

# Third quarter 2024

Results presentation | 20 November 2024



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## Today's presenters

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**Jose Cotello**  
Chief Executive Officer



**Thomas Kandel**  
Investment Director  
Acting Chief Financial Officer

## Agenda

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- 1 Q3'24 highlights
- 2 Drilling program and operations
- 3 Financial review and strategy
- 4 Summary and outlook





# Third quarter 2024 highlights

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## Production and operations

- Total of ten new wells drilled to target depth on time and on budget following restart of infill drilling, with initial production in line with expectations
- Total production 6 843 boepd in the quarter, down 14% sequentially. During the quarter, the ANP required the Company to construct modifications on truck loading sites which resulted in a temporary reduction of production.
- No serious incidents during the quarter

## Financial strategy

- Raised USD 8 million via convertible bond offering
- Debt refinancing process ongoing

## Financial results

- Revenues of USD 41.7 million, an 11.7% decrease from the second quarter, including the impact of realised hedging loss of USD 1.1 million
- Positive Cash flow from operations of USD 8.5 million, up from positive USD 0.2 million from the second quarter
- Production cost per boe USD 28.3 for quarter, up 8% sequentially driven by a 13% drop in volumes offset by a 5% drop in gross production cost
- Quarterly loss per share of USD (0.099)

Production  
**6 843**  
boepd

Production cost  
**28.3**  
USD/boe

Petroleum revenues  
**41.7**  
USD million

EBITDA  
**-8.9**  
USD million

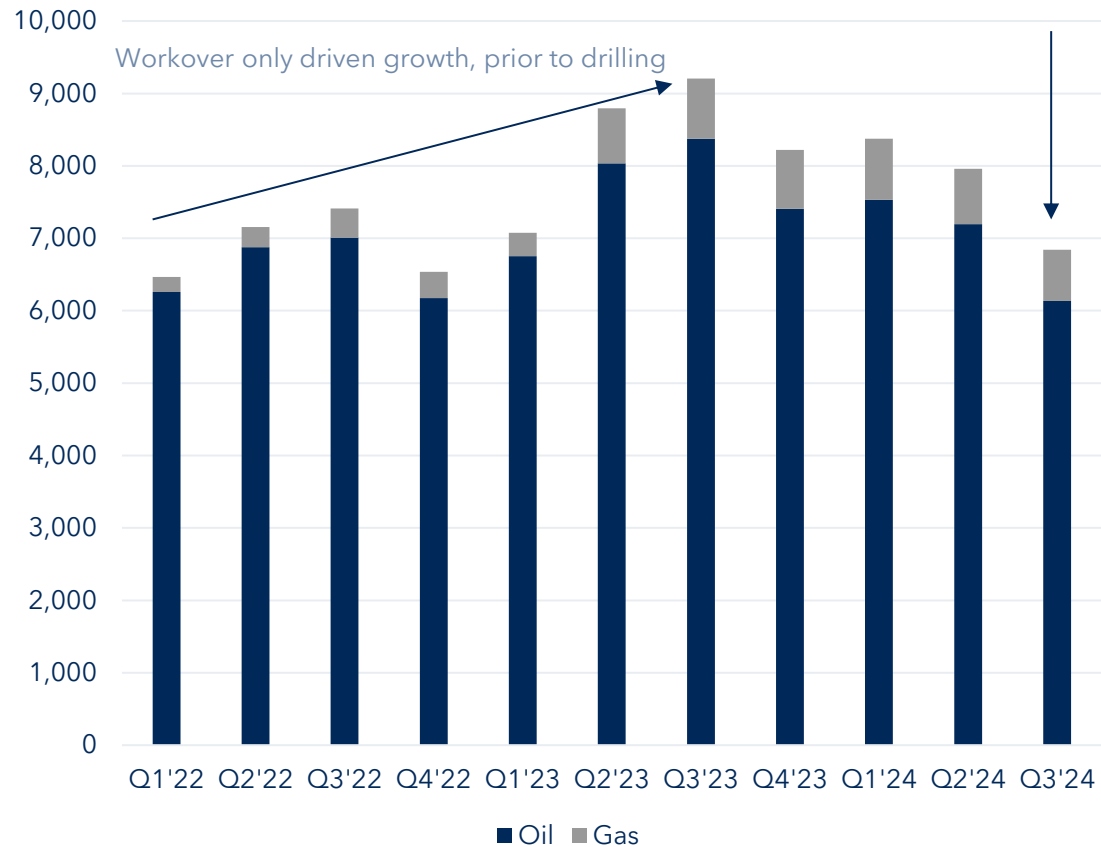
CFFO  
**8.5**  
USD million

Lost Time Injuries  
**0**

# Third quarter operational performance

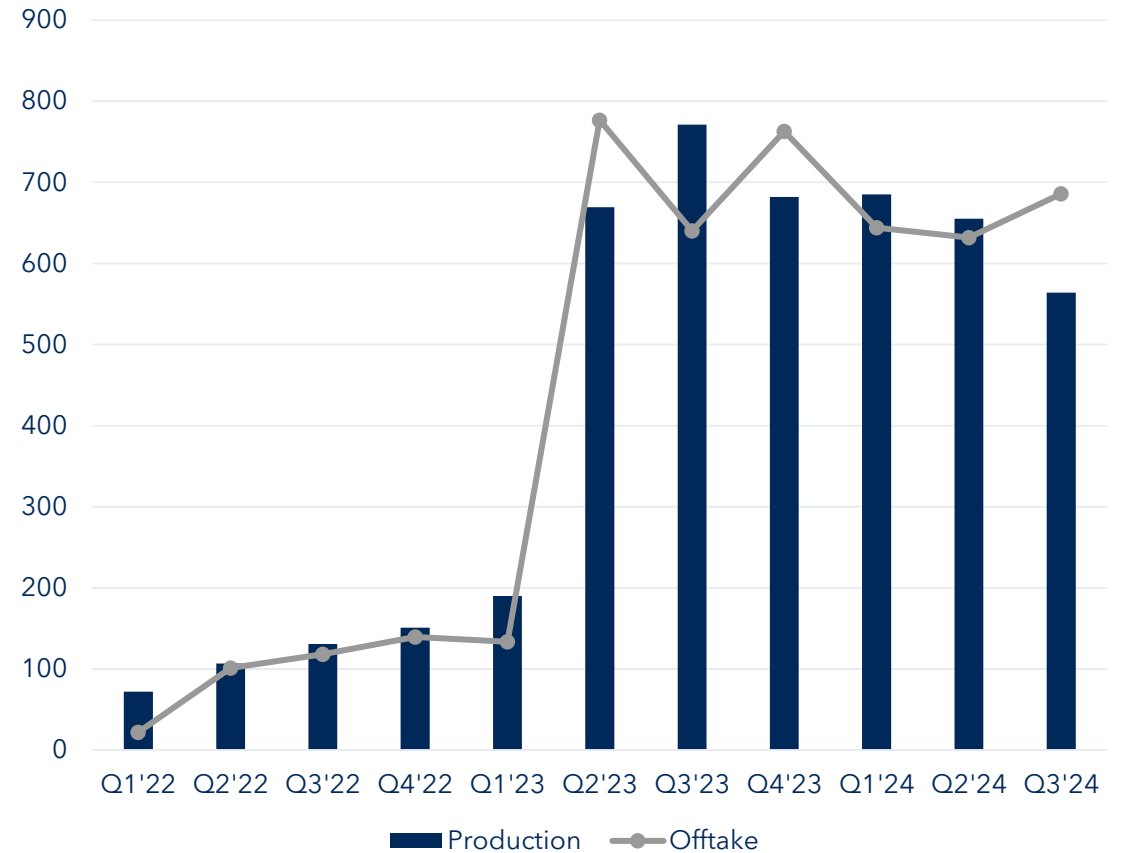
## Production<sup>1</sup> (boepd)

During the quarter, the ANP required the Company to construct modifications on truck loading sites which resulted in a temporary reduction of production



1. Includes pro forma production from Norte Capixaba from Q1 2022 to 12 April 2023

## Seacrest oil production and offtake ('000 bbls)





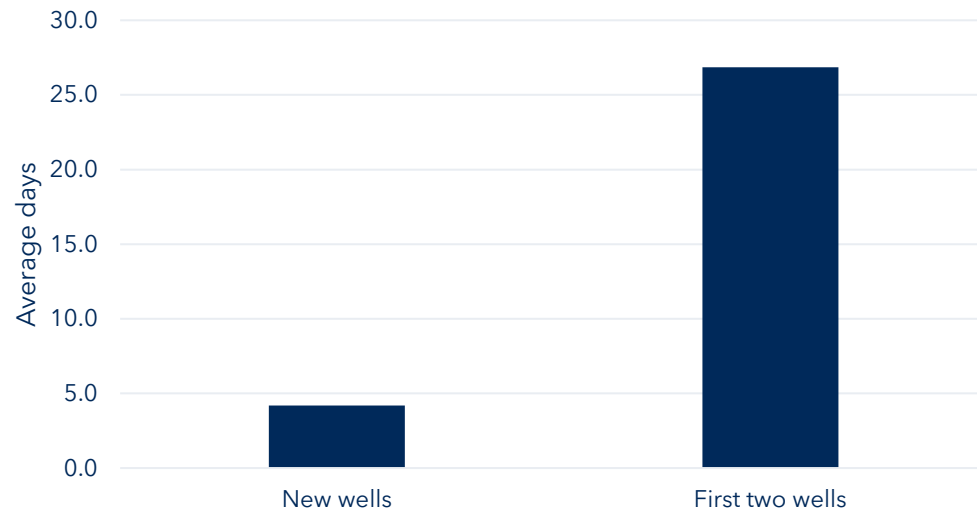
# Drilling program and operations



# Proven ability to execute drilling program

- Using new equipment, ten infill wells have been drilled to target depth within an average of 4.2 drilling days each (versus ~5 drilling days planned)
- New well production in line with estimates underlying CPR
- In total, twelve infill wells drilled to date, including two from the first batch
- Averaged one well per week, including demobilization/transport/mobilization (DTM) time
- Recent performance is indicative of repeatable drilling results, de-risking 300-well program under current equipment strategy
- Tendered for fit-for-purpose rigs with shorter DTM
- Cleanup following steam leak at pre-production well now substantially complete

## Drilling performance with new wells versus first batch



## Drilling at a faster pace: Infill well status

Well	Drilling month	Status
7-IBU-70D-ES	November 2023	Drilled; producing
7-IBU-71D-ES	December 2023	Drilled; producing
7-IBU-72D-ES	January 2024	Interrupted; for future sidetrack
7-IBU-74D-ES	June 2024	Drilled; producing
7-IBU-75D-ES	June 2024	Drilled; producing
7-IBU-73D-ES	July 2024	Drilled; producing
7-IBU-78D-ES	July 2024	Drilled; under maintenance
7-IBU-88D-ES	July 2024	Drilled; soaking
7-IBU-77D-ES	July 2024	Drilled; soaking
7-IBU-79D-ES	August 2024	Drilled; not yet completed
7-IBU-89D-ES	August 2024	Drilled; not yet completed
7-IBU-81D-ES	August 2024	Drilled; not yet completed
7-IBU-82D-ES	September 2024	Drilled; not yet completed



# Terminal Norte Capixaba

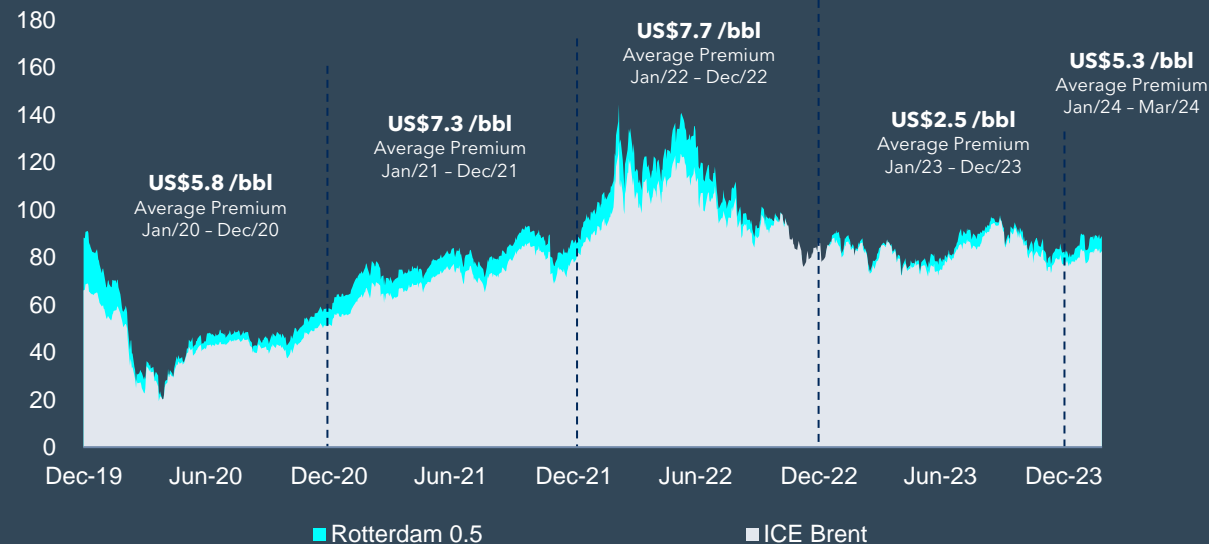
## Making progress and taking control

- In discussions with Petrobras to take over completion of repairs of subsea pipelines at the Terminal Norte Capixaba
  - Implementing clamping, a fit-for-purpose, simpler solution, to be performed by an international engineering contractor with leading track record
  - Received quotes totaling US\$2.5 million for the relevant materials and services
  - Proposed timeline of 90 days to complete the repairs from start; manufacturing of clamps already underway
- Offtake contract specification VLSFO is now in storage tank
- VLSFO historically priced at a premium vs Brent (prior to adjustment for quality and freight)
- Sale of on-spec oil will remove USD 4/bbl marketing fee for non-spec oil and eliminate off-spec product discount



**Superior quality translates into price premium to Brent (as of 26-feb-24)**

### Historic Brent premium/discount (us\$/bbl)





# Financial review and strategy

# A long-term financing plan to improve capital structure

## Current stage

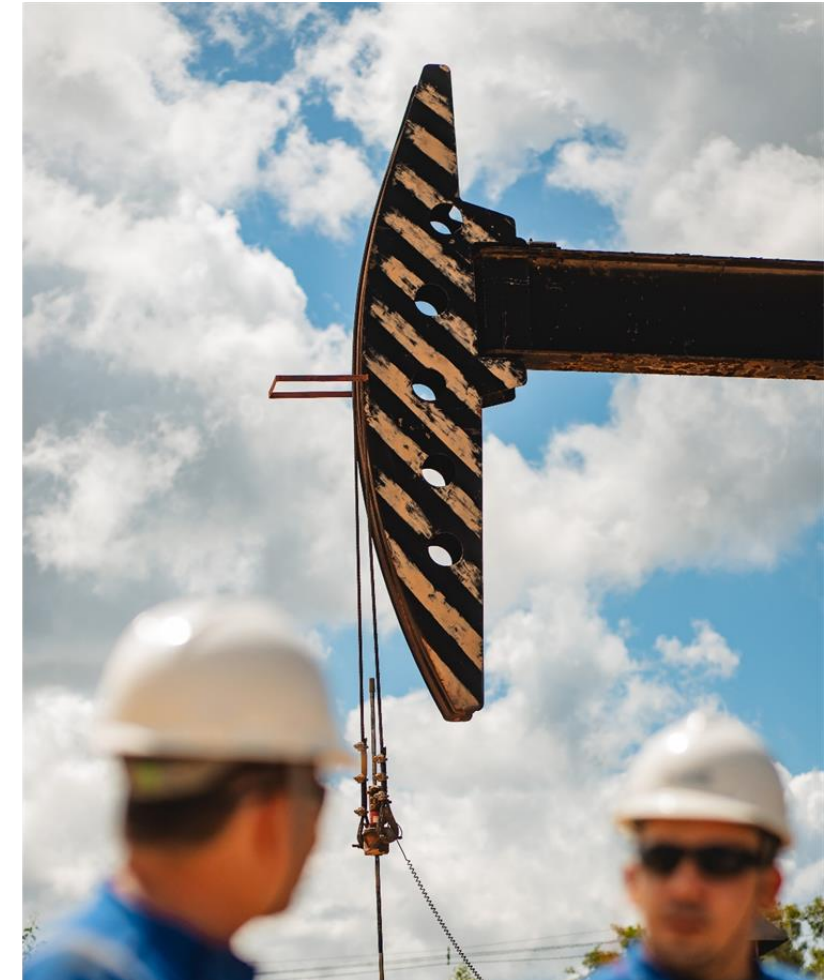
- Convertible bond offering First Tranche of USD 8 million completed
- Binding term sheet with MBD Partners for up to USD 217 million investment in minority stake
  - USD 127.5 million initial consideration plus USD 39.25 million share in Petrobras payments for 25% working interest
  - USD 38.2 million plus USD 11.8 million share in Petrobras payments for additional 7.5%
- Indicative term sheet for USD 40 million prepayment facility with Trafigura
- Ongoing work to document and close the transactions as quickly as possible

## Allows the Company to progress to next financing steps, subject to market conditions

- Forbearance agreement in place with US\$300m credit facility lenders (currently effective until 3 December)
- The Company is in similar discussions with holders of its senior unsecured Nordic bonds
- Anticipated debt refinancing

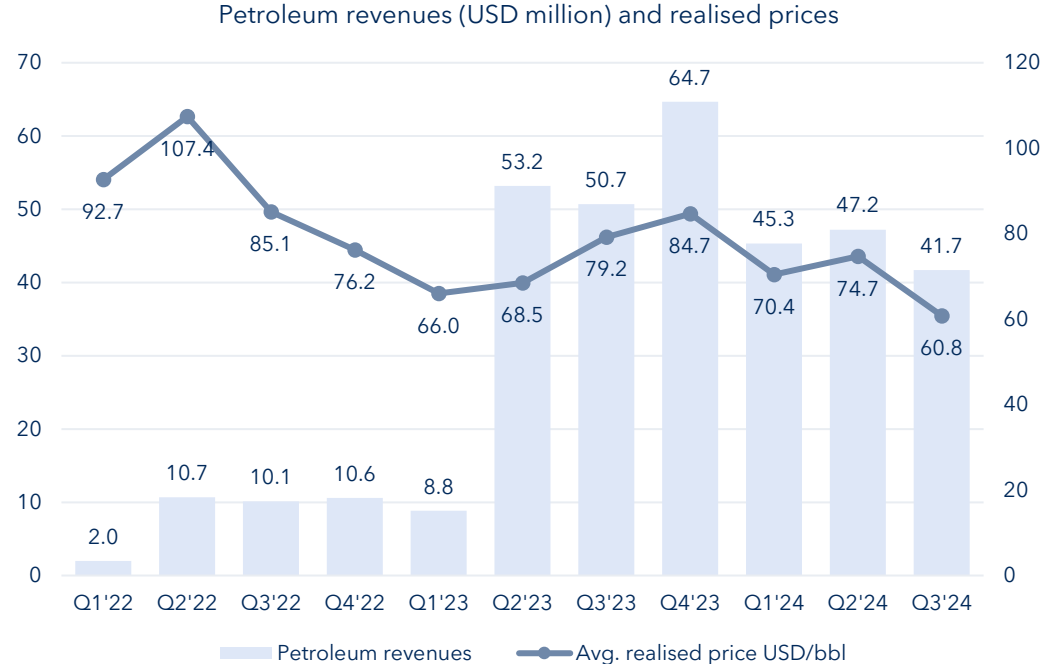
## In addition to the debt refinancing, the Company is also working on:

- Exploring solutions to deferring future payments
- Alternative sources of equity
  - Large-scale asset base provides options that recognize value
  - Reserves: CPR 2P NPV 10 of \$2.4bn<sup>1</sup>
  - Terminal Norte Capixaba provides unique vertical integration

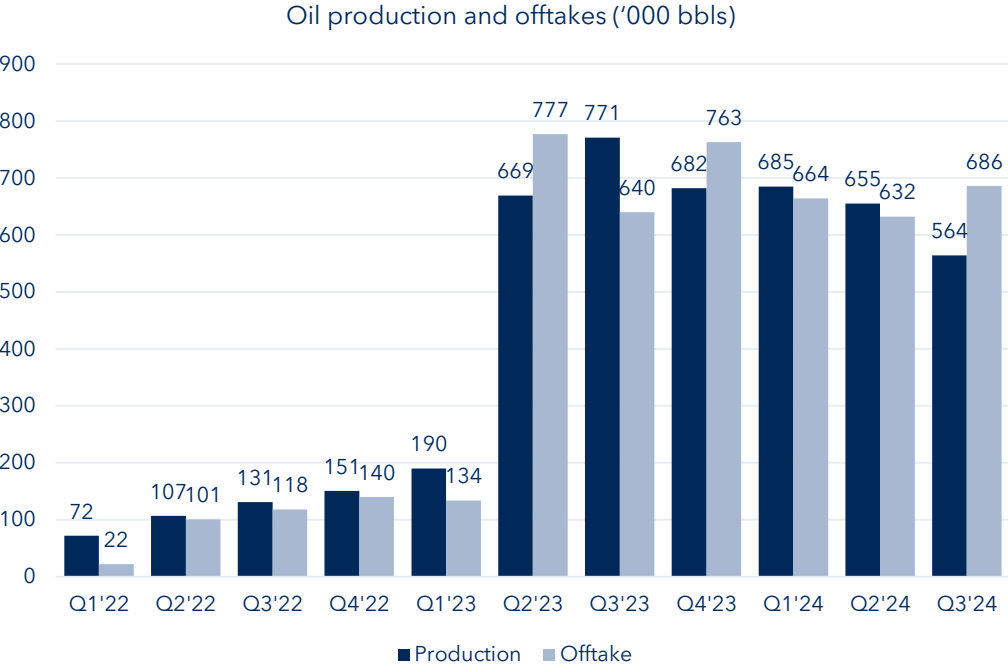


# Petroleum revenues

## Revenues and pricing<sup>1</sup>



## Oil production and offtakes

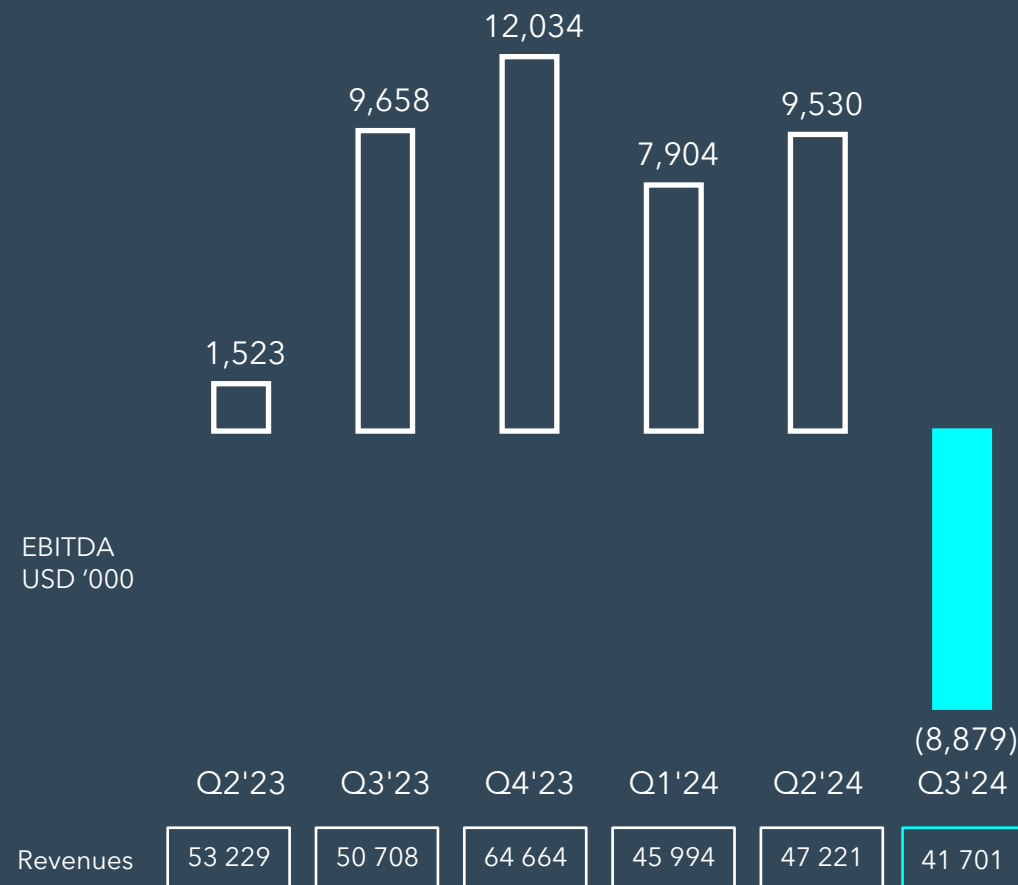


- Q3'24 revenues down 14% sequentially due to:
  - Realised prices down 18.6%; includes USD 1.05m impact on revenues and EBITDA from realised hedges
  - Offset by offtake volumes up 8.5%

1. Realised prices are net of federal taxes on revenue and before hedging

## Key Financials

(USD'000)		Q3'24	Q2'24	Q3'23
Total operating income	↓	41,701	47,221	50,708
EBITDA	↓	(8,879)	9,530	9,658
Operating profit	↓	(16,775)	2,558	489
Profit/(loss) before taxes	↓	(35,700)	(21,221)	(47,021)
Production cost (USD/boe)	↑	28.3	26.2	24.2
CFFO	↑	8,476	184	1,683
Capex	↑	17,105	9,134	9,465
Adjusted NIBD	↑	398,371	386,254	298,518
EPS (USD)	↑	0.099	0.015	0.087



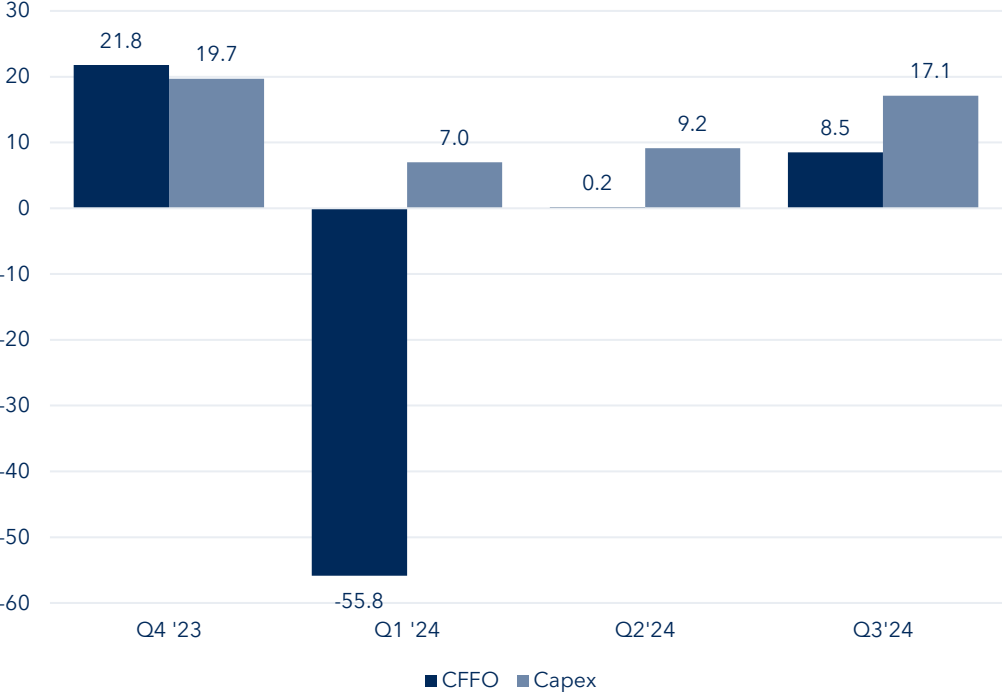
# Oil price hedge position

Balance sheet exposure and P&L	Q4'23	Q1'24	Q2'24	Q3'24
Notional exposure at reporting date ('000 bbls)	3 403	3 024	2 613	2 120
Hedged price (average) (USD/bbl)	USD 67	USD 67	USD 67	USD 67
Forward rate (average) (USD/bbl)	USD 75	USD 81	USD 81	USD 71
Fair value (USD '000)	(25 788)	(44 796)	(35 199)	(7 770)
P&L (USD '000)	17 847	(5 799)	(2 922)	(836)
OCI (USD '000)	-	(18 123)	1 298	20 670

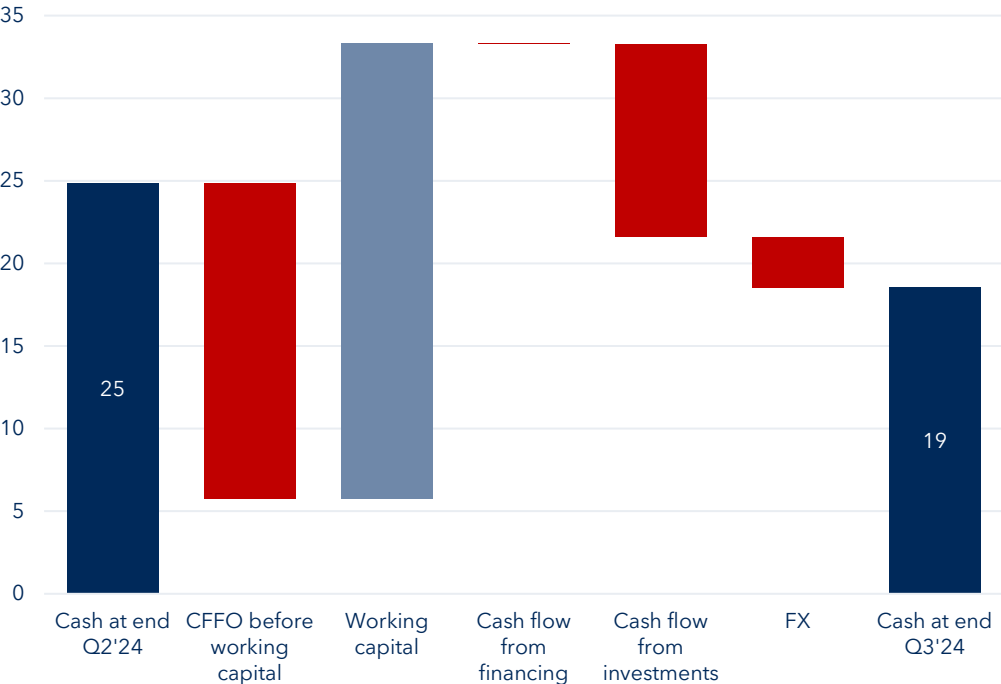


# Cash flows

CFFO and Capex (USD million)



Cash position during Q3'24 (USD million)





An aerial photograph of an industrial facility, likely an oil or gas processing plant. The image shows a complex network of pipes, storage tanks, and processing units. In the center, there is a large rectangular structure with several large cylindrical tanks. To the left, there are several smaller cylindrical tanks arranged in a row. The facility is surrounded by greenery and some buildings. The overall scene is brightly lit, suggesting a sunny day.

# Summary and outlook

# 2024 guidance

	Previous		Current
Production	8 300-8 600 boepd 7 500-7 800 bopd	>	7 500-7 600 boepd 6 800-6 900 bopd
Exit rate	9 500-12 500 boepd 8 500-11 000 bopd	>	~7 400 boepd ~6 800 bopd
Production cost	USD 20-24/boe	>	USD 24-28/boe
Capex <sup>1</sup>	USD 60-65 million	>	USD 38 million

## Notes

- Increase in production cost resulting from lower production
- 2024 capex, wells drilled, and production guidance reduced due to capex pause ahead of completion of funding plan

## Summary

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- Strong drilling performance proves execution capability
  - Ten wells drilled to target depth at an average of one per week
  - Production from new wells in line with expectations
  - Ready to add rigs upon completion of financing plan
- Executing on financial strategy
  - Working on documenting and closing investment in minority stake of up to USD 217 million, and USD 40 million prepay facility with Trafigura
  - Debt restructuring and anticipated refinancing
- Blended crude on-spec for VLSFO pricing already in terminal tank storage; Seacrest to implement simpler clamping solution to complete subsea pipeline repairs and achieve certification of the pipelines within Q1'25

