Seacrest Petroleo

Annual report 2022

The fully integrated onshore Brazilian oil and gas producer

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Seacrest Petroleo
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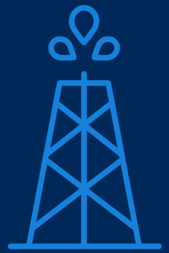
Seacrest Petroleo in brief

Seacrest Petroleo is an independent oil and gas production company with an integrated portfolio of producing oil fields and export infrastructure onshore in Espírito Santo, Brazil. The Company has exclusive control over its infrastructure, all the way from field production to the offshore tanker loading terminal, allowing for cost-effective operations, and enabling direct access to markets for its premium grade products.

High quality assets

Considerable reserves with significant organic upside potential. Proven success in Brazil with a top-performing execution team and the backing of industry leaders Seacrest Group and Mercuria



Fully owned infrastructure

Large-scale infrastructure enables the Company to process, transport and deliver our oil production directly to sea tankers through a uniquely integrated system providing control and risk mitigation

Potential for growth

Significant ramp up of production expected through simple, low-risk workovers, recom-pletions and drillings

High margin barrels

Cash-generative business with potential for growth and significant free cash flow generation.

The fully integrated onshore Brazilian oil and gas producer

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, interconnecting pipelines and an integrated export terminal. The assets were 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 a 100% interest and operatorship of the Norte Capixaba Cluster and the waterway Terminal Norte Capixaba. This transaction closed on 12 April 2023.

The fields have an estimated oil and gas volumes in place of 1.2 billion barrels of oil equivalents (bnboe) and certified proven and probable reserves ("2P") of 140 million barrels of oil equivalents (mmboe) as of 31 December 2022. Q4 2022 production was approximately 6,500 barrels of oil equivalents per day (boe/d) (including Norte Capixaba) and is forecast to triple by 2025. The Company has exclusive control over its infrastructure, all the way from field production to the offshore tanker loading terminal, allowing for cost-effective operations and direct access to markets for its premium grade products. Approximately 90 per cent of the fields' production is of a quality that qualifies it as fuel oil, without the need for refining.

Seacrest Petroleo has a seasoned management team and organization of 103 employees with proven operational, technical and commercial track-record in Brazil, backed by Seacrest Group and Mercuria, combining a disciplined capital allocation strategy with expertise in revitalising mid- and late-life fields.

Our commitment

With the commitment to deliver maximum value to its investors, Seacrest Petroleo combines high productivity, ESG best practices and financial discipline, striving for organic growth and development of its acquired assets, always focused on efficiency and value creation.

1.2
Oil & gas in place (bnboe)

29%
Target recovery factor

140
2p reserves (mmboe pro forma)[1,2]

6,500
Production per Q4 2022 (boe/d pro forma)

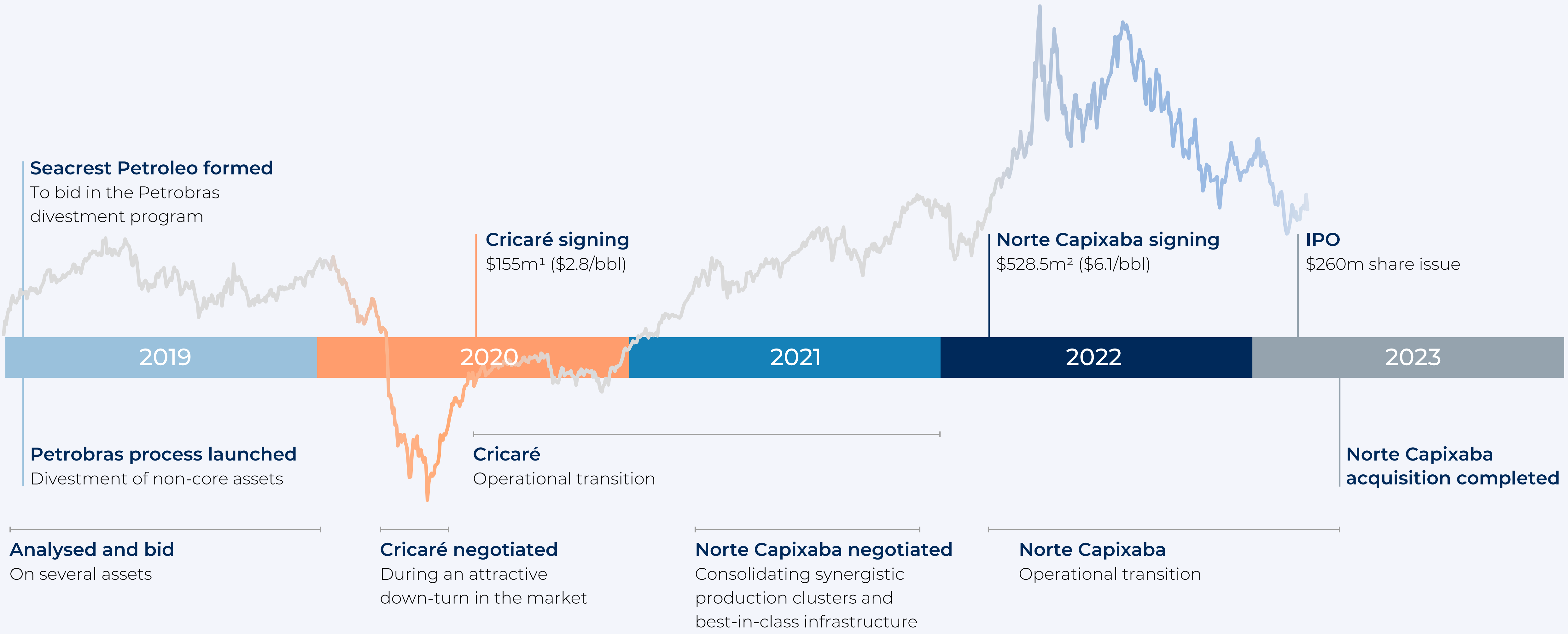
[1] Including the Norte Capixaba transaction
[2] Competent Person's Report by DeGolyer and MacNaughton

History and structure

Seacrest Petroleo was established by the co-founders of Seacrest Group, Erik Tiller and Paul Murray, in 2019. The founders had experience from establishing OKEA ASA in 2015, focusing on the redevelopment of mid-life assets on the Norwegian shelf. OKEA ASA undertook a public offering on the Oslo Stock Exchange in 2019.

The Group is following a similar strategy in Brazil. Prior to the incorporation of the Company, Seacrest Group had analysed seven upstream projects in Brazil to find the right match for its capabilities as an independent oil and gas producer. Seacrest Petroleo acquired the Cricarè Cluster from Petrobras in partnership with a highly regarded local team in 2020. The Cricarè Cluster comprises a 100% working interest in 27 fields which the Company started operating in full from 2022. In February 2022, the Company entered into a purchase agreement with Petrobras for the acquisition of the Norte Capixaba Cluster, which comprises four onshore oil and gas concessions with related oil and gas production assets, in addition to an export terminal operated by a subsidiary of Petrobras. The transaction closed on 12 April 2023, with the Company assuming full operations thereafter. After giving effect to the acquisition of the Norte Capixaba Cluster, the Company will be the third larges onshore oil and gas producer in Brazil.

On 23 February 2023, Seacrest Petroleo listed on Euronext Expand Oslo under the ticker “SEAPT”. The initial public offering (IPO), which raised USD 260 million (including a 10% greenshoe), provides access to Norwegian and international capital markets, a diversification of the Company’s ownership structure and a portion of the capital required to finance the Norte Capixaba acquisition.



[1] Total price per effective date including up to $118m contingent payments at NPV10

[2] Total price per effective date including up to $66m contingent payments at NPV10

2022 highlights and key figures

Successful operational takeover at the Cricaré Cluster in January 2022

Agreement with Petrobras to acquire the Norte Capixaba Cluster in February 2022

Formed a consortium with Imetame and EnP to bid for the ES-T-528 exploration block in April 2022, with subsequent award

Raised daily production at Cricaré 2.6x to an average of more than 1.800 boe/d in the fourth quarter of 2022

Increased the active well count at Cricaré 1.7x to 151 wells by the end of the fourth quarter, with the wells producing 80% more than forecast

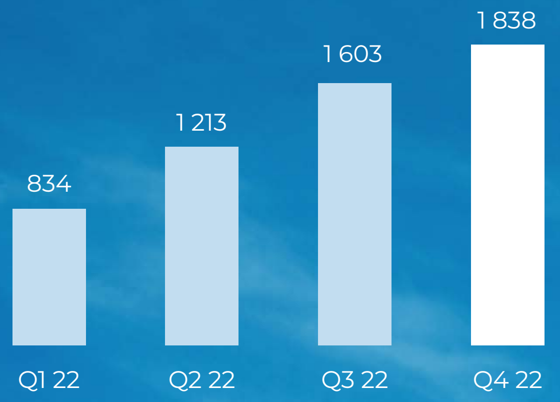
Added 45 mmboe of incremental 2P reserves to the reserve portfolio through well-by-well inventory reviews

Certified 2P target recovery rate of 29% for the gross portfolio, including Norte Capixaba

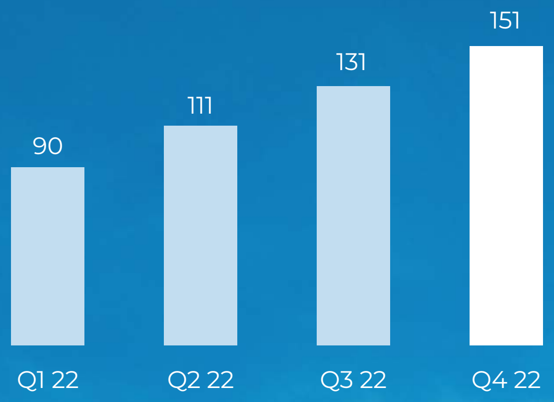
Revenues of USD 33.6 million, net loss of USD 119.2 million, with significant resources spent on developing Cricaré and preparing for the complation of the Norte Capixaba acquisition

Avg Production Cricaré

(boe/d)

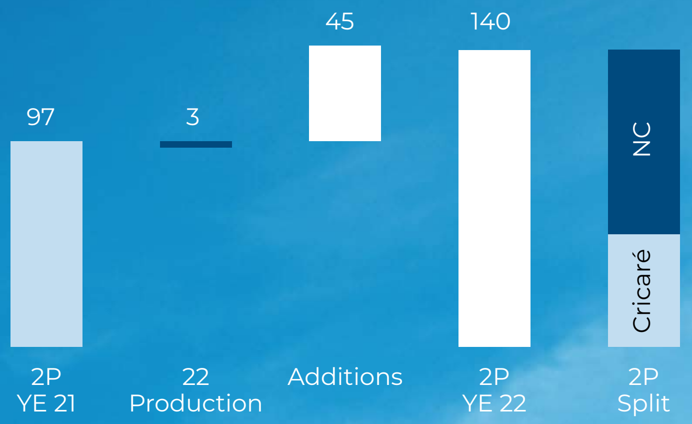


Number of active wells Cricaré



2P Reserve Development [1]

(mmboe)



[1] Including the Norte Capixaba acquisition

Letter from the CEO

Seacrest Petroleo is finally ready to assume its role as the third largest onshore E&P company in Brazil.

Having been formed in 2019 specifically to take part in Petrobras' divestment program, we are celebrating our first full year of operations at the Cricaré Cluster and the agreement to take over the Norte Capixaba Cluster. Moreover, this first Annual Report follows our successful IPO on Euronext Expand Oslo where we raised USD 260 million of proceeds to finance our journey as Brazil's third largest onshore E&P company.

Excellent operational performance

After a year of preparations, Seacrest Petroleo assumed full operational responsibility at the Cricaré Cluster in January 2022. This has been a substantial achievement for our dedicated and skilled team, where we have managed to raise daily production levels from less than 700 boe/d in January 2022 to more than 1,800 boe/d on average for the fourth quarter of 2022, with a peak well above 2,000 boe/d in October and November, before the rain season affected production in December.

We have increased the number of active wells from 90 wells at the start of the year to 151 at the end of the year with the average well producing 80% more than predicted. Following the higher-than-expected well productivity, a detailed well-by-well inventory resulted in an increase in net 2P reserves at our fields of 45mmboe.

Norte Capixaba acquisition

We successfully bid for the Norte Capixaba Cluster in December 2021 and signed a binding agreement to take over the cluster from Petrobras in February 2022. With a total consideration of USD 528.5 million, significant efforts were made during the year to secure financing for the USD 35.85 million deposit and for the USD 425 million consideration to be paid on completion of the acquisition, which took place on 12 April 2023. At the same time, operational resources were dedicated in preparation for the takeover of operations. The Norte Capixaba transaction consummates our efforts to establish a fully integrated onshore E&P company with well-to-terminal infrastructure comprising pipelines, treatment stations and an export terminal. Based on our experience at the Cricaré Cluster and the excellent potential for synergies between the two clusters, we are excited about our prospects.

Fostering a strong corporate culture

The Seacrest Petroleo organisation now numbers more than 100 employees and, together with nearly 500 contractor personnel, we are well positioned to deliver on our ambitions to significantly increase production and recovery rates at our fields. We are happy to have delivered excellent health & safety performance during the year with no major incidents of harm to people or the environment.

Taking care of our local communities

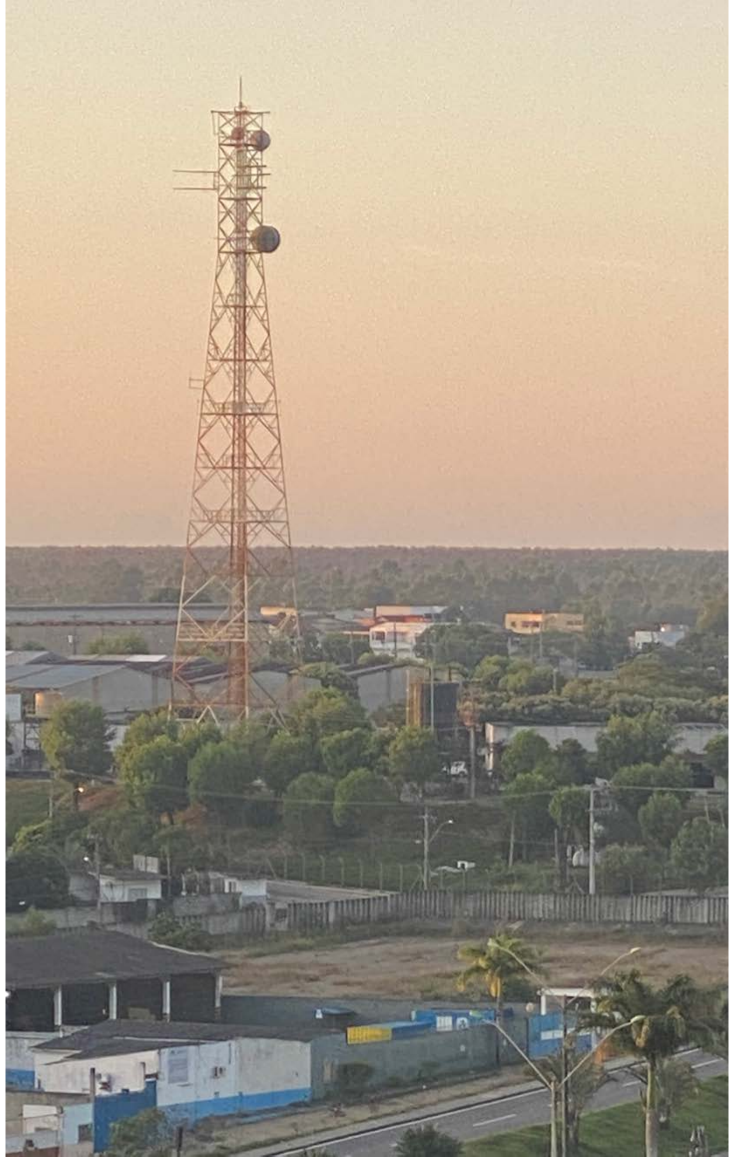
Seacrest Petroleo has a broad ESG agenda and aims to be a low-emission and safe producer of oil & gas. Our focus during 2022 has been on developing strong relationships with the local communities where we operate. In addition to providing jobs and paying taxes, we are actively involved in supporting educational initiatives for our communities.

IPO and listing on Euronext Oslo Børs Expand

In February 2023, we successfully raised USD 260 million in an IPO on Euronext Expand Oslo. We welcomed a significant number of new shareholders on board who support our growth journey, while we greatly appreciate the support from our long-term partner, Mercuria. With the IPO and subsequent refinancing of our debt facilities, Seacrest Petroleo is now fully funded for its growth ambitions.

While the regulatory and political landscape in Brazil can sometimes be challenging to navigate, we enjoy a strong combination of attractive resources and the support of a favourable regime for oil & gas production. With the Norte Capixaba transaction completed, our growth journey truly begins!

Michael Stewart
CEO, Seacrest Petroleo



Strategy

Attractive value chain positioning

The oil and gas industry can be divided into upstream activities (exploration and production), midstream (processing, storage and transportation) and downstream activities (refining and marketing). With no exploration exposure, Seacrest Petroleo is focused on the up- and midstream parts of the oil & gas value chain and has exclusive control over its infrastructure, stretching from field production to an offshore tanker loading terminal, allowing for cost-effective operations and direct access to markets for its premium grade products.

Accelerated organic growth profile

The fields in the Cricaré and Norte Capixaba clusters have been operational for decades and were divested by Petrobras as part of its efforts to focus on offshore oil & gas production. With a current average 17% recovery factor, these clusters are in the production stage and are considered midlife assets.

The 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. Current low recovery factors provide further upside in recoverable oil and gas reserves.

The fields have been underinvested for a long time and the strategy of Seacrest Petroleo is to raise production and the ultimate recovery rate from the fields through various well-related initiatives. The Company has organized its development activities into four main initiatives:

- **Maintain existing production**
  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 injection programmes
- **Low-risk mature redevelopment**
  Drilling new in-fill oil wells, starting recompletion wells in secondary intervals, and expanding existing steam injection programmes to new areas
- **Upsides**
  Additional drilling, steam programmes, and associated gas projects in the adjacent areas with potential to unlock additional reserves

O&G Industry Value Chain

Upstream | Midstream | Downstream

Exploration

Appraisal

Production

Processing

Storage

Port

Refining

Marketing

1. Cricaré and Norte Capixaba Fields

2. Treatment Stations

3. Storage

4. Export Terminal

Seacrest Uniquely Owns 100% Of The Underlying Fields And Infrastructure From Reservoir To Export Terminal

The target is to increase the recovery rate to 29% from the current 17%, which would unlock approximately 140 mmboe in 2P reserves and more than triple current daily production in the next 3-5 years.

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

The Company 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 Company expects that its ownership of the export terminal, with its storage and export capabilities, will provide 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.

In the longer term, Seacrest Petroleo plans to return capital to shareholders as dividends as production ramp-up increases.

Assets and operations

Our integrated and synergistic assets in Espírito Santo, Brazil offer a unique opportunity for growth

The portfolio consists of the Cricaré Cluster and the Norte Capixaba Cluster. The Cricaré Cluster is 100% owned and operated by Seacrest Petroleo and was acquired in December 2021. In February 2022, Seacrest Petroleo entered into a purchase agreement with Petrobras for the acquisition of a 100% interest and operatorship of the Norte Capixaba Cluster and the waterway Terminal Norte Capixaba (TNC). The transaction closed on 12 April 2023, with the Company assuming full operations thereafter.

The Cricaré Cluster started operations in 1973 and is expected to remain in operation until 2050. The production is sent from the treatment stations to the TNC using a combination of trucks and the Company´s own pipelines. The Cricaré Cluster assets are among the oldest of Petrobras' divested assets, with only a 13% recovery factor as of 31 December 2021, which reflected of Petrobras' lack of focus on the cluster.

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

As of 31 December 2022, the Company's pro forma proven reserves ("1P") were estimated to 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 pro forma 2P reserves were estimated to 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.

1.2
Oil & gas in place (bnboe)

29%
Target recovery factor

140
2p reserves (mmboe pro forma)[1,2]

6,500
Production per Q4 2022 (boe/d pro forma)

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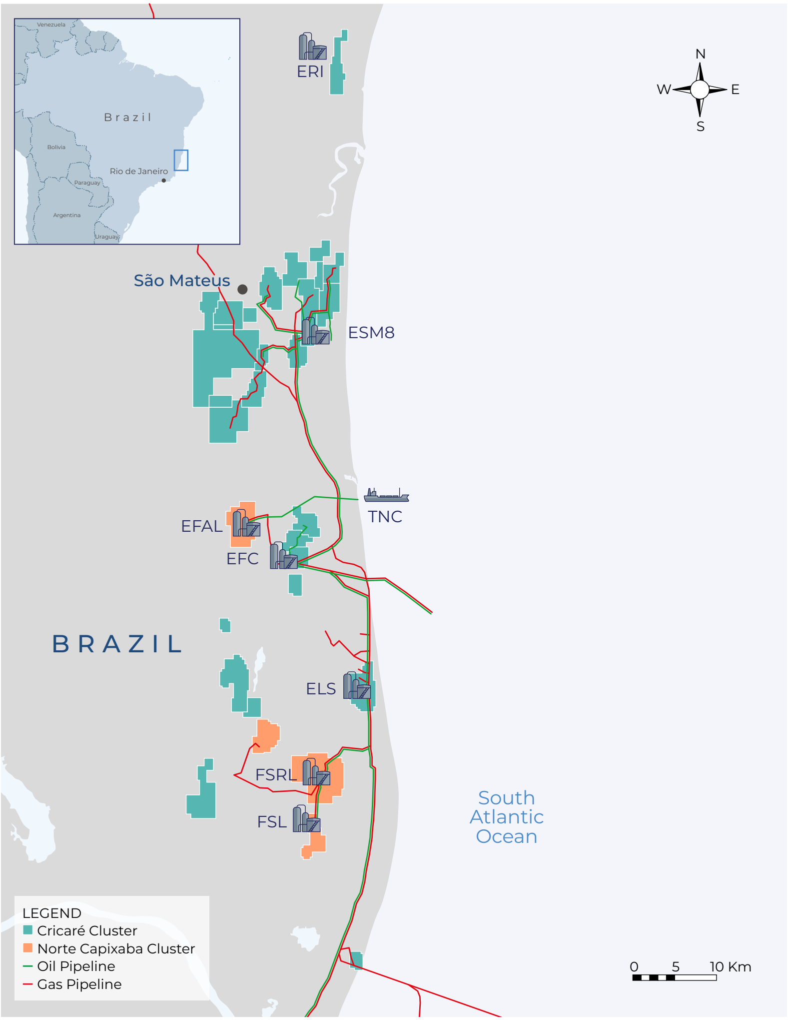


Cricaré Cluster

27 onshore fields
151 active wells

1.8K barrels of oil & gas produced per day

Norte Capixaba Cluster[1]

4 onshore fields
131 active wells

5.2K barrels of oil & gas produced per day

Terminal Norte Capixaba[1]

500K BBL storage capacity

DIRECT ACCESS to domestic and international oil markets

[1] Acquired on 12 April 2023 with effective date of 1 July 2022

Market and outlook

Macro environment

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 primary 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's 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 mmboe/d or 5.8% in 2021.

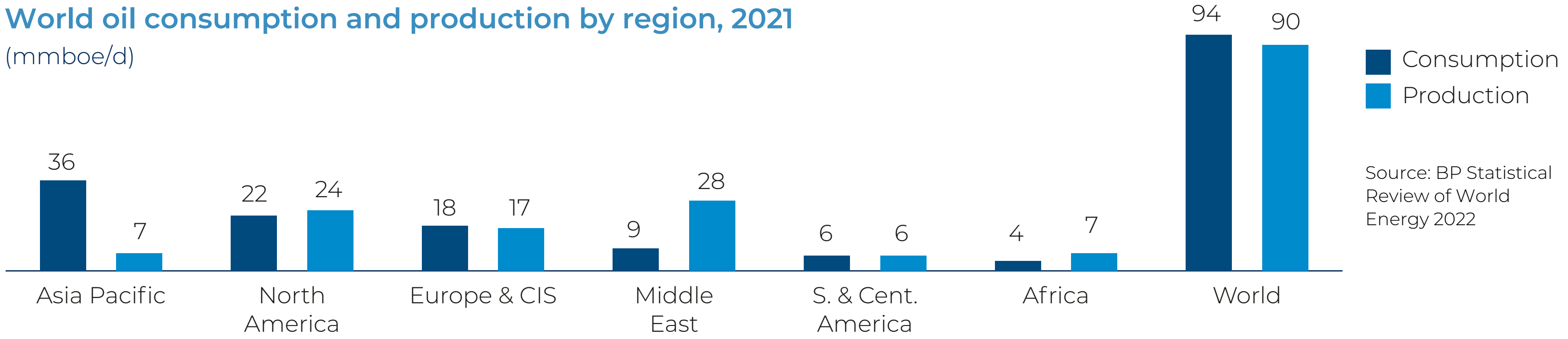
South and Central America combined held a total of 18.7% of the world's oil reserves in 2022. Brazil is the largest oil producer, producing more than half of the total production of the continent with nearly 3 mmboe/d. Columbia and Venezuela are the second and third largest, with 738,000 and 654,000 boe/d, respectively.

Oil prices

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 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 the Brent oil price development from 1 January 2000 to 31 December 2022.

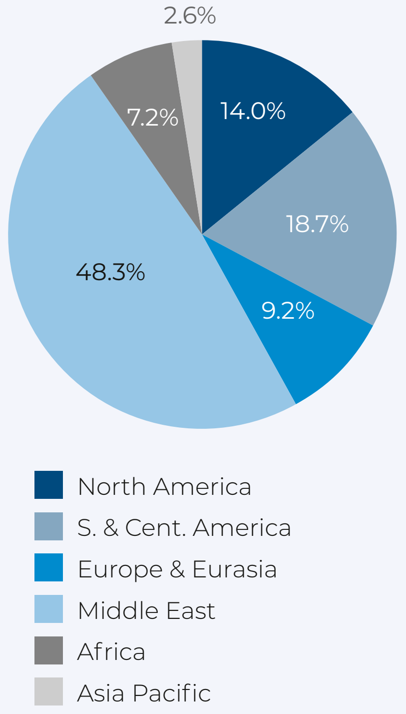
World oil consumption and production by region, 2021

(mmboe/d)



Source: BP Statistical Review of World Energy 2022

Distribution of proven world oil reserves 2021



Source: BP Statistical Review of World Energy 2022

Brazilian oil and gas operations

Brazil is the ninth-largest liquid producer in the world and the largest producer in South America. 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 and petroleum and natural gas represented 47% of Brazil's domestic energy consumption.

The competitive situation in Brazil is characterised by state-controlled Petrobras as the dominant player. In addition, there was a surge of large companies entering Brazil on the back of very large discoveries in the 2000s including ExxonMobil, Equinor, Shell and Galp. Seacrest Petroleo is the third largest onshore oil and gas producer in Brazil.

Brazilian regulatory environment

The regulatory framework in Brazil is considered favourable to oil & gas producers, especially due to low royalties and income taxes on oil production, compared to similar countries. The Sudene tax benefit, which is applicable to projects located in north-east Brazil, including Cricaré and Norte Capixaba, will reduce the Group's Brazilian income taxes from 34% to 15.25% for a period of 10 years, from 2023 until 2032.

In February 2023, the Brazilian authorities enacted a 9.2% temporary export tax on crude oil effective from 1 March 2023 until 30 June 2023. It is unclear whether such tax will become permanent. The tax is not expected have an impact on the Group's revenues during 2023.

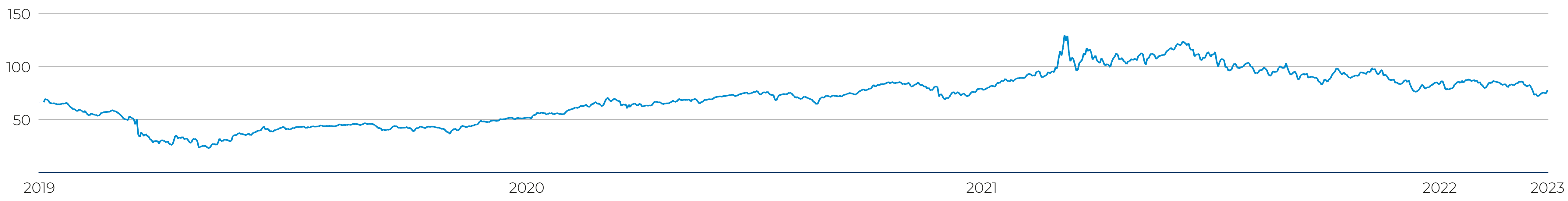
Outlook

Seacrest Petroleo's ambition is to create value through two main drivers. Firstly, to increase the Company's reserves through the reopening of wells and production efficiency to achieve a higher recovery factor. Secondly, to scale up production in a favourable oil market and leverage our operations and infrastructure. For the full year 2023 Seacrest Petroleo expects to produce an average of 8,5-9,000 boe/d, reaching a highpoint of more than 10,000 boe/d in the third and fourth quarters.

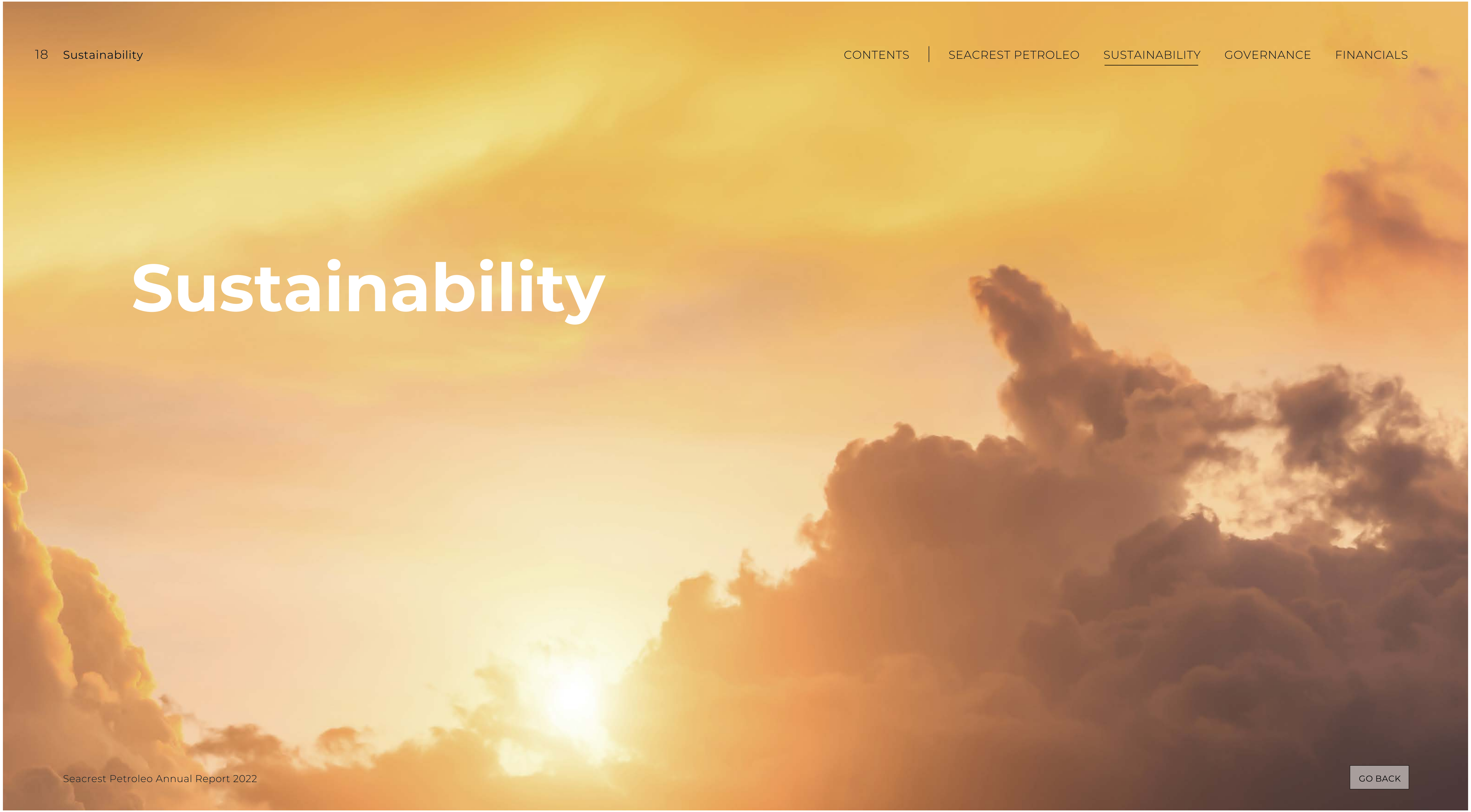
The Company intends to reopen an additional ~125 wells throughout 2023, reaching a total operational well count of more than 400 compared to 151 at the start of the year.

Brent oil price, daily from 1 January 2019 to 31 March 2023

USD per barrel



Source: FactSet oil price data.



Sustainability

Introduction

Seacrest Petroleo was established in 2019. In the following year, the Company underwent a gradual expansion of the organization to prepare for the assumption of full operations of the Cricaré Cluster, which was effective from January 2022. In parallel, substantial management resources were allocated to negotiating and completing the Norte Capixaba acquisition during the year. The Company's sustainability-related efforts are, as a consequence, at an early stage, reflecting the short corporate and operating history. Seacrest Petroleo nevertheless has significant ambitions within sustainability relating to energy use and efficiency, greenhouse gas emission reductions, health and safety, workforce diversity and inclusion and responsiveness to local communities. The Group's corporate governance and business conduct framework has been set up to achieve this.

Strategy and business model as a context to sustainability

The fields in the Cricaré and Norte Capixaba clusters have been in operation for decades and were divested by Petrobras as part of its efforts to focus on offshore oil & gas production. The fields have been underinvested for a long time and the strategy of Seacrest Petroleo is to increase production and the ultimate recovery rate from the fields through various means such as re-opening and maintenance of existing wells, drilling new infill wells and starting well recompletions, as well as steam injection programmes.

Combined, the target is to increase the ultimate recovery rate to 29% from the current 17%, which would unlock around 140 mmboe and more than triple current daily production in the next 3-5 years.

The Company owns all related infrastructure in and from the fields, consisting of pipelines and treatment facilities. This transports the oil to the Norte Capixaba Terminal, which is fully owned by the Company and consists of storage facilities and export facilities through an offshore buoy. The infrastructure was developed by the previous owner, Petrobras, with an estimated investment of USD 1 billion.

With all infrastructure already in place, the Group enjoys a favourable cost position and is able to operate with lower emissions and risk of spills and environmental damage, compared to conventional large-scale developments onshore or offshore.

Material factors

An initial review of material issues relevant to the Company has been undertaken based on internationally recognised frameworks such as SASB and S&P Global frameworks. These guidelines for the Company's strategy and efforts within sustainability going forward are summarised in the table below:

Key topics	Material factors
Climate	GHG emissions Climate transition risk Physical climate risk Business model resilience
Environment	Air quality and pollution Water and wastewater management Waste and recycling Ecological impacts
Social	Human rights and community relations Employee health & safety Working conditions and employee conditions
Governance	Business ethics Legal and regulatory environment Critical incident risk management

As a starting point the Company has focused on developing a solid framework for business ethics and developing a good health & safety culture and performance.

Key topics	Material factors
No accidents	Critical incident management, ecological impacts, employee health and safety, business model resilience
No harm to people	Human rights and community relations, employee health & safety, customer health & safety
No damage to the environment	GHG emissions, climate risk, air quality / pollution, water and wastewater management, waste and recycling, ecological impacts
No wrongdoings	Working conditions and employee practices, business ethics, legal & regulatory environment

As the Company grows and develops, the overall sustainability framework will be broadened and made more detailed. Key to this will be to develop group wide systems to track and monitor parameters related to health & safety, environmental and climate impact, as well as breaches of the ethical framework for the Company

Governance and risk management

The Management and the Board are responsible for ensuring that the Company conducts its business with integrity and with due focus on sustainable and responsible operations and that it applies principles for sound corporate governance. The Board holds the highest authority in the Company's decision-making hierarchy to approve matters of significance. The Company is committed to conducting business in a fair, ethical and transparent manner by adhering to the principles and guidelines stated in the Company's code of conduct.

Seacrest Petroleo has a risk management procedure formulated in its Business Continuity Plan and Policy. This policy is focused on managing unforeseen operational incidents, such as storms, fires, water damage or significant technological failures.

The Company intends to establish a wider risk management system to manage its growing operations.

Health and Safety

Seacrest Petroleo follows the principles of "no harm to people" and "no accidents". Maintaining good health & safety performance is essential to operate and integral to attracting and retaining a skilled workforce, as well as to continuously maintain good relations with the local communities where we operate. Seacrest Petroleo is subject to strict health and safety regulations in Brazil, as well as evolving industry standards and international conventions. The impact of breaching such regulations may be material.

Policies

Seacrest Petroleo has a Health, Environment and Safety Policy, reflecting its commitment to operate responsibly and securely and to never compromise on the Group's standards for health, safety and the environment. Among other things, the Policy reflects the Company's commitments to:

- Comply with or exceed legal requirements and other requirements
- Define objectives and goals that lead to improvements
- Support and train staff and ensure their competence in HSE matters
- Manage the risks associated with contractors
- Report, investigate and learn from any accidents or near misses
- Routinely inspect workplaces and to audit systems and processes
- Look for ways to improve our performance

Everyone involved with Seacrest Petroleo has the responsibility to comply with this Policy and to assist in its execution.

The Company is satisfied with its health and safety performance during 2022, its first year of true operations. The focus for 2023 will be on strengthening the safety culture to eliminate high potential incidents and near misses.

HEALTH AND SAFETY

	Unit	2022
Employee Hours		
Hours worked own workforce	#	109 551
Hours worked contractors	#	898 349
Total hours worked	#	1 007 901
Serious incidents (SI)	#	0
Lost time injuries (LTI)	#	0
Total recordable injuries (TRI)	#	0
Serious incidents rate (SIR)	# / mn hrs	0
Lost time injuries rate (LTIR)	# / mn hrs	0
Total recordable injuries rate (TRIR)	# / mn hrs	0
Total fatalities	#	0
High Potential Incidents	#	1
Near misses	#	3
Restricted workday cases	#	0
Medical treatment cases	#	0

Climate and the Environment

Leveraging existing infrastructure for its activities is core to Seacrest Petroleo. With no need for construction and development activity in the Company's operations, a substantial source of emissions is removed. Moreover, onshore oil & gas production is generally lower in emissions than offshore oil & gas and entails reduced oil spill risk compared to offshore operations. The infrastructure is already in place in developed areas, which implies lower impacts on the native vegetation and environment.

On the other hand, the risk of environmental impacts, such as oil spills and leaks, cannot be eliminated. The Company is subject to strict environmental regulations and permits in Brazil. Seacrest Petroleo complies with all license-to-operate requirements when it comes to environmental management, from water management to GHG emissions and aims to exceed all environmental regulations through a continuous process of measurement and improvement.

Physical climate risk is a relevant factor for our operations due to the increased frequency and severity of storms that may result in production disruptions and damage to equipment and assets.

Longer term transition risks include global carbon emission taxation schemes, which may have a negative impact on demand for hydrocarbons or reduce the profitability of our operations, if levied on the producers. Access to financing may also become more restricted as lenders may be incentivised away from fossil fuels towards renewable energies and the green energy transition in general.

Seacrest therefore takes its climate responsibility seriously and plans to set clear targets for performance related to carbon emissions to ensure that it delivers a product that is low on emissions and low on environmental impact.

KPIs and performance management

Seacrest Petroleo is required to track GHG emissions and energy use related to production, and report this to the ANP (the Brazil National Petroleum Agency) and the IBAMA (the Brazilian Institute of Environment and Renewable Natural Resources), as specified in the environmental licenses for the fields. The reporting covers both Scope 1 and Scope 2 emissions.

As the Group took over operations at the Cricaré Cluster from January 2022, there are no prior historical numbers available. For comparison, the crude oil and petroleum products used refer to diesel oil used for power generation, while the renewable energy consumption refers to alcohol-based additives mixed into the fuel.

The Group has engaged with a sustainability consultancy to expand the reporting structure, and to include other relevant parameters such as water use, waste, and environmental impacts. This wider reporting system will be up and running from 2023 and onwards.

CLIMATE AND ENVIRONMENTAL PERFORMANCE

	Unit	2022
Production Numbers		
Oil	‘000 boe	460
Natural gas	‘000 boe	41
Total production	‘000 boe	501
ENERGY		
Energy Consumption		
Coal and coal products	MWh	n.a.
Crude oil and petrolum products	MWh	6 852
Natural gas	MWh	51 838
Other non-renewable sources	MWh	n.a.
Nuclear products	MWh	n.a.
Purchased or acquired electricity, heat, steam and cooling from non-renewable sources	MWh	5 045
Total non-renewable energy consumption	MWh	63 736
Share of non-renewable sources in total energy consumption	%	98%
Renewable energy consumption	MWh	1 116
Direct Energy Consumption	MWh	59 807
Indirect Energy Consumption (Electricity)	MWh	5 045
Total Energy Consumed	MWh	64 852
Energy Intensity	KWh/boe	129

	Unit	2022
GHG EMISSIONS		
Scope 1 GHG Emissions		
Gross Scope 1 GHG emissions	tCO_2e	42 112
Scope 2 GHG Emissions		
Gross location-based Scope 2 emissions	tCO_2e	638
Gross market-based Scope 2 emissions	tCO_2e	n.a.
Total GHG emissions (Scope 1 + Scope 2, Location Based)	tCO_2e	42 750
Total GHG emissions (Scope 1 + Scope 2, Market Based)	tCO_2e	n.a.
Scope 3 Emissions	tCO_2e	n.a.
Spills and leakages		
Hydrocarbon spills to the environment - oil	#	3
Hydrocarbon spills to the environment - gas	#	0

People

At year-end 2022, Seacrest Petroleo had 103 employees, of which 97 were located in Brazil, six in Bermuda and one in Norway. At the same date, the Company also had approximately 500 contracted personnel, all located in Brazil and engaged in the Company's operations.

Access to skilled personnel is key to the success of Seacrest Petroleo due to its reliance on engineers and specialists within a wide range of sciences. The Company is committed to recognising diversity and to ensure equal opportunities, including fair employment conditions.

The Company's practices include enabling basic education and health programmes at community level, building community business partnerships and training of necessary skilled personnel. These initiatives help elevate society out of poverty by responsibly producing the essential ingredients for affordable and reliable energy.

Local Communities

Seacrest Petroleo recognizes the important role that education plays in building strong and thriving communities. The Company is dedicated to supporting local schools through a range of initiatives aimed at promoting financial literacy and education. The programmes are carefully planned and executed, and the feedback received from the local education departments and community leaders has been overwhelmingly positive. Activities include:

- Donations to social programmes in nearby communities
- Mentoring programme for 16–26 year-olds, with a focus on vulnerability, diversity and inclusion
- Education development programme, with a focus on financial education and literature
- Investments to generate opportunities for local workforce, contractors and suppliers, which creates economic value and reduces poverty

The Company is conscious of its role as a major contributor to jobs creation and tax revenue in the local communities and regards this as one of its main purposes.

Business Conduct

Seacrest Petroleo is committed to upholding high ethical standards in all its business activities. All employees and others performing work for and on behalf of Seacrest Petroleo and/or any of its affiliates are expected to adhere to all applicable laws and regulations and the Company's code of conduct, and to demonstrate ethical behaviour in their business relations and decisions.

Policy framework

- Anti-corruption Policy
- Gifts and Entertainment Policy
- Oversight of Service Providers Policy
- AML and Sanctions Compliancy Policy
- Business Continuity Plan and Policy

The full set of policies are available through the Company's website, www.seacrestpetroleo.com.

Seacrest Petroleo has zero tolerance with respect to bribery and corruption and each group company and all personnel are required to comply with all relevant anti-corruption and anti-bribery laws, rules and regulations of all jurisdictions where the Group has operations.

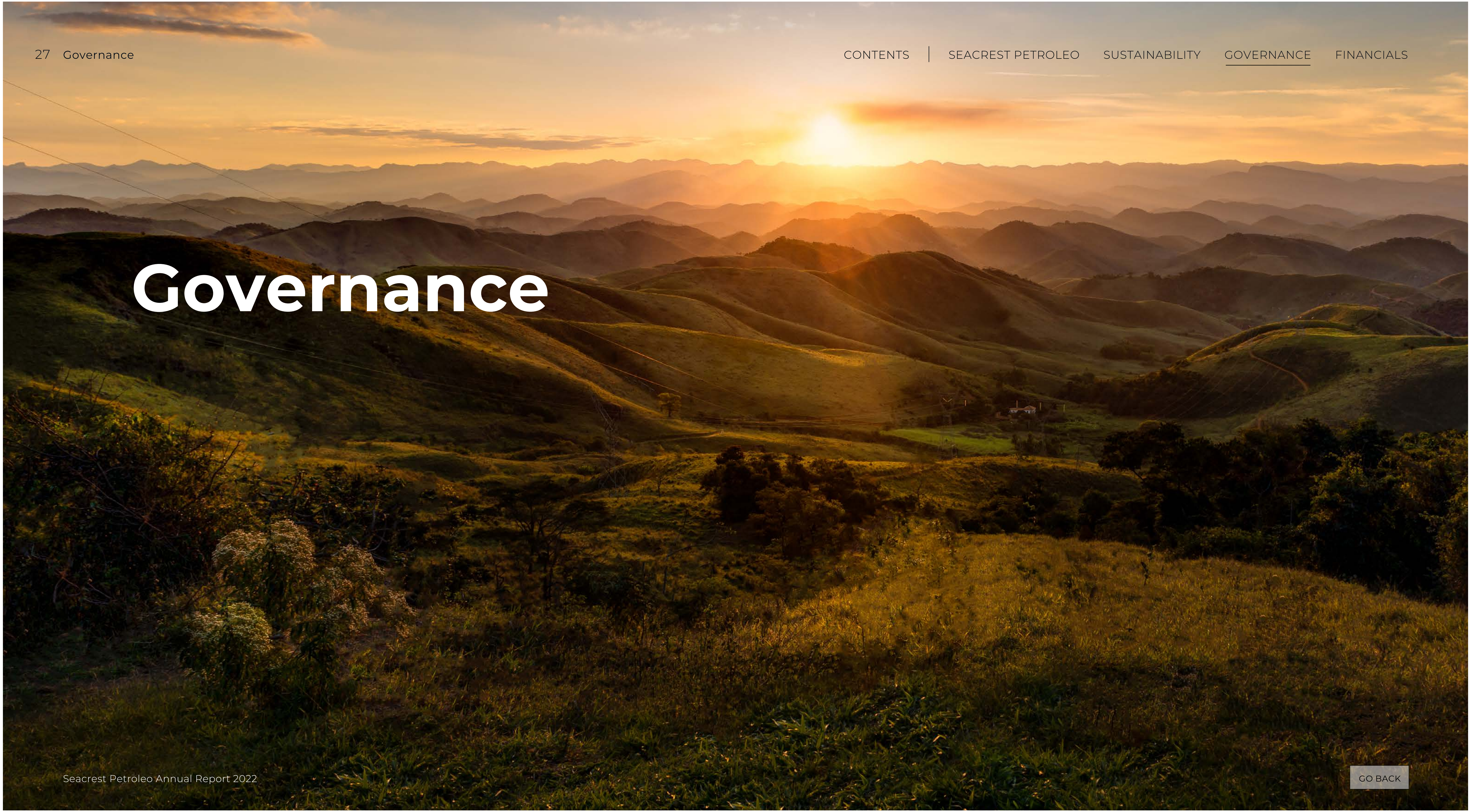
The Anti-Corruption Policy reflects the Group's commitment to conduct business with the utmost integrity and provides the framework for what is considered responsible conduct in business and operations. Compliance with all applicable laws, rules and regulations, including anti-corruption laws, is fundamental. The Policy applies to the Company's personnel and all representatives, business partners, and to all to joint ventures, mergers and acquisitions and other transactions in which the Group participates.

The Chief Compliance Officer (CCO) has responsibility for the administration of the Anti-Corruption Policy and other compliance policies and procedures and monitors the compliance with these.

As directed by the CCO or Management, the Group shall undertake periodic global corruption risk assessments with respect to its then current and anticipated activities. Management will ensure that group personnel and representatives understand and are able to comply with the policies and procedures through internal and external communication, including training.

It is the Group's policy to conduct due diligence on critical third-party service providers used by the Group prior to their engagement. Such reviews include the service provider's compliance with the terms of agreements in place and assessment of the service provider's continued suitability and capacity to perform the activities being outsourced. The Group also determines whether the service provider maintains adequate physical and data security controls, transaction procedures, business continuity and IT contingency arrangements (including periodic testing), insurance coverage, and compliance with applicable laws and regulations. Seacrest Petroleo has established a reporting channel with partner Contato Seguro for employees, contractors, and other stakeholders to confidentially report any concerns or complaints about issues in the corporate environment.

The Group has a compliance training programme which comprises regular online training provided by a third party, with certifications awarded upon approval, as well as weekly newsletters delivered to the operations teams in Brazil.



Governance

Board of Directors' report

Introduction

Seacrest Petroleo is an independent oil and gas production company with an integrated portfolio of producing oil fields and export infrastructure onshore in Espírito Santo, Brazil. The Company has exclusive control over its infrastructure, continuously from field production to an offshore tanker loading terminal, allowing for cost-effective operations, and enabling direct access to markets for its premium grade products.

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 www.seacrestpetroleo.com.

Seacrest Petroleo is headquartered in Bermuda, while the Group's business activities are conducted in Brazil through the Rio de Janeiro office. The Company also has representatives in Uruguay and in Norway.

The Company was formed to acquire assets from Petrobras' divestment programme. In August 2020, through its wholly owned Brazilian subsidiary Seacrest SPE Cricaré S.A., the Company entered into an agreement with Petrobras to acquire the Cricaré cluster, which comprises 27 onshore oil concessions and the related oil and gas production assets. The acquisition closed in December 2021 and the Company assumed operational responsibility of Cricaré from January 2022.

In December 2021, the Company was identified by Petrobras as the winning bidder for the Norte Capixaba Cluster and Seacrest Petroleo entered into a purchase agreement with Petrobras for the acquisition of the cluster in February 2022. The Norte Capixaba Cluster comprises four onshore oil concessions with related oil and gas production assets and the Terminal Norte Capixaba, which is operated by a subsidiary of Petrobras. The closing of the Norte Capixaba Acquisition took place on 12 April 2023, after which the Company became the third largest onshore oil and gas producer in Brazil in terms of reserves and production.

Operational review

Production at the Cricaré Cluster commenced in January 2022 after a nine-month transition period. During 2022, Seacrest Petroleo undertook several initiatives to increase production from the Cluster:

- Re-opening shut-in wells
- Pump stroke optimization
- Steam injection cycles and workovers

As a result of these initiatives, the number of actively producing wells increased from 90 wells at the start of the year to 151 wells at the end of the year. Well productivity was also significantly enhanced. Hence the Company was able to more than double the daily production from the Cluster, with the average production in fourth quarter of 2022 being 2.6 times higher than the production in January.

Operations were also focused on the operational transition period at the Norte Capixaba Cluster, following the purchase agreement entered into in February 2022, as well as on securing the required approvals, permits and funds to consummate the acquisition of the Cluster during 2023.

As a result of the start of production at Cricaré, and the preparation for the operational take-over at Norte Capixaba, the Company had a substantial increase in the number of employees, which was 103 at the end of 2022, up from 25 the year before.

Reserves and resources

At year end 2022, the Company had certified proforma 2P reserves of 139.6 mmboe, consisting of 93% oil reserves and 7% natural gas reserves. Of this, 62% (85.5 mmboe) are regarded as 1P reserves and the remainder (54.1 mmboe) as 2P reserves. There is an additional 12.3 mmboe in 3P reserves. The reserves include the Norte Capixaba Cluster, which was acquired on 12 April 2023.

Certified resources in place across the two clusters amount to 1.15 bnboe and the recovery rate to date is a combined 17%. The certified 2P reserves for both clusters imply a recovery rate of 29%.

Health, safety, security, environment and quality (HSSEQ)

Health, safety, security, environment and quality ("HSSEQ") have the highest priority throughout the Seacrest Petroleo organisation. The Company has established policies for safety, security, occupational health and environmental management. The Company prioritises safety in all its operations and has "zero harm" as an overriding objective for personnel and the environment. The Company also shows due respect for the individual, human rights and employment practices.

Financial review

The consolidated financial figures for Seacrest Petroleo relate to the full-year 2022. The comparable figures from 2021 are, as referenced above, based on no income generating activity, as the Company did not assume operational responsibility at Cricaré until January 2022.

Profit and loss

Income statement revenue was USD 33.6 million in 2022 compared to zero revenues in 2021. Cost of sales and general and administrative expenses were USD 67.8 million in 2022 compared to USD 14.6 million in 2021.

Losses before interest, taxes, depreciation, and amortization (EBITDA) for 2022 were USD 11.1 million compared to losses of USD 14.6 million in 2021.

Operating loss was USD 34.2 million in 2022 compared to a loss of USD 14.6 million in 2021.

The changes in revenue and EBITDA were due to the Company taking over operations at the Cricaré Cluster from January 2022. The changes in operating losses were also affected by amortization of the intangible assets referring to the Cricaré Cluster concession.

Net financial expenses were USD 104.6 million compared to net financial income of USD 0.5 million in 2021. The main drivers for the change refer to USD 34.5 million of present value adjustment and USD 55.1 million of hedging costs.

Tax income (deferred) was USD 19.6 million in 2022. The Company did not record any tax expense or income in 2021.

Net losses were USD 119.2 million in 2022 compared to net losses of USD 14.0 million in 2021.

Balance sheet

At of 31 December 2022, Seacreast Petroleo had a total equity of minus 52.7 million compared to equity of USD 9.3 million in 2021.

As of 31 December 2022, the Company had USD 65.7 million of interest-bearing debt compared to USD 44.2 million in 2021.

Cash flow

Net cash flow from operating activities was negative by USD 31.8 million in 2022 compared to USD 6.9 million in 2021.

Net cash outflow from investment activities amounted to USD 39.7 million in 2022 compared to USD 33.7 million in 2021. The investments were related to the deposit for the Norte Capixaba acquisition.

Net cash inflow from financing activities in 2022 was USD 67.6 million, reflecting a capital increase and an increase in financial loans. In 2021, the net cash inflow from financing activities was USD 56.9 million.

Liquidity and financing

As of 31 December 2022, Seacrest Petroleo had cash and cash equivalents of USD 7.7 million compared to USD 16.9 million in 2021.

Parent company accounts

Seacrest Petroleo Bermuda Limited reported a net loss of USD 14.1 million for 2022. As at 31 December 2022 total assets amounted to USD 73.9 million (USD 22.5 million) and equity was USD 50.3 million (USD 13.3 million).

Going concern

Based on Seacrest Petroleo's overall position at the end of the year, as well as the current outlook, the Board of Directors believes that Seacrest Petroleo has a good foundation for continued operations. The accounts have been prepared on a going concern basis.

Corporate governance policy

Seacrest Petroleo supports the principles of the Norwegian Code of Practice for Corporate Governance (the Code) issued by the Norwegian Corporate Governance Board (NUES/NCGB). As a company incorporated in Bermuda, the Company is also subject to Bermuda laws and regulations with respect to corporate governance.

More detailed information can be found in the separate Corporate Governance Report section of this Annual Report

Risk factors

Seacrest Petroleo's risk exposure is analysed and evaluated to ensure sound internal control and appropriate risk management based on internal values, policies, and code of ethics. Seacrest Petroleo is exposed to market risk (including commodity price risk), political risk, climate risk, credit risk, and liquidity risk.

Development of oil and gas fields is associated with risks including but not limited to, the price of crude oil, cost overruns, production disruptions, as well as delays compared to initial plans. Some of the most important risk factors are related to the estimation and recoverability of reserves. Changes to energy prices might influence the economic viability of ongoing and planned developments and anticipated revenues from the production of such developments. Furthermore, the global energy transition trend has heightened risk related to climate change for Seacrest Petroleo.

Seacrest Petroleo expects continued regulatory attention including changes to taxation relating to climate change. The overall risk management programme focuses on addressing these risks and seeks to minimise potential adverse effects on Seacrest Petroleo's financial performance.

The most important operational risk factors are related to the operation of the Cricaré and Norte Capixaba clusters and the execution of projects, which could lead to accidents, oil spills and damage to the environment if not managed properly.

Seacrest Petroleo has a limited indirect exposure to the war in Ukraine.

Recent global macroeconomic and geopolitical developments have supported higher energy prices amid concerns for regional energy shortages. At the same time, project execution risk has increased with supply chain and logistics challenges, inflationary pressures, and higher interest rates. Seacrest Petroleo is focused on mitigating potential impacts from supply chain challenges and commodity inflation across its development portfolio.

Seacrest Petroleo's operational activities are subject to tax in Brazil. As assets and production are long-term in nature, Seacrest Petroleo's results could be exposed to risk of changes to tax legislation in Brazil.

Seacrest Petroleo is also subject to risks associated with the overall energy policies in Brazil, as well as changes to regulatory regimes, that may emerge for political reasons.

For more information about risk factors identified for the Company, see the prospectus dated 8 February, 2023, in relation to the IPO of Seacrest Petroleo.

Outlook

Seacrest Petroleo prioritises safety first with zero harm as an overriding objective for people and the environment. Seacrest Petroleo is reducing its carbon footprint by developing discovered oil and gas resources through the use of existing production infrastructure.

Seacrest Petroleo expects oil and gas to remain an important part of the global energy mix in decades to come and remains focused on realising long-term value creation via its phased development strategy and investments in high-return assets. The flexible investment strategy fits a range of market scenarios and positions Seacrest Petroleo to address both short- and long-term opportunities to drive cash flows and earnings.

Energy prices remain at historically high levels despite a softening of macroeconomic drivers during 2022 as geopolitical conflict, global supply chain challenges, inflation, and higher interest rates slowed global economic growth. This is primarily due to strong underlying global energy demand combined with the war in Ukraine and sanctions imposed on Russia which have reduced regional energy supply in Europe and created concerns about shortages.

Seacrest Petroleo expects to create significant value for its stakeholders going forward. Short-term, the focus is on raising production and ultimate resource recovery from the Cricaré and Norte Capixaba Clusters significantly. The Company aims to triple the combined production from the two clusters by 2025 and to add additional reserves to its 2P reserve base in the process

This should support significant positive cash flow at current oil price levels. Seacrest Petroleo has a solid capital base with the recent USD 260 million IPO and the USD 300 million credit facility entered into to finance the Norte Capixaba acquisition.

Events after the reporting date

In February 2023, Seacrest Petroleo conducted an initial public offering (IPO) of 443,666,666 shares for gross proceeds of USD 260 million. The shares were officially listed on the Euronext Expand Oslo market on 23 February 2023 under the ticker SEAPT. The IPO was undertaken to expand the Company's shareholder base, to secure funding to complete the Norte Capixaba transaction and to provide funds for the substantial development programmes for the Company's assets.

In February 2023, Seacrest Petroleo also signed a USD 300 million credit agreement with five banks in Brazil, which together with the proceeds from the IPO was used to finance the balance of the purchase price owed to Petrobras for the Norte Capixaba Cluster and to acquire from Mercuria and restructure the Company's existing USD 45 million debt incurred to finance the acquisition of the Cricaré Cluster. The Credit Agreement is structured as a pre-export financing or PPE for Brazilian purposes.

On 3 April 2023, the Company registered a reverse share split of the Company's shares at a ratio of 2:1. Following the registration, the number of authorised shares in the Company amounts to 374,062,500 common shares and 75,000,000 undesignated shares.

On 12 April 2023, Seacrest Petroleo SPE Norte Capixaba Ltda, a subsidiary of the Company, completed the acquisition from Petrobras of the Norte Capixaba Cluster assets. The closing consideration paid to Petrobras was USD 426.65 million, which is in addition to USD 35.85 million paid on the signing of the purchase contract on 23 February 2022 and up to USD 66 million of contingent payments that are dependent on future Brent prices. The draw down of the USD 300 million credit facility took place immediately prior to completing the acquisition.

Rio de Janeiro, Brazil/Hamilton, Bermuda, 21 April 2023
The Board of Directors of Seacrest Petroleo Bermuda Limited

Erik Tiller Executive Chairman	**Paul Murray** Board Member	**Scott Aitken** Board Member and President of the Executive Committee	**Rune Olav Pedersen** Board Member
Denis Chatelan Board Member	**Paulo Ricardo da S. dos Santos** Board Member	**Pedro Magalhães** Board Member	**Michael Stewart** Chief Executive Officer

Board of Directors

Erik Tiller

Executive Chairman

Erik Tiller has more than 25 years of experience in finance and business, both within the oil and gas industry and the asset management industry. In 2011 Tiller founded the Seacrest Group, an international oil and gas private equity group. In addition to being a co-founder of the Company, Mr. Tiller also co-founded the Norwegian oil and gas company OKEA ASA in 2015. Mr. Tiller holds a BA in Business Administration and International Management from California Lutheran University.

Scott Aitken

Board Member and President of the Executive Committee

Scott Aitken has 30 years of experience within management and engineering, within 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 co-founder and director of High Power Petroleum LLC. Aitken holds a degree in physics from the University of Strathclyde.

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. 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.

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 positions within exploration, consulting and management. He has served as general manager of 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.

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 Seacrest Group. Mr. Murray is a co-founder of Company, as well as a co-founder of the Norwegian oil and gas company OKEA ASA. He 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.

Rune Olav Pedersen

Board Member

Rune Olav Pedersen has served as President & CEO of PGS ASA since 2017. Mr. Pedersen has previously held the position of executive vice president & general counsel at the company. Prior to joining PGS he was a partner in the oil and gas department of the law firm Arntzen de Besche. He has a law degree from the University of Oslo, a post-graduate diploma in European competition law from Kings College London and an Executive MBA from London Business School.

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. He is currently a member of the board of directors of several companies, including TEP – Termoeletrica Potiguar S.A., Água Limpa Energia S.A and Areia Energia S.A, São Francisco Energia S.A. Mr. Magalhães holds a Bachelor of Laws from the Federal university of Bahia and an MSc in Energy Industry Regulation from the University of Salvador.

Executive management

Michael Stewart

CEO

Michael Stewart has more than 30 years of experience in the energy and finance industries. 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.

Scott Aitken

Board *Member* and President of the Executive Committee

Scott Aitken has 30 years of experience within management and engineering, mainly within the oil and gas industry. Aitken has 16 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.

Torgeir Dagsleth

Group CFO

Torgeir Dagsleth has over 30 years of experience in the oil and gas industry. Prior experience includes serving as CFO of Seacrest Capital Group, 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).

Juan Alves

Senior VP Production and Operations

Juan Alves has more than 10 years of experience within the oil and gas industry in Brazil, with particular expertise in mature and marginal oil fields management, revitalisation, development and optimization works. Alves has previously worked as general manager at PetroReconcavo. Alves holds a degree in chemical engineering and a postgraduate degree in specialisation of drilling fluids, completion and stimulation of wells, both from the Federal University of Rio Grande do Norte.

Giovanna Siracusa

General Manager

Giovanna Siracusa has held the position of General Manager at Seacrest Petroleo since October 2020. She has over 10 years' experience in business administration and financial analysis. She has previously worked in M&A and equity research within the oil and gas industry. She holds bachelor's degree in business administration from Fundação Getulio Vargas, São Paulo, Brazil.

Rafael Grisolia

CFO Brazil

Rafael Grisolia has over 20 years of experience in high leadership positions or as an executive officer in large Brazilian companies. Prior to joining Seacrest Petroleo, he has held various managerial and financial positions within the sector, including as CEO and CFO of Vibra, and CFO of Petrobras SA.

Guilherme Santana

SVP Development

Guilherme Santana has over 30 years' experience in the areas of oil & gas, strategic planning, risk & crisis management among others. Guilherme was General Manager of Strategic Studies and Planning and Research of ANP, the National Agency of Petroleum. He holds an MSc. Degree on Management Studies and a PhD degree on Risk and Crisis Management from the University of Surrey, England.

Thomas Kandel

Asset Investment Director

Thomas Kandel has more than 10 years' experience from the oil industry. He previously served in M&A and Portfolio Management at Seacrest Group and Engie. He holds master's degree in engineering from Ecole Centrale de Lyon and from IFP School.

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. 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.

Corporate Governance

Seacrest Petroleo strives to protect and enhance shareholder value through openness, integrity and equal shareholder treatment. The Company is committed to maintaining high standards of corporate governance and investor relations as a key element of the strategy to reduce risks and increase value creation for the benefit of shareholders, employees, the environment and the society as a whole.

1. Corporate Governance in Seacrest Petroleo Bermuda Ltd

Seacrest Petroleo Bermuda Limited is a Bermuda limited liability company listed on Euronext Expand Oslo. Seacrest Petroleo Bermuda Limited (hereinafter ”Seacrest Petroleo” or ”Company”) and its activities are primarily governed by the Bermuda Companies Act, its Memorandum of Association and its Bye-laws. In addition, the Company is subject to certain aspects of the Norwegian Securities Trading Act, the Norwegian Accounting Act and the continuing obligations for companies listed on the Oslo Stock Exchange.

The Board of Directors of Seacrest Petroleo (“Board”) has prepared the following report that explains the Group’s corporate governance practices and how it has complied with the Norwegian Code of Practice for Corporate Governance (the “Corporate Governance Code”) in the preceding year. The application of the Corporate Governance Code is based on the “comply or explain” principle and deviations from the Code, if any, are explained under the relevant item. The Group’s corporate governance practices are subject to annual reviews and discussions by the Board.

Subject to the deviations identified below, the Company will seek to comply with the Norwegian Code of Practice for Corporate Governance.

Deviations to the Code

In its own assessment, the Company as at 31 December 2022 did not comply with the following recommendations of the Corporate Governance Code:

- **Section 2 – The Business:** Pursuant to the Company’s Memorandum of Association, the objects for which the Company was formed and incorporated are unrestricted

- **Section 3 – Equity and dividends:**
  - The Board of Directors’ authority to increase the Company’s issued share capital is limited to the extent of its authorized but unissued share capital at any time and is not restricted to specific purposes
  - The Company’s Bye-laws permit the Board of Directors to grant share options in respect of authorized but unissued shares or shares held in treasury to employees without requiring that a general meeting of shareholders be presented with the volume or other terms and conditions of such grant
  - Under the Company’s Bye-laws, the Board of Directors may declare dividends and distributions without the approval of a general meeting of shareholders

- **Section 4 – Transactions with close associates:** 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

- **Section 6 – General meetings:**
  - The Company will normally not have the entire Board of Directors attend general meetings, as this is not required by Bermuda law
  - Pursuant to the Company’s 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

- **Section 7 – Board of directors: composition and independence:**
  – The chairman of the Board of Directors is elected by the Board of Directors and not by the shareholders
  – The Board of Directors will include members of the Management

- **Section 8 – The work of the board of directors:** The Board of Directors has not established board rules as the Company's Bye-laws are more detailed
- Section 8.2 and 8.3: The Nomination and Corporate Governance Committee is established by and reports to the Board of Directors. Further, members of the Board of Directors comprise the members of the Nomination and Corporate Governance Committee

- **Section 10 – Remuneration of the board of directors:** The remuneration of the Board of Directors is determined by the Board of Directors based on recommendations made by the Remuneration Committee. Further, members of the Board of Directors will participate in the Company's share option plan

- **Section 13 – Take-overs:** The Company does not have separate guidelines on how to respond in the event of a takeover bid

2. The business

Seacrest Petroleo is an independent oil and gas producer focused on the redevelopment of mid-life onshore producing oil and gas fields.

The Company's principal strategies are described in the Strategy section of the annual report and on the Company's website www.seacrestpetroleo.com.

The Company's Memorandum of Association provides that the Company's objects and purposes are unrestricted. This deviates from the recommendation in the Corporate Governance Code but is in line with the requirements of the Bermuda Companies Act.

3. Equity and dividends

Equity

On 31 December, 2022, the Company's consolidated equity was USD -52.7 million, which is equivalent to -24% of total assets. The Board of Directors considered the capital structure at year end to be satisfactory in relation to the Company's objectives, strategy and risk profile.

Dividend policy

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

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.

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 New Credit Agreement restrict the payment of dividends unless certain covenant tests are met.

Under the Company's 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 Corporate Governance Code and Norwegian corporate practices whereby dividends and distributions require the approval of a general meeting of shareholders.

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 realisable value of its assets would as a result of the dividend or distribution be less than its liabilities.

Share capital increases and issuance of shares

The Board of Directors has been authorised by its Bye-laws to issue shares in the Company up to the number of shares representing the authorised share capital. The Board of Directors is also authorised to purchase the Company's shares and hold these in treasury.

The authorisations to issue authorised but unissued shares and to acquire the Company's own shares are not restricted to any specific purposes or to a specific period as the Corporate Governance Code recommends.

4. Equal treatment of shareholders

The Company has one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently in the best common interest of the Company and its shareholders.

Pre-emption rights to subscribe

Under the Bermuda Companies Act, no shareholder has a pre-emptive right to subscribe for new shares in a limited company unless (and only to the extent that) such right is expressly granted to the shareholder under the Bye-laws of such company or under a contract between the shareholder and such company. The Company's Bye-laws do not provide for pre-emptive rights.

Trading in treasury shares

In the event of a future share buy-back programme, the Board of Directors will aim to ensure that all transactions pursuant to such programme will be carried out either through the trading system at the Oslo Stock Exchange or at prevailing prices at the Oslo Stock Exchange and in accordance with the Market Abuse Regulation ("MAR"). In the event of such programme, the Board of Directors will take the Company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

The Board of Directors may consider establishing internal rules governing the Company's trading in treasury shares and other financial instruments.

Transactions with close associates

The Board of Directors aims to ensure that any material future transactions between the Company and shareholders, a shareholder's parent company, board members, executive personnel or close associates of any such parties are entered into on arm's length terms.

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.

In contrast to Norwegian legislation, 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 any independent third party evaluations are required when entering into agreements with close associates (but is not required by Bermuda law to do so).

5. Freely negotiable shares

The shares of the Company are freely transferable. The Board of Directors has certain discretion to decline to register a transfer of shares pursuant to the Company's Bye-laws, including to (i) decline to register a transfer of any share which is not a fully-paid share (the Company does not, however, expect to issue any shares which are not fully paid) and (ii) where the holder of the shares concerned has defaulted in an obligation to disclose the information required by the Company's Bye-laws in respect of his interest in those shares.

6. General meetings

The Board of Directors shall ensure that as many of the Company's shareholders as possible are able to exercise their voting rights at the Company's general meetings of shareholders, and that each general meeting is an effective forum for shareholders and the Board of Directors. Special general meetings (SGM) can be called by the Board of Directors if deemed necessary or upon the requisition of shareholders representing at least 10% of the Company's share capital. 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 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.

Notification

To form a view on all matters to be considered at the meeting, the deadline for shareholders to submit proxy votes is set as close to the date of the meeting as possible.

Participation and execution

Representatives of the Board will attend the Company's general meetings. However, the Company will not normally have the entire Board attend general meetings, unless this is considered necessary in light of the matters to be dealt with. This is not a requirement by Bermuda law but represents a deviation from the Corporate Governance Code which states that arrangements shall be made to ensure participation by all directors.

The Board and the chair of the general meeting ensure that the shareholders are able to vote separately on each candidate nominated for election to the Board.

The general meeting is chaired by the chair of the Board or a person appointed by the chair. This simplifies the preparations for the general meetings. In the Company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory. However, this represents a deviation from the Corporate Governance Code which states that the Board should seek to ensure that an independent chair is appointed, if considered necessary based on the agenda items or other relevant circumstances.

The right to participate and vote at the general meeting may only be exercised by shareholders whose shareholdings are entered in the register of shareholders, including the Norwegian Central Securities Depository (the "VPS"), on the record date set for the meeting by the Board, as stipulated by the Company's Bye-laws in accordance with statutory law. Instead of participating at the general meeting, shareholders may vote in advance by a proxy, with or without voting instructions.

7. Board of directors: composition and independence

Pursuant to the Company's Bye-laws, the Board of Directors shall consist of between five and seven members. On 31 December 2022, the Board of Directors consisted of seven members (see overview in the Board of Directors' report)). The chairperson of the Board is elected by the Board.

The Board of Directors' composition ensures that it can attend to the common interests of all shareholders in the Company and meet the Company's need for expertise, capacity and diversity. Attention is paid to ensure that the Board of Directors can function effectively as a collegiate body.

The composition of the Board of Directors ensures that it can operate independently of any particular interests. Except for two members of the Management serving on the Board, the composition of the Board of Directors is in compliance with the independence requirements of the Corporate Governance Code, meaning that the majority of the shareholder-elected members of the Board of Directors are independent of the Company's executive management and material business contacts.

The Board of Directors will, in accordance with normal procedures for Bermuda companies, elect its chairman. This differs from the recommendation in the Corporate Governance Code that the general meeting of shareholders shall elect the chairman of the Board of Directors.

Each member of the Board of Directors will hold office until the next annual general meeting following his or her election or until his or her earlier removal or resignation.

The Company's annual report and the website provide information to illustrate the expertise of the members of the Board of Directors. The Board considers its composition to be diverse and represent required competencies including financial and industrial experience. Board members are encouraged to own shares in the company.

8. The work of the Board of Directors

The Board of Directors 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 Board of Directors shall evaluate its performance and expertise annually. This evaluation shall include the composition of the Board of Directors and the manner in which its members function, both individually and as a group, in relation to the objectives set out for its work. The report shall be made available to the Nomination and Corporate Governance Committee.

A Director who has a personal interest in any contract with the Company must declare his interest at the first opportunity.

The Board of Directors may establish ad hoc board committees as it determines necessary, and has the following permanent board committees since 23 February 2023:

- Audit Committee
- Remuneration Committee
- Nomination and Corporate Governance Committee

Each committee has its own written terms of reference. The terms of reference set forth the purposes and responsibilities of the committees, consistent with the provisions of the Company's Bye-Laws, applicable law, and listing standards and "best practices". The chairperson of each committee, in consultation with the appropriate members of the committee, will develop the committee's agenda.

Committee members will be appointed by the Board of Directors upon recommendation of the Nomination and Corporate Governance Committee. Each committee will be composed of no fewer than the number of members set forth in their respective terms of reference. In addition, each committee member must satisfy the membership requirements set forth in the relevant committee terms of reference. A member of the Board of Directors may serve on more than one committee.

8.1 The Audit Committee

The Company has established an Audit Committee comprised of three members of the Board of Directors.

The members of the Audit Committee are appointed by and among the members of the Board of Directors. At least one of the members shall be independent of the Company's business, of which at least one member shall have qualifications within accounting or auditing. Board members who are also members of the Management cannot be members of the Audit Committee.

The primary purpose of the Audit Committee shall be to assist the Board of Directors in the preparation of decisions on issues regarding risk management, internal control, financial reporting and auditing. The duties of the Audit Committee include, but are not limited to, oversight of:

- 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.
- On 31 December 2022, the Audit Committee consisted of Rune Olav Pedersen, Denis Chatelan and Paul Murray.

8.2 The Remuneration Committee

The Board of Directors has established a Remuneration Committee comprised of two members of the Board of Directors.

The purpose of the Remuneration Committee is, inter alia, to evaluate and propose the compensation of the Company's CEO and other members of the Management and the members of the Board of Directors.

The members of the Remuneration Committee shall be appointed by and among the members of the Board of Directors, and shall be independent of the Management.

On 23 February 2023, the Remuneration Committee consisted of Paulo Ricardo da S. dos Santos and Denis Chatelan.

8.3 The Nomination and Corporate Governance Committee

The Board of Directors has established a Nomination and Corporate Governance Committee comprised of three members of the Board of Directors.

The Nomination and Corporate Governance Committee is responsible for assisting the Board of Directors in (i) identifying individuals qualified to become members of the Board of Directors, consistent with criteria approved by the Board of Directors, (ii) recommending to the Board the Directors nominees to stand for election at the next annual general meeting, (iii) 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, (iv) overseeing the evaluation of the Board of Directors and Management, (v) 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, (vi) overseeing and approving the Management continuity planning process and (vii) otherwise taking a leadership role in shaping the corporate governance of the Company.

The Nomination and Corporate Governance Committee is established by and reports to the Board of Directors. This deviates from the Corporate Governance Code which recommends that a nomination committee shall be established by and report its recommendations to the general meeting of shareholders.

Pursuant to the Corporate Governance Code, a nomination committee should not include any executive personnel or any member of the 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 committee.

On 23 February 2023, the Nomination and Corporate Governance Committee consisted of Rune Olav Pedersen, Paulo Ricardo da S. dos Santos and Paul Murray.

9. Risk management and internal control

Risk management and internal control are given high priority by the Board of Directors, ensuring that adequate systems for risk management and internal control are in place. The control system consists of interdependent areas which include risk management, control environment, control activities, information and communication and monitoring.

The Management is responsible for establishing and maintaining sufficient internal controls over financial reporting. Company specific policies, standards and accounting principles have been developed for the annual and quarterly financial reporting of the Group. The CEO and the CFO supervise and oversee the external reporting and the internal reporting processes. This includes assessing financial reporting risks and internal controls over financial reporting of the Group. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards.

The Board of Directors shall ensure that the Company has sound internal controls and systems for risk management, including compliance with the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility.

The Board of Directors shall undertake a complete annual review of risks related to the Group's business, to be carried out together with the review of the annual financial statements. The Audit Committee shall assist the Board of Directors on an ongoing basis in monitoring the Company's system for risk management and internal control. In connection with the quarterly financial statements, the Audit Committee shall present to the Board of Directors reviews and information regarding the Company's current business performance and risks.

10. Remuneration of the Board of Directors

The remuneration of the Board of Directors is determined by the Board of Directors based on recommendations by the Remuneration Committee in accordance with the policies and principles set forth in its terms of reference and the terms of such plans as may be adopted by the Board of Directors from time to time. The Corporate Governance Code recommends that the remuneration of the Board of Directors is determined by the general meeting of shareholders based on the recommendations of a nomination committee. As such, the determination of remuneration by the Board of Directors deviates from the Corporate Governance Code.

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.

The remuneration of the Board of Directors shall reflect the Board of Directors' responsibility, expertise, time commitment and the complexity of the Company's activities. Performance-related remuneration of the executive management shall be linked to value creation for shareholders or to the Company's profit over time. Such arrangements are meant to incentivise performance and shall be based on quantifiable factors the employee may influence, and then be rewarded accordingly. There should be a cap on performance-related remuneration.

Pursuant to the Corporate Governance Code, board members should not participate in any incentive or share option programmes. Board members of the Company will participate in the Company's share option plan as the Company considers such participation beneficial to attract and retain competent board members and is in line with Bermuda corporate practices.

With reference to regulations of the Norwegian Accounting Act, the Corporate Governance Code recommends that the annual report provides details of all elements of the remuneration and benefits for each board member. The Company is not required under Bermuda law to disclose the remuneration of the Board of Directors on an individual basis and does not, at present, consider it necessary to provide such information in the annual report.

Further, the Corporate Governance Code recommends that members of the Board of Directors should not take on specific assignments for the Company in addition to their appointment as members of the Board of Directors. The Company will not refrain from engaging members of the Board of Directors for specific assignments for the Company if such engagement is considered beneficial for the Company. This differs from the recommendation in the Corporate Governance Code. However, such assignments will be disclosed to the Board of Directors and the Board of Directors shall approve the assignment, as well as the remuneration.

11. Remuneration of the executive personnel

The Board of Directors shall, with the assistance from the Company's Remuneration Committee, prepare a clear policy for the determination of salary and other remuneration of executive personnel. The policy shall contribute to the Company's commercial strategy, long-term interests and financial viability.

The Remuneration Committee shall oversee the Company's arrangements in respect of salary and other remuneration to help ensure the alignment of interests of the Management and shareholders.

Any performance-related remuneration shall be subject to an absolute limit.

The Corporate Governance Code recommends that the Company prepares a report on remuneration to executive management on an annual basis, in accordance with the Norwegian Public Limited Liability Companies Act section 6-16 b. The Company is not required under Bermuda law to prepare a report on remuneration to executive management. At present, the Company does not consider it necessary to prepare a report on remuneration to executive management, but will assess whether to prepare such report going forward.

12. Information and communications

The Board of Directors has adopted Instructions for the Contact Person with the Oslo Stock Exchange and an Investor Relations Policy, which set forth the Company's disclosure obligations and procedures. The Board of Directors will seek to ensure that market participants receive correct, clear, relevant and up-to-date information in a timely manner, taking into account the requirement for equal treatment of all participants in the securities market.

The Company shall have procedures for establishing discussions with its main shareholders to enable the Board of Directors to develop a balanced understanding of the circumstances and focus of such shareholders. Such discussions shall be undertaken in compliance with the provisions of applicable laws and regulations.

All information distributed to the Company's shareholders will be published on the Company's website at the same time as it is sent to shareholders.

13. Takeovers

In the event the Company becomes the subject of a takeover bid, the Board of Directors shall seek to ensure that the Company's shareholders are treated equally, and that the Company's business is not unnecessarily interrupted. The Board of Directors shall also ensure that the shareholders have sufficient information and time to assess any such offer. Bermuda law does not provide for a takeover code governing acquisition of Bermuda-registered listed companies.

The Company's Bye-laws contain the following defensive measures that are intended to hinder a hostile acquisition of shares in the Company:

- The creation of undesignated share rights that would enable the company to issue new shares with enhanced voting or economic shares, by board action only, in the case of a hostile approach
- Giving the Company the right to demand information from registered shareholders as to the beneficial interests in shares and to suspend share rights in the case of failure to disclose interests
- Giving the Seacrest sponsor shareholder the right to requisition the calling of special general meetings for so long as it holds 20% or more of the shares
- The shareholder approval required to approve a merger/amalgamation is increased from simple majority to 75%, if the merger/amalgamation is not approved by the Board of Directors
- The shareholder approval required to approve a migration of the company out of Bermuda, if not approved by the Board of Directors is increased from simple majority to 75%
- Cumulative voting is adopted here to create an increased power for minority shareholders, including the Seacrest sponsor shareholder, to secure representation on the Board of Directors
- Procedural requirements to the appointment of a director proposed by a shareholder, and not the Board of Directors
- Directors can only be removed by shareholders by a 75% majority vote
- The threshold shareholder vote for an amendment of the Bye-laws is increased from simple majority to 75% shareholder approval

However, the Board of Directors has not established written guiding principles for how it will act in the event of a takeover bid, as such situations are normally characterizsed by concrete and one-off situations which make a guideline challenging to prepare. In the event a takeover were to occur, the Board of Directors will consider the relevant recommendations in the Corporate Governance Code and whether the concrete situation entails that the recommendations in the Corporate Governance Code can be complied with.

14. Auditor

The Board of Directors will require the Company's auditor to annually present to the Audit Committee a review of the Company's internal control procedures (including weaknesses identified by the auditor and proposals for improvement) and submit the main features of the plan for the audit of the Company. On 31 December 2022, the external auditor of the Company was KPMG Auditores Independentes Ltda.

Furthermore, the Board of Directors will require the auditor to participate in meetings of the Board of Directors that deal with the annual financial statements, in which the auditor shall report on (i) any material changes in the Company's accounting principles and key aspects of the audit, (ii) any material estimated accounting figures and (iii) all material matters which have been subject to a disagreement between the auditor and the Management, if any.

The Audit Committee shall review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represents a threat to the independence of the auditor.

The remuneration of the auditor for statutory audit will be set by the Board subject to authorisation by the annual general meeting.

Reporting on payments to governments

This report is prepared in accordance with the Norwegian Accounting Act Section § 3-3 d and the Securities Trading Act § 5-5a which stipulates that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The Ministry of Finance has issued a regulation (F20.12.2013 no. 1682) stipulating that the reporting obligation only applies to reporting entities above a certain size and to payments above certain threshold amounts. In addition, the regulation stipulates that the report shall include other information than payments to governments, as included in section 6 of this report, and it provides more detailed rules applicable to definitions, publication and group reporting.

The reportable payments are defined in the regulation (F20.12.2013 nr 1682) §3. The management of Seacrest Petroleo has applied judgment in the interpretation of the regulation regarding the type of payments to be included in the reporting and on what level it should be reported. When payments are required to be reported on a project-by-project basis, it is reported by license or cluster basis. All activities in Seacrest Petroleo within the extractive industries are located in Brazil and all the reported payments below have been made to the Brazilian government.

1. Federal tax in Brazil

The PIS (Program of Social Integration) and COFINS (Contribution for the Financing of Social Security) are federal taxes based on the gross revenues of companies in Brazil. The PIS is intended to finance the unemployment insurance system, and COFINS to fund Social Security. During 2022, Seacrest Petroleo paid USD 341 000 in PIS and USD 1 571 000 in COFINS.

2. Royalties in Brazil

Royalties are payable on production revenue at variable rates depending on the location of production in Brazil. During 2022, Seacrest Petroleo paid USD 2 411 000 in royalties on the production from the Cricaré Cluster in the state of Espirito Santo.

3. Income tax

Seacrest Petroleo is liable for income taxes on its operations in Brazil. During 2022, the Company did not pay any income tax in Brazil as the Company generated a net loss for the period. As of 31 December 2022, Seacrest Petroleo had recognised USD 16 008 000 in deferred tax assets in its balance sheet and will utilise a tax loss carry forward to offset future tax costs in Brazil.

Under current Bermuda law, Seacrest Petroleo is not required to pay tax in Bermuda on either income or capital gains.

Financial statements

Consolidated financial statements

Consolidated statements of financial position

USD 1000	Note	31 Dec 2022	31 Dec 2021
Assets			
Current assets			
Cash and cash equivalents	4	**7 745**	16 909
Securities	5	**5 608**	5 106
Advances, prepaid expenses and others		**1 362**	660
Accounts receivable with related parties	7.1	**33**	22
Recoverable taxes	8	**403**	1
Inventory	9	**10 177**	14
Total current assets		**25 327**	22 712
Non-current assets			
Accounts receivable with related parties	7.2	**297**	271
Recoverable taxes	8	**1 168**	–
Advances for the acquisition of oil and gas assets	6	**35 850**	–
Deferred tax asset	22	**19 453**	–
Property, plant & equipment	10	**26 015**	45 869
Intangible assets	11	**109 126**	121 641
Total non-current assets		**191 909**	167 781
Total assets		**217 236**	190 493

USD 1000	Note	31 Dec 2022	31 Dec 2021
Liabilities			
Current liabilities			
Taxes payable	12	**710**	36
Supplier and other accounts payable	24.3	**9 426**	747
Lease payable	14	**3 447**	–
Employee benefits and compensation payable	13	**1 026**	158
Financial loans	15	**1 893**	–
Derivative financial instruments	24.2	**22 025**	–
Total current liabilities		**38 526**	941
Non-current liabilities			
Accounts payable to related parties	7.4	**270**	9 013
Financial loans with related parties	7.4	**60 545**	44 245
Financial loans	15	**3 218**	–
Lease payable	14	**3 201**	–
Provision for decommissioning costs	10	**27 938**	44 164
Contingent consideration	16	**115 430**	82 877
Derivative financial instruments	24.2	**20 851**	–
Total non-current liabilities		**231 453**	180 299
Total liabilities		**269 979**	181 240

USD 1000	Note	31 Dec 2022	31 Dec 2021
Equity			
Share capital	17.1	2	1
Share premium	17.1	76 052	25 998
Other reserves	17.3	4 301	3 355
Currency translation adjustments		7 361	1 185
Accumulated losses		(140 458)	(21 287)
Total equity		(52 743)	9 252
Total equity and liabilities		217 236	190 493

The notes are an integral part of these consolidated annual financial statements.

Consolidated statement of profit or loss

USD 1000	Note	2022	2021
Operating revenue			
Revenue from oil sales	18	33 617	–
Cost of sales and services	19	(39 763)	–
Gross loss		(6 146)	–
Operating expenses			
General and administrative expenses	20	(28 005)	(14 559)
Total operating expenses		(28 005)	(14 559)
Operating loss		(34 151)	(14 559)
Financial income	21	5 499	1 063
Financial expenses	21	(110 115)	(516)
Net loss for the period		(138 767)	(14 011)
Deferred taxes	22	19 595	–
Net loss for the period		(119 172)	(14 011)
Net loss per share		(0.68)	(0.13)

The notes are an integral part of these consolidated annual financial statements.

Consolidated statement of comprehensive income

USD 1000	**2022**	2021
Net loss for the period	**(119 172)**	(14 011)
Other comprehensive income	**–**	–
Currency translation adjustments	**6 176**	143
Total comprehensive income	**(112 995)**	(13 867)

The notes are an integral part of these consolidated annual financial statements.

Consolidated statement of changes in equity

USD 1000	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
Balance at 31 December 2021	1	25 998	1 185	3 355	(21 287)	9 252
Comprehensive income						
Loss for the period	–	–	–	–	(119 172)	(119 172)
Other comprehensive income	–	–	–	–	–	–
Currency translation adjustment	–	–	6 176	–	–	6 176
Total comprehensive income for the year	–	–	6 176	–	(119 172)	(112 995)
Capital increase	1	50 054	–	–	–	50 055
Share-based payment	–	–	–	945	–	945
Others	–	–	–	–	–	–
Total transactions with owners of Group, recognized directly in equity	1	50 054	–	945	–	51 000
Balance at 31 December 2022	2	76 052	7 361	4 300	(140 458)	(52 743)

USD 1000	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
Balance at 31 December 2020	1	13 176	1 041	1 678	(7 273)	8 623
Comprehensive income						
Loss for the period	–	–	–	–	(14 011)	(14 011)
Other comprehensive income	–	–	–	–	–	–
Currency translation adjustment	–	–	144	–	–	143
Total comprehensive income for the year	–	–	144	–	(14 011)	(13 867)
Capital increase	–	12 822	–	–	–	12 822
Share-based payment	–	–	–	1 678	–	1 678
Others	–	–	–	–	(3)	(3)
Total transactions with owners of Group, recognized directly in equity	–	12 822	–	1 678	(3)	14 497
Balance at 31 December 2021	1	25 998	1 185	3 355	(21 287)	9 252

Consolidated statement of cash flows

USD 1000	2022	2021
Cash flows from operating activities		
Net loss for the period	(119 172)	(14 011)
Adjustments to net of loss		
Depreciation and amortization	26 977	4
Shared-based payment	945	1 678
Contingent liability adjustment	32 553	–
Asset retirement obligation adjustment	5 916	–
Hedging costs (unrealized)	42 876	–
Interest on leasing	1 003	–
Interest on financial loan	8 089	145
Interest on bank deposits	(502)	–
Deferred taxes	(19 453)	–
Others	–	(3)
Changes in assets and liabilities		
Advances, prepaid expenses and others	(701)	(636)
Inventory	(10 163)	(14)
Recoverable taxes	(1 570)	(1)
Accounts receivable with related parties	(37)	(281)
Supplier and other accounts payable	8 679	395
Taxes payable	673	18
Employee benefits and compensation payable	868	127
Supplier and other accounts payable- related parties	–	(28)
Accounts payable to related parties	(8 743)	5 737
Net cash used in operating activities	(31 761)	(6 871)

USD 1000	2022	2021
Interest paid	(6 571)	–
Net cash used in operating activities	(38 332)	(6 871)
Cash flows from investing activities		
Purchase of securities	–	(5 106)
Advances for the acquisition of oil and gas assets	(35 850)	–
Property, plant & equipment acquisition	(3 816)	(1 709)
Intangible acquisition	–	(26 899)
Net cash used in investing activities	(39 666)	(33 714)
Cash flow from financing activity		
Capital increase	50 054	12 822
Borrowing costs	–	(900)
Financial loan	19 893	45 000
Lease payments	(2 364)	–
Net cash provided by financing activities	67 583	56 922
Increase / (decrease) in cash and cash equivalent	(10 415)	16 337
Cash and cash equivalents at beginning of the year	16 909	428
Effect of movements in exchange rates on cash held	1 250	143
Cash and cash equivalents at end of the period	7 745	16 909

The explanatory notes are an integral part of these consolidated annual financial statements.

Notes to the consolidated financial statements

(In USD thousands unless otherwise indicated)

Note 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 5 June 2019 and domiciled in Bermuda. The address of its registered office is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda.

The Group is engaged in oil and gas exploration, development, production and trade activities.

On 27 August 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 29 December 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 9 December 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 30 December 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 17 April 2020, exercised a call option, for USD 1 000, over 50.1% (49.9% at 31 December 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 23 February 2022, 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.

As at 31 December 2022 this transaction was pending final approval by the ANP. Approval was expected to be granted in during first half 2023. To ensure the assessment of the transaction, an advance of USD 35 850 000 had been provided to Petrobras, and further payments may occur after the closing.

The Purchase and Sale 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 of some plots of land.

The Group’s consolidated financial statements have been prepared on a going concern basis. In December 2022, the Company had accumulated losses of USD 140 458 301 (USD 21 286 719 in 2021), negative operating cash flow of USD 38 331 742 (USD 6 871 256 in 2021), in addition to loss in the year of USD 119 171 582 (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 has just recently started 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, including two contracts signed for the sale of oil produced in the field, and management has not identified any relevant uncertainty about the Company’s ability to continue its activities over the next 12 months. Moreover, the Company raised gross proceeds of USD 260 million in an IPO during February 2023, which provide additional funding.

Note 2 Basis of preparation

2.1 Statement of compliance

These consolidated annual 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 21 April 2023.

2.2 Functional and presentation currency

These consolidated interim financial statements are presented in U.S. dollars, which is the Group's functional currency.

2.3 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.

2.3.1 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 agreements.

2.3.2 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 prices.

2.4 Basis of consolidation

2.4.1 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.

2.4.2 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.

2.4.3 Subsidiaries

	Country	**2022**	2021
Seacrest Petroleo Cricare 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%

Note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated annual financial statements.

3.1 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.

3.2 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.

3.3 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.

3.4 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".

3.5 Financial instruments

3.5.1 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 31 December 2022, the Group financial assets are represented as:

- Cash and cash equivalents
- Securities
- Accounts receivable with related parties

3.5.2 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.

As of 31 December 2022, the Group did not find material evidence of impairment of these financial assets.

3.5.3 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 31 December 2022 and 31 December 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
- Derivatives financial instruments

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.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

SPE Cricare is selling 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 contract above mentioned.

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.

3.14 New standards and interpretations not yet effective

Several new standards are effective for the years started on our after 1 January 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
Disclosure of Accounting Policies – Amendments to IAS 1 and Practice Statement 2	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.	1 January 2023, with prospective application for amendments to IAS 1.
Definition of Accounting Estimates – Amendments to IAS 8	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	1 January 2023, with prospective application.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	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.	1 January 2023, with retrospective application with specific rules.

Note 4 Cash and cash equivalents

USD 1000	**31 Dec 2022**	31 Dec 2021
Bank – current account	**7 683**	16 909
Bank Deposit Certificates – CDBs[1]	**62**	–
Cash and cash equivalents at end of the period	**7 745**	16 909

[1] Bank Deposit Certificate, with daily liquidity option, with a rate of up to 30% of the CDI rate on 31 December 2022. This short term deposit is required for short-term commitments.

The cash and cash equivalents are kept in order to meet short-term commitments and responsibilities and not for investments. The cash and cash equivalents are held at the following financial institutions:

- HSBC (Brazil and Bermuda)
- Citibank, N.A. - Filial Brasileira (Brazil)
- Banco do Brasil S.A. (Brazil)
- Banco Itaú (Brazil)
- Banco Bradesco S.A. (Brazil)
- Alpha FX (United Kingdom)

Note 5 Securities

USD 1000	**31 Dec 2022**	31 Dec 2021
Bank deposits certificates – CDBs[1]	**5 608**	5 106

[1] Bank deposit certificates are compensated on a rate of 100% of the Interbank Deposit Certificate (CDI) on 31 December 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.

Note 6 Advances for the acquisition of oil and gas assets

USD 1000	31 Dec 2022	31 Dec 2021
Norte Capixaba cluster deposit[1]	35 850	–

[1] Represents the cash deposit made with Petróleo Brasileiro S.A. ("Petrobras") for the acquisition of the Norte Capixaba cluster, as described in note 1.

Note 7 Related party transactions

7.1 Accounts receivable with related parties – Current

Affiliated companies (USD 1000)	31 Dec 2022	31 Dec 2021
Azibras Exploração de Petróleo e Gás Ltda	17	16
Seacrest Partners III, L.P.	6	5
Seapulse Limited	1	1
Seacrest Group Limited	9	–
Total	33	22

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

7.2 Accounts receivable with related parties – Non-Current

Affiliated company (USD 1000)	31 Dec 2022	31 Dec 2021
Azibras Exploração de Petróleo e Gás Ltda	296	271

7.3 Accounts payable to related parties

Affiliated companies (USD 1000)	31 Dec 2022	31 Dec 2021
Seacrest Partners Limited	–	3 500
Azimuth II Limited	–	2 058
Seacrest Group Limited	–	1 569
Seacrest Capital Group Limited	49	1 149
Azimuth Group Services Limited	221	737
Total	270	9 013

The balances represent operating costs of the Group paid by those various related party. The majority of the balances as at 31 December 2021 were repaid in 2022 and the remaining balances are expected to be repaid in the next 12 months.

7.4 Financial loans

(USD 1000)	31 Dec 2022	31 Dec 2021
Mercuria Energy Trading S.A. ("Senior facility")[1,3]	34 207	34 207
Mercuria Energy Trading S.A. ("Junior facility")[2,3]	10 038	10 038
Mercuria Asset Holdings (Hong Kong) Limited[5,6]	16 300	–
Closing balance	60 545	44 245

Changes in loan (USD 1000)	31 Dec 2022	31 Dec 2021
Opening balance	44 245	–
Senior facility principal[1,3]	–	35 000
Junior facility principal[2,3]	–	10 000
Senior facility interest[1]	4 874	107
Junior facility interest[2]	1 697	38
Convertible loan notes[5]	15 000	–
Convertible loan note interest[5]	1 300	–
Interest paid	(6 571)	–
Borrowing costs[4]	–	(900)
Closing balance	60 545	44 245

[1] On 21 December 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 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. The interest accrued at the end of 2021 was paid in 2021 and the exact amount was then accrued as at 31 December 2022. Therefore, there was no change in the balance due as at 31 December 2022.

[2] On 21 December 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 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. The interest accrued at the end of 2021 was paid in 2021 and the exact amount was then accrued as at 31 December 2022. Therefore, there was no change in the balance due as at 31 December 2022.

[3] 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 that 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 Cricare 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.

[4] In accordance with the terms of the facility agreements, Mercuria Energy Trading S.A. received a USD 900 000 arrangement fee.

[5] 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.

[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 following warrants to Mercuria Asset Holdings (Hong Kong) Limited:

a. 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");

b. 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

c. 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.

On 23 December 2022, Mercuria Asset Holdings (Hong Kong) Limited transferred 100% of its interests in the Notes, Mercuria Warrant 2 and Mercuria Warrant 3, as well as all its Shares in the Company, to Mercuria Energy Group Limited, a Cyprus company.

7.5 Derivative instruments- current liabilities

Affiliated companies (USD 1000)	31 Dec 2022	31 Dec 2021
Mercuria Energy Trading S.A.[1]	19 925	–
Mercuria Energy Trading S.A.[2]	2 100	–
Total	22 025	–

Derivative instruments- current liabilities

Affiliated company (USD 1000)	2022	2021
Mercuria Energy Trading S.A.[1]	20 851	–

[1] The company uses Brent oil hedges (forward contracts) in order to reduce it 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 year ended 31 December 2022 the company recorded financial instrument expenses of USD 53 045 656 (2021: nil) related to the Mercuria Brent oil derivative contracts which is recorded in finance expenses in the consolidated statement of profit and loss.

[2] 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 year ended 31 December 2022 the Company recorded financial instrument income of USD 4 660 878 (2021: nil) related to the Mercuria derivative contracts which is recorded in finance revenues in the consolidated statement of profit and loss.

7.6 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:

(USD 1000)	31 Dec 2022	31 Dec 2021
Salaries and other employee benefits incurred during the period ended 31 December 2022 and the year ended 31 December 2021	3 779	3 479

Note 8 Recoverable taxes

The breakdown of recoverable taxes at 31 December 2022 is described below:

(USD 1000)	31 Dec 2022	31 Dec 2021
Federal taxes[1]	1 187	–
Other taxes[2]	382	1
State taxes	2	–
Total	1 571	1

[1] PIS is a Brazil social contribution tax that is calculated as a percentage of revenue. COFINS 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.

[2] Overpayment of withholding income and PIS, which will be offset in subsequent collections.

Note 9 Inventory

(USD 1000)	31 Dec 2022	31 Dec 2021
Packaging and storeroom materials[1]	2 847	14
Crude oil[2]	7 330	–
Total	10 177	14

[1] These are warehouse materials that are being acquired to support operations.

[2] Inventories comprise volumes of oil already treated and specified for sale.

Note 10 Property, plant & equipment

The breakdown of property, plant and equipment at 31 December 2022 is described below:

Description	Balances on 1 Jan 2022	Transfer	Cumulative Conversion Adjustment	Additions	Depreciation	Write-offs	Balances on 31 Dec 2022
Facilities	4	–	–	–	–	–	4
Furniture and fixtures	–	–	–	74	–	–	73
Machinery and equipment	1 616	(1 703)	89	2 855	(210)	(13)	2 635
Machinery and equipment - Right-of-use - IFRS 16	–	–	3	3 945	(1 228)	(112)	2 609
Vehicles	20	–	1	–	(4)	–	16
Vehicles - Right-of-use - IFRS 16	–	–	3	4 152	(1 603)	(86)	2 466
Communication equipment	–	–	–	16	(1)	–	16
Improvements	49	–	2	43	(12)	(8)	74
IT equipment	–	–	–	182	–	–	182
Other assets in progress	–	–	1	793	–	–	794
Advance for acquisition of property, plant and equipment	16	–	–	(16)	–	–	–
Provision for decommissioning of assets	44 164	–	2 403	(23 894)	(6 977)	–	15 696
Steam generating units[1]	–	1 703	2	–	(255)	–	1 450
Total	45 869	–	2 504	(11 848)	(10 290)	(220)	26 015
Cost	45 873						34 508
Accumulated depreciation	(4)	–	–	–	–	–	(10 514)
Property, plant and equipment, net	45 869	–	–	–	–	–	26 015

[1] 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.

Breakdown of PP&E	Balances on 1 Jan 2021	Additions	Depreciation	Balances on 31 Dec 2021
Facilities	–	4	–	4
Machinary and equipment[1]	–	1 616	–	1 616
Vehicles	–	20	–	20
IT equipment	–	52	(3)	49
Advances for the acquisition of PP&E	–	16	–	16
Provision for decommissioning costs	–	44 164	–	44 164
Total	–	45 873	(3)	45 869
Cost	–			45 873
Accumulated depreciation	–			(3)
Property, plant and equipment, net	–			45 869

[1] 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 31 December 2022 the estimated amount required in order to meet asset abandonment obligations is USD 27 938 000 (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 obligation was revised at 31 December 2022 based on revised requirements approved by the ANP.

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 6.4% per year.

(i) Assets

(USD 1000)	31 Dec 2022	31 Dec 2021
Initial balance	44 164	–
Additions to the period of acquisition	–	44 164
Remeasurement[1]	(23 894)	
Cumulative translation adjustment	2 403	–
Depreciation	(6 977)	–
Final balance	15 696	44 164

(ii) Liabilities

(USD 1000)	31 Dec 2022	31 Dec 2021
Initial balance	44 164	–
Additions to the period of acquisition	–	44 164
Remeasurement[1]	(23 894)	–
Cumulative translation adjustment	1 752	–
Interest adjustment	5 916	–
Final balance	27 938	44 164

[1] The abandonment obligation was reduced in December 2022 as a result of an assessment performed by an external consultant. The assessment resulted in a recertification of the decommission costs that was approved by the ANP on 29 November 2022.

Impairment assessment

On 31 December 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).

Note 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 27 August 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
Contingent consideration (Note 16)	82 877
Contingent consideration (Note 16)	11 865
Total	123 258

The assets above are recorded as follows in these financial statements:

	USD
Property, plant and equipment (Note 10)	1 617
Intangible asset in relation to Cricaré concession agreement	121 641
Total	123 258

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.

The breakdown of intangible assets are as follows:

Description	Balances on 1 Jan 2022	Additions	Cumulative Conversion Adjustment	Amortization	Balances on 31 Dec 2022
Right to exploration	121 641	2	6 628	(19 145)	109 126
Total	121 641				
Cost	121 641				128 270
Accumulated depreciation	–				(19 145)
Intangible assets, net	121 641				109 126

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 13.9% of the oil reserve and 72.7% of the gas reserves have been depleted.

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 :

USD 1000	Oil (bbl)	Gas (boe)
1 January 2022	3 301	55
Production in the period	(461)	(40)
31 December 2022	2 839	15

Impairment assessment

On 31 December 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.

Note 12 Taxes payable

The composition of taxes payable is demonstrated as it follows:

(USD 1000)	31 Dec 2022	31 Dec 2021
Taxes on revenue	1	–
Withholding taxes[1]	709	36
Total	710	36

[1] 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.

Note 13 Employee benefits and compensation payable

The breakdown of salaries and charges payable is described below:

(USD 1000)	31 Dec 2022	31 Dec 2021
Salaries payable	373	60
Vacation time payable	382	54
Taxes on payroll payable	271	44
Total	1 026	158

The Group currently does not have any retirement plans in place for its employees and directors.

Note 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

(USD 1000)	Vehicles	Drilling rigs	Total
As of 1 January 2022	–	–	–
Initial recognition of right-of-use assets	3 103	3 695	6 798
Recognition of the contractual increase	1 079	284	1 363
Write-offs	(86)	(112)	(198)
Depreciation expenses for the period	(1 630)	(1 258)	(2 888)
31 December 2022	2 466	2 608	5 074

(ii) Lease liabilities

(USD 1000)	Vehicles	Drilling rigs	Total
As of 1 January 2022	–	–	–
Initial recognition of lease liabilities	3 124	3 721	6 845
Recognition of the contractual increase	1 063	276	1 339
Remeasurement adjustments	(70)	(105)	(175)
Payments	(1 438)	(926)	(2 364)
Interest	551	452	1 003
31 December 2022	3 230	3 418	6 648

(iii) Amounts recognized in income (loss)

(USD 1000)	**2022**	2021
Interest on leases	**1 003**	–

(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

Terms	Rate % p,a,
Until 30/11/2022	13.00
From 01/12/2022	14.47

The table below shows the potential right of recoverable PIS/COFINS embedded in the lease/rental consideration, according to the periods foreseen for payment:

2022 Cash flows	Nominal	Adjusted to present value
Lease consideration	3 268	2 264
Potential PIS/COFINS (9.25%)	302	209

The following is a summary of future lease commitments:

2022	Up to 1 year	1 – 2 years	2 – 5 years	More than 5 years
Oil rig leases	1 585	1 814	–	–
Vehicle leases	1 862	1 387	–	–
Total future lease commitments	3 447	3 201	–	–

Note 15 Financial loans (non-current)

Changes in loan	**2022**	2021
OVMK Special Bond Fund (“OVMK”)[1]	**3 218**	–
Total	**3 218**	–

Changes in loan	**2022**	2021
Opening balance	**–**	–
Convertible loan notes[1]	**3 000**	–
Convertible loan note interest[1]	**218**	–
Closing balance	**3 218**	–

[1] On 22 February 2022, the Company issued convertible loan notes in the principal amount of USD 3 million to OMVK (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.

Financial loans (current)

	2022	2021
Banco Itaú Unibanco S.A[2]	**1 893**	–
Total	**1 893**	–

[2] On 31 December 2022, the Company acquired from Itaú bank a loan with a term of 30 calendar days for repayment.

Note 16 Contingent consideration

	31 Dec 2022	31 Dec 2021
Cricaré Cluster acquisition	**115 430**	82 877
Total	**115 430**	82 877

This relates to the contingent consideration for the acquisition of the Cricaré Cluster, of which USD 30 000 000 will be paid on 31 December 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 31 December 2021 is USD 82 876 725. A further present value adjustment of USD 27 625 638 was done up to 31 December 2022. The interest adjustment for the year ended 31 December 2022 was USD 4 927 429 making the total contingent consideration USD 115 429 892 as at 31 December 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.

	2022	2021
Opening balance	**82 877**	–
Initial recognition	**–**	82 877
Interest component	**4 928**	–
Present value adjustment	**27 626**	–
Closing balance	**115 430**	82 877

Note 17 Equity

17.1 Share capital

Issued capital at 31 December 2022 comprised:

USD	Share capital	Share premium	Total
Opening 1 January 2022 (114 922 237 fully paid ordinary shares)	1	25 998	25 999
Issued during the period (71 003 918 fully paid ordinary shares)	1	50 054	50 055
Balance at 31 December 2022 (185 926 155 fully paid ordinary shares)	2	76 052	76 054

USD	Share capital	Share premium	Total
Opening 1 January 2021 (93 058 394 fully paid ordinary shares)	1	13 176	13 177
Issued during the year (21 863 843 fully paid ordinary shares)	–	12 822	12 822
Balance at 31 December 2021 (114 922 237 fully paid ordinary shares)	1	25 998	25 999

Ordinary shares

Ordinary shares each have a par value of USD 0.00001 and 200 000 000 (115 000 000 in 2021) shares have been authorised. The Group issued 71 003 918 (114 924 000 in 2021) shares and each ordinary share carries one vote.

17.2 Income (loss) by share

	2022	2021
Weighted average number of shares	174 614 183	105 031 500
Net loss for the period	(119 171 582)	(14 010 804)
Net loss per weighted average share	(0.68)	(0.13)

17.3 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 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 14 477 485 share options granted as at the period ended 31 December 2022, relate to key management personnel compensation (10 000 000 in 2021). During the year ended 31 December 2022, 1 844 775 options were converted to common shares, leaving 12 632 710 share options outstanding as at 31 December 2022.

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
2020–2023	7 October 2025	0.00001	3 602 725
2020–2024	31 December 2025	0.00001	8 429 984
2022–2023	31 August 2025	0.00001	250 000
2022–2025	31 March 2025	0.00001	350 001
Total			12 632 710

As at 31 December 2022, the weighted average remaining option life was 1.75 years.

For the year ended 31 December 2022, the expense recognized in the Consolidated Statement of Profit or Loss arising from the share options issuance is USD 1 999 513.33 (USD 1 677 574 in 2021).

Note 18 Revenue from oil sales

	2022	2021
Oil sales in Brazil[1]	35 529	–
Total	35 529	–
Tax on earnings		
PIS	(341)	–
COFINS	(1 571)	–
Total	33 617	–

[1] Oil was sold to Petrobras (Brazil).

Note 19 Cost of sales and services

	2022	2021
Amortization of exploration rights[1]	14 352	–
Amortization with deactivation cost[2]	5 916	–
Depreciation[3]	2 748	–
Employee benefits and charges	1 372	–
Field operation and stations	2 844	–
Maintenance and preservation	2 498	–
Oil treatment	1 106	–
Other operating costs	1 166	–
Royalties	2 411	–
Storage	2 584	–
Technical support and analysis	651	–
Transportation	991	–
Hot water injection lease	86	–
Gas compression	44	–
Ground production rig - service	871	–
Hot water injection services	123	–
Total	39 762	–

1 Refers to the amortization of exploration rights, as outlined in Note 11.

2 This refers to the amortization of the provision for asset decommissioning costs, as outlined in Note 10.

3 This is the depreciation of items used in production, as outlined in Note 10.

Note 20 General and administrative expenses

	2022	2021
Employee benefit and compensation	7 062	3 479
Travel and other sundry items	1 377	466
Depreciation and amortization	17	4
Office rent and running costs	137	76
Taxes and fees	1 205	95
Contractual guarantee fees[2]	3 540	4 752
Services hired[1]	13 304	5 065
Other operating expenses	1 365	621
Total	28 005	14 558

1 Professional and technical services were hired, such as lawyers, environmental specialists, geology, and geography consultation, as support for operations.

2 Fees associated with the financial guarantee that was contractually required in order to acquire Cricaré Cluster.

Note 21 Net financial results

	2022	2021
Financial income		
Interest on bank deposits	723	–
Financial instrument gains[1]	4 661	–
Other financial income	57	–
Exchange rate gains	58	1 063
Total	5 499	1 063
Financial expenses		
Present value adjustment[2]	34 545	–
Hedging costs[3]	55 146	–
Standby letter of credit costs (Norte Capixaba)[4]	7 201	–
Banking expenses	87	21
Exchange rate losses	–	338
Decommissioning guarantee costs	78	–
Interest on financial loans (Note 15)	8 089	147
Interest on contingent payment (Note 16)	4 928	–
Interest and fines on taxes and contributions	43	10
Total	110 115	516

1 Represents gains from foreign exchange hedges (Note 24.2).

2 Is comprised of the present value adjustment (USD 27.6 million) for the contingent consideration (Note 16), the present value adjustment for the decommissioning provision (USD 5.9 million) (Note 10) and a present value adjustment related to the Groups leases (USD 1 million) (Note 14)

3 Represents losses from oil commodity and foreign exchange hedges (Note 24.2).

4 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 59.8 million. 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.

Note 22 Income tax and social contribution

Under current Bermuda law, the Group is not required to pay tax in Bermuda on either income or capital gains.

The Group is subject to Brazilian tax through the operation of its subsidiaries in Brazil.

Income tax and social contribution (current and deferred) are calculated according to interpretations of the legislation in force. This process typically involves complex estimates to determine taxable profit and “temporary differences”. Temporary differences refers to a Brazilian tax requirement whereby the Group is required to adjust its tax calculation to exclude items that have not yet been realized on a cash basis.

The deferred income tax and social contribution recorded reflect the future tax effects attributable to the temporary differences between the tax base of assets and liabilities and their respective book values. The Group will have a carry forward tax loss as part of the deferred tax asset recognized as at 31 December 2022 and it will used to offset future tax costs.

	2022	2021
Provision for deferred IRPJ[1]	14 304	–
Provision for deferred CSLL[2]	5 149	–
Total	19 453	–

1 Refers to Brazil corporate income tax

2 Refers to Brazil social contribution tax which is assessed on net profits

Deferred taxes are comprised of the following:

	2022
Tax credits Income Tax - Tax Losses	5 298
Deferred income tax on tax loss	5 298
Tax credits Income Tax - Temporary Differences	9 006
Exchange rate variations in Brazil (unrealized)	(3 021)
Decommissioning costs	1 740
Present value adjustment	9 894
Rentals	393
Total tax credits - Income Tax	14 304
Tax credits Social Contribution - Negative Basis	1 907
Deferred CS on Negative Base	1 907
Social Contribution Tax Credits - Temporary Differences	3 242
Exchange rate variations in Brazil (unrealized)	(1 088)
Decommissioning costs	626
Present value adjustment	3 562
Rentals	142
Total tax credits - Social Contribution	5 149
Total deferred tax asset	19 453

Changes in deferred income tax and social contribution

	Income Tax	Social Contribution
Balance at 31 December 2021	–	–
Additions	14 304	5 149
Reversals	–	–
Balance at 31 December 2022	14 304	5 149

The expected use of deferred tax assets from tax losses and negative base and temporary differences as at 31 December 2022 was based on projections for taxable income, considering financial and operational impacts, as well as the volume of the Company's proven reserves, attested by an independent company. The balance of deferred assets is expected to be realized as follows:

Year	USD
2023	8 697
2024	10 756

Note 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.

Note 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 of 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 31 December 2022, are identified below:

2022	Fair Value	Amortised Cost	Total
Assets			
Cash and cash equivalentes	–	7 745	7 745
Securities	5 608	–	5 608
Accounts receivable with related parties	–	33	33
Accounts receivable with third parties	–	909	909
Accounts receivable with related parties (non-current)	–	296	296
Liabilities			
Accounts payable to related parties	–	270	270
Financial loans with related parties	60 545	–	60 545
Financial loans	5 111	–	5 111
Derivative financial instruments	42 876	–	42 876

2021	Fair Value	Amortised Cost	Total
Assets			
Cash and cash equivalentes	–	16 909	16 909
Securities	5 106	–	5 106
Accounts receivable with related parties	–	22	22
Accounts receivable with related parties (non-current)	–	271	271
Liabilities			
Accounts payable to related parties	–	9 013	9 013
Supplier and other accounts payable	–	747	747
Financial loans with related parties	–	44 245	44 245

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 31 December 2022:

Assets	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Securities	–	5 608	–	5 608

The following presents the Group's liabilities that are measured at fair value at 31 December 2022:

Liabilities	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Derivative financial instruments	–	42 876	–	42 876
Financial loans with related parties	–	44 245	16 300	60 545
Financial loans	–	–	5 111	5 111
Total Liabilities	–	87 121	21 411	108 532

The following presents the Group's assets that are measured at fair value at 31 December 2021:

Assets	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Securities	–	5 106	–	5 106
Total Assets	–	5 106	–	5 106

The following presents the Group's liabilities that are measured at fair value at 31 December 2021:

Liabilities	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial loans with related parties	–	44 245	–	44 245
Total Liabilities	–	44 245	–	44 245

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.

24.1 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 detoriation/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)

24.2 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 it 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 31 December 2022:

Statement of Financial Position	Notional Value		Fair Value Position		Maturity
(USD 1000)	2022	2021	2022	2021	Date
Forward Contracts					
Long Position / Foreign Currency Forward (BRL/USD)[1]	51 121	–	(2 100)	–	2023
Swap					
Commodity Price Swap[2]	2 543	–	(40 776)	–	2026
Total Recognized in Statement of Financial Position	–	–	(42 876)	–	

[1] notional amounts in USD thousand

[2] notional amounts in thousands of bbl

Gains/(losses) recognised in the Statement of Profit and Loss

(USD 1000)	**2022**	2021
Forward Contracts		
Long Position / Foreign Currency Forward (BRL/USD)	**2 561**	–
Swap		
Commodity Price Swap	**(53 046)**	–
Total Recognised in Statement of Profit and Loss	**(50 485)**	–

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	9 108	15 199
Swap	Crude Oil - Price Changes	50 846	101 389
Total		59 954	116 587

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:

(USD 1000)	**2022**	2021
Assets	**2 573**	10 777
Cash and cash equivalents in BRL		
Securities in BRL	**5 608**	5 106
Advances, prepaids and others in BRL	**1 773**	655
Recverable taxes in BRL	**1 570**	1
Deferred tax asset	**19 124**	–
Liabilities		
Taxes payable in BRL	**(710)**	(36)
Leases payable in BRL	**(6 648)**	–
Employee benefits and compensation payable in BRL	**(1 026)**	(158)
Supplier and other accounts payable in BRL	**(3 582)**	(431)
Financial loans in BRL	**(1 893)**	–
Total	**16 789**	15 913

At 31 December 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 1 679 200 (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 31 December 2022 above in Note 24.2.

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.

(USD 1000)	**2022**	2021
Mercuria Energy Trading S.A. ("Senior facility")	**34 207**	34 207
Mercuria Energy Trading S.A. ("Junior facility")	**10 038**	10 038
Mercuria Asset Holdings (Hong Kong) Limited	**16 300**	–
OVMK Special Bond Fund ("OVMK")	**3 218**	–
Total	**63 763**	44 245

At 31 December 2022, 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 6 376 320 (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 31 December 2022 above in Note 24.2.

24.3 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.

2022	Up to 1 year	1–2 years	2–5 years	More than 5 years
Contingent consideration	–	20 000	98 000	–
Suppliers and other accounts payable	9 426	–	–	–
Accounts payable to related parties	–	270	–	–
Financial loans with related parties	–	–	16 300	44 245
Financial loans	1 893	–	3 218	–
Derivative instruments	22 025	20 098	753	–
Total	33 344	40 368	118 271	44 245

2021	Up to 1 year	1–2 years	2–5 years	More than 5 years
Contingent consideration	–	20 000	–	–
Suppliers and other accounts payable	747	–	98 000	–
Accounts payable to related parties	–	9 013	–	–
Financial loans with related parties	–	–	–	44 245
Total	747	29 013	98 000	44 245

Note 25 Subsequent Events

New Credit Agreement

Seacrest SPE Cricaré and Seacrest Petróleo SPE Norte Capixaba Ltda., as borrowers, and Seacrest Petróleo S.A., Seacrest Petroleo Cricare Bermuda Limited and Seacrest Uruguay S.A., as guarantors, 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, certain conditions precedent (as defined in the New Credit Agreement) the loans under the Mercuria Junior Facility Agreement and the Mercuria 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 will purchase and assume the amounts outstanding under the Restructured Indebtedness in accordance with the terms and conditions 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 certain conditions (as defined in the New Credit Agreement), an additional loan tranche will be made available to SPE Norte Capixaba in the aggregate principal amount of USD 255 million, which will be used by SPE Norte Capixaba 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.

Furthermore, under the New Credit Agreement, the borrowers are 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 borrowers and the guarantors.

Initial Public Offering (the "IPO" or the "Offerring")

In February 2023, the Company raised approximately NOK 2 662 million (equivalent to USD 260 million) in gross proceeds through the allocation of 443 666 666 new shares in the Offering. The Offer Shares were priced at NOK 6 per Offer Share. The Offer Price implies a market capitalization of the Company of approximately NOK 3 927 million (equivalent to USD 383 million) assuming that the over-allotment option granted to ABG Sundal Collier ASA (the "Stabilization Manager"), on behalf of the Managers (as defined below) (the "Over-Allotment Option") is not exercised, increasing to approximately NOK 4 169 million (equivalent to USD 407 million) if the Over-Allotment Option is exercised in full.

A total number of 443 666 666 Offer Shares (including the Additional Shares, as defined below) were allocated in the Offering, representing approximately 64% of the Company's shares post the Offering assuming that the Over-Allotment Option is exercised in full. The free float of the Company following completion of the Offering will be approximately 57% if the Over-Allotment Option is exercised in full.

As further described in the prospectus prepared and published by the Company on 8 February 2023, as supplemented by the prospectus supplements dated 10 February 2023 and 18 February 2023, respectively (the "Prospectus"), the managers of the Offering (the "Managers") over-allotted 40 333 333 shares (the "Additional Shares"), representing approximately 10% of the number of Offer Shares allocated in the Offering (excluding the Additional Shares), and the Stabilization Manager exercised its option to borrow an equal number of shares from Seacrest Partners III, L.P. for the purpose of facilitating such over-allotments.

Mercuria Energy Group Limited has been allocated approximately USD 80 million in the Offering and will have an ownership of approximately 30% following completion of the Offering, assuming that the Over-Allotment Option is not exercised, falling to 28% if the Over-Allotment Option is exercised in full.

The trading of the shares in the Company on Euronext Expand on the Oslo Stock Exchange commenced on 23 February 2023 under the ticker "SEAPT".

Following issuance of the Offer Shares, but prior to exercise of the Over-Allotment Option the Company will have an issued share capital of USD 6 545 divided into 654 527 864 shares, each with a par value of USD 0.00001. The Company and members of the Company's management and board of directors are subject to a 180-day and a 365-day lock-up period, respectively. Seacrest Partners III, L.P. and certain other major shareholders of the Company are also subject to a 180-day lock-up period.

Conversion of Convertible Loan Notes

The convertible loan notes (the "Notes") issued by the Company were mandatorily converted into shares on 20 February 2023 which was immediately prior to the closing of the Offering. The number of shares into which the Notes were convertible was 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 resulted in an issuance of 39 756 951 new shares in the Company at a subscription price of NOK 5.10 per share.

Conversion of Series A Shares

The Company's Series A shares were mandatorily converted into common shares on 20 February 2023 which immediately prior to the closing of the Offering. However, because the Offer Price was below an amount per Series A share equal to 1.6 times the Series A share issue price of USD 0.57142857, equal to approximately NOK 9.35 (the "Series A Minimum Return"), the 39 372 384 Series A shares did not convert into common shares on a 1 for 1 basis prior to the admission to trading of the shares. Instead, the Series A shareholders received a total of 61 521 338 common shares upon the conversion of the Series A shares. Of these, 22 148 954 were additional common shares so that the Series A shareholders achieved the Series A Minimum Return. Upon the conversion of the Series A shares, the Company issued and delivered such additional common shares to the Series A share-holders' respective VPS accounts.

Norte Capixaba Closing

The Company successfully bid for the Norte Capixaba Cluster in December 2021 and signed a binding agreement to take over the cluster from Petrobras in February 2022. The total consideration was USD 528.5 million, comprised of a deposit made in February 2022 of USD 35.85 million (see Note 6), payment of USD 426.65 million in April 2023 and up to USD 66 million in contingent payments, that are dependent on future Brent prices. The Norte Capixaba transaction closed on April 13, 2023 and it consummates the Company's efforts to establish a fully integrated onshore E&P entity with well-to-terminal infrastructure comprising pipelines, treatment stations and an export terminal. Based on our experience in the Cricaré Cluster and the excellent potential for synergies between the two clusters, we are excited about our prospects.

Parent company financial statements

Balance sheet

USD 1000	Note	31 Dec 2022	31 Dec 2021
Assets			
Current assets			
Cash and cash equivalents	4	**3 096**	6 119
Advances, prepaid expenses and others		**331**	-
Accounts receivable with related parties	5.1	**32**	50
Total current assets		**3 459**	6 169
Non-current assets			
Accounts receivable with related parties	5.2	**70 406**	16 364
Total non-current assets		**70 406**	16 364
Total assets		**73 865**	22 533
Liabilities			
Current liabilities			
Accounts payable to related parties		**-**	4 794
Supplier and other accounts payable		**3 831**	271
Total current liabilities		**3 831**	5 066
Non-current liabilities			
Accounts payable to related parties	5.3	**233**	4 173
Financial loans with related parties	6	**19 518**	-
Total non-current liabilities		**19 751**	4 173
Total liabilities		**23 582**	9 238

USD 1000	Note	31 Dec 2022	31 Dec 2021
Equity			
Share capital	7.1	**2**	1
Share premium	7.1	**76 052**	25 998
Other reserves	7.1	**4 301**	3 355
Currency translation adjustments		**85**	(11)
Accumulated losses		**(30 155)**	(16 048)
Total equity		**50 284**	13 294
Total equity and liabilities		**73 865**	22 533

Income statement

USD 1000	Note	2022	2021
Operating revenue			
Revenue from oil sales		-	-
Cost of sales and services		-	-
Gross loss		-	-
Operating expenses			
General and administrative expenses	8	(14 341)	(9 908)
Total operating expenses		(14 341)	(9 908)
Operating loss		(14 341)	(9 908)
Financial income	9	1 789	5
Financial expenses	9	(1 555)	(50)
Net loss for the period		(14 107)	(9 953)
Deferred taxes		-	-
Net loss for the period		(14 107)	(9 953)

Statement of comprehensive income

USD 1000		**2022**	2021
Net loss for the period		**(14 106)**	(9 953)
Other comprehensive income	10	**-**	-
Currency translation adjustments		**96**	(11)
Total comprehensive income		**(14 010)**	(9 964)

Statement of changes in equity

USD 1000	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
Balance at 31 December 2021	1	25 998	(11)	3 355	(16 048)	13 294
Comprehensive income						
Loss for the period	-	-	-	-	(14 106)	(14 106)
Other comprehensive income	-	-	-	-		
Currency translation adjustment	-	-	-	-	-	96
Total comprehensive income for the year	-	-	96	-	(14 106)	(14 010)
Capital increase	1	50 553	-	-	-	50 054
Share-based payment	-	-	-	945	-	945
Others	-	-	-	-	-	
Total transactions with owners of Group, recognized directly in equity	1	50 503	-	945	-	51 000
Balance at 31 December 2022	2	76 052	85	4 301	(30 155)	50 284

USD 1000	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
Balance at 31 December 2020	1	13 176	-	1 678	(6 095)	8 759
Comprehensive income						
Loss for the period	-	-	-	-	(9 953)	(9 953)
Other comprehensive income						
Currency translation adjustment	-	-	(11)	-	-	(11)
Total comprehensive income for the year	-	-	(11)	-	(9 953)	(9 964)
Capital increase	-	12 822	-	-	-	12 822
Share-based payment	-	-	-	1 678	-	1 678
Others	-	-	-	-	-	-
Total transactions with owners of Group, recognized directly in equity	-	12 822	-	1 678	-	14 500
Balance at 31 December 2021	1	25 998	(11)	3 355	(16 048)	13 294

Statement of cash flows

USD 1000	2022	2021
Cash flows from operating activities		
Net loss for the period	(14 106)	(9 953)
Adjustments to net of loss		
Shared-based payment	945	1 678
Changes in assets and liabilities		
Advances, prepaid expenses and others	(331)	–
Accounts receivable with related parties	(54 025)	(7 483)
Supplier and other accounts payable	3 560	48
Supplier and other accounts payable- related parties	–	(28)
Accounts payable to related parties	(4 173)	4 173
Net cash used in operating activities	(68 130)	(6 743)
Cash flows from investing activities		
Purchase of securities	–	–
Net cash used in investing activities	–	–

USD 1000	2022	2021
Cash flow from financing activity		
Capital increase	50 054	12 822
Borrowing costs	–	–
Financial loan	14 957	–
Lease payments	–	–
Net cash provided by financing activities	65 011	12 822
Increase / (decrease) in cash and cash equivalent	(3 119)	6 080
Cash and cash equivalents at beginning of the year	6 119	51
Effect of movements in exchange rates on cash held	96	(11)
Cash and cash equivalents at end of the period	3 096	6 119

Notes

Note 1 General Information

Seacrest Petroleo Bermuda Limited (the ‘Company’ or the ‘Parent Company’ is a public limited liability company incorporated and domiciled in Bermuda, with registered address at Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda. The principal activities of the Company is to be a holding company for its subsidiaries which are engaged in oil and gas exploration, development, production and trade activities.

The shares of the Company are listed on Euronext Expand Oslo under the ticker ‘SEAPT’.

Note 2 Basis for preparation

These financial statements for the period 1 January 2022 – 31 December 2022 are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements are based on historical cost except as disclosed in the accounting policies.

The financial statements are presented in US Dollar (USD), which is the functional currency of the Company. Amounts are rounded to the nearest thousand, unless otherwise stated.

The financial statements are prepared based on the assumption of going concern.

Only standards and interpretations that are applicable to the Company have been included and the Company reviews the impact of these changes in its financial statements. There are some amendments to the standards effective from 1 January 2022. None of these have had any effect on the Financial Statements. The Company will adopt the relevant new and amended standards and interpretations when they become effective. At the date of the approval of these FS, the Company has not identified significant impact to the Company FS as a result of new standards or amendments effective 2023 or later.

Note 3 Significant accounting policies

3.1 Administrative expenses

Administrative expenses are accounted for on an accrual basis. Expenses are charged to the income statement, except for those incurred in the acquisition of an investment which are capitalised as part of the cost of the investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

3.2 Financial income and expenses and exchange variations, 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.

3.3 Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the functional currency rate prevailing at the balance sheet date. Exchange differences arising from translations into functional currency are recorded in the income statement. Non-monetary assets and liabilities measured at historical cost in foreign currency are translated into the functional currency using the historical exchange rate. Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate on the date of the determination of the fair value.

3.4 Taxes

The Company is not subject to ordinary taxation in Bermuda.

3.5 Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence.

Related party transactions are recorded to estimated fair value. Investments in subsidiaries Shares in subsidiaries are recorded at acquired cost and reviewed for impairment when indications are identified suggesting the carrying amount may not be recoverable.

3.6 Investment in subsidiaries

The Company accounts for investments in subsidiaries using the cost method of accounting. No income or dividends are recorded related to the investments in subsidiaries. At each reporting date the Company assesses if an event has occured or circumstances have changed that would indicate that the recoverable amount of the investment in a subsidiary was below the carrying value. This assessment includes a review of internal and external factors which include, but is not limited to, changes in the technological, political, economic or legal environment in which the subsidiary operates, structural changes in the industry, changes in the level of demand, physical damage and obsolescence due to technological changes.

The following provides information about the Company's wholly owned subsidiaries:

	Country	31 Dec 2022	31 Dec 2021
Seacrest Petroleo Cricare Bermuda Ltd.	Bermuda	100%	100%
SeaPet Offshore Limited	Bermuda	100%	100%

The paid-in capital investment for each of the above subsidiaries was USD 100.00.

3.7 Trade and other receivables
Trade and other receivables are measured at transaction price upon initial recognition and subsequently measured at amortized cost less expected credit losses.

3.8 Cash and cash equivalents
Cash and cash equivalents include cash in hand, bank deposits and other highly liquid investments with original maturities of three months or less.

3.9 Classification in the statement of financial position
Current assets and short-term liabilities include items due less than one year from the balance sheet date, as well as items due more than one year from the balance sheet date, that are related to the operating cycle. Liabilities with maturity less than one year from the balance sheet date are classified as current. All other debt is classified as long-term debt. Long-term debt due for repayment within one year from the balance sheet date is classified as current.

3.10 Statement of cash flows
The statement of cash flows has been prepared based on the indirect method.

Note 4 Cash and cash equivalents

USD 1000	31 Dec 2022	31 Dec 2021
Bank - current account	3 096	6 119
Cash and cash equivalents at end of the period	3 096	6 119

The cash is kept in order to meet short-term commitments and responsibilities and not for investments. The cash are held at the following financial institutions:
- HSBC (Bermuda)
- Alpha FX (United Kingdom)

Note 5 Related party transactions

5.1 Accounts receivable with related parties – Current

Affiliated companies (USD 1000)	31 Dec 2022	31 Dec 2021
Seacrest Partners III, L.P.	6	5
Seacrest Group Limited	9	-
Seapet Offshore	16	5
Seapulse	1	1
Seacrest Petroleo B.V.	-	39
Total	32	50

5.2 Accounts receivable with related parties – Non-Current

Affiliated companies (USD 1000)	31 Dec 2022	31 Dec 2021
SPE Norte Capixaba LTDA	41 756	-
Karavan Seacrest SPE Cricaré	-	1 092
Seacrest Petroleo Cricarè Bermuda Ltd	9 564	14
Seacreat Uruguay	15 258	15 258
Seacrest Petroleo SA	3 828	-
Total	70 406	16 364

5.3 Accounts payable to related parties – Non-Current

Affiliated companies (USD 1000)	31 Dec 2022	31 Dec 2021
Seacrest Partners Limited	-	3 500
Azimuth II Limited	-	2 058
Seacrest Group Limited	-	1 548
Seacrest Capital Group Limited	49	1 149
Seacrest Petroleo SA	-	39
Azimuth Group Services Limited	184	673
Total	233	8 967

5.4 Financial loans

(USD 1000)	31 Dec 2022	31 Dec 2021
Mercuria Energy Group Limited (Cyprus)[1,2]	16 300	-
Total	16 300	-

Changes in loan (USD 1000)	31 Dec 2022	31 Dec 2021
Opening balance	-	-
Convertible loan notes[1]	15 000	-
Convertible loan note interest[1]	1 300	-
Closing balance	16 300	-

[1] 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.

[2] 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:

a. 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");

b. 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

c. 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.

On 23 December 2022, Mercuria Asset Holdings (Hong Kong) Limited transferred 100% of its interests in the Notes, Mercuria Warrant 2 and Mercuria Warrant 3, as well as all its Shares in the Company, to Mercuria Energy Group Limited, a Cyprus company.

Note 6 Financial loans (non-current)

(USD 1000)	31 Dec 2022	31 Dec 2021
OVMK Special Bond Fund ('OVMK')[1]	3 218	-
Total	3 218	-

Changes in loan (USD 1000)	2022	2021
Opening balance	-	-
Convertible loan notes[1]	3 000	-
Convertible loan note interest[1]	218	-
Closing balance	3 218	-

[1] On 22 February 2022, the Company issued convertible loan notes in the principal amount of USD 3 million to OMVK (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.

Note 7 Equity

7.1 Share capital

Issued capital at 31 December 2022 comprised:

(USD 1000)	Share capital	Share premium	Total
Opening 1 January 2022 (114 922 237 fully paid ordinary shares)	1	25 998	25 999
	1	50 054	50 055
Issued during the period (71 003 918 fully paid ordinary shares)	2	76 052	76 054
Balance at 31 December 2022 (185 926 155 fully paid ordinary shares)	2	76 052	76 054

Issued capital at 31 December 2021 comprised:

(USD 1000)	Share capital	Share premium	Total
Opening 1 January 2021 (93 058 394 fully paid ordinary shares)	1	13 176	13 177
	-	12 822	12 822
Issued during the period (21 863 843 fully paid ordinary shares)	2	25 998	25 999
Balance at 31 December 2021 (114 922 237 fully paid ordinary shares)	1	25 998	25 999

Ordinary shares

Ordinary shares each have a par value of USD 0.00001 and 200 000 000 (115 000 000 in 2021) shares have been authorised. The Group issued 71 003 918 (114 924 000 in 2021) shares and each ordinary share carries one vote.

7.2 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 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 14 477 485 share options granted as at the period ended December 31, 2022, relate to key management personnel compensation (10 000 000 in 2021). During the year ended December 31, 2022, 1 844 775 options were converted to common shares, leaving 12 632 710 share options outstanding as at December 31, 2022.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant-vest	Expiry date	Exercise price in USD per share option	Share option
2020-2023	7 October 2025	0.00001	3 602 725
2020-2024	31 December 2025	0.00001	8 429 984
2022-2023	31 August 2025	0.00001	250 000
2022-2025	31 March 2025	0.00001	350 001
Total			12 632 710

As at 31 December 2022, the weighted average remaining option life was 1.75 years.

For the year ended 31 December 2022, the expense recognised in the Consolidated Statement of Profit or Loss arising from the share options issuance is USD 1 999 513.33 (USD 1 677 574 in 2021).

Note 8 General and administrative expenses

(USD 1000)	2022	2021
Employee benefit and compensation	3 254	2 777
Travel and other sundry items	1 054	530
Office rent and running costs	88	76
Contractual guarantee fees[2]	3 540	4 752
Services hired[1]	6 296	1 759
Other operating expenses	109	14
Total	14 341	9 908

[1] Professional and technical services were hired, such as lawyers, environmental specialists, geology, and geography consultation, as support for operations.

[2] Fees associated with the financial guarantee that was contractually required in order to acquire the Cricaré Cluster.

Note 9 Net financial results

(USD 1000)	2022	2021
Financial income		
Interest on related party loans	1 731	5
FX gains	58	-
Total	1 789	5
Financial expenses		
Banking expenses	37	3
Exchange rate losses	-	47
Interest on financial loans (note 6)	1 518	-
Total	1 555	50

Note 10 Subsequent events

New information on the Company’s financial position at the balance sheet date is taken into account in the financial statements. Subsequent events that do not affect the Company’s position at the balance sheet date, but which will affect the Company’s position in the future, are disclosed if significant

Statement of Reserves (unaudited)

Seacrest Petroleo has engaged DeGolyer and MacNaughton for reserve and resource certification. The evaluations are based on standard petroleum engineering and evaluation principles according to the Petroleum Resources Management System (PRMS) approved in 2007 and revised in 2018. The figures represent the best estimate of proven and probable reserves (2P/P50).

As in all aspects of oil and gas evaluation, there are uncertainties inherent in in the interpretation of engineering and geoscience data; therefore, conclusions necessarily represent only informed professional judgement.

At Seacrest Petroleo's request and for the purposes of the report, the estimates of net reserves are proforma and assume the acquisition of the working interests referring to the Norte Capixaba Cluster. The production numbers for 2022 also include production from this Cluster. The acquisition of the working interests was completed on 11 April 2023.

Reference is made to the competent persons report (CPR) per 31 December 2022 available at www.seacrestpetroleo.com/investor/IPO information.

PROVEN AND PROBABLE RESERVES

Mill barrels of oil equivalents (mmboe)	2022
Balance at 1 January	97.0
Production	(2.8)
Revision of previous estimate	45.4
Total reserves at 31 December	139.6

Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the period ended 31 December 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Seacrest Petroleo Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the Seacrest Petroleo Group, together with a description of the principal risks and uncertainties facing the Company and the Seacrest Petroleo Group.

Rio de Janeiro, Brazil/Hamilton, Bermuda, 21 April 2023
The Board of Directors of Seacrest Petroleo Bermuda Limited

Erik Tiller
Executive Chairman

Paul Murray
Board Member

Scott Aitken
Board Member and President of the Executive Committee

Rune Olav Pedersen
Board Member

Denis Chatelan
Board Member

Paulo Ricardo da S. dos Santos
Board Member

Pedro Magalhães
Board Member

Michael Stewart
Chief Executive Officer

Reconciliations of alternative performance measures

Seacrest Petroleo discloses alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with international accounting standards (IFRS). The Company believes that the alternative performance measures provide useful supplement information to management, investors, lenders and other stakeholders and are meant to provide an enhanced insight and better understanding into the financial development of Seacrest Petroleo and improve comparability between periods.

USD 1000	Note	2022	2021
Depreciation and amortization per boe sold	19, 20	23 033	4
Depreciation and amortization	19, 20	23 033	4
Total sold volumes ('000 boe)		381	-
Depreciation and amortization per boe sold		60.5	n.m.
Capex			
Investments in fixed assets (excluding capitalised interest)		3 816	1 709
Investments in intangible assets		35 850	26 899
Payments of lease debt (investments in fixed assets)		2364	-
CAPEX		42 030	28 608
EBITDA and EBITDAX			
Total Income		33 617	-
Cost of sales and services	19	(39 762)	-
General and administrative expenses	20	(28 005)	(14 558)
Depreciation and amortization	19, 20	23 033	4
EBITDA		(11 117)	(14 554)
Exploration Expenses		14	-
EBITDAX		(11 103)	(14 554)
EBITDA margin		(33%)	n.m.
EBITDAX margin		(33%)	n.m.

USD 1000	Note	2022	2021
Equity ratio			
Total equity		(52 743)	9 252
Total assets		217 236	190 493
Equity ratio		(24%)	5%
Net interest-bearing debt			
Long-term financial loans	7.4, 15	63 763	44 245
Long-term lease debt	14	3 201	16 909
Short-term financial loans	15	1 893	-
Short-term lease debt	14	3 447	-
Cash and cash equivalents	4	7 745	16 909
Net interest-bearing debt		64 559	44 245
Production cost per boe sold			
Cost of sales		39 762	-
Less: Amortization of exploration rights	19	(14 352)	-
Less: Amortization with deactivation costs	19	(5 916)	-
Less: Depreciation	19	(2 748)	-
Less: Storage Costs	19	(2 584)	
Net production cost		14 162	-
Net production expense (Adjusted for production not sold)		17 166	
Total sold volumes ('000 boe oil)		381	-
Total Produced Volumes (oil)		461	
Production to sales ratio		1.2	
Production cost USD per boe		37.2	n.m.
Free cash flow			
Net cash from/(used) in operating activities		(31 761)	(6 871)
Capital expenditures		(42 030)	(28 608)
Free cash flow		(73 791)	(35 479)

Definitions of alternative performance measures

Depreciation and amortization per boe sold is defined as total depreciation and amortization divided by volumes sold during the period.

Capex is defined as investments in fixed assets (excluding capitalised interest), plus investments in intangible assets, plus payments of lease debt.

EBITDA is defined as earnings before interest and other financial items, depreciation, depletion, amortisation and impairments.

EBITDAX is defined as earnings before interest and other financial items, depreciation, depletion, amortization, impairments and exploration and evaluation expenses.

Equity ratio is defined as total equity divided by total assets.

Net interest-bearing debt is book value of interest-bearing loans, plus lease debt, less cash and cash equivalents.

Production cost per boe sold is defined as cost of sales, less depreciation, amortization and storage costs, adjusted for production not sold, divided by produced volumes in the period.

Free cash flow is defined as net cash flow from operating activities less capital expenditures (Capex).

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Independent auditors' report

To the Board of Directors and Shareholders of

Seacrest Petroleo Bermuda Ltd.

Hamilton, Bermuda

Opinion

We have audited the parent company and consolidated financial statements of Seacrest Petroleo Bermuda Ltd. (the "Company" and, together with its consolidated subsidiaries, the "Group"), which comprise the separate financial statements of the Company and the consolidated statements of Company and its subsidiaries (the "Group"). The financial statements of the Company and the Group comprise the separate and consolidated statements of financial position as at December 31, 2022, and the separate and 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 separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of the Company and the Group as at December 31, 2022, and their separate and consolidated financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards 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 parent company and consolidated financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical requirements set forth in the Professional Code of Ethics for Accountants and in the professional standards issued by the Federal Accounting Council, 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 audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of the provision for decommissioning costs

Refer to notes 3.h and 10 of the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
As a consequence of its operations, the Group recognized a provision related to the obligation to remove equipment and restore the areas where it operates upon abandonment – decommissioning costs. Estimating the provision for the decommissioning costs involves judgement for the assumptions related to the extent of the obligation assumed for environmental restoration, the timing of the decommissioning of the production facilities and the decommissioning costs as well as economic assumptions such as discount rate. We consider this to be a key audit matter due to the relevance of the provision for decommissioning costs and the judgment involved in determining the respective assumptions, specifically the timing, estimation of decommissioning costs and the discount rates used, because small changes with these assumptions may have a significant impact in the amount of the provision recognised in the consolidated financial statements.	Our audit procedures included, among others: — We obtained an understanding of the process and tested the design and implementation of internal controls related to the process of estimating the provision for decommissioning costs, including the Company's monitoring controls. — We assessed, with the assistance of our corporate finance specialists, the assumptions used to estimate the provision for decommissioning costs, such as the discount rate; — We evaluated the timing of the decommissioning based on the existing volumes of reserves and the Company´s production plans; — We assessed the competency, capacity, objectivity and independence of the external specialist hired by the Company to certify the volumes of oil and gas reserves and the production curve used to estimate the provision for decommissioning costs and the external specialist hired by the Company to assess the estimated abandonment costs; — We evaluated the estimated decommissioning costs, by well characteristics, considering the main services expected to be required upon decommissioning, and for a selection of cost, by comparing them with external industry reports or price quotes received for implementing those main services;

	— We evaluated the disclosures related to the provision for decommissioning costs. Based on the evidence obtained from performing the procedures described above, we considered the amount of provision for decommissioning costs to be acceptable in the context of the and consolidated financial statements for the year ended December 31, 2022 taken as a whole.

Other information

The Board of Directors and the Managing Director (management) are responsible for the other information accompanying the separate and consolidated financial statements. The other information comprises information in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on these parent and consolidated financial statements does not cover the other information accompanying the separate and consolidated financial statements.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the separate and consolidated financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and 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 it 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 separate and consolidated financial statements.

As part of an audit performed 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 separate and 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 material misstatement resulting from fraud is greater than the one deriving from error, as fraud may involve the act of circumventing internal control, collusion, forgery, omission or deliberate false representations.

– 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 internal controls.

– 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, then we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are substantiated by the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– Evaluate the overall presentation, structure and contents of the separate and consolidated financial statements, including the disclosures, and whether the separate and 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 or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

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From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, April 24, 2023

KPMG Auditores Independentes Ltda.
CRC SP-014428/O-6 F-RJ

Leandro Basto Pereira
Contador CRC RJ115543/O-6

General ESEF data (ParsePort)

Name of reporting entity or other means of identification
Domicile of entity
Legal form of entity
Country of incorporation
Address of entity's registered office
Principal place of business
Description of nature of entity's operations and principal activities
Name of parent entity
Name of ultimate parent of group
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period
Length of life of limited life entity
Period covered by financial statements

Seacrest Petroleo

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