultation, as support for operations.

## 11 Net financial results

	<u>2020</u>	<u>2019</u>
Banking expenses	-	2,983
Exchange rate losses	101	-
Interest	<u>39,258</u>	<u>-</u>
	<u><b>39,359</b></u>	<u><b>2,983</b></u>

## 12 Income tax and social contribution

The Group is subject to Brazilian tax through the operation of its subsidiary.

Under current Bermuda law, the Group is not required to pay tax in Bermuda on either income or capital gains.

The Group presented no taxable income for the years ended December 31, 2020 and 2019.

The tax losses for 2020 and 2019 are USD 5,267,155 and USD 1,112,601, respectively. These tax losses were not recognized by the Group due to the unpredictability of the projection of taxable profits at this point in time.

### 13 Operating Segments

Operating segments are defined as components of an entity for which separate financial statements are available and are regularly evaluated by the chief operating decision maker in order to allocate resources in evaluating the performance of managers in a given segment. By this definition, the Group has a single operating segment, which consists of oil and gas exploration and production (E&P).

All E&P costs within the Group are located in Brazil.

### 14 Financial instruments and risk management

The Group's primary objective in undertaking risk management to manage risk exposures, minimising its exposure to unexpected financial loss and limiting the potential deviation from anticipated outcomes. The Group does not invest in derivatives or other risk assets on a speculative basis.

All the operations with financial instruments are recognized through fair value through profit or loss ("FVTPL") or amortised cost in the consolidated financial statements of the Group. The value of the financial instruments that are included in the statement of financial position on December 31, 2020, are identified below:

	<b>2020</b>		
	<b>Fair Value</b>	<b>Amortised Cost</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	-	428,278	428,278
Accounts receivable with related parties	-	11,673	11,673
<b>Liabilities</b>			
Supplier and other accounts payable	-	351,696	351,696
Supplier and other accounts payable - related parties	-	27,879	27,879
Accounts payable to related parties	-	3,276,768	3,276,768
	<b>2019</b>		
	<b>Fair Value</b>	<b>Amortised Cost</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	-	2,512	2,512
<b>Liabilities</b>			
Supplier and other accounts payable	-	203,401	203,401
Accounts payable to related parties	-	1,805,246	1,805,246

The book value of financial assets and liabilities not measured at fair value is a reasonable approximation of the fair value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following presents the Group's assets that are measured at fair value at December 31, 2020:

	<b>2020</b>			
	<b>Up to 1 year</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
Suppliers and other accounts payable - related parties	27,879		-	-
Suppliers and other accounts payable	351,696	-	-	-
Accounts payable to related parties	-	3,276,768		
	<b>351,696</b>	<b>3,304,647</b>	<b>-</b>	<b>-</b>
	<b>2019</b>			
	<b>Up to 1 year</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
Suppliers and other accounts payable	203,401	-	-	-
Accounts payable to related parties	-	1,805,246		
	<b>203,401</b>	<b>1,805,246</b>	<b>-</b>	<b>-</b>

Relates to a certificate of deposit held at a bank in Brazil.

The Group is exposed to credit, market, credit and liquidity risk and works to ensure that all significant risks are identified and managed. Risks are usually grouped by risk type: financial, including credit, liquidity and market. The risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

**a. Credit risk**

Credit risk is the exposure that a counter-party to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Group. The Group performs due diligence on any party with which it intends to enter into a contractual agreement. In order to mitigate credit risk the Group keeps its resources in financial institutions whose liquidity is acknowledged.

The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets, and management does not expect any losses from non-performance by these counterparties. The Groups credits risks are in the following accounts:

- Cash and cash equivalents
- Accounts receivable with related parties

None of the loans or receivables are past due

**b. Market risks**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market factors. Market risk comprises three types of risk: foreign exchange risk (currency risk), market prices (price risk) and market interest rate risk (interest rate risk).

*Foreign exchange risks*

The Group is exposed to currency risk on payments denominated in currencies other than the functional currency. Currency risk arises when future commercial transactions or recorded assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has subsidiaries located in Brasil and is therefore exposed to foreign exchange risks in Brazil Reais (BRL). The Group's loans and receivables are USD denominated however the Group does hold cash and marketable securities in BRL which are subject to foreign exchange risk as follows:

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents in BRL	428,278	-
	<b>428,278</b>	<b>-</b>

At December 31, 2020, if the Brazil Real had weakened/strengthened by 10% against the U.S. dollar with all other variables held constant, then the total comprehensive loss for the year would have been USD 42,827 (USD Nil in 2019) higher/lower.

**c. Liquidity risk**

Liquidity risk is the risk of an entity finding difficulty in fulfilling its obligations to its financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus cash held by the Group over and above balances required for working capital management.

The Group closely monitors its cash position and cash flow forecasts to help it determine whether it has sufficient financial resources to fund its short and medium term operations.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

The table below analyses the Group's financial liabilities into relevant maturity groupings.

	<b>2020</b>			
	<b>Up to 1 year</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
Suppliers and other accounts payable - related parties	27,879		-	-
Suppliers and other accounts payable	351,696	-	-	-
Accounts payable to related parties	-	3,276,768		
	<b>351,696</b>	<b>3,304,647</b>	-	-
	<b>2019</b>			
	<b>Up to 1 year</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
Suppliers and other accounts payable	203,401	-	-	-
Accounts payable to related parties	-	1,805,246		
	<b>203,401</b>	<b>1,805,246</b>	-	-



## **15 Subsequent Events**

On December 9, 2021, the Group acquired 100% interest in Seacrest Petróleo SPE Norte Capixaba Ltda. (“Norte Capixaba”), from the individuals Leonardo Luis do Carmo and Cristina da Silva Camargo. Norte Capixaba was an off-the-shelf Brazilian company and it has a fully subscribed and paid-up capital of USD 18.00, represented by one hundred (100) shares, with a nominal value of USD 0.18 each.

On December 21, 2021, a loan was signed between Mercuria Energy Trading S.A. and Karavan, called senior facility agreement, whose principal value was USD 35,000,000 and maturity date was September 27, 2027, with compound interest of 12% + USD LIBOR per year. Although the USD LIBOR is to be discontinued, Management does not expect material impact, since the amendment will consider a similar reference interest rate.

On December 21, 2021, a loan was signed between Mercuria Energy Trading S.A. and Karavan, called junior facility agreement, whose principal value was USD 10,000,000 and maturity date was June 21, 2027, with compound interest of 15% + USD LIBOR per year. Although the USD LIBOR to be discontinued, Management does not expect material impact, since the amendment will consider a similar reference interest rate.

On December 30, 2021, Seacrest Exploração e Produção de Petróleo Ltda., a subsidiary of the Group, exercised a call option, for US\$ 1,000, over 50.1% (49.9% at December 31, 2020) of the shares held by Karavan Oil e Gás Participações e Consultoria Ltda in its investee Karavan Seacrest SPE Cricare S.A., that changed its name to Seacrest SPE Cricaré S.A. (“Cricaré”), pursuant to a shareholders’ agreement signed by the parties on April 17, 2020.

On February 23, 2022, the wholly-owned subsidiary, Seacrest Petróleo SPE Norte Capixaba Ltda. entered into a purchase agreement with Petróleo Brasileiro S.A (“Petrobras”) for 4 onshore production field concessions, with integrated facilities, located in the state of Espírito Santo – ES, collectively called Cluster Norte Capixaba. The assets acquired do not qualify as a business, due to the absence of a substantive process connecting the inputs (concession agreements acquired) and outputs (oil produced). Inputs acquired do not include a workforce, therefore it was determined that the transaction is an asset acquisition rather than a business combination.

The transaction depends on the approval of operational security and financial requirements by the ANP. The approval is foreseen to occur by December, 2022. To guarantee the evaluation of the transaction a payment of USD 34,219,214 was made on February 23, 2022 and new payments may be done after the closing of the transaction.

Cluster Norte Capixaba comprises four terrestrial fields: Cancã, Fazenda Alegre, Fazenda São Rafael and Fazenda Santa Luzia. Terminal Norte Capixaba and all the production facilities contained in the ring fence of the four concessions are also part of the Cluster Norte Capixaba, in addition to the ownership of some land.

The total consideration for the transferred assets shall consist of the amount of US\$ 478,000,000.

Between February and May 2022 the Group received a capital increase of USD 49,000,000 from investors for 69,159,142 common shares. The Group also received USD 18,000,000 from investors for convertible loan notes.

# **Seacrest Petroleo Bermuda Limited**

Consolidated Financial Statements

**For the years ended 31 December, 2021 and 2020**

(expressed in U.S. dollars)

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# Independent Auditor's Report on the Consolidated Financial Statements

To the Directors of  
**Seacrest Petroleo Bermuda Limited**  
Hamilton, Bermuda

## Opinion

We have audited the consolidated financial statements of Seacrest Petroleo Bermuda Limited ("the Company"), which comprise the statement of financial position as at December 31, 2021, the statements of income and other comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Seacrest Petroleo Bermuda Limited as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as issued by International Accounting Standard Board (IASB).

## Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiaries and business within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and consequently, responsible for our audit opinion.

We communicate with those charged with management regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, December 9, 2022

KPMG Auditores Independentes Ltda.  
CRC SP-014428/O-6 F-RJ



Leandro Basto Pereira  
Accountant CRC RJ115543/O-6

# Seacrest Petroleo Bermuda Limited

## Consolidated statements of financial position on December 31, 2021 and 2020


(expressed in U.S. dollars)


	Note	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	16,908,939	428,278
Securities	5	5,106,033	-
Advances and prepaid expenses		660,102	24,534
Accounts receivable with related parties	7.a	21,679	11,673
Recoverable taxes		671	22
Inventory		14,431	-
		<u>22,711,855</u>	<u>464,507</u>
<b>Non-current assets</b>			
Accounts receivable with related parties	7.b	271,092	-
Advances for the acquisition of oil and gas assets	6	-	11,864,756
Property, plant & equipment	8	45,869,310	-
Intangible assets	9	121,640,752	-
		<u>167,781,154</u>	<u>11,864,756</u>
<b>TOTAL ASSETS</b>		<b><u>190,493,009</u></b>	<b><u>12,329,263</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Taxes payable	10	36,441	18,892
Supplier and other accounts payable	19.c	746,492	351,696
Supplier and other accounts payable - related parties	7.c	-	27,879
Employee benefits and compensation payable	11	158,018	31,423
		<u>940,951</u>	<u>429,890</u>
<b>Non-current liabilities</b>			
Accounts payable to related parties	7.d	9,013,318	3,276,768
Financial loans	12	44,245,201	-
Provision for decommissioning costs	8	44,164,380	-
Contingent consideration	13	82,876,725	-
		<u>180,299,624</u>	<u>3,276,768</u>
<b>Total liabilities</b>		<b><u>181,240,575</u></b>	<b><u>3,706,658</u></b>
<b>Equity</b>			
Share capital	14.a	1,149	931
Share premium	14.a	25,998,056	13,175,994
Other reserves	14.c	3,355,148	1,677,574
Currency translation adjustments		1,184,800	1,041,397
Accumulated losses		<u>(21,286,719)</u>	<u>(7,273,291)</u>
<b>Total equity</b>		<b><u>9,252,434</u></b>	<b><u>8,622,605</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>190,493,009</u></b>	<b><u>12,329,263</u></b>


The notes are an integral part of these consolidated financial statements.

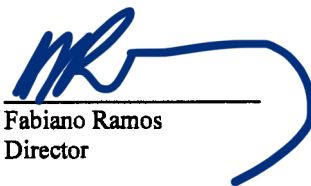
# Seacrest Petroleo Bermuda Limited


Signature page  
**Board of Directors**

  
\_\_\_\_\_  
Erik Tiller  
Chairman of the board

  
\_\_\_\_\_  
Paul Murray  
Director

  
\_\_\_\_\_  
Scott Aitken  
Director

  
\_\_\_\_\_  
Fabiano Ramos  
Director

  
\_\_\_\_\_  
Pedro Magalhaes  
Director



# Seacrest Petroleo Bermuda Limited

## Consolidated statement of profit or loss

For years ended on December 31, 2021 and 2020

(expressed in U.S. dollars)

		<u>2021</u>	<u>2020</u>
<b>Operating expenses</b>			
General and administrative expenses	15	(14,558,449)	(5,221,614)
<b>Operating loss</b>		<u>(14,558,449)</u>	<u>(5,221,614)</u>
Financial income	16	1,063,274	-
Financial expenses	16	(515,629)	(45,541)
<b>Net loss for the year</b>		<u>(14,010,804)</u>	<u>(5,267,155)</u>
<b>Net loss per share</b>		<b>(0.1334)</b>	<b>(0.0718)</b>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of comprehensive income

For years ended on December 31, 2021 and 2020  
(expressed in U.S. dollars)

	<u>2021</u>	<u>2020</u>
<b>Net loss for the year</b>	(14,010,804)	(5,267,155)
<b>Other comprehensive income</b>		
Currency translation adjustments	143,403	1,041,397
<b>Total comprehensive income</b>	<u>(13,867,401)</u>	<u>(4,225,758)</u>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of changes in equity

For years ended on December 31, 2021 and 2020

(expressed in U.S. dollars)

	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
<b>Balance at December 31, 2020</b>	931	13,175,994	1,041,397	1,677,574	(7,273,291)	8,622,605
<b>Comprehensive income</b>						
Loss for the period	-	-	-	-	(14,010,804)	(14,010,804)
<i>Other comprehensive income</i>						
Currency translation adjustment	-	-	143,403	-	-	143,403
<b>Total comprehensive income for the year</b>	-	-	<b>143,403</b>	-	<b>(14,010,804)</b>	<b>(13,867,401)</b>
Capital increase	218	12,822,062	-	-	-	12,822,280
Share-based payment	-	-	-	1,677,574	-	1,677,574
Others	-	-	-	-	(2,624)	(2,624)
<b>Total transactions with owners of Group, recognized directly in equity</b>	<b>218</b>	<b>12,822,062</b>	-	<b>1,677,574</b>	<b>(2,624)</b>	<b>14,497,230</b>
<b>Balance at December 31, 2021</b>	<b>1,149</b>	<b>25,998,056</b>	<b>1,184,800</b>	<b>3,355,148</b>	<b>(21,286,719)</b>	<b>9,252,434</b>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of changes in equity

For years ended on December 31, 2021 and 2020  
(expressed in U.S. dollars)

	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
<b>Balance at December 31, 2019</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,006,136)</b>	<b>(2,006,136)</b>
<b>Comprehensive income</b>						
Loss for the year	-	-	-	-	(5,267,155)	(5,267,155)
<i>Other comprehensive income</i>						
Currency translation adjustment	-	-	1,041,397	-	-	1,041,397
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,041,397</b>	<b>-</b>	<b>(5,267,155)</b>	<b>(4,225,758)</b>
Capital increase	930	13,175,994	-	-	-	13,176,924
Share-based payment	-	-	-	1,677,574	-	1,677,574
<b>Total transactions with owners of Group, recognized directly in equity</b>	<b>930</b>	<b>13,175,994</b>	<b>-</b>	<b>1,677,574</b>	<b>-</b>	<b>14,854,498</b>
<b>Balance at December 31, 2020</b>	<b>931</b>	<b>13,175,994</b>	<b>1,041,397</b>	<b>1,677,574</b>	<b>(7,273,291)</b>	<b>8,622,605</b>

The notes are an integral part of these consolidated financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of cash flows

For years ended on December 31, 2021 and 2020

(expressed in U.S. dollars)

	2021	2020
<b>Cash flows from operating activities</b>		
Net loss for the year	(14,010,804)	(5,267,155)
<i>Adjustments to net of loss</i>		
Depreciation and amortization	3,532	-
Shared-based payment	1,677,574	1,677,574
Interest on financial loan	145,201	-
Others	(2,624)	-
<i>Changes in assets and liabilities</i>		
Advances and prepaid expenses	(635,568)	(24,534)
Inventory	(14,431)	-
Recoverable taxes	(649)	(22)
Accounts receivable with related parties	(281,098)	(11,673)
Supplier and other accounts payable	394,796	148,270
Taxes payable	17,549	18,892
Employee benefits and compensation payable	126,595	31,423
Supplier and other accounts payable- related parties	(27,879)	27,879
Accounts payable to related parties	5,736,550	1,471,522
<b>Net cash used in operating activities</b>	<b>(6,871,256)</b>	<b>(1,927,799)</b>
<b>Cash flows from investing activities</b>		
Purchase of securities	(5,106,033)	-
Advances for the acquisition of oil and gas assets	-	(11,864,756)
Property, plant & equipment acquisition	(1,708,462)	-
Intangible acquisition	(26,899,271)	-
<b>Net cash used in investing activities</b>	<b>(33,713,766)</b>	<b>(11,864,756)</b>
<b>Cash flow from financing activity</b>		
Capital increase	12,822,280	13,176,924
Borrowing costs	(900,000)	-
Financial loan	45,000,000	-
<b>Net cash provided by financing activities</b>	<b>56,922,280</b>	<b>13,176,924</b>
<b>Increase / (decrease) in cash and cash equivalent</b>	<b>16,337,258</b>	<b>(615,631)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>428,278</b>	<b>2,537</b>
Effect of movements in exchange rates on cash held	143,403	1,041,397
<b>Cash and cash equivalents at end of the year</b>	<b>16,908,939</b>	<b>428,278</b>

The explanatory notes are an integral part of these consolidated financial statements.

## **Notes to the consolidated financial statements**

*(In U.S. dollars—USD, unless otherwise indicated)*

### **1 Operations**

Seacrest Petroleo Bermuda Limited (“Entity”) and its subsidiaries (together the “Group”) is an oil and gas explorations Group. The Group’s parent company was incorporated on June 5, 2019 and domiciled in Bermuda. The address of its registered office is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda. The majority owner of the Group is Seacrest Partners III L.P. which is a limited partnership incorporated in Bermuda. The shares are owned by a number of limited partners and common shareholders.

The Group is engaged in oil and gas exploration, development, production and trade of activities.

On August 27, 2020, Karavan Seacrest Spe Cricaré S.A. (“Karavan”), a subsidiary of the Group, and Petróleo Brasileiro S.A. (“Petrobras”) entered into an agreement under which Petrobras sold its total interest in 27 oil exploration and production concessions (“Cricaré Cluster”) to Karavan. On December 29, 2021, the approval was obtained, and Karavan completed the acquisition of the Cricaré Cluster. Cricaré Cluster started its operations by the Group in January 2022.

On December 9, 2021, the Group acquired 100% interest in Seacrest Petróleo SPE Norte Capixaba Ltda. (“Norte Capixaba”), from the individuals Leonardo Luis do Carmo and Cristina da Silva Camargo. Norte Capixaba was an off-the-shelf Brazilian company and it has a fully subscribed and paid-up capital of USD 18.00, represented by one hundred (100) shares, with a nominal value of USD 0.18 each.

On December 30, 2021, Seacrest Exploração e Produção de Petróleo Ltda., a subsidiary of the Group, exercised a call option, for US\$ 1,000, over 50.1% (49.9% at December 31, 2020) of the shares held by Karavan Oil e Gás Participações e Consultoria Ltda in its investee Karavan Seacrest SPE Cricaré S.A., that changed its name to Seacrest SPE Cricaré S.A. (“Cricaré”), pursuant to a shareholders’ agreement signed by the parties on April 17, 2020.

### **2 Basis of preparation**

#### **a. Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were approved and authorized for issuance by the Board of Directors on December 9, 2022.

#### **b. Functional and presentation currency**

These consolidated financial statements are presented in U.S. dollars, which is the Group’s functional currency.

**c. Use of estimates and judgments**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**c.1 Judgments**

The information on judgments made on the application of accounting policies that have relevant effects over values recognized on the consolidated financial statements are being included on the following notes:

**Note 9** – Acquisition of Cricaré Cluster as an acquisition of assets and not a business and the estimate of the extension likelihood of the concession agreement.

**c.2 Uncertainties on assumptions and estimates**

Information on uncertainties related to assumptions and estimates that pose a significant risk of resulting in a material adjustment in balances of both assets and liabilities for the next year are included on the following notes:

**Note 8** – Property, Plant and Equipment (estimated useful live of the assets)

**Note 8** – Property, Plant and Equipment – Provision for decommissioning (discount rate for calculating present value and estimate future decommissioning costs)

**Note 13** – The fair value of contingent payments that are affected by the future exchange rate and the probability of contingent events occurring.

**d. Basis of consolidation**

**d.1 Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights over the variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

**d.2 Transactions eliminated on consolidation**

Intragroup balances and transactions, and any other unrealized revenues or expenses derived from transactions within the group are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the extension in which there is no evidence of loss due to impairment.

### **d.3 Subsidiaries**

	<b>Country</b>	<b>2021</b>	<b>2020</b>
Seacrest Exploração e Produção de Petroleo Ltda	Brazil	100%	100%
Seacrest Uruguay S.A. (i)	Uruguay	100%	-
Seacrest Petroleo B.V. (ii)	Holland	-	100%
Karavan Seacrest SPE Cricare S.A.	Brazil	100%	49%
Seacrest Petróleo SPE Norte Capixaba Ltda. (iii)	Brazil	100%	-

- i. The Group acquired 100% of the shares in Seacrest Uruguay in 2021 for USD 100.00.
- ii. Seacrest Petroleo B.V. was liquidated in 2021.
- iii. Seacrest Petróleo SPE Norte Capixaba Ltda. was acquired on December 9, 2021.

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### **a. Foreign currency**

Transactions in foreign currency are those that are made in currencies other than the Group's functional currency, and they are translated into the respective functional currencies of Group companies at rates of exchange on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date have been translated to the functional currency at rates on the reporting date. Foreign currency differences are generally recognised in profit or loss and presented within finance costs. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

### **b. Property, plant and equipment**

Property, plant and equipment items are measured on historical acquisition cost. Accumulated depreciation and any retained losses are deducted from the impairment, when applicable.

Except for the exploration and production assets, depreciation is recognized over the estimated useful life of each asset on a straight-line basis so that the cost value minus its residual value post-useful life is completely written-off. The estimated useful life, the residual values and the depreciation methods are revised at the end of each fiscal year and the effect of any changes on these estimates is prospectively accounted for.

Exploration and production asset depreciation is calculated through a unit of production method and recognized in the statement of profit or loss.

The estimated useful lives of the PP&E assets are the following:

- Facilities – 10 years;
- Machinery and equipment – units of production method;
- Vehicles – 5 years;
- IT equipment – 5 years.



**c. Intangible assets**

The Group presents, in its intangible assets, expenditure on the acquisition of exploration concessions for extracting oil or natural gas. Those are also recorded at acquisition cost, adjusted, when applicable, to their recoverable amount and proven reserves will be amortized using the unit of production method.

**d. Financial instruments**

**(i) Financial assets**

Financial assets are measured at: amortized cost, or fair value through profit or loss (“FVTPL”). This classification is based on the characteristics of contractual cash flow and the business model to manage the asset.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. On December 31, 2021, the Group financial assets are represented as:

- Cash and cash equivalents
- Securities
- Other accounts receivable with related parties
- Loans with related parties

**(ii) Impairment of financial assets**

Expected credit losses are assessed using an impairment model and is applicable to financial assets measured at amortized cost.

The provisions for expected losses will be measured on one of the following bases:

- Expected credit losses for 12 months, i.e., credit losses that result from potential default events within 12 months after the reporting date; and
- Lifetime expected credit losses, i.e., credit losses that result from all possible default events over the expected life of a financial instrument.

The measurement of lifetime expected credit losses applies if the credit risk of a financial asset on the reporting date has increased significantly since its initial recognition, and the 12-month credit loss measurement applies if the risk has not increased significantly since its initial recognition. The Group determines that the credit risk of a financial asset has not increased significantly if the asset has low credit risk on the reporting date.

**(iii) *Financial liabilities***

The Group classifies non-derivative financial liabilities in the category of other financial liabilities. Such financial liabilities are initially recognized at fair value plus any transaction costs directly assignable. After the initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method. The interest expenses and exchange profit and loss are recognized in the profit or loss.

The Group derecognises a financial liability when its contractual obligation is withdrawn, canceled or expires. The Group also derecognises a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Any gain or loss on derecognition is also recognized in profit or loss.

On December 31, 2021 and 2020, the Group's non-derivative financial liabilities were represented by:

- Supplier and other accounts payable
- Supplier and other accounts payable- related parties
- Accounts payable with related parties
- Financial loan
- Provision for decommissioning costs

In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs, the estimated future level of inflation, and the appropriate discount rate. The ultimate restoration costs are uncertain, and costs may vary in response to several factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other fields. The expected timing of expenditure may also change.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

The provision is recorded as part of the cost of the related property, plant and equipment item, at present value, discounted at a risk-free rate, and is fully recognized at the time of the commencement of operations at each oil field and the recognition of its reserves. The provision is annually revised by Management by adjusting the amounts of assets and liabilities already accounted for. Revisions to the calculation basis of estimated expenditure are recognized as cost of property, plant and equipment, and the accounting effects arising from changes to financial assumptions, such as the discount rates used for calculating the future obligation, are taken directly to profit or loss for the year.

**e. Impairment of non-financial assets**

Every reporting date, the Group reviews the carrying values of its non-financial assets and inventories to determine whether there is any indication of impairment. If any indication occurs, recoverable value of the assets is estimated.

For impairment tests, assets are grouped into Cash Generating Units (CGUs), that is, into the smallest possible group of assets that generate cash inflows through their continued use, inflows that are largely independent of the inflows from other assets or CGUs.

The recoverable value of an asset or CGU is the higher of its value in use and its fair value less cost of disposal. Value in use is based on estimated future cash flows, discounted to present value using a discount rate less taxes, that reflects current market estimates of the value of money in time and specific risks of assets or CGU.

An impairment loss is recognized if the book value of the asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. Losses recognized related to CGUs are allocated to the book value of assets of the CGU (or group of CGUs) on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**f. Provisions**

A provision is recognised if, because of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that the Group will be required to settle the obligation. Provisions are calculated by discounting the expected future net cash flows at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**g. Share based payments**

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of profit or loss over the vesting period.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of profit or loss over the remaining vesting period.

**h. Financial income and expenses and exchange variation, net**

Financial income represents interest income, yields from securities, discounts, other financial income and monetary and foreign exchange rate variations.

Financial costs represent bank expenses, interest, late payment charges, other financial costs and monetary and foreign exchange rate variations.

Financial income and expenses are recognized on an accrual basis when ascertained or incurred by the Group.

**i. Lease**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**j. New standards and interpretations not yet effective**

Several new standards are effective for the years started after January 1, 2021. The Group did not adopt these standards for the preparation of these financial statements.

The following standards and interpretations not yet effective do not present a material impact on the Group's consolidated financial statements:

Standards	Description	Effective date and transitional disposition
<b>Annual Improvements to IFRS® Standards 2018–2020</b>	The amendments change requirements related to: subsidiary as first-time adopter of IFRS (IFRS 1- First-time Adoption of International Financial Reporting Standards); financial remittances for testing or derecognition of a financial (IFRS 9- Financial instruments). Additionally, the amendments change a certain illustrative example contained in IFRS 16-Leases.	January 1, 2022, with prospective application.
<b>Reference to the Conceptual Framework - Amendments to IFRS 3</b>	As additional amendments determine the reference in IFRS 3 to the most recent conceptual framework, as well as include additional requirements for the scope of IAS 37 - Provisions, Contingent Assets and Contingent Assets and IFRIC 21-Levies. Additionally, as amendments the buyer must not recognize acquired assets in a business orientation.	January 1, 2022, with prospective application.
<b>Onerous Contracts—Cost of Fulfilling a Contract - Amendments to IAS 37</b>	Establishes amendments to IAS 37-Provisions, Contingent Liabilities and Contingent Assets to clarify what comprises the costs of performing a contract to assess whether a contract is onerous.	January 1, 2022, with retrospective application with specific rules.

Standards	Description	Effective date and transitional disposition
<b>Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16</b>	Amendments to IAS 16-Property, Plant and Equipment prohibit deducting from the cost of property, plant and equipment amounts received for the sale of items produced before the asset is placed in the location and condition necessary for it to be able to function in the manner intended by management.	January 1, 2022, with retrospective application with specific rules.
<b>Classification of Liabilities as Current or Non-current - Amendments to IAS 1</b>	Amendments to IAS 1-Presentation of Financial establish requirements for classifying a liability as current or non-current.	January 1, 2022, with retrospective application.
<b>Disclosure of Accounting Policies – Amendments to IAS 1 and Practice Statement 2</b>	In place of the requirement to disclose significant accounting policies, the amendments to IAS 1 Presentation of Financial Statements establish that accounting policies must be disclosed when they are material. Among other things, the amendment provides guidance for determining such materiality.	January 1, 2023, with prospective application for amendments to IAS 1.
<b>Definition of Accounting Estimates – Amendments to IAS 8</b>	According to the amendments to IAS 8, the definition of “change in accounting estimate” no longer exists. Instead, a definition was established for the term “accounting estimates”: monetary values in the financial statements that are subject to measurement uncertainty. The amendments reduced the scope of the exemption from recognition of deferred tax assets and deferred tax liabilities contained in paragraphs 15 and 24	January 1, 2023, with prospective application.
<b>Deferred Tax related to Assets and Liabilities arising from a Single Transaction– Amendments to IAS 12</b>	The amendments have reduced the scope of the exemption from recognition of deferred tax assets and deferred tax liabilities contained in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, among other things, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023, with retrospective application with specific rules.

## 4 Cash and cash equivalents

	2021	2020
Banks	16,908,939	428,278

The cash and cash equivalents are kept in order to meet short-term commitments and responsibilities and not for investments.

## 5 Securities

	2021	2020
Bank deposits certificates – CDBs (i)	5,106,033	-

- (i) Bank deposit certificates are compensated on a rate of 100% of the Interbank Deposit Certificate (CDI) on December 31, 2021. This investment was pledged as a guarantee of the future decommissioning of Cricaré Cluster, which is required by the National Agency of Oil, Natural Gas and Biofuels (“ANP”). The funds are restricted for the Group’s use however they are recorded in current assets because the guarantee is expected to be replaced by another type of guarantee, as described in the concession agreement. Management expects to replace the current guarantee in the upcoming 12 months.

## 6 Advances for the acquisition of oil and gas assets

	2021	2020
Cricaré assets deposit (i)	-	11,864,756
	-	11,864,756

- (i) Represents the deposit made with Petróleo Brasileiro S.A. (“Petrobras”) for the acquisition of the Cricaré assets.

## 7 Related party transactions

### a. Accounts receivable with related parties - Current -

	2021	2020
<b>Affiliated companies:</b>		
Azibras Exploração de Petróleo e Gás Ltda	15,675	11,113
Seacrest III Limited	5,779	560
Seapulse Limited	225	-
	21,679	11,673

Represents general and administrative expenses paid by the Group on behalf of the related parties listed above.

**b. Accounts receivable with related parties – Non-current**

	2021	2020
<b>Affiliated companies:</b>		
Azibras Exploração de Petróleo e Gás Ltda	271,092	-

**c. Supplier and other accounts payable- related parties**

	2021	2020
<b>Affiliated companies:</b>		
Azilat Limited (i)	-	27,879

(i) The amount recorded in 2020 represents general and administrative expenses paid on behalf of the Group in 2021.

**d. Accounts payable to related parties**

	2021	2020
<b>Affiliated companies:</b>		
Seacrest Partners Limited	3,500,000	-
Azimuth II Limited	2,058,000	-
Seacrest Group Limited	1,568,811	2,228,811
Seacrest Capital Group Limited	1,148,783	91,454
Azimuth Group Services Limited	737,724	956,503
	9,013,318	3,276,768

The balances represent operating costs of the Group paid by those various related party entities.

**e. Compensation of key-management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries, directly or indirectly, including all executive and non-executive directors. The compensation paid or payable to key management for employee services is shown below:

	2021	2020
Salaries and other employee benefits incurred during the year ended December 31	3,478,771	2,757,574

## 8 Property, plant & equipment

The breakdown of property, plant and equipment is described below:

Description	Balances on 01/01/2021	Additions	Depreciation	Balances on 12/31/2021
Facilities	-	3,790	(122)	3,668
Machinery and equipment (i)	-	1,616,903	-	1,616,903
Vehicles	-	19,717	(193)	19,524
IT equipment	-	51,712	(3,217)	48,495
Advances for the acquisition of PP&E	-	16,340	-	16,340
Provision for decommissioning costs	-	44,164,380	-	44,164,380
	-	<b>45,872,842</b>	<b>(3,532)</b>	<b>45,869,310</b>
Cost	-		Cost	45,872,842
Accumulated depreciation	-		Accumulated depreciation	(3,532)
<b>Property, plant and equipment , net</b>	<b>-</b>		<b>Property, plant and equipment , net</b>	<b>45,869,310</b>

- (i) Values allocated to machinery and equipment relate to steam-generating units, acquired with the intangible assets (Note 9) from Karavan and are considered oil and gas assets.

### Provision for decommissioning costs

The future obligation for the abandonment of assets was estimated based on the Group's interest in (i) all oil wells and facilities, (ii) the estimated plugging and restoration costs for these wells and facilities, and (iii) the estimate of future adjustments to these costs.

On December 31, 2021 the estimated amount required in order to meet asset abandonment obligations is USD 44,164,380 (USD Nil in 2020), which is in accordance with what is prescribed in the contract and on the Annual working Plan and Budget (PAT) sent to ANP, which will be incurred over the remaining useful lives of the wells.

The abandonment obligations costs recorded in 2021 were projected based on future cash flows, adjusted for a free-risk fee and a market interest rate of 11.485% per year.

	2021	2020
Initial balance	-	-
Additions to the period of acquisition	44,164,380	-
Final balance	<b>44,164,380</b>	-



### ***Impairment assessment***

On December 31, 2021, considering the assumptions adopted and the fact that the assets were first recognized at the end of 2021, Group's management did not identify any triggering event to perform the test of cash-generating unit's recoverable value (Cricaré Cluster).

## **9 Intangible assets**

The Group's intangible assets refers to the value of the Concession Asset of 100% of the Cricaré Cluster, pursuant to the contract signed between Karavan and Petrobras on December 29, 2021.

The Group's management reached the conclusion that the integrated assets set and activities acquired are not qualified as a "business", due to the absence of a substantive process connecting the inputs at acquisition (the concession agreements acquired and the PPE) to the outputs (the oil produced). Cricaré Cluster was already producing in the acquisition date but the inputs acquired did not include labor, and therefore it was determined that the transaction was an acquisition of assets rather than a business combination.

Management then identified the individual assets and liabilities acquired in the transaction, at the acquisition date, and measured their fair value as of the same date.

The concession agreements Cricaré entered into with ANP for the concession rights relating to the 27 fields that comprise the Cricaré Cluster will expire between 2025 and 2037. In recognizing this intangible asset, and realizing the value of reserves attributed to the cluster, management has used its judgement in reaching the conclusion that it is highly likely certain concessions will be extended (given that it will be in the best interests of all parties to the concession, that the agreements be extended).

The consideration transferred consisted of:

	USD
Amount paid in cash	28,516,174
Contingent consideration (Note 13)	82,876,725
Cash advances paid in 2020 for oil and gas asset acquisition	11,864,756
<b>Total</b>	<b>123,257,655</b>

The assets above are recorded as follows in these financial statements:

	USD
Property, plant and equipment (Note 8)	1,616,903
Intangible asset in relation to Cricaré concession agreement	121,640,752
<b>Total</b>	<b>123,257,655</b>

Amortization is calculated on the basis of the units-produced method in respect of proven reserves. These reserves are estimated by the Group's geologists and engineers in accordance with international standards and are reviewed annually or when there is indication of significant changes. Operation of the Cricaré assets, by the Group, did not commence until 2022.

***Impairment assessment***

On December 31, 2021, considering that the intangible assets were recognised initially on December 29, 2021, management did not identify triggering event to perform the of recoverable value.

## **10 Taxes payable**

The composition of taxes payable is demonstrated as it follows:

	2021	2020
Taxes on revenue	43	35
Withholding taxes (i)	36,398	18,857
	<b>36,441</b>	<b>18,892</b>

The taxes payable were paid on the maturity date in January 2022.

- (i) Withholding taxes relates to taxes on income and importation.

## 11 Employee benefits and compensation payable

The breakdown of salaries and charges payable is described below:

	2021	2020
Salaries payable	59,846	19,209
Vacation time payable	54,364	-
Taxes on payroll payable	43,808	12,214
	<b>158,018</b>	<b>31,423</b>

The Group currently does not have any retirement plans in place for its employees and directors.

## 12 Financial loans

The breakdown of financial loans is as follows:

	2021	2020
Mercuria Energy Trading S.A. (“Senior facility”) (i)	34,206,990	-
Mercuria Energy Trading S.A. (“Junior facility”) (ii)	10,038,211	-
	<b>44,245,201</b>	<b>-</b>
	<b>2021</b>	<b>2020</b>
<b>Changes in loan</b>		
<b>Opening balance</b>	-	-
Senior facility principal (i)	35,000,000	-
Junior facility principal (ii)	10,000,000	-
Senior facility interest (i)	106,990	-
Junior facility interest (ii)	38,211	-
Borrowing costs (iii)	(900,000)	-
<b>Closing balance</b>	<b>44,245,201</b>	<b>-</b>

- (i) On December 21, 2021, a loan was signed between Mercuria Energy Trading S.A. and Karavan, called senior facility agreement, whose principal value was USD 35,000,000 and maturity date was September 27, 2027, with compound interest of 12% + USD LIBOR per year. Although the USD LIBOR is to be discontinued, Management does not expect material impact, since the amendment will consider a similar reference interest rate.
- (ii) On December 21, 2021, a loan was signed between Mercuria Energy Trading S.A. and Karavan, called junior facility agreement, whose principal value was USD 10,000,000 and maturity date was June 21, 2027, with compound interest of 15% + USD LIBOR per year. Although the USD LIBOR to be discontinued, Management does not expect material impact, since the amendment will consider a similar reference interest rate.
- (iii) Per the terms of the loan agreements, Mercuria Energy Trading S.A. received a USD 900,000 arrangement fee.

## 13 Contingent consideration

	<b>2021</b>	<b>2020</b>
Cluster Cricaré acquisition	82,876,725	-
	<b>82,876,725</b>	<b>-</b>

Relates to the contingent consideration for the acquisition of Cluster Cricaré, of which USD 30,000,000 will be paid on December 31, 2025 as a contingent payment, linked to the approval of the concession term extension by the ANP, and USD 80,000,000, contingent to the reference price of Brent reaching a moving average equal to or less than USD 50 per barrel in the respective payment years, adjusted by a fixed rate plus USD 3 months Libor and the US dollar exchange rate at the end of the period. Although the USD LIBOR to be discontinued, Management does not expect material impact, since the amendment will consider a similar reference interest rate.

The present value adjustment in the initial recognition was USD 27,123,275, considering a discount rate of 11.45% p.a. Therefore, the outstanding amount to be paid for the acquisition of Cluster Cricaré on December 31, 2021 is USD 82,876,725.

The fair value measurement of the contingent consideration was classified as level 3 based on the inputs of the valuation technique used. Management used the discounted cash flow technique that considers the present value of expected future payments, discounted at a risk-free rate. The unobservable inputs used include the expected cash flow, which is affected by the probability of approval by the ANP of the extension of the concession term and the probability that Brent will be equal to or less than USD 50 until the date of payment of the consideration, and the risk-free rate disclosed above. The valuation models assume that there is no reasonable possibility of the extension to the concession period being denied by ANP or the Brent price falling below US\$ 50 per barrel during the applicable period.

## 14 Equity

### a. Share capital

Issued capital at December, 2021 comprised:

	<b>Share capital USD</b>	<b>Share premium USD</b>	<b>Total USD</b>
Opening January 1, 2021 (93,060,000 fully paid ordinary shares)	931	13,175,994	13,176,925
Issued during the year (21,864,000 fully paid ordinary shares)	218	12,822,062	12,822,280
Balance at December 31, 2021 (114,924,000 fully paid ordinary shares)	<b>1,149</b>	<b>25,998,056</b>	<b>25,999,205</b>

Issued capital at December 31, 2020 comprised:

	Share capital USD	Share premium USD	Total USD
93,060,000 fully paid ordinary shares	931	13,175,994	13,176.925
Balance at December 31, 2020	<b>931</b>	<b>13,175,994</b>	<b>13,176.925</b>

**Ordinary shares**

Ordinary shares each have a par value of USD 0.00001 and 115,000,000 (94,000,000 in 2020) shares have been authorised. The Group issued 114,924,000 (93,060,000 in 2020) shares and each ordinary share carries one vote.

**b. Income (loss) by share**

	2021	2020
Weighted average number of shares	105,031,500	73,397,372
Net loss for the year	(14,010,804)	(5,267,155)
Net loss per weighted average share	<b>(0.1334)</b>	<b>(0.0718)</b>

**c. Other reserves**

During the year ended December 31, 2020, the Group granted share options to selected employees. Total options issued to each individual were divided into tranches. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of options granted during 2021 and 2020 is determined using the Black-Scholes valuation model. The significant inputs into the model were: share price of USD 0.57 at the grant date, an exercise prices of USD 0.00001 per share, volatility of 35.3%, dividend yield of Nil%, vesting period of 0 to 3 years, and an average annual risk-free interest rate of 10.00%. The volatility measured at the standard deviation of continuously compounded share returns was based on statistical analysis of the daily share prices of two comparable quoted share over a period of one year.

There were 10,000,000 share options granted during the year ended December 31, 2021, relate to key management personnel compensation (10,000,000 in 2020).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

<u>Grant-vest</u>	<u>Expiry date</u>	<u>Exercise price in \$ per share option</u>	<u>Share option</u>
2020-2022	October 7, 2025	0.00001	5,447,500
2020-2024	December 31, 2025	0.00001	<u>4,552,500</u>
			<u><b>10,000,000</b></u>

As at December 31, 2021, the weighted average remaining option life was 2.8 years.

For the year ended December 31, 2021, the expense recognized in the Consolidated Statement of Profit or Loss arising from the share options issuance is USD 1,677,574 (USD 1,677,574 in 2020).

## 15 General and administrative expenses

	<u>2021</u>	<u>2020</u>
Employee benefit and compensation	3,478,771	2,757,574
Travel and other sundry items	466,008	87,325
Depreciation and amortization	3,532	-
Office rent and running costs	76,331	1,218
Taxes and fees	94,762	63,487
Contractual guarantee fees (ii)	4,752,329	6,182
Services hired (i)	5,065,414	1,886,141
Other operating expenses	<u>621,302</u>	<u>425,869</u>
	<u><b>14,558,449</b></u>	<u><b>5,227,796</b></u>

- (i) Professional and technical services were hired, such as lawyers, environmental specialists, geology, and geography consultation, as support for operations.
- (ii) Fees associated with the financial guarantee that was contractually required in order to acquire Cricaré cluster.

## 16 Net financial results

	2021	2020
<b>Financial income</b>		
Exchange rate gains	1,063,274	-
	<b>1,063,274</b>	-
	<b>2021</b>	<b>2020</b>
<b>Financial expenses</b>		
Banking expenses	21,153	-
Exchange rate losses	337,968	101
Interest	146,949	39,258
Interest and fines on taxes and contributions	9,559	-
	<b>515,629</b>	<b>39,359</b>

## 17 Income tax and social contribution

The Group is subject to Brazilian tax through the operation of its subsidiary.

Under current Bermuda law, the Group is not required to pay tax in Bermuda on either income or capital gains.

The Group presented no taxable income for the years ended December 31, 2021 and 2020.

The tax losses for 2021 and 2020 are USD 14,767,401 and USD 5,267,155, respectively. These tax losses were not recognized by the Group due to the unpredictability of the projection of taxable profits at this point in time.

## 18 Operating Segments

Operating segments are defined as components of an entity for which separate financial statements are available and are regularly evaluated by the chief operating decision maker in order to allocate resources in evaluating the performance of managers in a given segment. By this definition, the Group has a single operating segment, which consists of oil and gas exploration and production (E&P).

All E&P costs within the Group are located in Brazil.

## 19 Financial instruments and risk management

The Group's primary objective in undertaking risk management to manage risk exposures, minimising its exposure to unexpected financial loss and limiting the potential deviation from anticipated outcomes. The Group does not invest in derivatives or other risk assets on a speculative basis.

All the operations with financial instruments are recognized through fair value through profit of loss ("FVTPL") or amortised cost in the consolidated financial statements of the Group. The

value of the financial instruments that are included in the statement of financial position on December 31, 2021, are identified below:

	<b>2021</b>		
	<b>Fair Value</b>	<b>Amortised Cost</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	-	16,908,939	16,908,939
Securities	5,106,033	-	5,106,033
Other accounts receivable with related parties	-	21,679	21,679
Loans with related parties	-	271,092	271,092
<b>Liabilities</b>			
Loans from related parties	-	9,013,318	9,013,318
Financial loans	-	44,245,201	44,245,201

	<b>2020</b>		
	<b>Fair Value</b>	<b>Amortised Cost</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	-	428,278	428,278
Other accounts receivable with related parties	-	11,673	11,673
<b>Liabilities</b>			
Accounts payable to related parties	-	27,879	27,879
Loans from related parties	-	3,276,768	3,276,768

The book value of financial assets and liabilities not measured at fair value is a reasonable approximation of the fair value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



The following presents the Group's assets that are measured at fair value at December 31, 2021:

<b>Assets:</b>	<b>2021</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>USD</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Securities	5,106,033	-	-	5,106,033
Total Assets	<b>5,106,033</b>	<b>-</b>	<b>-</b>	<b>5,106,033</b>

Relates to a certificate of deposit held at a bank in Brazil.

The Group is exposed to credit, market, credit and liquidity risk and works to ensure that all significant risks are identified and managed. Risks are usually grouped by risk type: financial, including credit, liquidity and market. The risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties

**a. Credit risk**

Credit risk is the exposure that a counter-party to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Group. The Group performs due diligence on any party with which it intends to enter into a contractual agreement. In order to mitigate credit risk the Group keeps its resources in financial institutions whose liquidity is acknowledged.

The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets, and management does not expect any losses from non-performance by these counterparties. The Groups credits risks are in the following accounts:

- Cash and cash equivalents
- Securities
- Other accounts receivable with related parties
- Loans with related parties
- None of the loans or receivables are past due

**b. Market risks**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market factors. Market risk comprises three types of risk: foreign exchange risk (currency risk), market prices (price risk) and market interest rate risk (interest rate risk).

*Foreign exchange risks*

The Group is exposed to currency risk on payments denominated in currencies other than the functional currency. Currency risk arises when future commercial transactions or recorded assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has subsidiaries located in Brasil and is therefore exposed to foreign exchange risks in Brazil Reais (BRL). The Group's loans and receivables are USD denominated however the Group does hold cash and marketable securities in BRL which are subject to foreign exchange risk as follows:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents in BRL	16,908,939	428,278
Securities in BRL	5,106,033	-
	<b>22,014,972</b>	<b>428,278</b>

At December 31, 2021, if the Brazil Real had weakened/strengthened by 10% against the U.S. dollar with all other variables held constant, then the total comprehensive loss for the year would have been USD 2,201,497 (USD 42,827 in 2020) higher/lower.

The Group's subsidiary in Uruguay has no assets or liabilities denominated in a foreign currency and therefore is not exposed to any credit risk.

*Interest rate risks*

It is the risk of a financial instrument fair value changes due to changes in the market's interest rate.

The Group holds two loans ((a) and (b)) with Mercuria Energy Trading and the loans are subject to an interest rate of 12% to 15% in addition to USD LIBOR (Note 12). The Group is therefore exposed to interest rate risk because of fluctuations in the USD LIBOR rate on the following loans.

	<b>2021</b>	<b>2020</b>
Mercuria Energy Trading S.A. (a)	34,206,990	-
Mercuria Energy Trading S.A. (b)	10,038,211	-
	<b>44,245,201</b>	<b>-</b>

At December 31, 2021, if the USD LIBOR rate increased or decreased 1% with all other variables held constant, then the total comprehensive loss for the year would have been USD 4,514,520 (Nil in 2020) higher/lower.

**c. *Liquidity risk***

Liquidity risk is the risk of an entity finding difficulty in fulfilling its obligations to its financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus cash held by the Group over and above balances required for working capital management.

The Group closely monitors its cash position and cash flow forecasts to help it determine whether it has sufficient financial resources to fund its short and medium term operations.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

The table below analyses the Group's financial liabilities into relevant maturity groupings.

	<b>2021</b>			
	<b>Up to 1 year</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
Contingent consideration	-	20,000,000	98,000,000	-
Suppliers and other accounts payable	746,492	-	-	-
Accounts payable to related parties	-	9,013,318		
Financial loans	-	-	-	44,245,201
	<b>746,492</b>	<b>172,158,519</b>	<b>98,000,000</b>	<b>44,245,201</b>

	<b>2020</b>			
	<b>Up to 1 year</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
Accounts payable to related parties	-	27,879	-	-
Suppliers and other accounts payable	351,696	-	-	-
Accounts payable to related parties	-	3,276,768		
	<b>351,696</b>	<b>3,304,647</b>	<b>-</b>	<b>-</b>

## 20 Supplementary Oil and Gas Disclosures information (Unaudited)

### *Estimated quantities of crude oil and natural gas reserves*

The following tables summarize the net ownership interest in the proved oil and gas reserves, the standardized measure and changes in the standardized measure of discounted future net cash flows of the Cricaré Cluster assets and are based on estimates of proved reserves as of December 31, 2021. The proved oil and gas reserve estimates and other components of the standardized measure were determined in accordance with the authoritative guidance of the Financial Accounting Standards Board and the SEC.

### *Standardized Measure of Discounted Future Net Cash Flows*

The Standardized Measure of Discounted Future Net Cash Flows (excluding income tax expense) relating to proved crude oil and gas reserves is presented below:

	<b>2021</b>
	<b>USD</b>
	<b>(in thousands)</b>
Future cash inflows	1,548,010
Future production costs	(505,062)
Future development costs	(228,460)
Future net cash flows	814,488
Less 10% annual discount to reflect timing of cash flows	(394,304)
Standard measure of discounted future net cash flows	420,184

The Standardized Measure of Discounted Future Net Cash Flows (discounted at 10%) from production of proved reserves was developed as follows:

An estimate was made of the quantity of proved reserves and the future periods in which they are expected to be produced based on year-end economic conditions.

In accordance with SEC guidelines, the engineers' estimates of future net revenues from proved properties and the present value thereof for 2021 and subsequent periods are made using the twelve-month average of the first-day-of-the-month reference prices as adjusted for location and quality differentials. These prices are held constant throughout the life of the properties, except where such guidelines permit alternate treatment. The realized sales prices used in the reserve report were \$75 per barrel of crude oil and \$2.09 per MCF of natural gas.

The future gross revenue streams were reduced by estimated future operating costs and future development and abandonment costs, all of which were based on current costs in effect at December 31, 2021 and held constant throughout the life of the properties.

## **21 Subsequent Events**

On February 23, 2022, the wholly-owned subsidiary, Seacrest Petróleo SPE Norte Capixaba Ltda. entered into a purchase agreement with Petróleo Brasileiro S.A (“Petrobras”) for 4 onshore production field concessions, with integrated facilities, located in the state of Espírito Santo – ES , collectively called Cluster Norte Capixaba. The assets acquired do not qualify as a business, due to the absence of a substantive process connecting the inputs (concession agreements acquired) and outputs (oil produced). Inputs acquired do not include a workforce, therefore it was determined that the transaction is an asset acquisition rather than a business combination.

The transaction depends on the approval of operational security and financial requirements by the ANP. The approval is foreseen to occur by December, 2022. To guarantee the evaluation of the transaction a payment of USD 34,219,214 was made on February 23, 2022 and new payments may be done after the closing of the transaction.

Cluster Norte Capixaba comprises four terrestrial fields: Cancã, Fazenda Alegre, Fazenda São Rafael and Fazenda Santa Luzia. Terminal Norte Capixaba and all the production facilities contained in the ring fence of the four concessions are also part of the Cluster Norte Capixaba, in addition to the ownership of some land.

The total consideration for the transferred assets shall consist of the amount of US\$ 478,000,000.

Between February and May 2022 the Group received a capital increase of USD 49,000,000 from investors for 69,159,142 common shares. The Group also received USD 18,000,000 from investors for convertible loan notes.

## Appendix E – Interim Financial Statements

# Seacrest Petroleum Bermuda Limited

**Consolidated interim financial  
statements for the period ended  
september 30, 2022**

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## Independent auditors' report on review of consolidated interim financial statements

To the Directors of  
Seacrest Petroleo Bermuda Limited  
Hamilton, Bermuda

### Introduction

We have reviewed the accompanying consolidated statement of financial position of Seacrest Petroleo Bermuda Limited and its subsidiaries ("the Group") as at September 30, 2022, the consolidated statements of profit or loss, comprehensive income changes in equity and cash flows for the nine month period then ended, and notes, comprising significant accounting policies and other explanatory information ("the consolidated interim financial statements").

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) including the requirements of IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the financial position of the entity as at September 30, 2022, and of its financial performance and its cash flows for the nine month period then ended in accordance with IFRS Standards including the requirements of IAS 34, 'Interim Financial Reporting'.

Rio de Janeiro, December 20, 2022

KPMG Auditores Independentes Ltda.  
CRC SP-014428/O-6 F-RJ

  
Leandro Basto Pereira  
Accountant CRC RJ115543/O-6

# Seacrest Petroleo Bermuda Limited

## Consolidated statements of financial position on September 30, 2022 and December 31, 2021

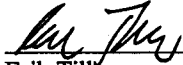
(expressed in U.S. dollars)

	Note	September 30, 2022	December 31, 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	12,827,925	16,908,939
Securities	5	5,948,427	5,106,033
Advances and prepaid expenses		1,896,505	660,102
Accounts receivable with related parties	7.a	32,865	21,679
Recoverable taxes	8	3,690	671
Inventory		8,869,055	14,431
Derivative financial instruments	24.b	2,312,188	-
		<u>31,890,655</u>	<u>22,711,855</u>
<b>Non-current assets</b>			
Accounts receivable with related parties	7.b	295,676	271,092
Recoverable taxes	8	1,954,432	-
Advances for the acquisition of oil and gas assets	6	35,850,000	-
Property, plant & equipment	10	50,106,062	45,869,310
Intangible assets	11	116,476,417	121,640,752
		<u>204,682,587</u>	<u>167,781,154</u>
<b>Total assets</b>		<b><u>236,573,242</u></b>	<b><u>190,493,009</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Taxes payable	12	602,814	36,441
Supplier and other accounts payable	22.c	1,943,015	746,492
Lease payable	14	2,419,490	-
Employee benefits and compensation payable	13	892,332	158,018
Derivative financial instruments	24.b	16,563,548	-
		<u>22,421,199</u>	<u>940,951</u>
<b>Non-current liabilities</b>			
Accounts payable to related parties	7.c	274,366	9,013,318
Financial loans with related parties	7.d	60,120,345	44,245,201
Financial loans	15	3,175,000	-
Lease payable	14	3,700,872	-
Provision for decommissioning costs	10	51,255,247	44,164,380
Contingent consideration	16	106,926,337	82,876,725
Derivative financial instruments	24.b	16,132,568	-
		<u>241,584,735</u>	<u>180,299,624</u>
<b>Total liabilities</b>		<b><u>264,005,934</u></b>	<b><u>181,240,575</u></b>
<b>Equity</b>			
Share capital	17.a	1,843	1,149
Share premium	17.a	74,997,365	25,998,056
Other reserves	17.c	4,613,329	3,355,148
Currency translation adjustments		7,943,609	1,184,800
Accumulated losses		(114,988,838)	(21,286,719)
<b>Total equity</b>		<b><u>(27,432,692)</u></b>	<b><u>9,252,434</u></b>
<b>Total equity and liabilities</b>		<b><u>236,573,242</u></b>	<b><u>190,493,009</u></b>

The notes are an integral part of these consolidated interim financial statements.


# Seacrest Petroleo Bermuda Limited

## Signature page Board of Directors




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Erik Tillér  
Chairman of the board



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Paul Murray  
Director




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Scott Aitken  
Director



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Fabiano Ramos  
Director



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Pedro Magalhaes  
Director

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of profit or loss

For the period ended September 30, 2022 and September 30, 2021

*(expressed in U.S. dollars)*

		September 30, 2022	September 30, 2021
<b>Operating revenue</b>			
Revenue from oil sales	18	22,978,217	-
Cost of sales and services	19	<u>(26,503,483)</u>	<u>-</u>
Gross loss		(3,525,266)	-
<b>Operating expenses</b>			
General and administrative expenses	20	<u>(19,714,802)</u>	<u>(6,878,428)</u>
Total operating expenses		(19,714,802)	(6,878,428)
<b>Operating loss</b>		<u><b>(23,240,068)</b></u>	<u><b>(6,878,428)</b></u>
Financial income	21	2,905,110	36,990
Financial expenses	21	<u>(73,367,161)</u>	<u>(1,151)</u>
<b>Net loss for the period</b>		<u><b>(93,702,119)</b></u>	<u><b>(6,842,589)</b></u>
<b>Net loss per share</b>		<b>(0.5530)</b>	<b>(0.0663)</b>

The notes are an integral part of these consolidated interim financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of comprehensive income

For the period ended September 30, 2022 and September 30, 2021

*(expressed in U.S. dollars)*

	September 30, 2022	September 30, 2021
<b>Net loss for the period</b>	(93,702,119)	(6,842,589)
<b>Other comprehensive income</b>		
Currency translation adjustments	<u>6,758,809</u>	<u>(442,365)</u>
<b>Total comprehensive income</b>	<u><u>(86,943,310)</u></u>	<u><u>(7,284,955)</u></u>

The notes are an integral part of these consolidated interim financial statements.

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of changes in equity

For period ended September 30, 2022 and September 30, 2021

(expressed in U.S. dollars)

	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
<b>Balance at December 31, 2021</b>	1,149	25,998,056	1,184,800	3,355,148	(21,286,719)	9,252,434
<b>Comprehensive income</b>						
Loss for the period	-	-	-	-	(93,702,119)	(93,702,119)
<i>Other comprehensive income</i>						
Currency translation adjustment	-	-	6,758,809	-	-	6,758,809
<b>Total comprehensive income for the period</b>	-	-	<b>6,758,809</b>	-	<b>(93,702,119)</b>	<b>(86,943,310)</b>
Capital increase	694	48,999,309	-	-	-	49,000,003
Share-based payment	-	-	-	1,258,181	-	1,258,181
<b>Total transactions with owners of Group, recognized directly in equity</b>	<b>694</b>	<b>48,999,309</b>	-	<b>1,258,181</b>	-	<b>50,258,184</b>
<b>Balance at September 30, 2022</b>	<b>1,843</b>	<b>74,997,365</b>	<b>7,943,609</b>	<b>4,613,329</b>	<b>(114,988,838)</b>	<b>(27,432,692)</b>

# Seacrest Petroleo Bermuda Limited

## Consolidated statement of changes in equity

For period ended September 30, 2022 and September 30, 2021

(expressed in U.S. dollars)

	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
<b>Balance at December 31, 2020</b>	931	13,175,994	1,041,397	1,677,574	(7,273,291)	8,622,605
<b>Comprehensive income</b>						
Loss for the period	-	-	-	-	(6,842,590)	(6,842,590)
<i>Other comprehensive income</i>						
Currency translation adjustment	-	-	(442,365)	-	-	(442,365)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>(442,365)</u>	<u>-</u>	<u>(6,842,590)</u>	<u>(7,284,955)</u>
Capital increase	626	9,222,125	-	-	-	9,222,751
Share-based payment	-	-	-	1,258,181	-	1,258,181
<b>Total transactions with owners of Group, recognized directly in equity</b>	<u>626</u>	<u>9,222,125</u>	<u>-</u>	<u>1,258,181</u>	<u>-</u>	<u>10,480,932</u>
<b>Balance at September 30, 2021</b>	<u>1,557</u>	<u>22,398,119</u>	<u>599,032</u>	<u>2,935,755</u>	<u>(14,115,881)</u>	<u>11,818,582</u>

The notes are an integral part of these consolidated interim financial statements.



# Seacrest Petroleo Bermuda Limited

## Consolidated statement of cash flows

For the period ended September 30, 2022 and September 30, 2021

(expressed in U.S. dollars)

	September 30, 2022	September 30, 2021
<b>Cash flows from operating activities</b>		
Net loss for the period	(93,702,119)	(6,842,590)
<i>Adjustments to net of loss</i>		
Depreciation and amortization	18,494,754	-
Shared-based payment	1,258,181	1,258,181
Contingent liability adjustment	24,049,612	-
Asset retirement obligation adjustment	7,090,867	-
Hedging costs (unrealized)	30,383,928	-
Interest on leasing	703,702	-
Interest on financial loan	5,770,658	-
Interest on bank deposits	(842,394)	-
<i>Changes in assets and liabilities</i>		
Advances and prepaid expenses	(1,236,403)	(75,884)
Inventory	(8,854,624)	-
Recoverable taxes	(1,957,451)	22
Accounts receivable with related parties	(35,770)	(226,635)
Supplier and other accounts payable	1,196,523	636,790
Taxes payable	566,373	9,975
Employee benefits and compensation payable	734,314	32,899
Supplier and other accounts payable- related parties	-	(27,879)
Accounts payable to related parties	(8,738,952)	(826,563)
<b>Net cash used in operating activities</b>	<b>(25,118,802)</b>	<b>(6,061,684)</b>
Interest paid	(4,720,514)	-
<b>Net cash used in operating activities</b>	<b>(29,839,315)</b>	<b>(6,061,684)</b>
<b>Cash flows from investing activities</b>		
Advances for the acquisition of oil and gas assets	(35,850,000)	-
Property, plant & equipment acquisition	(2,699,338)	-
<b>Net cash used in investing activities</b>	<b>(38,549,338)</b>	<b>-</b>
<b>Cash flow from financing activity</b>		
Capital increase	49,000,003	9,222,751
Financial loan	18,000,000	-
Lease payments	(1,427,816)	-
<b>Net cash provided by financing activities</b>	<b>65,572,187</b>	<b>9,222,751</b>
<b>Increase / (decrease) in cash and cash equivalent</b>	<b>(2,816,466)</b>	<b>3,161,067</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>16,908,939</b>	<b>428,278</b>
Effect of movements in exchange rates on cash held	(1,264,548)	(442,365)
<b>Cash and cash equivalents at end of the period</b>	<b>12,827,925</b>	<b>3,146,980</b>

The explanatory notes are an integral part of these consolidated interim financial statements.

## **Notes to the consolidated financial statements**

*(In U.S. dollars—USD, unless otherwise indicated)*

### **1 Operations**

Seacrest Petroleo Bermuda Limited and its subsidiaries (together, the “Group”) is an oil and gas explorations group. The Group’s parent company was incorporated on June 5, 2019 and domiciled in Bermuda. The address of its registered office is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda. The largest shareholder of the Group is Seacrest Partners III, L.P., which is a limited partnership incorporated in Bermuda. The other shareholders are co-investors and limited partners of Seacrest Partners III, L.P. and employees of the Group.

The Group is engaged in oil and gas exploration, development, production and trade activities.

On August 27, 2020, Karavan Seacrest SPE Cricaré S.A. (“SPE Cricaré”), a subsidiary of the Group, and Petróleo Brasileiro S.A. (“Petrobras”) entered into an agreement under which Petrobras sold its total interest in 27 oil exploration and production concessions (the “Cricaré Cluster”) to SPE Cricaré. On December 29, 2021, the last required regulatory approval was obtained, and SPE Cricaré completed the acquisition of the Cricaré Cluster. The Group began its operation of the Cricaré Cluster in January 2022.

On December 9, 2021, the Group acquired a 100% interest in Seacrest Petróleo SPE Norte Capixaba Ltda. (“SPE Norte Capixaba”) from the individuals Leonardo Luis do Carmo and Cristina da Silva Camargo. SPE Norte Capixaba was an off-the-shelf Brazilian company and it has a fully subscribed and paid-up capital of USD 18.00, represented by one hundred (100) shares, with a nominal value of USD 0.18 each.

On December 30, 2021, Seacrest Petróleo S.A. (formerly known as Seacrest Exploração e Produção de Petróleo Ltda.), a subsidiary of the Group, pursuant to a shareholders agreement dated April 17, 2020, exercised a call option, for US\$ 1,000, over 50.1% (49.9% at December 31, 2020) of the shares held by Karavan Oil e Gás Participações e Consultoria Ltda in SPE Cricaré, and the name of SPE Cricaré was changed to Seacrest SPE Cricaré S.A.

On February 23, 2022, the fully-owned subsidiary of the Company, Seacrest SPE Norte Capixaba, entered into a purchase agreement with Petrobras to acquire four onshore oil concessions with integrated facilities, located in the state of Espírito Santo, collectively referred to as the Norte Capixaba Cluster.

This transaction is pending approval by the ANP. Approval is expected to be granted in December 2022. To ensure the assessment of the transaction, an advance of USD 35,850,000 has been provided to Petrobras, and further payments may occur after the closing.

The Sales Purchase Agreement (“SPA”) makes reference to the “Effect of Termination” and stipulates events which would result in the Seller (Petrobras) being entitled to retain the deposit in the events of early termination. The events which would result in this, include, but are not limited to, a breach of the Purchaser’s (Company) representations, warranties, obligations, and covenants under the SPA (including breaching payment terms) and ANP not granting its’ approval due to the Company’s failure to qualify as an operator. At balance sheet date there is no indication that the Company is in breach, and therefore the future economic benefits associated with this advance remain recognized,

The Norte Capixaba Cluster is made up of four onshore fields: Cancã, Fazenda Alegre, Fazenda São Rafael and Fazenda Santa Luzia, The Norte Capixaba Terminal and all production facilities contained in the ring fence of the four concessions also form the Norte Capixaba Cluster, as well as the ownership to some plots of land.

The Group’s consolidated financial statements have been prepared on a going concern basis. In September 2022, the Company had accumulated losses of USD 150,139,105 (USD 21,286,719 in 2021), negative operating cash flow of USD 26,255,514 (USD 6,871,256 in 2021), in addition to loss in the period of USD 128,852,386 (USD 14,010,804 in 2021). Management knows that this is expected for oil exploration and production companies with recently acquired assets, considering the high investments and expenses incurred in the pre-operational phase.

Considering that the Company is starting operations, an improvement in financial indicators is expected as the operation is optimized, with material gains expected from 2023. Furthermore, it is important to emphasize that the Company has enough cash to honor its short-term obligations and has two contracts signed for the sale of oil produced in the field, for which a positive impact on operating cash flow generation is expected in the near future.

## **2 Basis of preparation**

### **a. Statement of compliance**

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including the requirements of IAS 34, ‘Interim Financial Reporting’.

The financial statements were approved and authorized for issuance by the Board of Directors on December 20, 2022.

### **b. Functional and presentation currency**

These consolidated interim financial statements are presented in U.S. dollars, which is the Group’s functional currency.

### **c. Use of estimates and judgments**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

**c.1 Judgments**

The information on judgments made on the application of accounting policies that have relevant effects over values recognized on the consolidated financial statements are being included on the following notes:

- **Note 11** – Acquisition of Cricaré Cluster as an acquisition of assets and not a business and the estimate of the extension likelihood of the concession agreement.

**c.2 Uncertainties on assumptions and estimates**

Information on uncertainties related to assumptions and estimates that pose a significant risk of resulting in a material adjustment in balances of both assets and liabilities for the next year are included on the following notes:

- **Note 10** – Property, Plant and Equipment (estimated useful live of the assets)
- **Note 10** – Property, Plant and Equipment – Provision for decommissioning (discount rate for calculating present value and estimate future decommissioning costs)
- **Note 15** – The fair value of contingent payments that are affected by the future exchange rate and the probability of contingent events occurring.
- **Note 24** – The fair value of derivative instruments that are affected by the future exchange rates and by the future Brent oil rates.

**d. Basis of consolidation**

**d.1 Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights over the variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

**d.2 Transactions eliminated on consolidation**

Intragroup balances and transactions, and any other unrealized revenues or expenses derived from transactions within the group are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the extension in which there is no evidence of loss due to impairment.

**d.3 Subsidiaries**

	<b>Country</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Seacrest Petróleo Cricaré Bermuda Ltd.	Bermuda	100%	100%
SeaPet Offshore Limited	Bermuda	100%	100%
Seacrest Uruguay S.A.	Uruguay	100%	100%
Seacrest Petróleo S.A.	Brazil	99.99%	100%
Seacrest SPE Cricaré S.A.	Brazil	100%	100%
Seacrest Petróleo SPE Norte Capixaba Ltda.	Brazil	100%	100%

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated interim financial statements.

#### **a. Foreign currency**

Transactions in foreign currency are those that are made in currencies other than the Group's functional currency, and they are translated into the respective functional currencies of Group companies at rates of exchange on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date have been translated to the functional currency at rates on the reporting date. Foreign currency differences are generally recognized in profit or loss and presented within finance costs. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

#### **b. Property, plant and equipment**

Property, plant and equipment items are measured on historical acquisition cost. Accumulated depreciation and any retained losses are deducted from the impairment, when applicable.

Except for the exploration and production assets, depreciation is recognized over the estimated useful life of each asset on a straight-line basis so that the cost value minus its residual value post-useful life is completely written-off. The estimated useful life, the residual values and the depreciation methods are revised at the end of each fiscal year and the effect of any changes on these estimates is prospectively accounted for.

Exploration and production asset depreciation is calculated through a unit of production method and recognized in the statement of profit or loss.

The estimated useful lives of the property, plant and equipment assets are the following:

- Facilities – 10 years;
- Machinery and equipment – units of production method;
- Steam generating units – units of production method;
- Vehicles – 5 years;
- IT equipment – 5 years.

#### **c. Intangible assets**

The Group presents, in its intangible assets, expenditure on the acquisition of exploration concessions for extracting oil or natural gas. Those are also recorded at acquisition cost, adjusted, when applicable, to their recoverable amount and proven reserves will be amortized using the unit of production method.

#### **d. Inventories**

Inventories, except for crude oil inventories, are recorded at the lower of cost and net realizable value. Production costs comprise fixed and variable costs, directly and indirectly attributed to production. Costs are aggregated to inventory items based on weighted average cost.

Crude oil inventory is valued at production cost, including depreciation and includes import obligations, transportation, handling, and other costs directly attributable to the acquisition of products and materials.

On the reporting, the value of inventories is evaluated, and a provision for losses with obsolete or slow-moving inventory may be recognized. Write-offs and reversals are recognized as “cost of sales and services”.

**e. Financial instruments**

**(i) Financial assets**

Financial assets are measured at amortized cost, or fair value through profit or loss (“FVTPL”).

This classification is based on the characteristics of contractual cash flow and the business model to manage the asset.

The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition. On September 30, 2022, the Group financial assets are represented as:

- Cash and cash equivalents
- Securities
- Accounts receivable with related parties
- Derivatives financial instruments

**(ii) Impairment of financial assets**

Expected credit losses are assessed using an impairment model and are applicable to financial assets measured at amortized cost.

The provisions for expected losses will be measured on one of the following bases:

- Expected credit losses for 12 months, i.e., credit losses that result from potential default events within 12 months after the reporting date; and
- Lifetime expected credit losses, i.e., credit losses that result from all possible default events over the expected life of a financial instrument.

The measurement of lifetime expected credit losses applies if the credit risk of a financial asset on the reporting date has increased significantly since its initial recognition, and the 12-month credit loss measurement applies if the risk has not increased significantly since its initial recognition. The Group determines that the credit risk of a financial asset has not increased significantly if the asset has low credit risk on the reporting date.

**(iii) *Financial liabilities***

The Group classifies non-derivative financial liabilities in the category of other financial liabilities. Such financial liabilities are initially recognized at fair value plus any transaction costs directly assignable. After the initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method. The interest expenses and exchange profit and loss are recognized in the profit or loss.

The Group derecognizes a financial liability when its contractual obligation is withdrawn, canceled or expires. The Group also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Any gain or loss on derecognition is also recognized in profit or loss.

On September 30, 2022 and December 31, 2021, the Group's non-derivative financial liabilities were represented by:

- Supplier and other accounts payable
- Accounts payable with related parties
- Financial loans with related parties
- Financial loans
- Provision for decommissioning costs
- Leases payable
- Contingent consideration

In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs, the estimated future level of inflation, and the appropriate discount rate. The ultimate restoration costs are uncertain, and costs may vary in response to several factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other fields. The expected timing of expenditure may also change.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

The provision is recorded as part of the cost of the related property, plant and equipment item, at present value, discounted at a risk-free rate, and is fully recognized at the time of the commencement of operations at each oil field and the recognition of its reserves. The provision is annually revised by Management by adjusting the amounts of assets and liabilities already accounted for. Revisions to the calculation basis of estimated expenditure are recognized as cost of property, plant and equipment, and the accounting effects arising from changes to financial assumptions, such as the discount rates used for calculating the future obligation, are taken directly to profit or loss for the year.

**f. Impairment of non-financial assets**

On every reporting date, the Group reviews the carrying values of its non-financial assets and inventories to determine whether there is any indication of impairment. If any indication occurs, the recoverable value of the assets is estimated.

For impairment tests, assets are grouped into Cash Generating Units (CGUs), that is, into the smallest possible group of assets that generate cash inflows through their continued use, inflows that are largely independent of the inflows from other assets or CGUs.

The recoverable value of an asset or CGU is the higher of its value in use and its fair value less cost of disposal. Value in use is based on estimated future cash flows, discounted to present value using a discount rate less taxes, that reflects current market estimates of the value of money in time and specific risks of assets or CGU.

An impairment loss is recognized if the book value of the asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. Losses recognized related to CGUs are allocated to the book value of assets of the CGU (or group of CGUs) on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**g. Derivative financial instruments**

The Group may use derivative financial instruments to manage certain exposures to fluctuations in oil and gas prices and foreign currency exchange rates. Such derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered into and are subsequently re-measured at fair value through profit and loss. Hedge accounting is not applied. For derivative financial instruments where the underlying is a commodity, changes in fair value are recognized as part of operating activities. Changes in fair values for other derivative financial instruments are classified as part of financial activities.

**h. Provisions**

A provision is recognized if, because of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that the Group will be required to settle the obligation. Provisions are calculated by discounting the expected future net cash flows at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**i. Share based payments**

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.



For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of profit or loss over the vesting period.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of profit or loss over the remaining vesting period.

**j. Financial income and expenses and exchange variation, net**

Financial income represents interest income, yields from securities, discounts, other financial income and monetary and foreign exchange rate variations.

Financial costs represent bank expenses, interest, late payment charges, other financial costs and monetary and foreign exchange rate variations.

Financial income and expenses are recognized on an accrual basis when ascertained or incurred by the Group.

**k. Lease**

At the inception of a contract, the Group evaluates whether the contract is, or contains, a lease.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***As a lessee***

At the inception or amendment of a contract containing a lease component, the Group allocates the lease consideration to be paid, to each lease and non-lease component based on their individual prices.

The Group recognizes a right-of-use asset and a lease liability on the lease inception date. The right-of-use asset is initially measured at cost, which is the initial lease liability adjusted for any lease payments made at inception, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee to disassemble and remove the underlying asset, by returning it to the place where it is located or returning the underlying asset to the state required under the lease terms and conditions, less any lease incentives received accordingly.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the lessee at the end of lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the call option, In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property, plant and equipment. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments and discounted using the interest rate implicit in the lease or, if that rate cannot be immediately determined, the incremental borrowing rate for the Group. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group sets its incremental rate on loans by obtaining interest rates from a number of external funding sources and making some adjustments to reflect the contract terms and the type of leased asset.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments,
- variable lease payments based on an index or rate;
- amounts expected to be paid by the lessee, in accordance with the residual value guarantees; and
- the call option strike price if the lessee is reasonably certain to exercise such option, and payments of fines due to termination of the lease agreement, if the term of the lease reflects the fact that the lessee is exercising their option to terminate the lease agreement.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when a change occurs in future lease payments as a result of a change in an index or rate, if there is a change in the amounts expected to be paid in accordance with the residual value guarantee, or if the Group changes its assessment to exercise a call option, extend or terminate it.

When the lease liability is thus remeasured, an adjustment corresponding to the book value of the right-of-use asset is made or recorded in income (loss) if the right-of-use asset is reduced to zero.

As the basis for determining future lease payments changes, as required by the Benchmark Interest Rate Reform, the Group reassesses the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

#### ***Low-value asset leases***

The Group opted not to recognize right-of-use assets and lease liabilities for low-value and short-term leases. The Group records lease payments in connection with these leases as expenses on a straight-line basis based on the term of the lease.

#### **I. Provision for decommissioning costs**

Restoration costs are a normal consequence of operating in the oil and gas industry.

In determining an appropriate provision level, consideration is given to the expected costs to be incurred, the timing of these expected costs, the estimated future inflation level and the appropriate discount rate. The ultimate costs of restoration are uncertain and may vary according to several factors, including changes in relevant legal and legislative requirements, the emergence of new restoration techniques, or experience in other fields. The expected timing for expenses may also change.

Changes in any of the estimates could result in a significant change in the provisioning level required, which, in turn, would impact future results.

The provision is recorded as part of the cost of the respective property, plant and equipment, at its present value, discounted at a risk-free rate, being fully recorded upon the declaration of commercialization of each field and its recognition. The provision is reviewed annually by Management, adjusting the amounts of assets and liabilities already recorded. Reviews to the calculation basis of expense estimates are recognized as cost of property, plant and equipment and the accounting effects arising from changes in financial assumptions such as discount rates used in the calculation of future liabilities are directly allocated to income (loss) for the year.

**m. Revenues**

Revenue recognition is done in accordance with IFRS 15, which establishes a comprehensive framework for determining whether and when a revenue is recognized, and how it is measured.

The revenue is recognized when the purchaser obtains control of the goods or services.

The Group's revenues arise from oil sales. Revenue is measured based on the consideration specified in the contract with the purchaser and it is recognized if: (i) risks and rewards of ownership of the goods have been transferred to the purchaser; (ii) it is probable that the financial economic benefits will flow to the Group; (iii) costs associated and potential return of products can be reliably estimated; (iv) there is no continued involvement with the products sold; and (v) the amount of revenue can be reliably measured. When applicable, revenue is measured net of returns and commercial discounts,

The Group recognizes its revenues when it meets its performance obligation, transferring the promised good or service to the purchaser.

The Group has entered into a 6 year off-take contract with Mercuria for the Cricaré oil and the Company has signed a term sheet for the Norte Capixaba oil. A final offtake contract combining 100% of the production from both clusters is expected to be concluded before the closing of the Norte Capixaba cluster acquisition.

Cricare is selling part of its current production to Petrobras (Inhambu volumes). The remainder is sold under a marketing agreement at spot prices. After the closing of the Norte Capixaba acquisition, the Group will sell its oil production to Mercuria under an offtake agreement expected to be based on the Rotterdam rate of 0.5% Marine Fuel for the large majority of its production.

The risk is transferred at the flange when the oil exits the Terminal Norte Capixaba (TNC) and is loaded into a vessel. Payment is due within 15 days after loading. Depending on the timing of the offtake within the specified month, the contract would typically attract a receivable at month-end, that is subsequently settled in the following month. As a result, there is no financing component associated with this contract.

**n. New standards and interpretations not yet effective**

Several new standards are effective for the years started on our after January 1, 2021. The Group did not adopt these standards for the preparation of these financial statements.

The following standards and interpretations not yet effective do not present a material impact on the Group's consolidated financial statements:

Standards	Description	Effective date and transitional disposition
<b>Annual Improvements to IFRS® Standards 2018–2020</b>	The amendments change requirements related to: subsidiary as first-time adopter of IFRS (IFRS 1-First-time Adoption of International Financial Reporting Standards); financial remittances for testing or derecognition of a financial (IFRS 9- Financial instruments). Additionally, the amendments change a certain illustrative example contained in IFRS 16- Leases.	January 1, 2022, with prospective application.
<b>Reference to the Conceptual Framework - Amendments to IFRS 3</b>	As additional amendments determine the reference in IFRS 3 to the most recent conceptual framework, as well as include additional requirements for the scope of IAS 37 - Provisions, Contingent Assets and Contingent Assets and IFRIC 21- Levies. Additionally, as amendments the buyer must not recognize acquired assets in a business orientation.	January 1, 2022, with prospective application.
<b>Onerous Contracts— Cost of Fulfilling a Contract - Amendments to IAS 37</b>	Establishes amendments to IAS 37-Provisions, Contingent Liabilities and Contingent Assets to clarify what comprises the costs of performing a contract to assess whether a contract is onerous.	January 1, 2022, with retrospective application with specific rules.
<b>Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16</b>	Amendments to IAS 16-Property, Plant and Equipment prohibit deducting from the cost of property, plant and equipment amounts received for the sale of items produced before the asset is placed in the location and condition necessary for it to be able to function in the manner intended by management.	January 1, 2022, with retrospective application with specific rules.
<b>Classification of Liabilities as Current or Non-current - Amendments to IAS 1</b>	Amendments to IAS 1-Presentation of Financial establish requirements for classifying a liability as current or non-current.	January 1, 2022, with retrospective application.
<b>Disclosure of Accounting Policies – Amendments to IAS 1 and Practice Statement 2</b>	In place of the requirement to disclose significant accounting policies, the amendments to IAS 1 Presentation of Financial Statements establish that accounting policies must be disclosed when they are material. Among other things, the amendment provides guidance for determining such materiality.	January 1, 2023, with prospective application for amendments to IAS 1.
<b>Definition of Accounting Estimates – Amendments to IAS 8</b>	According to the amendments to IAS 8, the definition of “change in accounting estimate” no longer exists. Instead, a definition was established for the term “accounting estimates”: monetary values in the financial statements that are subject to measurement uncertainty. The amendments reduced the scope of the exemption from recognition of deferred tax assets and deferred tax liabilities contained in paragraphs 15 and 24	January 1, 2023, with prospective application.
<b>Deferred Tax related to Assets and Liabilities arising from a Single Transaction— Amendments to IAS 12</b>	The amendments have reduced the scope of the exemption from recognition of deferred tax assets and deferred tax liabilities contained in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, among other things, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023, with retrospective application with specific rules.

## 4 Cash and cash equivalents

	September 30, 2022	December 31, 2021
Bank – current account	10,142,671	16,908,939
Bank Deposit Certificates – CDBs (i)	<u>2,685,254</u>	<u>-</u>
	12,827,925	16,908,939

The cash and cash equivalents are kept in order to meet short-term commitments and responsibilities and not for investments.

- (i) Bank Deposit Certificate, with daily liquidity option, with a rate of up to 30% of the CDI rate on September 30, 2022. This short term deposit is required for short-term commitments.

## 5 Securities

	September 30, 2022	December 31, 2021
Bank deposits certificates – CDBs (i)	5,948,427	5,106,033

- (i) Bank deposit certificates are compensated on a rate of 100% of the Interbank Deposit Certificate (CDI) on September 30, 2022. This investment was pledged as a guarantee of the future decommissioning of Cricaré Cluster, which is required by the National Agency of Oil, Natural Gas and Biofuels (“ANP”). The funds are restricted for the Group’s use however they are recorded in current assets because the guarantee is expected to be replaced by another type of guarantee, as described in the concession agreement. Management expects to replace the current guarantee in the upcoming 12 months.

## 6 Advances for the acquisition of oil and gas assets

	September 30, 2022	December 31, 2021
Norte Capixaba cluster deposit (i)	35,850,000	-

- (i) Represents the cash deposit made with Petróleo Brasileiro S.A. (“Petrobras”) for the acquisition of the Norte Capixaba cluster.

## 7 Related party transactions

### a. Accounts receivable with related parties - Current

	September 30, 2022	December 31, 2021
<b>Affiliated companies:</b>		
Azibras Exploração de Petróleo e Gás Ltda	16,772	15,675
Seacrest Partners III, L.P.	5,779	5,779
Seapulse Limited	225	225
Azimuth Group Services Limited	1,752	-
Seacrest Group Limited	<u>8,337</u>	<u>-</u>
	<u>32,865</u>	<u>21,679</u>

Represents general and administrative expenses paid by the Group on behalf of the related parties listed above.

**b. Accounts receivable with related parties – Non-current**

	September 30, 2022	December 31, 2021
<b>Affiliated companies:</b>		
Azibras Exploração de Petróleo e Gás Ltda	295,676	271,092

**c. Accounts payable to related parties**

	September 30, 2022	December 31, 2021
<b>Affiliated companies:</b>		
Seacrest Partners Limited	-	3,500,000
Azimuth II Limited	-	2,058,000
Seacrest Group Limited	-	1,568,811
Seacrest Capital Group Limited	63,408	1,148,783
Azimuth Group Services Limited	210,958	737,724
	<u>274,366</u>	<u>9,013,318</u>

The balances represent operating costs of the Group paid by those various related party. The majority of the balances as at December 31, 2021 were repaid in 2022 and the remaining balances are expected to be repaid in the next 12 months.

**d. Financial loans**

	September 30, 2022	December 31, 2021
Mercuria Energy Trading S.A. (“Senior facility”) (i) (iii)	34,206,990	34,206,990
Mercuria Energy Trading S.A. (“Junior facility”) (ii) (iii)	10,038,211	10,038,211
Mercuria Asset Holdings (Hong Kong) Limited (v) (vi)	15,875,144	-
	<u>60,120,345</u>	<u>44,245,201</u>
	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Changes in loan</b>		
<b>Opening balance</b>	44,245,201	-
Senior facility principal (i and iii)	-	35,000,000
Junior facility principal (ii and iii)	-	10,000,000
Senior facility interest (i)	3,493,918	106,990
Junior facility interest (ii)	1,226,596	38,211
Convertible loan notes (v)	15,000,000	-
Convertible loan note interest (v)	875,144	-
Interest paid	(4,720,513)	-
Borrowing costs (iv)	-	(900,000)
	<u>60,120,345</u>	<u>44,245,201</u>
<b>Closing balance</b>	<u>60,120,345</u>	<u>44,245,201</u>

- (i) On December 21, 2021, Mercuria Energy Trading S.A. and SPE Cricaré entered into a senior facility agreement, with a principal amount of USD 35,000,000 and a maturity date of September 27, 2027, with the loans bearing compound interest of 12% plus USD LIBOR per year. Although the USD LIBOR is to be discontinued, Management does not

expect a material impact, since the facility agreement provides for a similar reference interest rate. The interest accrued at the end of 2021 was paid in 2021 and the exact amount was then accrued as at September 30, 2022. Therefore, there was no change in the balance due as at September 30, 2022.

- (ii) On December 21, 2021, Mercuria Energy Trading S.A. and SPE Cricaré entered into a junior facility agreement, with a principal amount of USD 10,000,000 and a maturity date of June 21, 2027, with the loans bearing compound interest of 15% plus USD LIBOR per year. Although the USD LIBOR is to be discontinued, Management does not expect a material impact, since the facility agreement provides for a similar reference interest rate. The interest accrued at the end of 2021 was paid in 2021 and the exact amount was then accrued as at September 30, 2022. Therefore, there was no change in the balance due as at September 30, 2022.
- (iii) The financial covenants in the Senior and Junior facilities are as follows: (1) the Obligors shall ensure that the field life cover ratio in respect of any fiscal quarter is not less than 1.5:1; (2) the Obligors shall ensure that Cricaré holds at all times in a designated account with HSBC Bermuda deposits in dollars and/or cash equivalent investments an amount of not less than US\$2,000,000; and (3) the Obligors shall ensure that Total Corporate Sources (as defined in the SFA) at all times exceeds the aggregate amount of all outgoing payments that are committed to/projected to be paid on the first day of the forecast period.

The Senior and Junior facilities contain other covenants that restrict the Obligors' ability to: (1) pledge or create a lien over any of their respective assets or to dispose of assets in an arrangement that is preferential to a Group member; (2) incur financial indebtedness other than trade credit in the ordinary course in an amount not exceeding US\$1,000,000; (3) extend credit to third parties other than in the ordinary course of business; (4) dispose of all or any part of the Cricaré cluster assets or any other assets other than sales of petroleum for cash on an arm's length basis and disposals of surplus or obsolete assets; and (5) take any actions that would affect or change their respective corporate existence or structure.

- (iv) In accordance with the terms of the facility agreements, Mercuria Energy Trading S.A. received a USD 900,000 arrangement fee.
- (v) On 22 February 2022, the Company issued convertible loan notes in the principal amount of USD 15 million to Mercuria (the "Notes"). The Notes mature in 2025 and bear interest at a fixed rate that steps up on an annual basis: 10% for the first year of the Notes' term, 12.5% for the second year and 15% for the third year. The proceeds of the Notes were used to pay a portion of the deposit owed by SPE Norte Capixaba to Petrobras under the purchase agreement for the Norte Capixaba acquisition. The Notes will be automatically converted into the Company's shares immediately prior to the closing of a public share offering. The number of shares to be converted will be determined on the settlement date considering the share price, which is not under the Company's control. Therefore, the instrument was classified as a financial liability measured at fair value.
- (vi) As consideration for Mercuria facilitating the financing of the Company's acquisition of the Cricaré Cluster and the signing of the purchase agreement with Petrobras for the Norte Capixaba Acquisition, the Company issued the following warrants to Mercuria Asset Holdings (Hong Kong) Limited:
  - i. a warrant instrument exercisable in respect of common shares representing 1% of the Company's fully diluted share capital at the time of exercise ("Mercuria Warrant 1");
  - ii. a warrant instrument exercisable in respect of common shares representing 2% of the Company's fully diluted share capital at the time of exercise, with such warrant only exercisable if the Norte Capixaba Acquisition is not completed or the Company sells the Cricaré Cluster at a time when it does not own the Norte Capixaba Cluster ("Mercuria Warrant 2"); and
  - iii. a warrant instrument exercisable in respect of 1,302,246 common shares, representing 1% of the Company's fully diluted share capital at 15 February 2022 ("Mercuria Warrant 3").

Warrant 1 was exercised on 23 February 2022 and Mercuria Asset Holdings (Hong Kong) Limited received 1,302,245 of the Company's Shares. Mercuria Warrant 2 and Mercuria Warrant 3 remain outstanding

**e. Derivative instruments- current assets**

	September 30, 2022	December 31, 2021
<b>Affiliated companies:</b>		
Mercuria Energy Trading S.A.	2,312,188	-

The company uses foreign exchange hedge contracts in order to reduce exposure to foreign exchange risk (Note 24). The company has entered into hedging contracts with Mercuria Energy Trading S.A. During the nine months ended September 30, 2022 the company recorded financial instrument income of USD 2,312,188 (2021: nil) related to the Mercuria derivative contracts which is recorded in finance revenues in the consolidated statement of profit and loss.

**f. Derivative instruments- current liabilities**

	September 30, 2022	December 31, 2021
<b>Affiliated companies:</b>		
Mercuria Energy Trading S.A.	16,563,548	-

**Derivative instruments- non-current liabilities**

	September 30, 2022	December 31, 2021
<b>Affiliated companies:</b>		
Mercuria Energy Trading S.A.	16,132,568	-

The company uses Brent oil hedges in order to reduce its risk exposure to fluctuations in the price of oil (Note 24). The company has entered into hedging contracts with Mercuria Energy Trading S.A. During the nine months ended September 30, 2022 the company recorded financial instrument expenses of USD 39,622,535 (2021: nil) related to the Mercuria Brent oil derivative contracts which is recorded in finance expenses in the consolidated statement of profit and loss.

**g. Compensation of key-management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries, directly or indirectly, including all executive and non-executive directors. The compensation paid or payable to key management for employee services is shown below:

	September 30, 2022	September 30, 2021
Salaries and other employee benefits incurred during the period ended September 30, 2022 and the year ended December 31, 2021	4,418,612	2,489,329



## 8 Recoverable taxes

The breakdown of recoverable taxes at September 30, 2022 is described below:

	September 30, 2022	December 31, 2021
Federal taxes (i)	1,950,315	-
Other taxes (ii)	3,998	671
State taxes	3,809	-
	<u>1,958,122</u>	<u>671</u>

- (i) PIS is a Brazil social contribution tax that is calculated as a percentage of revenue. COFFINS is a federal social assistance tax that is calculated as a percentage of revenue. This amount refers to PIS and COFINS tax credits the Group received as a result of operational expenses incurred.
- (ii) Overpayment of withholding income and PIS, which will be offset in subsequent collections.

## 9 Inventory

	September 30, 2022	December 31, 2021
Packaging and storeroom materials (i)	2,056,471	14,431
Crude oil (ii)	6,812,584	-
	<u>8,869,055</u>	<u>14,431</u>

- (i) These are warehouse materials that are being acquired to support operations.
- (ii) Inventories comprise volumes of oil already treated and specified for sale.

## 10 Property, plant & equipment

The breakdown of property, plant and equipment at September 30, 2022 is described below:

Description	Balances on 01/01/2022	Transfer	Cumulative Conversion Adjustment	Additions	Depreciation	Write-offs	Balances on 09/30/2022
Facilities	3,668	-	22	-	(236)	-	3,454
Furniture and fixtures	-	-	-	6,530	(42)	-	6,488
Machinery and equipment	1,616,903	(1,616,919)	9,653	2,591,767	(374,108)	(12,709)	2,214,588
Machinery and equipment - Right-of-use - IFRS 16	-	-	-	3,695,306	(721,897)	(39,175)	2,934,234
Vehicles	19,524	-	117	-	(2,459)	-	17,182
Vehicles - Right-of-use - IFRS 16	-	-	-	3,102,801	(866,188)	(9,207)	2,227,406
Communication equipment	-	-	-	7,388	(96)	-	7,292
IT equipment	48,495	-	290	13,259	(6,668)	(9,096)	46,279
Other assets in progress	-	-	-	196,949	-	-	196,949
Advance for acquisition of property, plant and equipment	16,340	-	98	-	-	-	16,438
Provision for decommissioning of assets	44,164,380	-	342,569	-	(3,158,649)	-	41,348,300
Steam generating units (i)	-	1,616,919	-	-	(529,466)	-	1,087,453
	<u>45,869,310</u>	<u>-</u>	<u>352,748</u>	<u>9,614,000</u>	<u>(5,659,809)</u>	<u>(70,187)</u>	<u>50,106,062</u>
Cost	45,872,842	-	-	-	-	-	55,769,403
Accumulated depreciation	<u>(3,532)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,663,341)</u>
<b>Property, plant and equipment, net</b>	<u>45,869,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,106,062</u>

The breakdown of property, plant and equipment at December 31, 2021 is described below:

Description	Balances on 01/01/2021	Additions	Depreciation	Balances on 12/31/2021
Facilities	-	3,790	(122)	3,668
Machinery and equipment (i)	-	1,616,903	-	1,616,903
Vehicles	-	19,717	(193)	19,524
IT equipment	-	51,712	(3,217)	48,495
Advances for the acquisition of PP&E	-	16,340	-	16,340
Provision for decommissioning costs	-	44,164,380	-	44,164,380
	-	<u>45,872,842</u>	<u>(3,532)</u>	<u>45,869,310</u>
Cost	-	Cost		45,872,842
Accumulated depreciation	-	Accumulated depreciation		<u>(3,532)</u>
<b>Property, plant and equipment, net</b>	-	<b>Property, plant and equipment, net</b>		<b><u>45,869,310</u></b>

- (i) Values allocated to machinery and equipment relate to steam-generating units, acquired with the intangible assets (Note 11) by SPE Cricaré and are considered oil and gas assets.

### Provision for decommissioning costs

The future obligation for the abandonment of assets was estimated based on the Group's interest in (i) all oil wells and facilities, (ii) the estimated plugging and restoration costs for these wells and facilities, and (iii) the estimate of future adjustments to these costs.

On September 30, 2022 the estimated amount required in order to meet asset abandonment obligations is USD 40,315,720 (2021: USD 44,164,380), which is in accordance with what is prescribed in the contract and on the Annual Working Plan and Budget (PAT) sent to the ANP, which will be incurred over the remaining useful lives of the wells. This amount is amortized into the consolidated profit or loss.

The abandonment obligations costs recorded in 2022 were projected based on future cash flows, adjusted for a free-risk fee and a market interest rate of 11.485% per year.

#### (i) *Assets*

	September 2022	December 2021
Initial balance	44,164,380	-
Additions to the period of acquisition	-	44,164,380
Cumulative translation adjustment	342,569	-
Depreciation	<u>(3,158,649)</u>	-
Final balance	<u><b>41,348,300</b></u>	<u><b>44,164,380</b></u>

#### (ii) *Liability*

	September 2022	December 2021
Initial balance	44,164,380	-
Additions to the period of acquisition	-	44,164,380
Interest adjustment	<u>7,090,867</u>	-
Final balance	<u><b>51,255,247</b></u>	<u><b>44,164,380</b></u>

*Impairment assessment*

On September 30, 2022, considering the assumptions adopted and the fact that the assets were first recognized at the end of 2021, Group’s management did not identify any triggering event to perform the test of cash-generating unit’s recoverable value (Cricaré Cluster).

## 11 Intangible assets

The Group’s intangible assets refers to the value of the Concession Asset of 100% of the Cricaré Cluster, pursuant to the purchase contract signed between SPE Cricaré and Petrobras on August 27, 2020.

The Group’s management reached the conclusion that the integrated assets set and activities acquired are not qualified as a “business”, due to the absence of a substantive process connecting the inputs at acquisition (the concession agreements acquired and the PPE) to the outputs (the oil produced). Cricaré Cluster was already producing in the acquisition date but the inputs acquired did not include labor, and therefore it was determined that the transaction was an acquisition of assets rather than a business combination.

Management then identified the individual assets and liabilities acquired in the transaction, at the acquisition date, and measured their fair value as of the same date.

The concession agreements that SPE Cricaré entered into with ANP for the concession rights relating to the 27 fields that comprise the Cricaré Cluster will expire between 2025 and 2037. In recognizing this intangible asset, and realizing the value of reserves attributed to the cluster, management has used its judgement in reaching the conclusion that it is highly likely certain concessions will be extended (given that it will be in the best interests of all parties to the concession, that the agreements be extended).

The consideration transferred consisted of:

	USD
Amount paid in cash	28,516,174
Contingent consideration (Note 16)	82,876,725
Cash advances paid for oil and gas asset acquisition	<u>11,864,756</u>
<b>Total</b>	<b>123,257,655</b>

The assets above are recorded as follows in these financial statements:

	USD
Property, plant and equipment (Note 10)	1,616,903
Intangible asset in relation to Cricaré concession agreement	<u>121,640,752</u>
<b>Total</b>	<b>123,257,655</b>

Amortization is calculated on the basis of the units-produced method in respect of proven reserves. These reserves are estimated by the Group’s geologists and engineers in accordance with international standards and are reviewed annually or when there is indication of significant changes. Operation of the Cricare assets, by the Group, did not commence until 2022.

The breakdown of intangible assets are as follows:

Description	Balances on 01/01/2022	Cumulative Conversion Adjustment	Amortization	Balances on 09/30/2022
Right to exploration	<u>121,640,752</u>	<u>7,670,609</u>	<u>(12,834,944)</u>	<u>116,476,417</u>
	<u>121,640,752</u>	<u>7,670,609</u>	<u>(12,834,944)</u>	<u>116,476,417</u>
Cost	121,640,752	Cost		129,311,361
Accumulated depreciation	-	Accumulated depreciation		<u>(12,834,944)</u>
<b>Intangible assets, net</b>	<u><b>121,640,752</b></u>	<b>Intangible assets, net</b>		<u><b>116,476,417</b></u>

The amortization of the exploration right is based on the units of oil and gas produced. The rate calculated takes into consideration (oil and gas) reserve depletion percentage. As per the table below, the 9.2% of the oil reserve and 31.4% of the gas reserves have been depleted.

As at September 30, 2022, the Group produced 48,082 (forty-eight thousand, eighty-two hundred) m<sup>3</sup> of oil and 2,728,132 (two million seven hundred and twenty-eight thousand and one hundred and thirty-two) m<sup>3</sup> of natural gas.

### Reserves (unaudited)

These proved reserves were sent to the ANP based on Petrobras' numbers in January 2022, shortly after the Group took over operations, The submission is consistent with the PDP (Proved Developed Production) reserve, provided by Petrobras' development plan at the time,

The breakdown of reserves is shown below in m<sup>3</sup>:

	Oil (m <sup>3</sup> )	Gas (m <sup>3</sup> )
<b>January 01, 2022</b>	<b>524,740</b>	<b>8,681,810</b>
Production in the period	<u>(48,082)</u>	<u>(2,728,132)</u>
<b>September 30, 2022</b>	<b>476,658</b>	<b>5,953,678</b>

### Impairment assessment

On September 30, 2022, considering that the intangible assets were recognized at the end of 2021, management did not identify triggering event to perform the assessment of recoverable value.

## 12 Taxes payable

The composition of taxes payable is demonstrated as it follows:

	September 30, 2022	December 31, 2021
Taxes on revenue	54	43
Withholding taxes (i)	<u>602,760</u>	<u>36,398</u>
	<u><b>602,814</b></u>	<u><b>36,441</b></u>

- (i) Relates to taxes withheld from companies providing services to the Group in Brazil. The taxes are withheld by the Group and remitted to the Brazilian tax authorities.

### 13 Employee benefits and compensation payable

The breakdown of salaries and charges payable is described below:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Salaries payable	435,349	59,846
Vacation time payable	300,368	54,364
Taxes on payroll payable	156,615	43,808
	<b>892,332</b>	<b>158,018</b>

The Group currently does not have any retirement plans in place for its employees and directors.

### 14 Leases payable

The Group leases transport vehicles and forklifts and a land-based production rig unit. These leases normally last 3 years, with an option for renewal after this period. The lease payments are annually adjusted, to reflect the market values.

Information on leases for which the Group is the lessee is presented below:

#### (i) Right-of-use assets

<b>2022</b>	<b>Vehicles</b>	<b>Drilling rigs</b>	<b>Total</b>
<b>As of January 1</b>	-	-	-
Initial recognition of right-of-use assets	3,102,801	3,695,306	6,798,107
Write-offs	(9,207)	(39,175)	(48,382)
Depreciation expenses for the period	(866,188)	(721,897)	(1,588,085)
<b>September 30</b>	<b>2,227,406</b>	<b>2,934,234</b>	<b>5,161,640</b>

#### (ii) Lease liabilities

<b>2022</b>	<b>Vehicles</b>	<b>Drilling rigs</b>	<b>Total</b>
<b>As of January 1</b>	-	-	-
Initial recognition of lease liabilities	3,123,965	3,720,511	6,844,476
Payments	(902,652)	(525,165)	(1,427,816)
Interest	402,411	301,291	703,702
<b>September 30</b>	<b>2,623,725</b>	<b>3,496,637</b>	<b>6,120,362</b>

#### (iii) Amounts recognized in income (loss)

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Interest on leases	791,877	-

**(iv) Discount rates**

The Group estimated discount rates based on risk-free interest rates observed in the Brazilian market for contracts of similar tenors, and adjusted accordingly to the characteristics of the lease agreement (credit spread). The average rate adopted, considering the contractual terms, are as follows:

**Contracts by term and average discount rate**

<b>Terms</b>	<b>Rate % p.a.</b>
3 years	13,00

The table below shows the potential right of recoverable PIS/COFINS embedded in the lease/rental consideration, according to the periods foreseen for payment:

<b>Cash flows</b>	<b>September 30, 2022</b>	
	<b>Nominal</b>	<b>Adjusted to present value</b>
Lease consideration	1,496,625	1,366,812
Potential PIS/COFINS (9.25%)	138,438	126,430

The following is a summary of future lease commitments:

	<b>September 2022</b>			
	<b>Up to 1 year</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
Oil rig leases	1,707,991	1,707,991	426,998	-
Vehicle leases	1,507,888	1,382,230	-	-
	3,215,879	3,090,221	426,998	-

## 15 Financial loans

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
<b>Changes in loan</b>		
OVMK Special Bond Fund (“OVMK”) (i)	3,175,000	-
	<b>3,175,000</b>	-
<b>Changes in loan</b>		
<b>Opening balance</b>	-	-
Convertible loan notes (i)	3,000,000	-
Convertible loan note interest (i)	175,000	-
<b>Closing balance</b>	<b>3,175,000</b>	-

- (i) On 22 February 2022, the Company issued convertible loan notes in the principal amount of USD 3 million to OVMK (the "Notes"). The Notes mature in 2025 and bear interest at a fixed rate that steps up on an annual basis:

10% for the first year of the Notes' term, 12.5% for the second year and 15% for the third year. The proceeds of the Notes were used to pay a portion of the deposit owed by SPE Norte Capixaba to Petrobras under the purchase agreement for the Norte Capixaba acquisition. The Notes will be automatically converted into the Company's shares immediately prior to the closing of a public share offering. The number of shares to be converted will be determined on the settlement date considering the share price, which is not under the Company's control. Therefore, the instrument was classified as a financial liability measured at fair value.

## 16 Contingent consideration

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Cricaré Cluster acquisition	106,926,337	82,876,725
	<b>106,926,337</b>	<b>82,876,725</b>

This relates to the contingent consideration for the acquisition of the Cricaré Cluster, of which USD 30,000,000 will be paid on December 31, 2025 as a contingent payment, linked to the approval of the concession term extension by the ANP, and USD 88,000,000, contingent to the reference price of Brent reaching a moving average equal to or greater than USD 50 per barrel in the respective payment years, adjusted by a fixed rate plus USD 3 months Libor and the US dollar exchange rate at the end of the period. Although the USD LIBOR is to be discontinued, Management does not expect a material impact, since the agreement provides for a similar reference interest rate.

The present value adjustment in the initial recognition was USD 27,123,275, considering a discount rate of 11.45% p.a. Therefore, the outstanding amount to be paid for the acquisition of Cluster Cricaré on December 31, 2021 is USD 82,876,725. A further present value adjustment of USD 24,049,612 was done up to September 30, 2022.

The fair value measurement of the contingent consideration was classified as level 3 based on the inputs of the valuation technique used. Management used the discounted cash flow technique that considers the present value of expected future payments, discounted at a risk-free rate. The unobservable inputs used include the expected cash flow, which is affected by the probability of approval by the ANP of the extension of the concession term and the probability that Brent will be equal to or greater than USD 50 until the date of payment of the consideration, and the risk-free rate disclosed above. The valuation models assume that there is no reasonable possibility of the extension to the concession period being denied by ANP or the Brent price falling below USD 50 per barrel during the applicable period.

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
<b>Opening balance</b>	<b>82,876,725</b>	-
Initial recognition	-	82,876,725
Present value adjustment	24,049,612	-
<b>Closing balance</b>	<b>106,926,337</b>	<b>82,876,725</b>

## 17 Equity

### a. Share capital

Issued capital at September 30, 2022 comprised:

	Share capital USD	Share premium USD	Total USD
Opening January 1, 2022 (114,922,237 fully paid ordinary shares)	1,149	25,998,056	25,999,205
Issued during the period (69,359,143 fully paid ordinary shares)	<u>694</u>	<u>48,999,309</u>	<u>49,000,003</u>
Balance at September 30, 2022 (184,281,380 fully paid ordinary shares)	<u><b>1,843</b></u>	<u><b>74,997,365</b></u>	<u><b>74,999,208</b></u>

Issued capital at December 31, 2021 comprised:

	Share capital USD	Share premium USD	Total USD
Opening January 1, 2021 (93,058,394 fully paid ordinary shares)	931	13,175,994	13,176,925
Issued during the year (21,863,843 fully paid ordinary shares)	<u>218</u>	<u>12,822,062</u>	<u>12,822,280</u>
Balance at December 31, 2021 (114,922,237 fully paid ordinary shares)	<u><b>1,149</b></u>	<u><b>25,998,056</b></u>	<u><b>25,999,205</b></u>

#### **Ordinary shares**

Ordinary shares each have a par value of USD 0.00001 and 115,000,000 (115,000,000 in 2021) shares have been authorised. The Group issued 69,759,143 (114,924,000 in 2021) shares and each ordinary share carries one vote.

### b. Income (loss) by share

	September 30, 2022	September 30, 2021
Weighted average number of shares	169,457,111	103,129,127
Net loss for the period	(93,702,119)	(6,842,589)
Net loss per weighted average share	<u><b>(0.5530)</b></u>	<u><b>(0.0663)</b></u>

### c. Other reserves

The Group granted share options to selected employees. Total options issued to each individual were divided into tranches. The Group has no legal or constructive obligation to repurchase or settle the options in cash.



The fair value of options is determined using the Black-Scholes valuation model. The significant inputs into the model were: share price of USD 0.57 at the grant date, an exercise price of USD 0.00001 per share, volatility of 35.3%, dividend yield of Nil%, vesting period of 0 to 3 years, and an average annual risk-free interest rate of 10.00%. The volatility measured at the standard deviation of continuously compounded share returns was based on statistical analysis of the daily share prices of two comparable quoted share over a period of one year.

There were 10,000,000 share options granted as at the period ended September 30, 2022, relate to key management personnel compensation (10,000,000 in 2021).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant-vest	Expiry date	Exercise price in \$ per share option	Share option
2020-2022	October 7, 2025	0.00001	5,447,500
2020-2024	December 31, 2025	0.00001	<u>4,552,500</u>
			<u><b>10,000,000</b></u>

As at September 30, 2022, the weighted average remaining option life was 2.0 years.

For the period ended September 30, 2022, the expense recognized in the Consolidated Statement of Profit or Loss arising from the share options issuance is USD 1,258,181 (USD 1,677,574 in 2021).

## 18 Revenue from oil sales

	September 30, 2022	September 30, 2021
Oil sales in Brazil (i)	23,760,773	-
<b>Tax on earnings</b>		
PIS	(139,591)	-
COFINS	<u>(642,965)</u>	<u>-</u>
	<u><b>22,978,217</b></u>	<u><b>-</b></u>

(i) Oil was sold to Petrobras (Brazil).

## 19 Cost of sales and services

	September 30, 2022	September 30, 2021
Amortization of exploration rights	8,766,356	-
Amortization with deactivation cost	3,637,221	-
Depreciation	2,022,589	-
Employee benefits and charges	972,817	-
Field operation and stations	2,261,750	-
Maintenance and preservation	1,666,835	-
Oil treatment	769,362	-
Other operating costs	740,288	-
Royalties	2,061,809	-
Storage	1,716,430	-
Technical support and analysis	430,951	-
Transportation	737,336	-
Gas compression	25,647	-
Ground production rig - service	573,884	-
Hot water injection services	53,134	-
Ground production rig - equipment lease	5,982	-
Hot water injection lease	61,092	-
	<u>26,503,483</u>	<u>-</u>

- (i) Refers to the amortization of exploration rights, as outlined in Note 11.
- (ii) This refers to the amortization of the provision for asset decommissioning costs, as outlined in Note 10.
- (iii) This is the depreciation of items used in production, as outlined in Note 10.

## 20 General and administrative expenses

	September 30, 2022	September 30, 2021
Employee benefit and compensation	4,418,612	2,489,329
Travel and other sundry items	894,403	241,375
Depreciation and amortization	12,460	-
Office rent and running costs	105,893	65,813
Taxes and fees	688,129	73,774
Contractual guarantee fees (ii)	2,647,726	-
Services hired (i)	9,846,090	3,913,073
Other operating expenses	1,101,490	95,064
	<u>19,714,802</u>	<u>6,878,428</u>

- (i) Professional and technical services were hired, such as lawyers, environmental specialists, geology, and geography consultation, as support for operations.
- (ii) Fees associated with the financial guarantee that was contractually required in order to acquire Cricaré Cluster.

## 21 Net financial results

	September 30, 2022	September 30, 2021
<b>Financial income</b>		
Interest on bank deposits	537,079	-
Financial instrument gains (i)	2,312,188	-
Other financial income	55,843	-
Exchange rate gains	-	36,990
	<u>2,905,110</u>	<u>36,990</u>
	September 30, 2022	September 30, 2021
<b>Financial expenses</b>		
Present value adjustment (ii)	24,822,007	-
Hedging costs (iii)	39,622,535	-
Standby letter of credit costs (Norte Capixaba) (iv)	2,982,002	-
Banking expenses	76,329	1,151
Decommissioning guarantee costs	78,064	-
Exchange rate losses	-	-
Interest on financial loans (Note 15)	5,770,657	-
Interest and fines on taxes and contributions	15,566	-
	<u>73,367,161</u>	<u>1,151</u>

- (i) Represents gains from foreign exchange hedges (Note: 24b).
- (ii) Is comprised of the present value adjustment (USD 24,000,000) for the contingent consideration (Note 16) and the present value adjustment related to the Groups leases (Note 14)
- (iii) Represents losses from oil commodity hedges (Note: 24b).
- (iv) Under the terms of the Norte Capixaba transaction Seacrest Petróleo SPE Norte Capixaba Ltda was required to procure a standby letter of credit in favor of Petrobras for USD 59,750,000. The guarantee was issued by Mercuria Energy Trading S.A. and the Group is charged a fee of 14% per annum on the outstanding letter of credit amount.

## 22 Income tax and social contribution

The Group is subject to Brazilian tax through the operation of its subsidiaries in Brazil.

Under current Bermuda law, the Group is not required to pay tax in Bermuda on either income or capital gains.

The Group presented no taxable income for the period ended September 30, 2022 and for year ended December 31, 2021.

The tax losses for the nine months ended September 30, 2022 and for the year ended December 31, 2021 are USD 93,792,119 and USD 14,010,804, respectively. These tax losses were not recognized by the Group due to the unpredictability of the projection of taxable profits at this point in time.

## 23 Operating Segments

Operating segments are defined as components of an entity for which separate financial statements are available and are regularly evaluated by the chief operating decision maker in order to allocate resources in evaluating the performance of managers in a given segment. By this definition, the Group has a single operating segment, which consists of oil and gas exploration and production (E&P).

All E&P costs within the Group are located in Brazil.

## 24 Financial instruments and risk management

The Group's primary objective in undertaking risk management to manage risk exposures, minimising its exposure to unexpected financial loss and limiting the potential deviation from anticipated outcomes. The Group does not invest in derivatives or other risk assets on a speculative basis.

All the operations with financial instruments are recognized through fair value through profit or loss ("FVTPL") or amortized cost in the consolidated financial statements of the Group. The value of the financial instruments that are included in the statement of financial position on September 30, 2022, are identified below:

	2022		
	Fair Value	Amortised Cost	Total
<b>Assets</b>			
Cash and cash equivalents	-	12,827,925	12,827,925
Securities	5,948,427	-	5,948,427
Accounts receivable with related parties	-	32,865	32,865
Accounts receivable with related parties (non-current)	-	295,676	295,676
Derivative financial instruments	2,312,188	-	2,312,188
<b>Liabilities</b>			
Accounts payable to related parties	-	274,366	274,366
Financial loans with related parties	60,120,345	-	60,120,345
Financial loans	3,175,000	-	3,175,000
Derivative financial instruments	32,696,116	-	32,696,116
2021			
	Fair Value	Amortised Cost	Total
<b>Assets</b>			
Cash and cash equivalents	-	16,908,939	16,908,939
Securities	5,106,033	-	5,106,033
Accounts receivable with related parties	-	21,679	21,679
Accounts receivable with related parties (non-current)	-	271,092	271,092
<b>Liabilities</b>			
Accounts payable to related parties	-	9,013,318	9,013,318
Supplier and other accounts payable	-	746,492	746,492
Financial loans with related parties	-	44,245,201	44,245,201

The book value of financial assets and liabilities not measured at fair value is a reasonable approximation of the fair value.

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following presents the Group's assets that are measured at fair value at September 30, 2022:

<b>Assets:</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Securities	-	5,948,427	-	5,948,427
Derivative financial instruments	-	-	2,312,188	2,312,188
<b>Total Assets</b>	<b>-</b>	<b>5,948,427</b>	<b>2,312,188</b>	<b>8,260,615</b>

The following presents the Group's liabilities that are measured at fair value at September 30, 2022:

<b>Liabilities:</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Derivative financial instruments	-	-	32,696,116	32,696,116
Financial loans with related parties	44,245,201	-	15,875,144	60,120,345
Financial loans	-	-	3,175,000	3,175,000
<b>Total Liabilities</b>	<b>44,245,201</b>	<b>-</b>	<b>51,746,260</b>	<b>95,991,461</b>

The following presents the Group's assets that are measured at fair value at December 31, 2021:

<b>2021</b>				
<b>Assets:</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Securities	-	5,106,033	-	5,106,033
<b>Total Assets</b>	<b>-</b>	<b>5,106,033</b>	<b>-</b>	<b>5,106,033</b>
<b>Liabilities:</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial loans with related parties	44,245,201	-	-	44,245,201
<b>Total Liabilities</b>	<b>44,245,201</b>	<b>-</b>	<b>-</b>	<b>44,245,201</b>

The aforementioned relates to a certificate of deposit held at a bank in Brazil. The Group is exposed to credit, market, credit and liquidity risk and works to ensure that all significant risks are identified and managed. Risks are usually grouped by risk type: financial, including credit, liquidity and market. The risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainty.

**a. Credit risk**

Credit risk is the exposure that a counter-party to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Group. The cause of fluctuations in credit risk arise from the credit quality of the Group's counterparties at contract date and the resultant deterioration/improvement in credit quality of such counterparties. The Group manages this credit risk by performing due diligence on any party with which it intends to enter into a contractual agreement. In order to mitigate credit risk the Group keeps its resources in financial institutions whose liquidity is acknowledged. This process is managed on an ongoing basis.

The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets, and management does not expect any losses from non-performance by these counterparties. The Groups credits risks are in the following accounts:

- Cash and cash equivalents (Note 4)
- Securities (Note 5)
- Accounts receivable with related parties (Note 7)

**b. Market risks**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market factors. Market risk comprises three types of risk: foreign exchange risk (currency risk), market prices (price risk) and market interest rate risk (interest rate risk). The Group uses derivative instruments to manage its exposure to market risk.

The derivatives positions held stem from risk in relation to foreign currency and commodity risk. The origin of the foreign currency risk is a Real denominated operating cost base with revenues denominated in United States Dollar. Thus the Group is exposed to the risk of a strengthening Real. To protect against this risk, the Group has entered into Foreign Currency Forwards. The origin of the commodity risk is a revenue base priced at Brent Crude, as such, the Group is exposed to the risk of a price decrease in Brent Crude. To protect against this risk, the Group has entered into a Commodity Price Swap. The following presents the summary of derivative positions held by the company as at September 30, 2022:

**Statement of Financial Position**

\$'000	Notional Value		Fair Value Position		
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	Maturity Date
<b>Forward Contracts</b>					
Long Position / Foreign Currency Forward (BRL/USD) (*)	24,464	-	2,312	-	2022
<b>Swap</b>					
Commodity Price Swap (**)	2,792	-	(32,696)	-	2026
<b>Total Recognized in Statement of Financial Position</b>	-	-	<b>(30,384)</b>	-	-

(\*) notional amounts in USD thousand

(\*\*) notional amounts in thousands of bbl

**Gains/(losses) recognised in the Statement of Profit and Loss**

\$'000	2022 Jan - Sep	2021 Jan - Sep
<b>Forward Contracts</b>		
Long Position / Foreign Currency Forward (BRL/USD)	2,312	-
<b>Swap</b>		
Commodity Price Swap	(32,696)	-
<b>Total Recognised in Statement of Profit and Loss</b>	<b>(30,383)</b>	<b>-</b>

A sensitivity analysis of the derivative financial instruments has been performed. The base level of the sensitivity are the market prices used in the fair value positions disclosed for the related instruments. The base level for the NDF, is the USD/BRL forward curve at reporting date, and the base level for the Swap is the Brent Crude Futures Curve at reporting date. The amounts have been sensitized as follows:

Financial Instruments	Risk	Possible Scenario <25%>	Remote Scenario <50%>
NDF	Exchange Rate - Depreciation of the Real Compared to USD	5,216	8,694
Swap	Crude Oil - Price Changes	52,489	104,789
Total		57,705	113,483

The possible and remote scenarios reflect the potential effect on the result of outstanding transactions, considering an unfavorable variation in market prices, to the extent of increasing the risk factor by 25% and 50%, respectively.

**Foreign exchange risks**

The Group is exposed to currency risk on payments denominated in currencies other than the functional currency. Currency risk arises when future commercial transactions or recorded assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has subsidiaries located in Brasil and is therefore exposed to foreign exchange risks in Brazil Reais (BRL). The Group's loans and receivables are USD denominated however the Group does hold cash and marketable securities in BRL which are subject to foreign exchange risk as follows:

	<b>September 2022</b>	<b>December 2021</b>
<b>Assets</b>		
Cash and cash equivalents in BRL	6,187,644	10,776,527
Securities in BRL	5,948,427	5,106,033
Advances and prepaids in BRL	1,891,505	655,102
Recoverable taxes in BRL	1,958,122	671
<b>Liabilities</b>		
Taxes payable in BRL	(602,814)	(36,441)
Leases payable in BRL	(6,120,362)	-
Employee benefits and compensation payable in BRL	(892,332)	(158,018)
Supplier and other accounts payable in BRL	(1,657,364)	(430,745)
	<b>6,712,826</b>	<b>15,913,129</b>

At September 30, 2022, if the Brazil Real had weakened/strengthened by 10% against the U.S. dollar with all other variables held constant, then the total comprehensive gain or loss for the year would have been USD 671,129 (USD 1,591,312 in 2021) higher/lower.

The Group's subsidiary in Uruguay has no assets or liabilities denominated in a foreign currency and therefore is not exposed to any credit risk.

The Group uses derivative financial instruments to manage exposures to fluctuations in the Brazilian Real. See a summary of open positions at September 30, 2022 above in Note 24 (b).

#### *Interest rate risks*

It is the risk of a financial instrument fair value changes due to changes in the market's interest rate.

The Group holds three loans ((a) and (b)) with Mercuria Energy Trading and the loans are subject to an interest rate of 12% to 15% in addition to USD LIBOR (Note 12). The Group is therefore exposed to interest rate risk because of fluctuations in the USD LIBOR rate on the following loans.

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Mercuria Energy Trading S.A. ("Senior facility")	34,206,990	34,206,990
Mercuria Energy Trading S.A. ("Junior facility")	10,038,211	10,038,211
Mercuria Asset Holdings (Hong Kong) Limited	15,875,000	-
OVMK Special Bond Fund ("OVMK")	3,175,000	-
	<b>63,295,201</b>	<b>44,245,201</b>

At December 31, 2021, if the USD LIBOR rate increased or decreased 10% with all other variables held constant, then the total comprehensive gain or loss for the year would have been USD 6,329,520 (2021: USD 4,514,520) higher/lower.



*Oil and gas price risks*

The Group's revenue comes from oil and gas sales, which are exposed to fluctuations in the oil and gas price level.

The Group uses derivative financial instruments to manage exposures to fluctuations in commodity prices and have entered into a series of oil hedges with Mercuria Energy Trading SA in order to mitigate this risk. See a summary of open positions at September 30, 2022 above in Note 24 (b).

**c. Liquidity risk**

Liquidity risk is the risk of an entity finding difficulty in fulfilling its obligations to its financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

Surplus cash held by the Group over and above balances required for working capital management.

The Group closely monitors its cash position and cash flow forecasts to help it determine whether it has sufficient financial resources to fund its short and medium term operations.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

The table below analyses the Group's financial liabilities into relevant maturity groupings.

	<b>September 2022</b>			
	<b>Up to 1 year</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
Contingent consideration	-	20,000,000	98,000,000	-
Suppliers and other accounts payable	1,943,015	-	-	-
Accounts payable to related parties	-	274,366	-	-
Financial loans with related parties	-	-	15,875,144	44,245,201
Financial loans	-	-	3,175,000	-
Derivative instruments	16,563,548	9,384,336	6,748,232	-
	<b><u>18,506,563</u></b>	<b><u>29,658,702</u></b>	<b><u>123,798,346</u></b>	<b><u>44,245,201</u></b>
	<b>December 2021</b>			
	<b>Up to 1 year</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
Contingent consideration	-	20,000,000	98,000,000	-
Suppliers and other accounts payable	746,492	-	-	-
Accounts payable to related parties	-	9,013,318	-	-
Financial loans with related parties	-	-	-	44,245,201
	<b><u>746,492</u></b>	<b><u>172,158,519</u></b>	<b><u>98,000,000</u></b>	<b><u>44,245,201</u></b>

## 25 Supplementary Oil and Gas Disclosures information (Unaudited)

### Estimated quantities of crude oil and natural gas reserves

The following tables summarize the net ownership interest in the proved oil and gas reserves, the standardized measure and changes in the standardized measure of discounted future net cash flows of the Cricaré Cluster assets and are based on estimates of proved reserves as of December 31, 2021. The proved oil and gas reserve estimates and other components of the standardized measure were determined in accordance with the authoritative guidance of the Financial Accounting Standards Board and the SEC.

### Standardized Measure of Discounted Future Net Cash Flows

The Standardized Measure of Discounted Future Net Cash Flows (excluding income tax expense) relating to proven crude oil and gas reserves is presented below:

	September 2022 (in thousands)	2021 (in thousands)
Future cash inflows	1,528,010	1,548,010
Future production costs	(517,062)	(505,062)
Future development costs	<u>(217,460)</u>	<u>(228,460)</u>
Future net cash flows	793,488	814,488
Less 10% annual discount to reflect timing of cash flows	<u>(374,304)</u>	<u>(394,304)</u>
Standard measure of discounted future net cash flows	<u><u>419,184</u></u>	<u><u>420,184</u></u>

The Standardized Measure of Discounted Future Net Cash Flows (discounted at 10%) from production of proved reserves was developed as follows:

An estimate was made of the quantity of proved reserves and the future periods in which they are expected to be produced based on year-end economic conditions.

In accordance with SEC guidelines, the engineers' estimates of future net revenues from proved properties and the present value thereof for 2021 and subsequent periods are made using the twelve-month average of the first-day-of-the-month reference prices as adjusted for location and quality differentials. These prices are held constant throughout the life of the properties, except where such guidelines permit alternate treatment. The realized sales prices used in the reserve report were \$75 per barrel of crude oil and \$2.09 per MCF of natural gas.

The future gross revenue streams were reduced by estimated future operating costs and future development and abandonment costs, all of which were based on current costs in effect at December 31, 2021 and held constant throughout the life of the properties.

## 26 Subsequent Events

The company did not identify subsequent events until the issuance of these interim financial statements.

**Appendix F – Pro Forma Financial Information and Independent Practitioner’s Assurance Report**

# **Seacrest Petroleo Bermuda Limited**

Pro Forma Financial Statements  
**For the period ended 30 September 2022**

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KPMG Auditores Independentes Ltda.  
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Telefone +55 (21) 2207-9400  
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## Independent Practitioner’s Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of pro forma financial information of Seacrest Petroleo Bermuda Limited (the “Company”) by the Board of Directors and Managing Director of the Company (the “Management”). The pro forma financial information consists of the pro forma balance sheet as at 30 September 2022 and related notes. The applicable criteria on the basis of which Management has compiled the pro forma financial information are specified in Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129, which is incorporated in the Norwegian Securities Trading Act and section 7-1 of the Securities Regulations and described in Notes 1.1, 1.2 and 1.3.

The pro forma financial information has been compiled by Management to illustrate the impact of the result of the acquisition of the Norte Capixaba cluster as described in Note 1.2 on the Company’s financial position as of 30 September 2022. As part of this process, information about the Company’s consolidated balance sheet as of 30 September, has been extracted by Management from the Company’s consolidated interim financial statements as of and for the nine month period ended 30 September 2022, on which a review has been published.

## Our Independence and Quality Control

We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants’ Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.



The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## The Company Management Responsibility for the Pro Forma Financial Information

The Company's management is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

## Practitioner's Responsibilities

Our responsibility is to express an opinion, as required by Annex 20 section 3 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 which is incorporated in the Norwegian Securities Trading Act and section 7-1 of the Securities Regulations about whether the pro forma financial information has been compiled, in all material respects, by Management on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether Management has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria and whether this basis is consistent with the accounting policies of the Company.

Our work has consisted primarily of comparing the underlying historical financial information used to prepare the pro forma financial information to source documentation, assessing documentation supporting the adjustments and discussing the pro forma information with the Management of the Company.

The aforementioned opinion does not require an audit of historical unadjusted financial information, the adjustments to conform the accounting policies of the acquired entity to the accounting policies of the Company, or the assumptions summarized in notes 1.6 and 1.7 of the pro forma financial information. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.



The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction at 30 September 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by Management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria;
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information; and
- The pro forma financial information has been compiled on a basis consistent with the accounting policies of the Company.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion:

- the pro forma financial information has been compiled, on the basis stated in notes 1.1, 1.2, 1.3, 1.5, 1.6 and 1.7 of the pro forma financial information.
- the basis is consistent with the accounting policies of the Company

## **Distribution and use**

This report is issued for the sole purpose of complying with the requirements of Regulation (EU) 2017/1129,<sup>1</sup> as amended (the "EU Prospectus Regulation"), as implemented in Norway by Section 7-1 of the Norwegian

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<sup>1</sup> Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2014/71/EC, as amended.





Securities Trading Act of 29 June 2007 no. 75 (the "Norwegian Securities Trading Act") in connection with the sale of securities by the Company for use in Norwegian and, and other regulated markets in the European Union or European Economic Area. Our work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in the United States and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the listing and issuance of shares described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the voluntary offer in Norwegian and other regulated markets in the European Union or European Economic Area.

Rio de Janeiro, 03 February 2023

KPMG Auditores Independentes Ltda.

CRC SP-014428/O-6 F-RJ

A handwritten signature in blue ink, appearing to read 'L. Basto Pereira'.

Leandro Basto Pereira

Contador CRC RJ115543/O-6

## **1 UNAUDITED PRO FORMA FINANCIAL INFORMATION**

### **1.1 Introduction**

As of the date of the Prospectus the consummation of the Norte Capixaba Acquisition remains subject to regulatory approvals and is expected to occur in February 2023, following completion of the Listing. As further described in Section 4.3.1 "*Financial information*" of the Prospectus, the Norte Capixaba Acquisition triggers the requirement to include pro forma financial information in the Prospectus.

The Norte Capixaba Acquisition will be carried out as an asset acquisition. The principal reason for treating this transaction as such is the lack of an acquired substantive process which would allow the inputs in this transaction to derive outputs i.e., a lack of an acquired workforce that would allow this asset to function as a business on a stand-alone basis. The assets that compose the Norte Capixaba Cluster currently are owned and operated by Petrobras directly, and not by a separate subsidiary, and are not a separate line of business or separately identifiable in Petrobras' financial statements. Petrobras has not prepared financial statements for these assets and has not maintained the distinct and separate accounts necessary to present the full financial statements or full carve-out financial statements for these assets. As was the case in its other recent sale processes, Petrobras did not provide bidders or the ultimate purchaser with any historical financial information relating to the Norte Capixaba assets in connection with the sale process, and the purchase of the assets has been negotiated based only on reserves, operating and production data. As a result, the Pro Forma Financial Information do not contain unadjusted financial information for the Norte Capixaba cluster. Such information would have been included in an ordinary pro forma compiled to Annex 20 to the Delegated Regulation (EU) 2019/980, and consequently, the Pro Forma Financial Information does not contain complete pro forma information pursuant to the full requirements of Annex 20. The Pro Forma Financial Information includes a pro forma balance sheet as at 30 September 2022 only and no pro forma profit and loss account reflecting the results of the Norte Capixaba Acquisition. However, in light of the way in which Petrobras historically operated these assets, the Company believes that there is not sufficient continuity of the operations prior to and after the Norte Capixaba Acquisition, and therefore disclosure of complete prior historical financial information is not material to an understanding of the future operations of the assets.

### **1.2 The Norte Capixaba Acquisition**

Please refer to Section 8.5 "*Contemplated acquisition of the Norte Capixaba Cluster*" of the Prospectus for more detailed information about the Norte Capixaba Acquisition.

### **1.3 Cautionary note regarding the Pro Forma Financial Information**

The Pro Forma Financial Information has been prepared to show how the Norte Capixaba Acquisition would have affected the Company's financial position and consolidated balance sheet as of 30 September 2022, if the Norte Capixaba Acquisition had taken place on 30 September 2022.

The Pro Forma Financial Information is based on certain management assumptions and adjustments. These assumptions might not necessarily have been applied had the Norte Capixaba Acquisition been completed for the purposes of financial reporting in such period. Because of its nature, the unaudited pro forma balance sheet addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position if the Norte Capixaba Acquisition had in fact occurred on the dates mentioned above and is not representative of the financial position for any future periods. Investors are cautioned not to place undue reliance on this unaudited pro forma balance sheet. The unaudited pro forma balance sheet does not include all of the information required for financial statements under the IFRS and should be read in conjunction with the Company's Annual Financial Statements and Interim Financial Statements, included in Appendix D and E of the Prospectus respectively.

The Pro Forma Financial Information has been compiled in connection with the Prospectus prepared for the purposes of the contemplated Offering and Listing to comply with the Norwegian Securities Trading Act and the EU Prospectus Regulation. It should be noted that the Pro Forma Financial Information is not prepared in connection with an offering registered with the U.S. Securities and Exchange Commission (SEC) under the U.S. Securities Act and consequently is not compliant with the requirements of Regulation S-X presentation of pro forma financial information. As such, a U.S. investor should not place reliance on the Pro Forma Financial Information included in this Prospectus.

The assumptions underlying the pro forma adjustments and eliminations, for purpose of deriving the Pro Forma Financial Information, are described in the notes to the Pro Forma Financial Information. Neither these adjustments nor the resulting Pro Forma Financial Information have been audited in accordance with Norwegian, United States or Bermuda generally accepted auditing standards. Each reader should carefully consider the Financial Information of the Company and the notes thereto and the notes to the Pro Forma Financial Information.

#### **1.4 Independent practitioner's assurance report on the compilation of pro forma financial information**

With respect to the pro forma balance sheet included in this Prospectus, KPMG Brazil has applied assurance procedures in accordance with International Standards on Assurance Engagements 3420 Assurance Engagement to Report on Compilation of Pro Forma Financial Information Included in a Prospectus in order to express an opinion as to whether the unaudited pro forma financial information has been properly compiled on the basis stated, and that such basis is consistent with the accounting policies of the Company, see [Appendix G](#) of the Prospectus, (Independent Practitioner's Assurance Report on Pro Forma Financial Information). There are no qualifications to this assurance report. KPMG Brazil's procedures on the pro forma balance sheet have not been carried out in accordance with attestation standards and practices generally accepted in the United States of America, and accordingly, should not be relied on as if they had been carried out in accordance with those standards.

#### **1.5 Basis of preparation**

The Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies of the Company (IFRS) applied in the Financial Information section of the prospectus. The Company has not adopted any new accounting policies in 2023. Please refer to note 1 of the Annual Financial Statements, enclosed to the Prospectus as [Appendix D](#) for a description of the Company's accounting policies.

The Pro Forma Financial Information is based on the Consolidated interim financial statements for the period ended September 30, 2022 of the Company. The consolidated 30 September 2022 statement of financial position includes the assets acquired and liabilities assumed in the Cricaré Cluster acquisition which occurred during December 2021 and the effects of the first 9 months of operation in 2022, and thus represents an unadjusted historical statement of financial position of the Company. The Cricaré Cluster acquisition was accounted for as an asset acquisition as opposed to a business combination. The primary difference between the two principles is that an asset acquisition does not result in the recognition of goodwill as goodwill (or conversely a gain on bargain purchase) arises out of the acquisition, and valuation, of a business. As with the Cricaré cluster, the basis for the Pro Forma adjustments incorporating the Norte Capixaba Cluster followed IFRS guidance on an asset acquisition. This meant identifying and recognising all identifiable assets acquired and liabilities assumed in the acquisition. The cost of such was allocated to the individually identifiable assets and liabilities on the basis of their relative fair values. As such the Pro Forma Financial Information does not constitute a full ordinary Annex 20 pro forma as the statement lacks unadjusted financial information for Norte Capixaba which an ordinary Annex 20 pro forma would have been based on.

The Pro Forma Financial Information has been prepared under the assumption of going concern, however material uncertainty exists as this is subject to successful outcome of the contemplated Offering.

30 September 2022

**1.6 Unaudited pro forma statement of financial position**

The table below sets out the unaudited condensed pro forma statement of financial position of the Company as of 30 September 2022, as if the Norte Capixaba Acquisition has taken place on 30 September 2022.

<i>(in USD 1,000)</i>	Unadjusted historical 30 September 2022 <i>(unaudited)</i>	Pro forma adjustments Norte Capixaba Acquisition	Note	Financing 2022	Note	Pro forma 30 September 2022 <i>(unaudited)</i>
<b>ASSETS</b>						
<b>Current</b>						
Cash and cash equivalents	12,829	-405,000	A	441,846		49,674
Securities	5,948					5,948
Advances and prepaid expenses	1,897					1,897
Other accounts recoverable with related parties	33					33
Recoverable taxes	4					4
Inventories	8,869	23,352	B			32,221
Derivative financial instruments	2,312	-		-		2,312
<b>Total current assets</b>	<b>31,891</b>	<b>-381,648</b>		<b>441,846</b>		<b>92,089</b>
<b>Non-current assets</b>						
Accounts receivable with related parties	296					296
Recoverable taxes	1,954	-		-		1,954
Advances for the acquisition of oil and gas assets	35,850	-35,850	C			-
Property, plant and equipment (PP&E)	50,106	53,029	D			103,135
Intangible assets	116,476	444,504	E			560,980
<b>Total non-current assets</b>	<b>204,682</b>	<b>461,683</b>		<b>-</b>		<b>666,365</b>
<b>TOTAL ASSETS</b>	<b>236,573</b>	<b>80,035</b>		<b>441,846</b>		<b>758,454</b>
<b>LIABILITIES</b>						

30 September 2022

<b>Current liabilities</b>				
Taxes payable	603			603
Supplier and other accounts payable	1,943			1,943
Lease payable	2,419			2,419
Employee benefits and compensation payable	892			892
Derivative financial instruments	16,564			16,564
<b>Non-current liabilities</b>				
Accounts payable with related parties	274			274
Financial loans with related parties	60,120		-60,120	-
Financial loans	3,175		I 296,825	300,000
Lease payable	3,700			3,700
Provision for decommissioning costs	51,255	14,242	F	65,497
Contingent consideration	106,926	49,469	G	156,395
Derivative financial instruments	16,133			16,133
Price adjustment on indexed inventory		16,324	B	16,324
<b>TOTAL LIABILITIES</b>	<b>264,005</b>	<b>80,035</b>	<b>236,705</b>	<b>580,745</b>
<b>EQUITY</b>				
Share capital	2			2
Share premium	74,997		I 225,000	299,997
Other reserves	4,613			4,613
Currency translation reserve	7,944			7,944
Accumulated loss	-114,989		I -19,858	-134,847
<b>TOTAL EQUITY</b>	<b>-27,433</b>		<b>205,142</b>	<b>177,709</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>236,573</b>	<b>80,035</b>	<b>441,846</b>	<b>758,454</b>

**1.7 Notes to the Pro Forma Financial Information (figures in USD, unless otherwise stated)**

**1.7.1 The Norte Capixaba Acquisition**

On 23 February 2022 the Company signed a purchase agreement to acquire 100% of the Norte Capixaba Cluster and the related “**Transferred Assets**”, as defined below:

- the concession contracts;
- the Wells, Included Equipment and the Transferred Records;
- the Additional Equipment;
- the Inventory;
- the Base 61 - Area 2;
- the Stations;
- the Indexed Inventory;
- the TNC;
- the Real Estate and
- the UTGC Located Pipelines

**Closing consideration (Note A and C)**

The closing consideration for the Norte Capixaba Acquisition is USD 405,000,000, which is the net of agreed gross consideration of USD 544,000,000, less contingent consideration of USD 66,000,000, less a deposit of USD 35,850,000 and less pro and contra of USD 37,150,000.

**Inventory (Note B)**

The total value of Inventory at closing of the Norte Capixaba Acquisition is USD 23,351,882. Inventory includes the Inventory and the indexed inventory. The inventory refers to spare parts, materials and equipment and are separately listed in the SPA. The estimated value of the inventory is BRL 37,995,423.80 which equates to USD 7,027,600 using the Brazil Central Bank PTAX rate as of 30 September 2022 (rate is subject to change at day of closing the acquisition).

The Indexed inventory refers to the amount of the inventory of Petrobras’ hydrocarbons contained in the infrastructure of the Transferred Asset after the fiscal metering of each concession. At closing the value of such inventory is determined as USD 16,324,282.

**Property, plant & equipment (Note D)**

The total value of the Property, Plant and Equipment (PP&E) is USD 53,028,680. PP&E includes the Real Estate, the Steam Generator units and the TNC.

- a) The Real Estate is listed in the purchase agreement with a consideration allocation and the total value of the consideration is BRL 11,765,262 which equates to USD 2,176,093 using the Brazil Central Bank PTAX rate as of 30 September 2022 (rate is subject to change at day of closing the acquisition).
- b) There are 10 Steam Generator units which are expected to have a useful life of 10 years. The age of the units are not known, based on market value, but management have estimated that they have 3 years of remaining useful life, which represents roughly 70% of its useful life, and therefor have assigned a market value of USD 6,000,000.
- c) The TNC with all equipment, machinery, tanks, bouy and all other facilities, except for certain excluded equipment listed in the SPA. The estimated value of the TNC is BRL 242,500,000 USD which equates to USD 44,852,588 using the Brazil Central Bank PTAX rate as of 30 September 2022 (rate is subject to change at day of closing the acquisition). The estimate is based on the operating tariffs that the Transpetro proposed to charge the Company in order to continue to be the operator of the TNC for the next 10 years, less Transpetro’s fixed and variable costs, taxes and depreciation.

**Intangible assets (Note E)**

The asset being acquired refer to future economic benefits expected from the concession contracts. According to IAS 38, an intangible asset shall be measured initially at cost, provided that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. As the right to the underlying reserves of the Norte Capixaba Cluster oil and gas fields are individually tied up to the concession contracts, such right is an intangible asset. The cost of this intangible acquisition corresponds to USD 444,504,165 based on Management's valuation of the concession contracts. Management's valuation is supported by the due diligence performed pre-acquisition in which the technical team estimated the total remaining recoverable oil and gas reserves and resources, associated revenues and costs, and discounted this to a present value. These estimates were also supported by the reserves' independent certification report by D&M, as of 8 November 2021. Total value of the Property, Plant and Equipment (PP&E) is USD 53,028,680 PP&E includes the Real Estate, the Steam Generator units and the TNC.

**Provision for decommissioning costs (Note F)**

The future decommissioning costs related to each of the Norte Capixaba Cluster oil and gas fields are estimated at BRL 331,000,000 to be paid at the end of the concession period. This liability includes the removal of production facilities, wells' razing, and area recovery. These estimates are supported by the 2022 Annual Work Program delivered by Petrobras to the ANP. The present value of the Decommissioning Cost is recognized at acquisition date is a liability of BRL 77,000,000 (using 11.99% as discount rate in the present value calculation, which equates to the risk-free rate on a governmental bond in the same currency as the obligation and of a tenor that best reflects the term of the obligation).

The amount of BRL 77,000,000 considers the current expiry date for each concession contract, when the decommissioning activities should be performed. As per CNPE resolution n. 02 as of 3 March 2016, published at the Official Gazette, the ANP is authorized to renew the Fazenda São Rafael concession that would expire in 2025 subject to a new development plan being presented. Management considers that investments would increase the production for this field, increasing its economic life and thus postponing the future decommissioning. However, the concession contract extension is not considered for the ARO present value calculation. It is relevant to note that this decommissioning cost is BRL denominated, given the presentation currency of the financial statements is USD, it is reasonable to expect fluctuations in this balance driven by foreign exchange variation.

Based on Brazilian Central Bank PTAX rate as of 30 September 2022, the equivalent value in USD of BRL 77,000,000 equates USD 14,241,853 (rate is subject to change at day of closing the acquisition).

**Contingent consideration (Note G)**

The total purchase price for the Norte Capixaba Cluster, including certain contingent payments as per table below:

		$Payment_t = PaymentCap \times \frac{BrentRefi-50}{65-50}$		
		Provided that: $0 \leq Payment_t \leq PaymentCap$		
Payment date	Firm Consideration	Max Variable Payments		Max Total consideration
On signing – 23rd February	\$ 35,85			\$ 35,85
On Closing date (Q4 2022)	\$ 442,15			\$ 442,15
31 <sup>st</sup> December 2023	\$	\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2024	\$	\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2025	\$	\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2026	\$	\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2027	\$	\$ 11,00	\$	\$ 11,00
31 <sup>st</sup> December 2028	\$	\$ 11,00	\$	\$ 11,00
<b>Total</b>	<b>478,00</b>	<b>66,00</b>		<b>544,00</b>

Since the contingent event has not yet occurred at the acquisition date, the final amount for the contingent payment is uncertain at the time of initial recognition of the liability. However, the current assessment of the Management concludes that it is very unlikely that the conditions for these instalments will not be met.

The payment schedule above references the formula that drives the function of this variability. The amount to be paid will only vary if the Brent rolling average were to drop below USD 65 per barrel, in a given year.

Given the current Brent price, and future forecasts, the most likely outcome is the Brent price remaining above USD 65 per barrel. Based on this it is highly probable that 100% of the contingent consideration will be payable.

Under this scenario, the net present value of each instalment will be the following:

- 31 December 2023 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 10,032,142.
- 31 December 2024 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 9,218,045.
- 31 December 2025 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 8,496,291.
- 31 December 2026 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 7,834,044.
- 31 December 2027 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 7,224,762.
- 31 December 2028 to pay USD 11,000,000. As of 31 December 2022, NPV of USD 6,663,309.

The total NPV of the future contingent considerations is USD 49,468,593.



**1.7.2 Financing**

**Equity (Note I)**


The pro forma balance sheet includes estimated gross proceeds to the Company from the Offering of common shares of USD 225,000,000. The net proceeds from the Offering is expected to amount to approximately USD 216 million, based on estimated total transaction costs of approximately USD 19,858,155 in connection with the Offering and the Listing to be paid by the Company.

**Equity (Note I)**

The Company's subsidiaries intend to enter into a syndicated loan agreement with five banks in Brazil providing for loans of up to USD 300 million in aggregate, which together with the proceeds from the Offering, will be used to finance the balance of the purchase price owed to Petrobras for the Norte Capixaba Cluster and to refinance the USD 44.2 million outstanding debt under the Mercuria loan agreements. The New Credit Agreement will be structured as a pre-export financing or PPE for Brazilian purposes. The Norte Capixaba SPV and the Cricaré SPV will be the borrowers, and Seacrest Petróleo S.A., Seacrest Uruguay S.A. and Seacrest petroleo Cricare Bermuda Limited will be the guarantors. The shares of Seacrest Uruguay S.A. and Seacrest Petroleo Circare Bermuda limited as well as the shares of the Cricaré and Norte Capixaba SPVs will be pledged to the lenders as security for the New Credit Agreement, and the lenders will have a security interest in both entities' respective operating assets and future revenues. For further information please see sections 9 and 12.7.5 of the Prospectus.


# Seacrest Petroleo Bermuda Limited

## Signature page Board of Directors



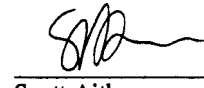
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Erik Tiller  
Chairman of the board



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Paul Murray  
Director




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Scott Aitken  
Director



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Fabiano Ramos  
Director



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Pedro Magalhaes  
Director

## Appendix G – Retail Application Form

## APPLICATION FORM FOR THE RETAIL OFFERING

**General information:** The terms and conditions for the Retail Offering are set out in the prospectus dated 8 February 2023 (the "**Prospectus**"), which has been issued by Seacrest Petroleum Bermuda Limited, an exempted company limited by shares with company registration number 5471 (the "**Company**"), in connection with the initial public offering (the "**Offering**") of common shares in the Company (the "**New Shares**"), and the subsequent listing of the Company's shares on Oslo Børs or Euronext Expand, stock exchanges being part of Euronext and operated by Oslo Børs ASA (together, the "**Oslo Stock Exchange**"). In addition, the Managers may elect to over-allot a number of additional Shares equal to up to approximately 10% of the number of the New Shares allocated and sold in the Offering (the "**Additional Shares**"). The New Shares and, unless the context indicates otherwise, the Additional Shares are referred to herein as the "**Offer Shares**". All capitalized terms not defined herein shall have the meaning as assigned to them in the Prospectus.

**Application procedure:** Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number may apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: [www.abgsc.no](http://www.abgsc.no), [www.paretosec.no](http://www.paretosec.no), or [www.sb1markets.no](http://www.sb1markets.no). **This physical Retail Application Form must be correctly completed and submitted prior to expiry of the Application Period to one of the following application offices:**

**ABG Sundal Collier ASA**  
Ruseløkkveien 26, 8th floor  
Postboks 1444 Vika  
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Tel: +47 22 01 60 00  
E-mail: [subscription@abgsc.no](mailto:subscription@abgsc.no)

**Pareto Securities AS**  
Dronning Mauds gate 3  
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**SpareBank 1 Markets AS**  
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The applicant is responsible for the correctness of the information filled in on this Retail Application Form. Retail Application Forms that are incomplete or incorrectly completed, whether electronically or physically, or which are received after the expiry of the Application Period, may be disregarded without further notice to the applicant, as may applications that are unlawful. **Subject to any extensions of the Application Period, applications made through the VPS online application system must be duly registered by 12:00 (CET) on 16 February 2023, while applications made on this Retail Application Form must be received by one of the application offices within the same time.** None of the Company nor any of the Managers may be held responsible for postal delays, internet lines or servers or any other logistical or technical matters that may result in applications not being received on time or at all. Applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by either of the application offices, or in the case of applications through the VPS online application system, upon registration of the application.

**Price of Offer Shares:** The Offer Price at which the Offer Shares will be sold is NOK 10 per Offer Share. The Company will, in consultation with the Managers, determine the final number of Offer Shares on the basis of the applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Retail Offering. One or multiple applications from the same applicant in the Retail Offering with a total application amount in excess of NOK 1,999,999 will be adjusted downwards to an application amount of NOK 1,999,999.

**Allocation, payment and delivery of Offer Shares:** In the Retail Offering, no allocations will be made for a number of Offer Shares representing an aggregate value of less than NOK 10,500 per applicant provided, however, that all allocations will be rounded down to the nearest number of whole Offer Shares and the payable amount will hence be adjusted accordingly. ABG Sundal Collier ASA ("**ABG**"), acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or around 17 February 2023, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it may contact one of the application offices listed above on or around 17 February 2023 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or around 20 February 2023. In registering an application through the VPS online application system or by completing a Retail Application Form, each applicant in the Retail Offering will give an irrevocable authorization to ABG (on behalf of the Managers) to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on this Retail Application Form. Accounts will be debited on or around 21 February 2023 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 20 February 2023. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (which is expected to be 21 February 2023). Further details and instructions will be set out in the allocation notes to the applicant to be issued on or around 17 February 2023, or can be obtained by contacting one of the Managers. Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue and other terms will apply as set out under the heading "overdue and missing payment" below. ABG (on behalf of the Managers) reserves the right, but has no obligation, to make up to three debit attempts through 24 February 2023 if there are insufficient funds on the relevant account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allocate or, from the third day after the Payment Date, otherwise dispose of or assume ownership to the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit therefrom). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or around 21 February 2023.

**Guidelines for the applicant:** Please refer to the second page of this Retail Application Form for further application guidelines.

Applicant's VPS account (12 digits):	I/we apply for Offer Shares for a total of NOK (minimum NOK 10,500 and maximum NOK 1,999,999):	Applicant's bank account to be debited (11 digits):
<b>OFFER PRICE: NOK 10</b>		

I/we hereby irrevocably (i) apply for the number of Offer Shares allocated to me/us, at the Offer Price, up to the aggregate application amount as specified above subject to the terms and conditions set out in this Retail Application Form and in the Prospectus, (ii) authorize and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to take all actions required to purchase and/or subscribe the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Retail Application Form, and to ensure delivery of such Offer Shares to me/us in the VPS, (iii) authorize ABG to debit my/our bank account as set out in this Retail Application Form for the amount payable for the Offer Shares allocated to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are aware of the risks associated with an investment in the Offer Shares and that I/we are eligible to apply for and purchase Offer Shares under the terms set forth therein.

**Date and place\*:**

**Binding signature\*\*:**

\* Must be dated during the Application Period.

\*\* The applicant must be of legal age. If the Retail Application Form is signed by proxy, documentary evidence of authority to sign must be attached in the form of a power of attorney or company registration certificate.

DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED	
First name	Surname/Family name/Company name
Home address (for companies: registered business address)	Zip code and town
Identity number (11 digits) / business registration number (9 digits)	Nationality
Telephone number (daytime)	E-mail address
Legal Entity Identifier (LEI) / National Client Identifier (NCI):	

**Please note:** if the Retail Application Form is sent to the Managers by e-mail, the e-mail will be unsecured unless the applicant itself takes measures to secure it. The Retail Application Form may contain sensitive information, including national identification numbers, and the Managers recommend the applicant to send the Retail Application Form to the Managers in a secured e-mail. **Please refer to the second page of this Retail Application Form for further information on the Managers' processing of personal data.**

### GUIDELINES FOR THE APPLICANT

**THIS RETAIL APPLICATION FORM IS NOT FOR DISTRIBUTION OR RELEASE, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA (INCLUDING ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OF AMERICA AND THE DISTRICT OF COLUMBIA), AUSTRALIA,**

**CANADA, THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA OR JAPAN, OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE "SELLING RESTRICTIONS" BELOW.**

**Regulatory issues:** Legislation passed throughout the European Economic Area (the "EEA") pursuant to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("MiFID II") implemented in the Norwegian Securities Trading Act, imposes requirements on intermediaries in securities markets. In this respect, the Managers must categorize all new clients in one of three categories: Eligible counterparties, Professional clients and Non-professional clients. All applicants applying for Offer Shares in the Offering who/which are not existing clients of one of the Managers will be categorized as Non-professional clients. The applicant can by written request to the Managers ask to be categorized as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act and ancillary regulations. For further information about the categorization, the applicant may contact either of the Managers. The applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

**Target market:** The target market for the Offering and the Offer Shares is non-professional, professional and other eligible counterparties. Negative target market: An investment in the Offer Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile.

**Execution only:** As the Managers are not in the position to determine whether the application for Offer Shares is suitable for the applicant, the Managers will treat the application as an execution only instruction from the applicant to apply for Offer Shares in the Offering. Hence, the applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

**Information Exchange:** The applicant acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Financial Undertakings Act and foreign legislation applicable to the Managers there is a duty of secrecy between the different units of the Managers as well as between the Managers and the other entities in the Managers' respective groups. This may entail that other employees of the Managers or the Managers' respective groups may have information that may be relevant to the subscriber, but which the Managers will not have access to in their capacity as Managers for the Retail Offering.

**Information barriers:** The Managers are securities firms offering a broad range of investment services. In order to ensure that assignments undertaken in the Managers' corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from their corporate finance departments by information barriers known as "Chinese walls". The applicant acknowledges that the Managers' analysis and stock broking activity may act in conflict with the applicant's interests with regard to transactions in the Offer Shares as a consequence of such Chinese walls.

**VPS account and anti-money laundering procedures:** The Retail Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulation of 14 September 2018 no. 1324 (collectively, the "Anti-Money Laundering Legislation"). Applicants who are not registered as existing customers of one of the Managers must verify their identity to the Managers in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period may not be allocated Offer Shares. To participate in the Offering, each applicant must have a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Retail Application Form for the Retail Offering. VPS accounts can be established with authorized VPS registrars, which can be Norwegian banks, authorized investment firms in Norway and Norwegian branches of credit institutions established within the EEA. Non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Norwegian Ministry of Finance.

**Selling restrictions:** The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 18 "Selling and Transfer Restrictions" in the Prospectus. The Company does not assume any responsibility in the event there is a violation by any person of such restrictions. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or under any securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States. The Offer Shares will, and may, not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any jurisdiction where the offer or sale of the Offer Shares is not permitted, or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any jurisdiction where the offer or sale is not permitted, except pursuant to an applicable exemption. In the Retail Offering, the Offer Shares are being offered and sold to certain persons outside the United States in offshore transactions within the meaning of and in compliance with Rule 903 of Regulation S under the U.S. Securities Act.

The Company has not authorized any offer to the public of its securities in any Member State of the EEA other than Norway. With respect to each Member State of the EEA other than Norway which has implemented the EU Prospectus Regulation (each, a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of the Offer Shares requiring a publication of a prospectus in any Relevant Member State. Any offers outside Norway will only be made in circumstances where there is no obligation to produce a prospectus.

**Stabilization:** The Stabilization Manager (ABG), or its agents, on behalf of the Managers, may, upon exercise of the Borrowing Option, from the first day of the Listing effect transactions with a view to support the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilization Manager to conduct stabilization activities and there is no assurance that stabilization activities will be undertaken. Such stabilizing activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after the commencement of trading in the Shares on the Oslo Stock Exchange.

**Personal data:** The applicant confirms that it has been provided information regarding the Managers' processing of personal data, and that it is informed that the Managers will process the applicant's personal data in order to manage and carry out the Offering and the application from the applicant, and to comply with statutory requirements.

The data controllers who are responsible for the processing of personal data are the Managers. The processing of personal data is necessary in order to fulfil the application and to meet legal obligations. The Norwegian Securities Trading Act and the Norwegian Money Laundering Act require that the Managers process and store information about clients and trades, and control and document activities. The applicant's data will be processed confidentially, but if it is necessary in relation to the aforementioned purposes or obligations, the personal data may be shared between the Managers, with the company(ies) participating in the Offering, with companies within the Managers' groups, VPS, stock exchanges and/or public authorities. The personal data will be processed as long as necessary for the purposes, and will subsequently be deleted unless there is a statutory duty to keep it.

If the Managers transfer personal data to countries outside the EEA, that have not been approved by the EU Commission, the Managers will make sure the transfer takes place in accordance with the legal mechanisms protecting the personal data, for example the EU Standard Contractual Clauses.

As a data subject, the applicants have several legal rights. This includes i.e. the right to access its personal data, and a right to request that incorrect information is corrected. In certain instances, the applicants will have the right to impose restrictions on the processing or demand that the information is deleted. The applicants may also complain to a supervisory authority if they find that the Managers' processing is in breach of the applicable laws. Supplementary information on processing of personal data and the applicants' rights can be found at the Managers' websites.

**Investment decisions based on full Prospectus:** Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

**Terms and conditions for payment by direct debiting - securities trading:** Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

- 1) The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- 2) Costs related to the use of "Payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.
- 3) The authorization for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
- 4) In case of withdrawal of the authorization for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Financial Contracts Act, the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- 5) The payer cannot authorize for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.
- 6) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- 7) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Financial Contracts Act.

**Overdue and missing payments:** Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100, which at the date of the Prospectus is 10.75% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allocate or, from the third day after the Payment Date, otherwise dispose of or assume ownership to the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit therefrom). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company and/or the Managers may enforce payment of any such amount outstanding.

## **Appendix H – Investor Representation Letter**

## U.S. INVESTOR REPRESENTATION LETTER

### FORM OF U.S. INVESTOR REPRESENTATION LETTER

\_\_\_\_\_, 2023

Seacrest Petroleo Bermuda Limited  
M Q Services Ltd., 1st Floor  
31 Victoria Street  
Hamilton, Pembroke, HM 10, Bermuda

ABG Sundal Collier ASA  
Ruseløkkveien 26, 0251 Oslo, Norway

Pareto Securities AS  
Dronning Mauds gate 3, 0115  
Oslo, Norway

SpareBank 1 Markets AS  
Olav Vs gate 5, 0161  
Oslo, Norway

BTG Pactual S.A. – Cayman Branch  
Harbour Place, 5th floor, 103 South Church Street  
P.O. Box 1353GT, Grand Cayman  
Cayman Islands, KYI-1108

Itau BBA USA Securities, Inc.  
540 Madison Avenue, 24th Floor  
New York, New York, 10022  
United States

Seacrest Petroleo Bermuda Limited

Purchase of shares

Ladies and Gentlemen:

We are considering making an investment in the common shares, each with a par value of US\$0.00001 (the “Common Shares”), of Seacrest Petroleo Bermuda Limited, an exempted company limited by shares incorporated under the laws of Bermuda (the “Company”), in the global offering by the Company of an aggregate of up to 260,000,000 Common Shares, as described in the private placement memorandum, dated February 9, 2023 (the “Disclosure Package”) prepared by the Company.

We agree that we will purchase from the Company and the Company agrees that it will issue and sell to us, up to the aggregate number of Common Shares set forth below on our signature page for the aggregate purchase price equal to such amount; *provided* that, if the Company sells and we buy an amount of Common Shares less than the aggregate principal amount set forth below, the aggregate purchase price of such Common Shares will be reduced proportionately. The Common Shares purchased by us will be delivered by electronic book-entry through the facilities of the Oslo Stock Exchange to an account specified by us and will be released to us at settlement; *provided* that full payment for the Common

Shares shall have been received by the Company on or prior to settlement. The Company may at their option terminate this letter agreement if full payment is not received on the closing date.

We understand that ABG Sundal Collier ASA (pursuant to its chaperoning arrangement with ABG Sundal Collier Inc. in accordance with Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (“Rule 15a-6”), Pareto Securities AS (pursuant to its chaperoning arrangement with Pareto Securities Inc. in accordance with Rule 15a-6), SpareBank 1 Markets AS (pursuant to its chaperoning arrangement with SpareBank 1 Capital Markets Inc. in accordance with Rule 15a-6), BTG Pactual S.A. – Cayman Branch<sup>1</sup> and Itau BBA USA Securities, Inc. (the “International Placement Agents”) have been retained by, and have acted on behalf of, the Company as the placement facilitation agents in connection with the private placement of the Common Shares in the US (the “US Private Placement”).

In connection with and as a condition for allocation of Common Shares in the US Private Placement, we acknowledge, represent and warrant to, and agree with, you on behalf of ourselves, and if applicable, any person or entity on whose behalf we may acquire Common Shares as contemplated herein (including any person or entity on whose behalf we have authority to make investments on a discretionary or non-discretionary basis), as follows:

- (1) We hereby confirm that we are a qualified institutional buyer (“QIB”) as defined in Rule 144A (“Rule 144A”) under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and have been offered to purchase the Common Shares and will purchase the Common Shares solely in a transaction not involving a public offering in the United States under Section 4(a)(2) of the Securities Act.
- (2) Accordingly, we understand that the offering of Common Shares meets the exemptions from filing under FINRA Rule 5123(b)(1)(c) and Rule 5123(b)(3).
- (3) We will: (i) not transfer the Common Shares within the United States or, other than with respect to transactions on the Oslo Stock Exchange in accordance with Rule 904 of Regulation S, to any U.S. Person, unless the person or entity acquiring such Common Shares could itself truthfully make all of the representations and agreements in this Investor Representation Letter; and (ii) promptly implement appropriate internal controls and procedures to ensure that the Common Shares shall be properly identified in our records as “restricted securities” that are subject to the transfer restrictions set forth herein notwithstanding the absence of a U.S. restrictive legend. The term “United States” has the meaning set forth in Regulation S.
- (4) We understand and acknowledge that the Company is offering the Common Shares in reliance upon an exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) and that the Common Shares have not been, and will not, be registered under the Securities Act; accordingly, we understand and agree that the Common Shares may not be re-offered, resold, pledged or otherwise transferred by us, except (1)(A) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or (B) in an offshore transaction complying with Rule 904 of Regulation S and, in either case, (2) in accordance with all applicable securities laws of the states of the United States. The term “offshore transaction” has the meaning set forth in Regulation S. We

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<sup>1</sup> Banco BTG Pactual S.A. – Cayman Branch is not a broker-dealer registered with the SEC, and therefore may not make sales of any Common Shares in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Banco BTG Pactual S.A. – Cayman Branch intends to sell the Commons Shares in the United States, it will do so only through BTG Pactual US Capital, LLC or one or more U.S. registered broker-dealers, or otherwise as permitted by applicable U.S. law.



agree that neither we, nor any of our Affiliates (as defined below), nor any person acting on our or their behalf, will make any “directed selling efforts” in the United States as defined in Regulation S with respect to the Common Shares.

(5) We hereby confirm that: (i) we were not formed for the purpose of investing in the Company; and (ii) we are acquiring an interest in the Common Shares for our own account as principal, or for one or more managed accounts, who are able to and who shall be deemed to make all of the representations and agreements in this Investor Representation Letter and for whom we exercise sole investment discretion. In addition, we represent and warrant that we are expressly authorized in writing by each managed account: (i) to purchase the Common Shares for each managed account; and (ii) to execute and deliver this letter on behalf of each managed account.

(6) We are acquiring the Common Shares for investment purposes only and not with a view to or for the purposes of resale, distribution or fractionalization, in whole or in part, thereof in violation of the U.S. securities laws. We have no agreement, understanding or intention to distribute, resell, pledge or otherwise transfer the Common Shares or any part thereof, directly or indirectly, in the United States or to any U.S. persons;

(7) We are a sophisticated institutional investor with extensive knowledge and experience in financial and business matters and expertise in assessing investment and credit risk independently, we are capable of evaluating the merits, risks and suitability of investing in the Common Shares, we are relying exclusively on our own sources of information and investment analysis with respect to the Common Shares, we accept the substantial risks associated with an investment in the Common Shares and we are able to bear the economic risks of and an entire loss of our investment in the Common Shares. We have had access to such information as we deem necessary or appropriate in connection with our purchase of the Common Shares and have made our own investment decision regarding the Common Shares based on our own knowledge and experience in such matters.

(8) We did not become aware of the offering or the Common Shares through notices, publications or any form of general advertising or general solicitation in the US, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general advertising or general solicitation in the US.

(9) Neither the International Placement Agents nor any of their Affiliates have provided us with any information, advice or recommendation with respect to the Common Shares. Neither the International Placement Agents nor any of their Affiliates have provided any information, advice or recommendation with respect to the Common Shares or have made or make any representation as to the credit or investment quality of the Common Shares or the Company, and in making our decision to purchase the Common Shares we have not relied on any diligence conducted by any such International Placement Agents or any of their Affiliates with respect to the Company or the Common Shares. We represent and acknowledge the International Placement Agents did not conduct due diligence on our behalf and that we are not relying upon any information from or representations by the International Placement Agents in making our investment decision.

(10) We have received a copy of the Disclosure Package relating to the offering of the Common Shares and acknowledge that (i) the Disclosure Package has been prepared by the Company solely for use in connection with the proposed placement of the Common Shares outside Norway, (ii) we have had access to, and an adequate opportunity to review the Company’s financial and other available information that we deemed necessary to make our decision to subscribe for the Common Shares, (iii) we have been offered the opportunity to ask questions to the Company’s management team and received answers

thereto, as we deemed necessary in connection with the decision to subscribe for the Common Shares, in each case, including, without limitation, matters relating to the Company's business, and the Company's condition (financial and otherwise), results of operations, cash flows, management, properties and prospects, as well as the terms of the Common Shares, (iv) neither the Company, nor any person representing the Company has made, and we are not relying on, any representation to us with respect to the Company or the offering or sale of any Common Shares, other than as expressly set forth in the Disclosure Package; and (v) we have read and agreed to the matters stated in the section "Transfer Restrictions" of the Disclosure Package.

(11) We have consulted or will consult our own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent that we deem necessary, and have conducted or will conduct, to the extent we deem necessary, due diligence and an independent investigation of such matters as, in our judgment, is necessary or desirable for us to make an informed decision; and we have made or will make our own investment decisions regarding the Common Shares based upon our own judgment and upon advice from such advisers as we deem necessary. We understand and acknowledge that nothing in this Investor Representation Letter or any other materials presented to us by the Company or the International Placement Agents or any of their respective Affiliates in connection with the subscription for the Common Shares constitutes legal, tax or investment advice.

(12) We understand that there may be certain consequences under United States and other tax laws resulting from an investment in the Common Shares and we have made such investigation and have consulted our own independent advisors or otherwise have satisfied ourselves concerning, without limitation, the effects of United States federal, state and local income tax laws and foreign tax laws generally and the U.S. Employee Retirement Income Security Act of 1974, the U.S. Investment Company Act of 1940 and the Securities Act.

(13) We have determined that our subscription for the Common Shares (i) is fully consistent with our (or if we are subscribing for the Common Shares in a fiduciary capacity, the beneficiary's) financial need, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to us (whether subscribing for the Common Shares as principal or in a fiduciary capacity), and (iii) is a fit, proper and suitable investment for us (or if we are subscribing for the Common Shares in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Common Shares.

(14) Our subscription for the Common Shares is lawful under the laws of the jurisdiction of our incorporation and the jurisdiction in which we operate (if different), and such subscription will not contravene any law, regulation or regulatory policy applicable to us. We have not relied on the Company, the International Placement Agents or any of their respective Affiliates in connection with our determination as to the legality of our subscription for the Common Shares.

(15) In connection with the issue and subscription for the Common Shares, neither the International Placement Agents nor any of their Affiliates have acted as our financial advisor or fiduciary.

(16) Our subscription for the Common Shares and the execution and delivery of this Investor Representation Letter have been duly authorized by us and by the investors we represent, if any, and this Investor Representation Letter has been duly executed and delivered by us.

(17) We acknowledge that the Company and the International Placement Agents are irrevocably authorized to produce this letter or a copy hereof to any interested party, including, in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

- (18) We agree to release the International Placement Agents from and against:
- (A) Any legal, equitable or other claim that may arise under the Securities Act, the Securities Exchange Act, the rules and regulations thereunder, any other applicable law, rule or regulation or in general under any theory of liability or relief in connection with the offer and sale of the Common Shares; and
  - (B) Any losses, damages, injuries, declines in value, lost opportunities, liabilities, fees, charges, costs or expenses of any nature that we may suffer in connection with the offer and sale of the Common Shares.
- (19) We acknowledge that the Company, the International Placement Agents and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

This Investor Representation Letter and the legal relations between the parties hereto shall be governed by, and construed in accordance with, the laws of the State of New York, and we agree that the U.S. federal and New York state courts in New York City shall have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with this letter. **WE HEREBY IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS LETTER OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

Promptly upon receipt by us of a demand therefor, we shall indemnify and hold the Company, the International Placement Agents and any of their respective Affiliates and their respective directors, officers, members, partners and employees harmless against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all reasonable costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) that it or they may incur or that may be made against it or them arising out of, or in relation to, or in connection with, a breach or alleged breach of one or more of the acknowledgments, representations, warranties and agreements made by us in this Investor Representation Letter. The provisions of this paragraph shall survive the resale of the Common Shares by or on behalf of managed accounts.

We acknowledge and agree that we will treat as confidential the existence and provisions of this Investor Representation Letter, any materials delivered to us by the Company or the International Placement Agents, including (without limitation) the Disclosure Package, and the fact that we are engaged in discussions with the Company or the International Placement Agents concerning the transaction, and we will not reproduce or distribute such information.

This letter, including, without limitation, the representations, warranties, agreements, acknowledgments, waivers, releases and acceptances contained herein, shall be binding upon and inure to the benefit of the Company and the International Placement Agents and their respective successors and assigns, and shall survive the execution and delivery of this letter, the consummation of the transaction and the sale of the Common Shares. In the event any provision of this letter is declared invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

References herein to “Affiliates” include any entity controlled, directly or indirectly, by such person, any entity that controls, directly or indirectly, such person, and any entity under common control with such person.

Very truly yours,

Aggregate Number of Common Shares:

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**[NAME OF INVESTOR]** acting for [itself]  
[one or more managed client accounts for which the  
undersigned has [discretionary][non discretionary]  
authority]

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

Name:

Title:

AGREED AND ACCEPTED:

**SEACREST PETROLEO BERMUDA LIMITED**

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

Name:

Title: