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Seacrest Petroleo intends to apply for a listing on the Oslo Stock Exchange

Fully integrated onshore Brazilian oil and gas producer announces intention to list on the Oslo Stock Exchange.

Rio De Janeiro, Brazil/Hamilton, Bermuda, 24 January 2023, Seacrest Petroleo Bermuda Limited ("Seacrest Petroleo" or the "Company", and together with its consolidated subsidiaries, the "Group") today announces its intention to launch an initial public offering of its shares and to apply for a listing on the Oslo Stock Exchange (the "IPO").

Seacrest Petroleo is an independent oil and gas producer focused on the redevelopment of midlife onshore producing oil and gas fields. The Company's assets are onshore in Espírito Santo, Brazil and represent a cohesive set of attractive producing fields and an integrated export terminal acquired at attractive prices in the divestment program run by Brazil's national oil company, Petróleo Brasileiro S.A. ("**Petrobras**").

The portfolio consists of the Cricaré Cluster and the adjacent Norte Capixaba Cluster. The Cricaré Cluster is owned 100% and operated by the Group and was acquired in December 2021. In February 2022, the Group entered into a purchase agreement with Petrobras for the acquisition of 100% interest and operatorship of the Norte Capixaba Cluster and the waterway Terminal Norte Capixaba. The net proceeds from the IPO will be used to pay a portion of the purchase price of the Norte Capixaba acquisition and for general corporate purposes. Completion of the Norte Capixaba acquisition is expected shortly after the IPO. Upon closing of the Norte Capixaba acquisition, the Company expects to become the third largest onshore oil and gas producer in Brazil in terms of reserves and production. Further, through the wholly owned waterway Terminal Norte Capixaba, which provides direct access to local and international markets, the Company is in a unique position to secure competitive pricing for the Group's oil.

With a combined average recovery factor of 17% currently, the Cricaré and Norte Capixaba Clusters are established producing fields with significant further production and value creation potential. The Company's strategy is to leverage its expertise to conduct a series of low-risk redevelopment initiatives on the underinvested assets, including reopening shut-in wells, in-fill drilling, re-pressurising reservoirs, expanding steam injection programs, and re-opening existing oil treatment facilities. Through these organic operations, the Company expects its 7 kboe/d current production to grow by 3-4 times through 2025-26, according to Competent Person's Report ("**CPR**") projections by DeGolyer and MacNaughton ("**D&M**"). The expected production growth is backed by a material proved and probable reserves ("**2P**") base of 140 mboe according to D&M estimates. These 2P reserves represent a 29% recovery factor. Over time, the Company aims to significantly grow the reserves through increasing the average recovery factor towards the recovery factors seen for analogue fields, including certain fields within its portfolio which already are at 35-50% recovery.

Additionally, the Company expects its ownership of the Terminal Norte Capixaba, with its storage and export capabilities, to provide operational flexibility and allow it to leverage opportunities for marketing and capturing higher margins for its crude oil.

Group highlights:

- **Tier-1 fully integrated operated onshore producing portfolio and team:**
 - Proven track-record in Brazil, backed by Seacrest Group and Mercuria, one of the world's largest independent energy traders and asset operators
 - Acquired under-invested producing fields from Petrobras at attractive entry multiples in a low oil price environment
 - 7 kboe/d current production expected to grow organically by 3-4x within 2025-26
 - Seasoned management team with proven operational, technical and commercial track-record in Brazil

- **High quality and large assets with integrated infrastructure:**
 - ~1.2 billion boe initial oil & gas in place and 140 mmmboe 2P reserves certified by D&M
 - USD 2.5 billion in 2P reserves values (NPV10) according to CPR projections from D&M at USD 75/bbl long term oil price
 - Current low recovery factors provide further upside in recoverable oil and gas reserves
 - 100% owned infrastructure provides control, cost advantages and reduced capex

- **Highly cash generative business can fund both growth and dividends**
 - Heavy sweet crude traded at USD 10/bbl premium to Brent during 2022 on average
 - USD 18/boe full cycle opex and USD 4/boe full cycle capex
 - Plan for returning capital to shareholders as production ramp-up is realized

The Company's assets and operations

The Group currently conducts its operations in the Cricaré Cluster and expects to begin operations in the Norte Capixaba Cluster immediately following the closing of the Norte Capixaba acquisition. The Cricaré and Norte Capixaba Clusters are geographically close to one another in the Espírito Santo region and are synergistically integrated from production to trading. As of 31 December 2022, the Group's proved reserves ("1P") were estimated to be 85.5 mmmboe (7.7% gas), of which 26.8 mmmboe are located in the Cricaré Cluster and 58.7 mmmboe in the Norte Capixaba Cluster. The Group's 2P reserves were estimated to be 139.6 mmmboe (6.6% gas), of which 52.9 mmmboe are located in the Cricaré Cluster and 86.7 mmmboe in the Norte Capixaba Cluster.

The oil produced at the Cricaré and Norte Capixaba Clusters is of a particular standard known as "heavy sweet crude", which due to its high density and low sulphur content presents high refining potential and lower treatment requirements. With the characteristics of a very low sulphur oil, the oil grade is already IMO 2020 compliant and may be sold directly in the markets as bunker fuel following only slight commingling.

The Company assumed operatorship of the Cricaré Cluster in December 2021. During 2022, the Company increased oil production from less than 700 bbl/d in January 2022 to around 1,800 bbl/d in October-November 2022 through reopening shut-in wells and optimizing well strokes. Production results at the wells have been better than expected and the Company plans to increase production further in 2023.

Closing of the Norte Capixaba transaction is expected shortly after the IPO. The expected consideration payable to Petrobras at closing is estimated at USD 413 million. The net proceeds from the IPO will be used to pay a portion of the purchase price of the Norte Capixaba acquisition and for general corporate purposes. The balance of the Norte Capixaba purchase price will be financed by a debt facility.

Company history and management

Backed by Seacrest Group, which in 2015 co-founded OKEA ASA (OSE: OKEA), and an experienced management team with strong Latin American exploration and production experience, the Company was formed in June 2019 and immediately began to explore the possibility of acquiring assets in Petrobras' ongoing divestment program. In 2020, the Group was selected by Petrobras as the leading bidder for the Cricaré Cluster, and completed the acquisition of the Cricaré Cluster in late December 2021. The Group was selected by Petrobras as the leading bidder for the Norte Capixaba Cluster in early December 2021, and entered into a purchase agreement with Petrobras for the acquisition of the Norte Capixaba Cluster and the Terminal Norte Capixaba in February 2022.

The Company is now led by a seasoned management team with a proven upstream and midstream operational, technical and commercial track-record in Brazil. Coupled with the required deal making expertise and familiarity with the Brazilian regulatory and business environment, this provides a unique position to unlock the value and untapped potential in the underinvested fields acquired from Petrobras. Combining a disciplined capital allocation strategy with expertise in revitalizing late-life fields, Seacrest Petroleo distinguishes itself as an experienced on-the-ground operational organization with a highly cash generative business model, built on a tier-1 asset portfolio.

Offering highlights

The IPO is expected to comprise an offering of new shares in the Company to raise gross proceeds of approximately USD 225 million, including participation from existing shareholders. The net proceeds from the offering will be used to pay a portion of the purchase price of the Norte Capixaba acquisition and for general corporate purposes.

Subject to being admitted to trading and receiving relevant approvals from the Oslo Stock Exchange and the Financial Supervisory Authority of Norway, as well as prevailing equity capital market conditions, Seacrest Petroleo is expected to have its first day of trading on the Oslo Stock Exchange in Q1 2023.

Further announcements relating to the IPO will be made in due course.

Advisors

ABG Sundal Collier ASA and Pareto Securities AS are acting as joint global coordinators and joint bookrunners in the IPO, Banco BTG Pactual SA - Cayman and Itau BBA USA Securities, Inc. are acting as international placement agents and SpareBank 1 Markets AS is acting as joint bookrunner in the IPO (together, the "**Managers**").

Wikborg Rein Advokatfirma AS is acting as legal advisor to Seacrest Petroleo, and Advokatfirmaet Schjødt AS is acting as legal advisor to the Managers.

For further information, please contact:

Torgeir Dagsleth, Chief Financial Officer
Seacrest Petroleo Bermuda Limited
Tel. +47 958 91 970
E-mail: torgeir.dagsleth@seacrest.com

Crux Advisers AS is acting as communications and investor relations adviser.

Senior Advisor Jan Petter Stiff
Crux Advisers AS
Tel. +47 995 13891
E-mail: jps@crux.no

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