Seacrest Petroleo

Annual report 2023

The fully integrated onshore Brazilian oil and gas producer

Seacrest Petroleo in brief

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

2P reserves

144

mmboe

Target life of field opex

USD 15

per boe

Target oil production 2027

>30k bbls/d

(7.6k bbls in 2023)

Figures from the 2023 CPR

Seacrest Petroleo in brief

High quality assets

Considerable reserves with significant organic upside recovery factor potential. Proven success in Brazil through execution by international standard development and operations team with the backing of industry leaders Seacrest and Mercuria.

Fully owned infrastructure

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

Potential for growth

Significant ramp up of production targeted through simple, low-risk workovers, recompletions and infill drilling. Oil production increased 82% during the 12 months since year end 2022 and is targeted to more than triple in the coming years.

Attractive economics

Low incremental operating cost per barrel and premium fuel pricing, targeted to generate fast payback on capex and low incremental cash flow break-even.

Assets and history

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 through 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, both owned 100%. The Cricaré Cluster was acquired in December 2021 and the Norte Capixaba Cluster in April 2023.

The fields have an estimated 1.2 billion barrels of oil equivalents (bnboe) in place and certified proven and probable reserves ("2P" per 2023 reserve report) of 144 million barrels of oil equivalent (mmboe) as of 31 December 2023. Average daily production in 2023 was 8 324 boepd, which is targeted to increase significantly in the coming years as a result of the execution of the planned drilling programme, the largest onshore in 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 growth and direct access to markets for its premium grade products. Approximately 85% of the fields' planned oil production is of a specification that is priced as very low sulphur fuel oil, without the need for refining.

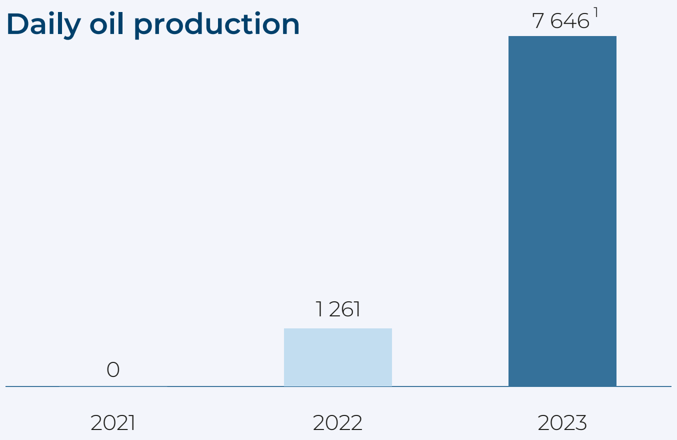
Seacrest Petroleo has a seasoned management team and organisation of 314 employees, with an experienced operational, technical and commercial track-record in Brazil, combining a disciplined capital allocation strategy with expertise in revitalising mid- and late-life fields.

Our commitment

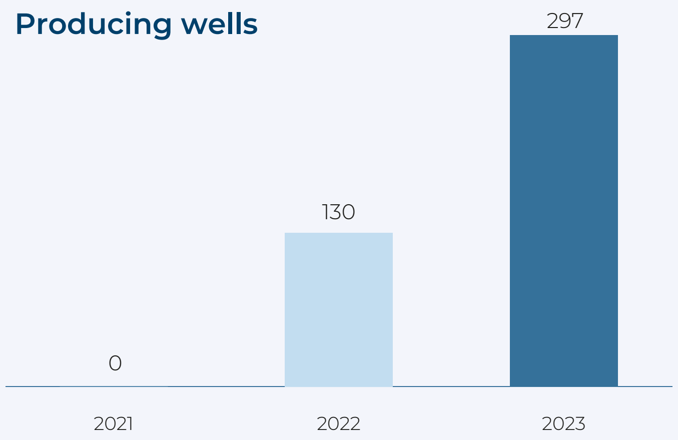
With the commitment to deliver maximum value to its investors, Seacrest Petroleo targets high productivity, sustainable best practices and financial discipline, striving for organic growth and development of its acquired assets, always focused on efficiency and value creation.

2019	2020	2021	2022	2023	2024
Preparations	Bidding		Financing	Well optimisation	Drilling
Established to bid in the Petrobras divestment program	Successful bid for Cricaré	Successful bid for Norte Capixaba	Cricaré takeover and production ramp-up	Norte Capixaba takeover USD 300m credit facility and IPO on Euronext Oslo Børs	Starting the largest drilling programme onshore Brazil

Daily oil production



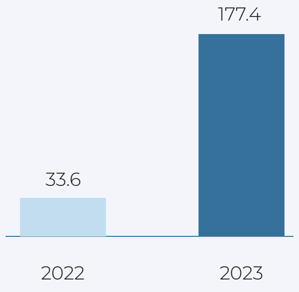
Producing wells



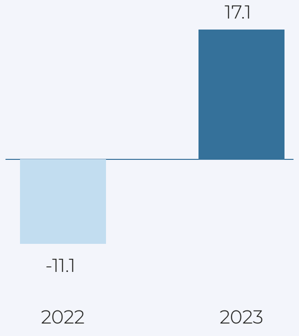
[1] Including Norte Capixaba on a pro forma basis from 1 January

2023 Key figures

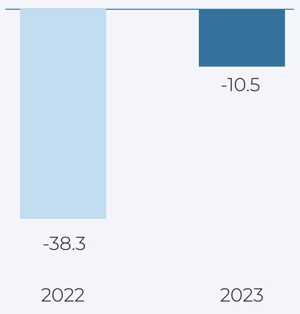
Petroleum revenues
USD million



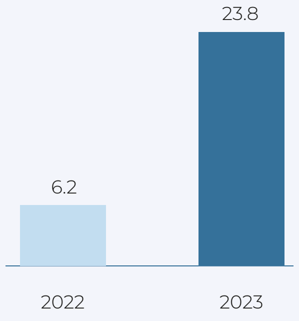
EBITDA
USD million



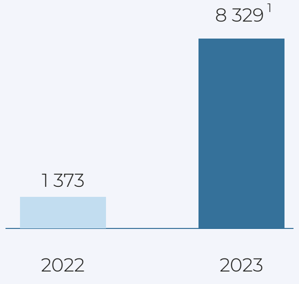
CFFO
USD million



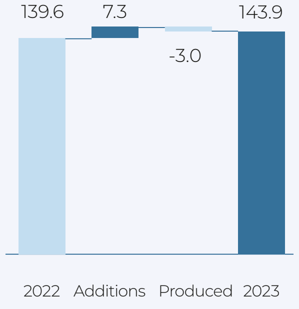
Capex
USD million (excluding Norte Capixaba acquisition)



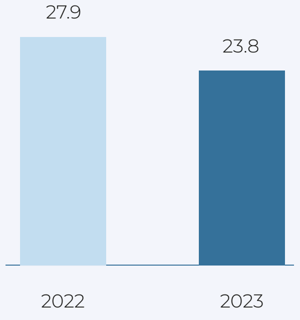
Production
Boepd



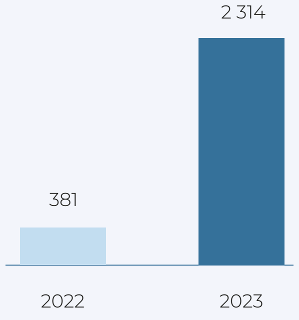
2P Reserves
Mmboe



Production cost
USD per boe

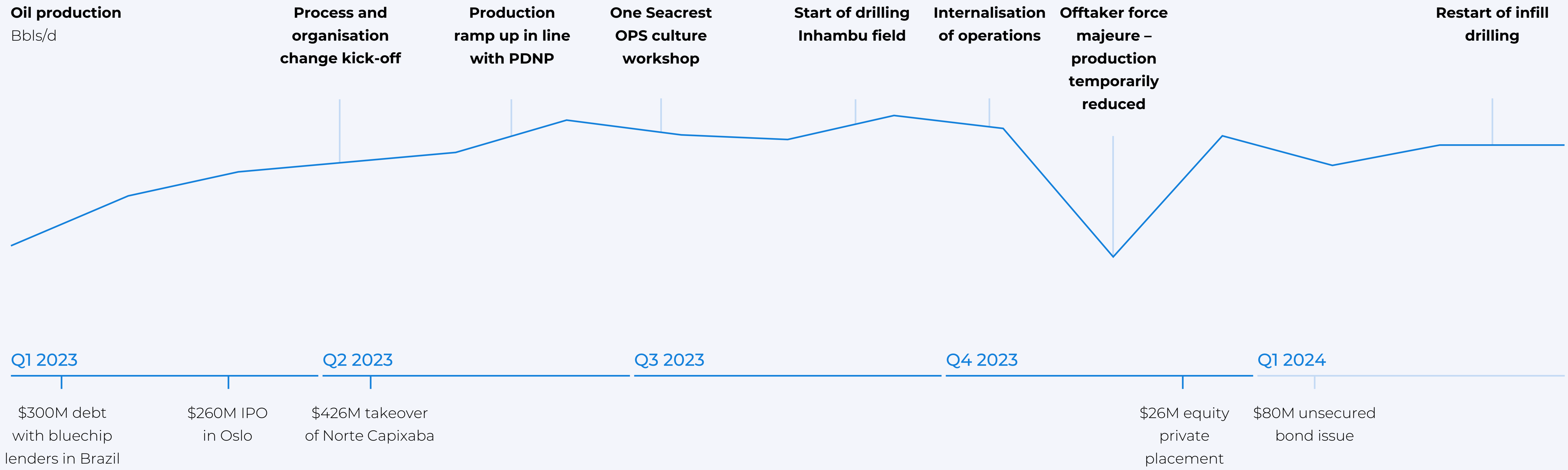


Offtake of oil
'000 bbls



[1] Including Norte Capixaba on a pro forma basis from 1 January

Transforming from a private M&A focused company to a publicly listed producer



Letter from the President of the Executive Committee

Successful listing enabling access to growth capital

In February 2023, Seacrest Petroleo successfully raised USD 260 million in an IPO on Euronext Expand Oslo, which was the largest upstream oil company IPO of 2023. Furthermore, USD 300 million in secured debt was provided from a blue chip consortium of lenders in Brazil. This funding facilitated the closing of the USD 427 million Norte Capixaba acquisition in April 2023 – a cornerstone of our growth strategy.

At the end of a challenging fourth quarter, we raised an additional USD 26 million of equity through a private placement of shares and secured further funding in January 2024 through issuing USD 80 million of senior unsecured bonds. This strengthened the Seacrest Petroleo balance sheet as it commences its industry leading drilling programme, which is expected to more than triple production in the coming years.

Strong production growth

We have been operating the Cricaré Cluster since January 2022 and managed another excellent year in 2023, growing total production by more than 80% compared to the previous year.

Since taking over at Norte Capixaba in April 2023, production has grown 35% through the re-opening of previously shut-in wells and a rise in overall well productivity.

Overall, total production in December 2023 was 82% higher than one year ago (including Norte Capixaba on pro-forma basis), driven by a very successful workover programme across 91 wells. This reflects the reserve base and the merits of the optimisation efforts driving up well productivity and reliability. Year-end production was particularly improved as a result of the 96 projects the Company executed throughout 2023 to mitigate the impact of the rainy season.

Dealing with challenges

The year was not all smooth sailing as our growth trajectory was challenged during the second half of the year. Electricity outages in some of our fields, in part as a consequence of poor maintenance by the prior owner, periodically interrupted production and suppressed third quarter production growth. Having successfully resolved these issues, we encountered extreme weather conditions in Brazil, resulting in an offtaker force majeure cancellation in the fourth quarter, necessitating a temporary reduction of production as our storage was near full capacity.

Our team acted with swiftness and determination in adapting to the situation and, although November production fell significantly, we rapidly recovered in December, ending the year with production almost in line with our targets.

Building a strong corporate culture

Both our successes during 2023, as well as our management of the challenges in the second half of the year, reflect our developing organisation and a resilient corporate culture. We tripled the number of employees during the year and maintained an excellent health and safety track record with no serious incidents for two consecutive years and a lost time injury rate of only 0.38 for 2023. We continue to develop our organisation to enable us to achieve our ambitions.

Focused on the future

Seacrest Petroleo has embarked on the largest onshore drilling programme in Brazil, targeting 300 infill wells in the next four years, with 40-50 wells during 2024. Our reserve base has delivered on our expectations so far. We remain focused on our target to more than triple production by 2027, generating growing value for our stakeholders.

Scott Aitken
President of the
Executive Committee

Strategy and targets

Strategy

The Company was formed expressly for the purpose of participating in Petrobras' asset divestment program and successfully acquired from Petrobras two clusters of oil and gas production concessions onshore Brazil. The Company's strategy is to revitalise the assets through the reopening of shut-in wells, the optimisation of existing wells and drilling additional wells to tap more reservoirs.

Oil and gas assets

Combined, the Cricaré and Norte Capixaba clusters are estimated to hold total reserves of 1.2 billion oil equivalent (mmboe) per the 2023 reserve report. The recovery rate to date is 17% and the target is to achieve a recovery rate of at least 29%. This leaves 144 mmboe of reserves to be produced through to 2050, of which 41 is estimated to be recoverable by the end of this decade.

By 2023, a total of 77 wells have been re-opened and well productivity has been improved by 15% across the two clusters. A further 300 infill wells are targeted to be drilled in the next four years through a comprehensive and industry-leading drilling programme.

Unique integrated infrastructure

The two clusters have a very close proximity to each other in the state of Espírito Santo, enabling synergistic gains. The Company also has seven processing facilities with a total treatment capacity of 115 000 bopd and 200 km of pipelines within the state. This enables low incremental operating costs and a high degree of schedule control. Finally, the Terminal Norte Capixaba on the coast has 500 000 barrels of storage capacity and an offshore loading buoy that gives direct access to seaborne transport to both domestic and international markets.

Premium product

About 85% of the oil production from the fields targets a specification that is priced as very low sulphur fuel oil, without the need for refining. Such a product has historically traded at a premium to conventional crude oil.

Targets

Seacrest Petroleo aims to increase oil production from 7 646 bopd in 2023, to between 8 500 bopd and 11 000 bopd in 2024. The long-term ambition is to reach a plateau production level of above 30 000 bopd in 2027.

The execution of these ambitious targets is dependent on the drilling of up to 300 new infill wells as part of a drilling programme that was started towards the end of 2023. The guidance for 2024 is 40-50 wells, funded by a capex allocation of USD 70-100 million. The payback cycle for new wells is short and the programme will eventually become self-funding.

People

The Seacrest Petroleo organisation has developed since inception. At the end of 2023, the Company had 314 employees, triple that of a year ago. In addition, more than 1300 contractor personnel are employed in the operations.

The management team is composed of seasoned professionals with strong international backgrounds and experience from multiple oil and gas producing regions worldwide. The operations and development teams have significant experience from working in onshore operations in Brazil for a variety of local and international operators.

The Company has a strong focus on building a business culture that fosters integrity, ethical business conduct and safe operations, stimulating our employees' personal development, their ability to take responsibility and improve their skills. Seacrest Petroleo is proud of its excellent HSSE performance with only one lost time incident and four injuries recorded in the past two years, despite more than 3.5 million hours worked.

Assets, people, strategy and targets

Upstream | Midstream | Downstream

Exploration

Appraisal

Production

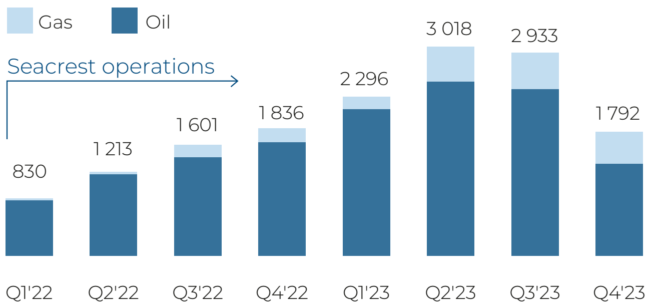
Processing

Storage

Port

Refining

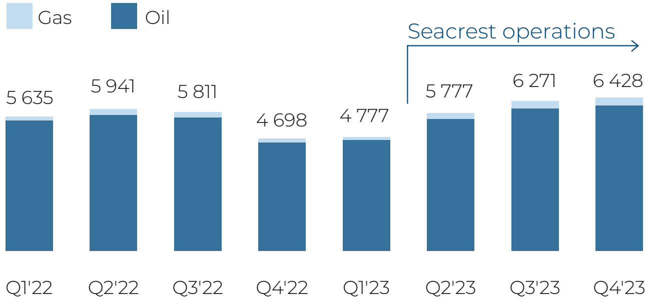
Marketing



Cricaré

26 onshore fields

138 producing wells



Norte Capixaba

5 onshore fields

159 producing wells

Terminal Norte Capixaba

500kbbls storage capacity

7 treatment stations

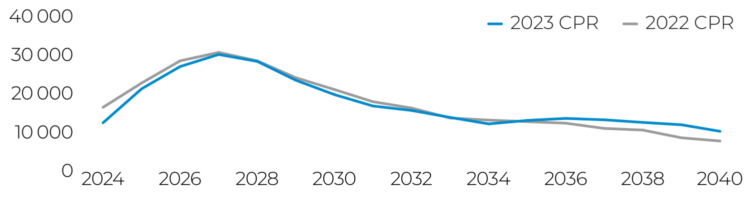
115kbbls/day capacity

200 km pipelines

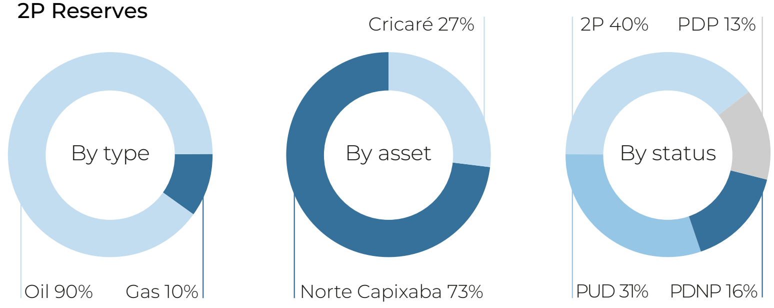
A complete strategy for cashflows and long term growth

A strong reserve base

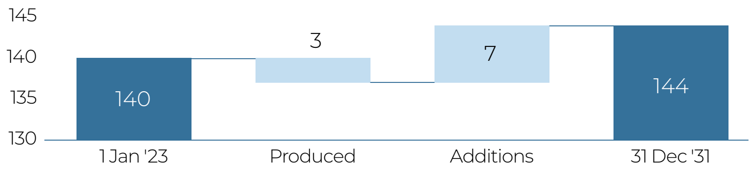
2P Reserves Production (bopd)



2P Reserves

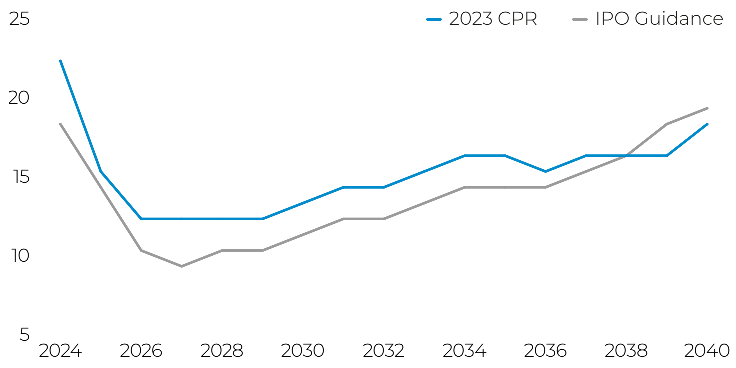


Development of 2P Reserves (mmboe)

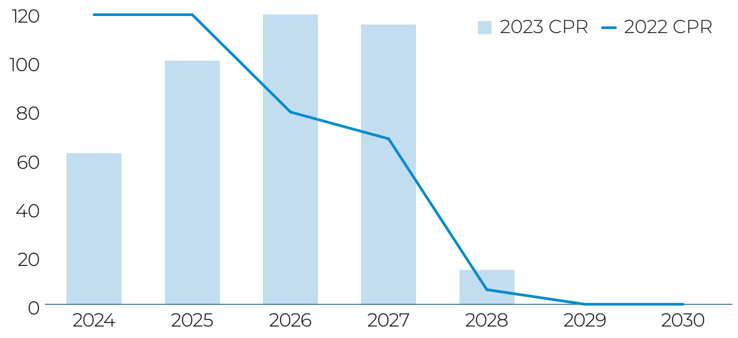


With stable and attractive economics

Production cost (USD per barrel)

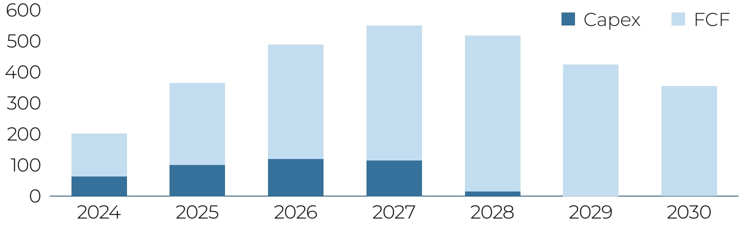


Upstream capex (USD million)

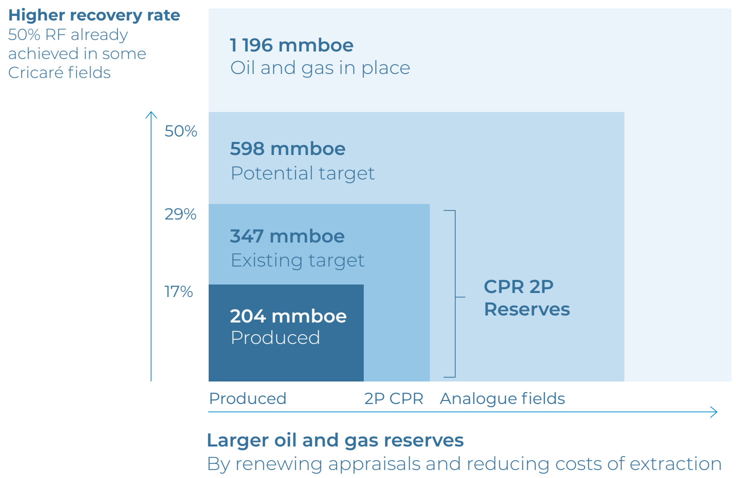


Results in strong future cash flows with reserve upside

2P Upstream CFFO (USD million)



Scope for reserve upgrades



Sustainability

Introduction

Seacrest Petroleo was established in 2019 and started full operations in January 2022 at the Cricaré Cluster. Since then, the operations have grown significantly. The number of employees has grown more than ten-fold to 314, with an additional 1 332 contractors as part of operations. The total production volumes managed by the Company are now more than 13 times higher than at the start of 2022 and the number of wells operated has increased nearly four-fold.

Seacrest has developed a growing operational track record thanks to a clear focus on health and safety and a dedication to responsible operations and local community engagement.

Sustainability in a strategy context

The fields in the Cricaré and Norte Capixaba clusters have been in operation for decades but had previously been subject to underinvestment by the prior owner. 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 well recompletions, as well as steam and water injection programmes.

The Company owns all related infrastructure for the fields, consisting of pipelines and treatment facilities. This infrastructure transports the oil to the Termninal Norte Capixaba, which is fully owned by the Company and consists of storage tanks and export facilities, including an offshore loading buoy.

With all infrastructure already in place, the Group enjoys favourable incremental cost economics and can control emissions and reduce risk of spills and environmental damage.

Seacrest Petroleo executed its growth strategy during 2023, tripling its organisation and raising oil production by more than 80% by the end of the year. Going forward, the ambition is to more than triple production through the largest onshore drilling programme in Brazil.

As a result, the Company is targeting to be in a growth mode for years to come. Therefore, the focus will be on maintaining an excellent health and safety track record, avoiding environmental impacts, contributing jobs and value creation to local communities and building on a strong corporate culture with high ethical standards. Strong growth generates challenges, which can only be successfully dealt with through the development of a high-performing and competent organisation.

Key sustainability factors for Seacrest

Health and Safety

Climate impact

Protection of the environment

Work and development opportunities

Local community relationships

Ethics and business conduct

Health and Safety

Why it is important

Seacrest Petroleo follows the principles of “no harm to people” and “no accidents”. Maintaining good health and safety performance is essential for operations. It is integral to attracting and retaining a skilled workforce, and to continuously maintain good relations with the local communities where the Company operates. 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 and standards may be material.

Policies related to Health and Safety

Seacrest Petroleo has a Health, Environment and Safety Policy, reflecting its commitment to operate responsibly and securely and to never compromise on the Company’s standards for health, safety and the environment. 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.

Health and Safety performance

The Company is satisfied with its health and safety performance during 2023, which built on a very strong 2022 – the first year of actual operations. During the year, 134 critical operations and maintenance contractors were converted to staff to more deeply embed the Company’s HSE culture and secure further performance improvement.

Seacrest Petroleo adopt the Heinrich risk management approach, where near-miss identification and investigation reduces the risk of higher impact events. The focus going forward is to further strengthen the safety culture to eliminate high potential incidents and near misses. As the activities grew significantly during 2023, these parameters increased meaningfully and are therefore deserving of renewed attention. Another focus area is to ensure that the large contractor workforce adheres to and follows Seacrest Petroleo’s principles and internal regulations.

HEALTH AND SAFETY METRICS

	Unit	2022	2023	Change
Percentage of own workforce covered by health and safety management system	%	n.a.	100%	n.m.
Number of fatailities as a result of work-related injuries or ill health	#	-	-	n.m.
- Own workforce	#	-	-	n.m.
- Other workers on the undertaking's sites	#	-	-	n.m.
Number of recordable work-related accidents (TRI)	#	-	4	n.m.
Rate of recordable work-related accidents for own workforce (TRIF)	# / mn hrs	-	1.5	n.m.
Number of cases of recordable work-related ill health of employees	#	n.a.	-	n.m.
Number of days lost to work-related injuries, fatalites or ill health (LTI)	#	-	1	n.m.
Rate of days lost to work-related injuries (LTIF)	# / mn hrs	-	0.4	n.m.
Serious incidents (SI)	#	-	-	n.m.
Serious incidents frequency (SIF)	# / mn hrs	-	-	n.m.
High Potential Incidents	#	1	1	-
Near misses	#	3	56	1 767%
Restricted workday cases	#	-	3	n.m.
Medical treatment cases	#	-	-	n.m.
Hours worked for own workforce	000 hrs	110	357	226%
Hours worked for contractors	000 hrs	898	2 247	150%
Total hours worked	000 hrs	1 008	2 605	158%

Climate and the Environment

Why it is important

Leveraging its existing infrastructure for its activities is core to Seacrest Petroleo. With no need for construction and development activity in the 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, which implies reduced impacts on the native vegetation and environment.

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 the operations due to the increased frequency and severity of storms that may result in production disruptions and damage to equipment and assets. Such events affected the Company's operations during 2023, both through severe droughts in the Amazonas, as well as extreme storms affecting marine downstream logistics.

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 the 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.

Seacrest Petroleo 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. A process to identify ranked projects for improvement has been started.

Climate and environmental performance

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.

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. The reporting data for 2023 has been developed with the assistance of this third party and has resulted in a restatement of the reported 2022 numbers. The adjustments reflect incorrect data calculations for diesel consumption, as well as a revision of the GHG emissions data to include only those reported to the ANP, in line with industry standards in Brazil. The restatements are summarised in a separate table.

The increase in energy consumption in 2023 reflects the significant increase in activity for the Company. In particular, the use of steam units to boost production from the production wells resulted in a significant increase in natural gas consumption, while the pump units and vehicles recorded a significant uptick in diesel consumption.

Beginning in 2023, Seacrest Petroleo started to report some of the upstream Scope 3 emissions, which refer primarily to the emissions from trucks used to transport oil in the Company's operations.

Other environmental parameters have only been reported from 2023 and onwards, so there is no comparison with the prior year. The ambition is to broaden the disclosures of environmental data, including pollution metrics, and to set performance targets where necessary.

CLIMATE AND ENVIRONMENTAL PERFORMANCE

	Unit	2022	2023	Change
Production Numbers				
Oil	000 boe	460	2 300	400%
Natural gas	000 boe	41	246	500%
Total production	000 boe	501	2 546	408%
ENERGY				
Energy Consumption				
Fuel consumption from coal and coal products	MWh	-	-	n.m.
Fuel consumption from crude oil and petrolum products	MWh	3 347	74 305	2120%
Fuel consumption from natural gas	MWh	41 991	298 687	611%
Fuel consumption from other fossil fuel sources	MWh	-	-	n.m.
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh	5 045	32 661	547%
Total fossil energy consumption	MWh	50 383	405 653	705%
Share of fossil sources in total energy consumption	%	99%	100%	1%
Energy consumption from nuclear sources	MWh	-	-	n.m.
Share of energy consumption from nuclear sources	%	-	-	-

	Unit	2022	2023	Change
Fuel consumption from renewable sources	MWh	395	491	24%
Consumption of purchased or acquired electricity, heat, steam, or cooling from renewable sources	MWh	-	-	n.m.
Consumption of self-generated non-fuel renewable energy	MWh	-	-	n.m.
Total renewable energy consumption	MWh	395	491	24%
Percentage of renewable sources in total energy consumption	%	1%	-	(1%)
Total energy consumption		50 778	406 144	700%
Non-renewable energy production	MWh	-	-	n.m.
Renewable energy production	MWh	-	-	n.m.
Energy intensity from activities in high climate impact sectors	MWh/USDm	1 510	2 289	52%
Net revenue from activities other than in high climate impact sectors	USDm	-	-	n.m.

GHG EMISSIONS

	Unit	2022	2023	Change
Scope 1 GHG Emissions				
Gross Scope 1 GHG emissions	tCO_2e	12 356	103 203	735%
Share of Scope 1 GHG emissions from regulated emission trading schemes	%	-	-	n.m.
Scope 2 GHG Emissions				
Gross location-based Scope 2 emissions	tCO_2e	638	1 391	118%
Gross market-based Scope 2 emissions	tCO_2e	n.a.	n.a.	n.m.
Significant Scope 3 Emissions				
- From employee business travel	tCO_2e	n.a.	30	n.m.
- From employee commuting	tCO_2e	n.a.	30	n.m.
- From upstream transport	tCO_2e	n.a.	2 178	n.m.
- From downstream transportation and distribution	tCO_2e	n.a.	6 489	n.m.
Total Scope 3 Emissions		n.a.	8 727	n.m.
Total GHG emissions (Location Based)	tCO_2e	12 993	113 321	772%
Total GHG emissions (Market Based)	tCO_2e	n.a.	n.a.	n.m.
GHG emission intensity				
Net revenues	USDm	34	177	428%
GHG emission intensity (Scope 1+2, location based)	tCO_2e/USDm	387	589	53%
GHG emission intensity (Scope 1+2, location based)	$kgCO_2e$/boe	25.9	41.1	58%

RESTATEMENT OF 2022 DATA

	Unit	2022 restated	2022 reported	Change
Energy metrics				
Total fossil energy consumption	MWh	50 383	63 735	(21%)
Total renewable energy consumption	MWh	395	1 116	(65%)
Total energy consumption	MWh	50 778	64 851	(22%)
Energy intensity from activities in high climate impact sectors	MWh/USDm	1 510	1 929	(22%)
Energy intensity in own operations	MWh/boe	101	129	(22%)
Total energy consumption from activities in high climate impact sectors	MWh	50 778	64 851	(22%)
Net revenue from activities in high climate impact sectors	USDm	34	34	-
Net revenue from activities other than in high climate impact sectors	USDm	-	-	-
GHG emissions metrics				
Scope 1 GHG emissions	tCO_2e	12 356	42 112	(71%)
Scope 2 GHG emissions	tCO_2e	638	638	-
Scope 1+2 GHG emissions	tCO_2e	12 993	42 750	(70%)
GHG emission intensity (Scope 1+2, location based)	tCO_2e/USDm	387	1272	(70%)
GHG emission intensity (Scope 1+2, location based)	$kgCO_2e$/boe	26	85	(70%)

ENVIRONMENTAL PERFORMANCE

	Unit	2022	2023	Change
Spills and leakages				
Hydrocarbon spills to the environment - oil	#	3	5	67%
Hydrocarbon spills to the environment - gas	#	-	-	n.m.
Water				
Surface water withdrawn from freshwater	000 m^3	n.a.	2.2	n.m.
Produced water withdrawn from freshwater	000 m^3	n.a.	4.8	n.m.
Total water withdrawal	000 m^3	n.a.	7.0	n.m.
Water discharge to surface water	000 m^3	n.a.	-	n.m.
Water discharge to groundwater	000 m^3	n.a.	1.6	n.m.
Water discharge to third-party water	000 m^3	n.a.	-	n.m.
Total water discharge	000 m^3	n.a.	1.6	n.m.
Total water consumption	000 m^3	n.a.	5.4	n.m.
		n.a.		
Share of water from regions with High Water Baseline Stress	%	n.a.	-	n.m.
Share of water from regions with Extremely High Water Baseline Stress	%	n.a.	-	n.m.
Water discharge share of water withdrawal	%	n.a.	23%	n.m.
Water consumption per produced unit	m^3/boe	n.a.	0.02	n.m.
Waste water discharge per produced unit	m^3/boe	n.a.	0.01	n.m.

	Unit	2022	2023	Change
Waste				
Hazardous waste generated	Mt	250	1 444	478%
Hazardous waste diverted from disposal	Mt	-	-	n.m
Hazardous waste directed to disposal	Mt	250	1 444	478%
Non-hazardous waste generated	Mt	16	33	112%
Non-hazardous waste diverted from disposal	Mt	-	-	n.m
Non-hazardous waste directed to disposal	Mt	16	33	112%
Total waste generated	Mt	266	1 478	456%
Total waste diverted from disposal	Mt	-	-	n.m
Total waste directed to disposal	Mt	266	1 478	456%
Waste Intensity				
Hazardous waste per produced unit	Mt/000 boe	0.5	0.6	14%
Total waste per produced unit	Mt/000 boe	0.5	0.6	9%

People

Why it is important

At year-end 2023, Seacrest Petroleo had 314 employees, of which 305 were in Brazil. The Company also had 1 332 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.

Characteristics of workforce and performance

During 2023, there was an effort to collect more data relating to the workforce, particularly relating to gender characteristics and parameters, which has improved the Company's disclosures.

Local Communities

Why it is important

The operations of Seacrest Petroleo takes place in regions in Brazil that are considered affected by poverty and characterised by low incomes and high unemployment.

The Company is an important employer locally and with the substantial growth ambitions going forward, Seacrest Petroleo will increase its importance to local communities through job creation and tax. The approach is therefore to treat the local communities as partners, both in terms of business and as source of human resources.

Engagement with local communities

The Company's practices are based on close relationships with the communities: holding continuous meetings, providing an effective communication channel and a grievances management. Engagement is carried out directly by the Company's Social Responsibility team, with respect and appreciation of the singularities present in the social context of each community.

OWN WORKFORCE

	Unit	2022	2023	Change
Characteristics of own workforce				
Total number of permanent employees	#	105	314	199%
- Female	#	27	57	111%
- Male	#	78	258	231%
Total new hires	#	75	237	216%
- Female	#	n.a.	14%	n.m.
- Male	#	n.a.	86%	n.m.
Number of employee turnover (leavers)	#	3	30	900%
Peromanent employee turnover rate	%	5%	14%	9%
Total number of non-employees in own workforce	#	n.a.	1 332	n.m.
Number of employees (head count) at executive management level	#	16	19	19%
- Female	%	25%	26%	1%
- Male	%	75%	74%	(1%)
Number of employees (head count) at leadership level	#	28	33	18%
- Female	%	18%	27%	9%
- Male	%	82%	73%	(9%)
Employees by region				
South America (Brazil)	#	97	305	214%
North America (US and Bermuda)	#	2	2	-
Europe (UK and Norway)	#	5	6	20%
Middle East (UAE)	#	1	1	-
South America (Brazil)	%	92%	97%	5%
North America (US and Bermuda)	%	2%	1%	(1%)
Europe (UK and Norway)	%	5%	2%	(3%)
Middle East (UAE)	%	1%	-	(1%)

	Unit	2022	2023	Change
Employees - by age				
< 30	#	9	16	78%
30-50	#	77	249	223%
> 50	#	19	49	158%
< 30	%	9%	5%	(3%)
30-50	%	73%	79%	6%
> 50	%	18%	16%	(2%)
Training and skills development				
Average number of training hours per employee	#	n.a.	24	n.m.
Remuneration metrics				
Gender pay gap	%	65%	78%	14%
Incidents, complaints and severe human rights impacts				
Incidents of discrimination	#	-	-	n.m.
Number of complaints filed through channels for people in own workforce to raise concerns	#	n.a.	-	n.m.
Amount of material fines, penalties and compensation for damages as a result of human rights violations	USD '000	n.a.	-	n.m.

Business Conduct

Why it is important

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.

Policies related to business conduct

The policy framework consists of:

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

The full set of policies are available at 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 Seacrest Petroleo has operations.

The Anti-Corruption Policy reflects the 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 Company 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 such policies across the Group.

As directed by the CCO or Management, the Company 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.

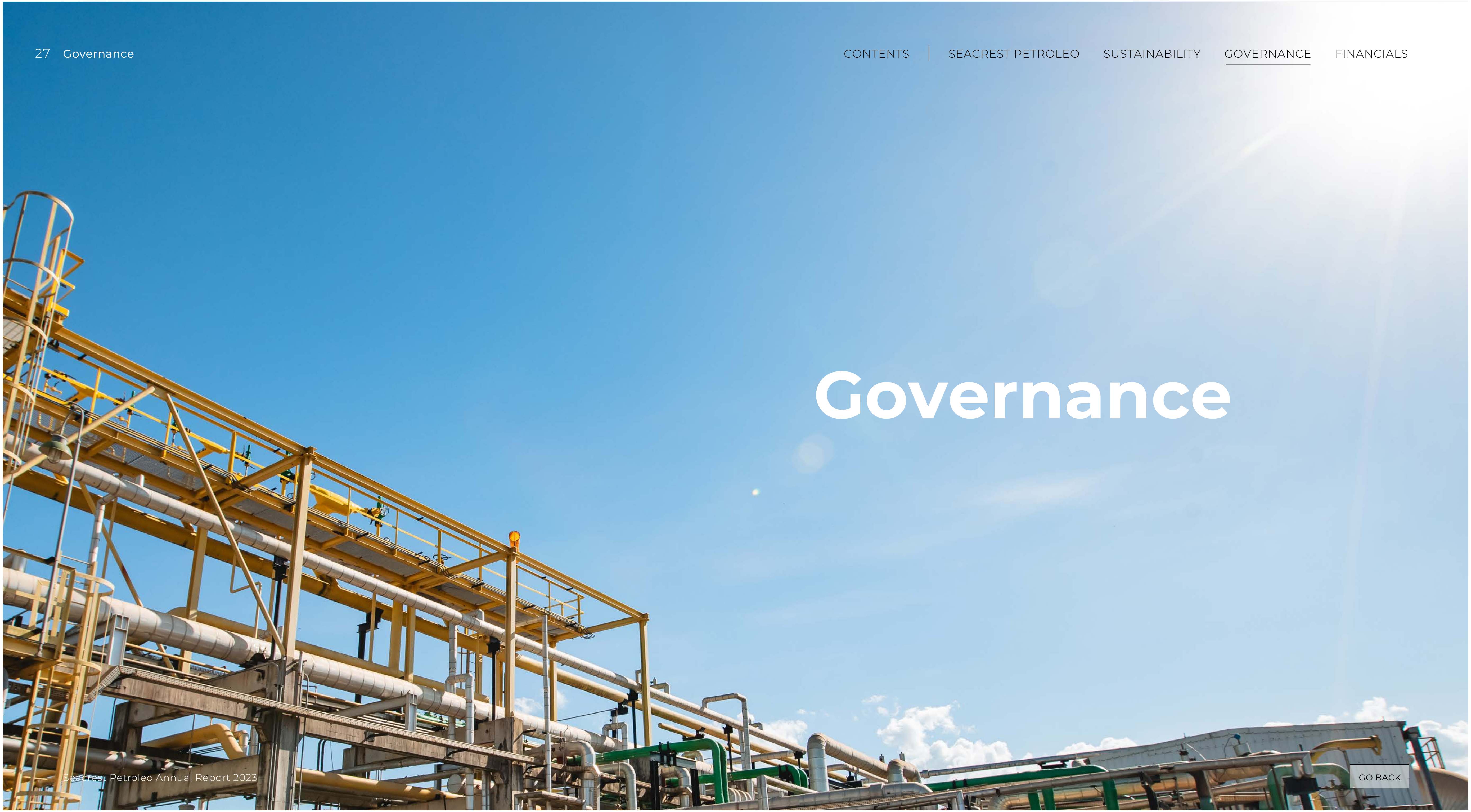
It is the Company's policy to conduct due diligence on critical third-party service providers prior to their engagement. Such reviews include the service provider's compliance with the terms of agreements in place and assessment of the service provider's continued suitability and capacity to perform the activities being outsourced. The Company 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 Company 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.

GO BACK

BUSINESS CONDUCT

	Unit	2022	2023	Change
Human rights and corruption				
Human rights violations recorded	#	n.a.	-	n.m.
Proportion of workforce completed anti-corruption training	%	n.a.	90%	n.m.
Whistleblower incidents recorded	#	n.a.	41	n.m.
Composition of Board of Directors				
Male	%	100%	100%	n.m.
Female	%	-	-	n.m.
Number of Directors		9	7	(22%)
Independent Directors		4	4	-



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 growth, 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, the United Kingdom and Norway.

The Company was formed to acquire assets from Petrobras' divestment programme. In August 2020, 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 February 2022, the Company entered into a purchase agreement with Petrobras for the acquisition of the Norte Capixaba cluster, which comprises four onshore oil concessions with related oil and gas production assets and the Terminal Norte Capixaba, which is operated by a subsidiary of Petrobras. The closing of the Norte Capixaba acquisition took place on 12 April 2023, resulting in the Company becoming the third largest onshore oil and gas producer in Brazil.

Operational review

During 2023, Seacrest Petroleo continued with initiatives to further raise production from the Cricaré Cluster through re-opening of more wells, pump stroke optimisation, steam injection and workovers. More wells in production and a significantly higher well productivity resulted in production from the Cluster almost doubling from 2022.

Seacrest Petroleo took over operations in the Norte Capixaba Cluster on 12 April 2023 and immediately executed a similar strategy of re-opening wells and improving well productivity. The Cluster is younger than Cricaré and with more modern infrastructure, yielding higher production per well. Production since the takeover has been approximately 15% higher than was the case in the 12 months prior to takeover.

Overall, the Company exited 2023 with a production level 82% higher than one year earlier (including Norte Capixaba on a pro forma basis), showing the quality of the assets, as well as the benefits of Seacrest Petroleo's targeted efforts.

Nevertheless, the Company experienced several challenges in the second half of the year. Electricity outages in some of the fields, in part as a consequence of poor maintenance by the prior owner, periodically affected production in the third quarter, slowing down the scheduled production ramp up. In the fourth quarter, unprecedented weather events put several offtakes on hold and with oil storage capacity full, production had to be temporarily reduced until offtakes could resume. This resulted in a significant drop in November production and, while recovery was swift in December, the fourth quarter production was lower than had been expected.

There was a delay to the completion of required maintenance work at the Terminal Norte Capixaba (TNC). Testing and certification of the terminal pipelines and monobuoy for the export of on-spec very low sulphur fuel oil has also been delayed into 2024, and remains the highest priority to resolve in the first half of the year. Thus, Seacrest Petroleo has not been able to start selling this premium product on the planned timeline.

The organisation has been strengthened throughout 2023 along with the significant expansion of activities. The number of employees has grown from 105 at the end of 2022 to 314 at the end of 2023. Both the central management teams and the operational teams have been able to attract highly skilled personnel with very strong industry track records.

Reserves and resources

At year-end 2023, Seacrest Petroleo had certified 2P reserves of 143.9 mmboe, consisting of of 90% oil reserves and 10% natural gas reserves. Of this, 60% are regarded as 1P reserves (86 mmboe) and the remaining 58 mmboe as 2P reserves. There is an additional 23 mmboe in 3P reserves. Overall 2P reserves represent a year-over-year increase of 3%. Adjusting for production during 2023, the increase amounts to 5%. The Company's focus on increasing production and developed reserves resulted in PDP and PD reserves being maintained, despite the production of 3 mmboe during the year and the expected PDP cash flows for the first five-year period is up 50% from last year. The gas reserves have been raised significantly and allows for steam generation fuel self-sufficiency until 2040.

Certified resources in place amount to 1.2 bnboe and the recovery rate to date is a combined 17%. The certified 2P reserves target a recovery rate of 29% for both clusters combined.

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.

The HSSEQ performance has been excellent during 2023 with only one lost time incident recorded, resulting in a lost time incident rate of only 0.47. The total number of recordable incidents were four. There were five reportable hydrocarbon spills to the environment, all of which were swiftly rectified without harm to the environment, and subject to investigation to identify lessons to be applied in ongoing operations.

Financial review

The consolidated financial figures for Seacrest Petroleo relate to the full-year 2023. The comparable figures from 2022 include only the operation of the Cricaré Cluster, while the 2023 figures include Norte Capixaba from 12 April.

Profit and loss

Income statement revenue was USD 177.4 million in 2023 compared to USD 33.6 million in 2022. Production costs and general and administrative expenses were USD 160.4 million in 2023 compared to USD 44.7 million in 2022.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) for 2023 were USD 17.1 million compared to losses of USD 11.1 million in 2022. EBITDA had a strong up-trend during the year with the fourth quarter run-rate indicating further growth in 2024.

Operating loss was USD 44.8 million in 2023 compared to a loss of USD 34.2 million in 2022.

The changes in revenue and EBITDA were due to the Company taking over operations at the Norte Capixaba from 12 April 2023, and from a general increase in oil production and offtakes.

The operating losses were affected by amortization of the intangible assets related to the Norte Capixaba cluster and by the increase in overall production.

Net financial expenses were USD 60.5 million compared to USD 104.6 million in 2022. The increase in interest expense from the prior year was USD 22 million, which was offset by USD 55 million in lower expensed hedging costs.

Tax income (deferred) was USD 25.9 million in 2023, compared to USD 19.6 million in 2022.

Net losses were USD 79.3 million in 2023 compared to net losses of 119.2 million in 2022.

Balance sheet

At of 31 December 2023, Seacrest Petroleo had a total equity of USD 160.1 million, compared to minus USD 52.7 million in 2022.

As of 31 December 2023, the Company had interest-bearing debt of USD 315.7 million compared to USD 65.7 million in 2022.

Cash flow

Net cash flow from operating activities was negative by USD 10.5 million in 2023 compared to USD 38.3 million negative in 2022.

Net cash outflow from investment activities amounted to USD 440.8 million in 2023 compared to USD 39.7 million in 2022. The investments were largely related to the USD 426.65 million Norte Capixaba acquisition.

Net cash inflow from financing activities in 2023 was USD 503.0 million, reflecting the proceeds from the IPO and the private placement in December, as well as USD 263 million net increase in financial loans and lease debt. In 2022, the net cash inflow from financing activities was USD 67.6 million.

Liquidity and financing

As of 31 December 2023, Seacrest Petroleo had cash and cash equivalents of USD 50.5 million compared to USD 7.7 million in 2022.

Parent company accounts

Seacrest Petroleo Bermuda Limited reported a net loss of USD 7.4 million for 2023 (USD 14.1 million). As at 31 December 2023 total assets amounted to USD 316.1 million (USD 73.9 million) and equity was USD 312.0 million (USD 50.3 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 and 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 risks related to climate change for Seacrest Petroleo.

The development and operation of oil and gas fields is capital intensive and Seacrest Petroleo may, from time to time, require access to capital. The Company is therefore exposed to risks related to the availability of such capital in a timely manner and to the cost of such capital.

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, the management and timing of offtakes, and the execution of projects, which could lead to accidents, oil spills and damage to the environment if not managed properly.

Seacrest Petroleo's ability to make payments on or refinance any debt and to fund working capital and capital investments will depend on its future operating performance and ability to generate sufficient cash. This depends on the success of its business strategy and on general economic and other factors, many of which are beyond Seacrest Petroleo's control. Seacrest Petroleo cannot assure that its business will generate sufficient cash flow from operations or that future debt and equity financings will be available to it in an amount sufficient to enable it to pay its debt or to fund its other liquidity needs. Also, any failure by Seacrest Petroleo to comply with covenants in its debt obligations, or to make debt repayments on a timely basis would likely cause an event of default under its debt arrangements.

Recent global macroeconomic and geopolitical developments have supported higher energy prices amid concerns for regional energy shortages. At the same time, inflationary pressures and higher interest rates are dampening global economic growth, resulting in headwinds for oil demand growth and prices.

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 the decades to come and remains focused on realising long-term value creation via its phased development strategy and targeting investments in high-return activities. This 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 high levels despite a softening of macroeconomic drivers during 2023 as inflation and higher interest rates slowed global economic growth.

Seacrest Petroleo has a target 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 through pursuing the largest drilling programme onshore Brazil. The Company aims to triple the combined production from the two clusters by 2027 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 medium term. However, the ambitious drilling programme will require significant investments short term which will have to be financed by the Company's ongoing cash flow, existing cash on the balance sheet and potentially access to further liquidity from banks, partners or the capital markets..

Events after the reporting date

In January 2024, Seacrest Petroleo Bermuda Limited paid the contingent consideration of USD 36 million under the terms of the Cricaré and Norte Capixaba Sale and Purchase Agreements with Petrobras and successfully issued a 3-year USD 80 million senior unsecured bond with a coupon of 16% p.a.

The net proceeds from the bond issue will strengthen the Company's ability to grow production through drilling, work-overs and other field development optimisations at the Norte Capixaba and Cricaré Clusters.

Rio de Janeiro, Brazil/Hamilton, Bermuda 24 April 2023
The Board of Directors of Seacrest Petroleo Bermuda Limited

Erik Tiller
Executive Chairman

Rune Olav Pedersen
Director

Denis Chatelan
Director

Martin Bachmann
Director

Robert Lawson
Director

Pedro Magalhães
Director

José Alcides Santoro Martins
Director

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 co-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. Mr Tiller is a Norwegian citizen residing in Bermuda.

Robert Lawson

Board Member

Mr Lawson is the Executive Vice President of and a member of the board of directors of Mercuria Energy Group. Prior to joining Mercuria in 2022, Mr Lawson spent 32 years working at BP in its upstream, downstream and trading businesses, including as commercial vice president for BP's refining and marketing business and as global head of M&A. Mr Lawson is also a non-executive director of London-listed Serica Energy plc. Mr Lawson is a British citizen residing in Switzerland.

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. Mr Pedersen is a Norwegian citizen and a resident of Norway.

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. Mr Chatelan holds both French and UK citizenship and is a UK resident.

Martin Bachmann

Board Member

Martin Bachmann is a trained geophysicist, with more than 35 years' executive experience across the global oil and gas business. He is currently chairman of the boards of directors of Sval Energi and NEO Energy Group, both North Sea-focused producers. Prior to that, he was a member of Wintershall's board of executive directors for 10 years. Previously, he had a 25-year career with Shell, managing various businesses in the FSU, Spain, the Netherlands, the North Sea and the Middle East. Mr Bachmann is a Swiss citizen residing in Switzerland.

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. Mr Magalhães is a Brazilian citizen and a resident of Brazil.

José Alcides Santoro Martins

Board Member

José Alcides Santoro Martins is a civil engineer and a petroleum engineer. He graduated from the Escola Politecnica da USP in 1978 and from the Petroleum Engineering Course offered by Petrobras in 1981. Mr Martins has more than 43 years' experience in exploration and exploitation of petroleum, including the administration of subsidiaries of Petrobras and Gaspetro and as board member in Gaspetro, Transpetro and other companies in the oil industry. Mr Martins is a Brazilian citizen and a resident of Brazil.

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), SmithBarney, 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

President of the Executive Committee

Scott Aitken has 30 years of experience within management and engineering, mainly within the oil and gas industry. Mr 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. Mr Aitken is currently the CEO of High Power Petroleum LLC. Mr 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. Mr Alves has previously worked as general manager at PetroReconcavo. Mr 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.

Felipe Vigne Germini

Senior VP of Well Construction (Drilling)

Felipe Germini has over two decades of global experience in the energy sector. With a proven track record at Schlumberger, his expertise in upstream oilfield services and management consulting includes deep experience in the Brazilian onshore sector, but also spans North America, Latin America, the Middle East, Europe, and Africa. Mr Germini holds a Bachelor's degree from the Federal University of Rio de Janeiro.

Rogerio Marques Vasques

SVP Development

Rogerio Vasques has more than 24 years of experience in the petroleum industry, including international experience in the US and Argentina for companies such as Chevron, PetroReconavo and Repsol YPS. Mr Vasques holds an MBA from Fundacão Dom Cabral and an engineering degree from Universidade Estadual de Campinas.

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 since June 2019. For the period from June 2005 to June 2019, he was a partner of Orrick, Herrington & Sutcliffe LLP, and prior to that worked in other recognised international law firms in London and New York. Mr. O'Driscoll is a member of the Bar of the State of New York. He obtained his law degree from Northwestern University School of Law and a BA in English Literature from Oral Roberts University.

John de los Santos

Head of Investor Relations

John de los Santos has more than 10 years of experience in finance and investment research. Before joining Seacrest Petroleo he was an equity research analyst at Redburn, where he covered the oil majors, European E&Ps and carbon capture; and at UBS, where he covered oil macro and a wide range of oil and gas companies in London and New York. He has an MBA from Columbia Business School and prior experience in credit analysis covering the Asia Pacific TMT sector at Citibank.

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.

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

Seacrest Petroleo Bermuda Limited is a Bermuda excempted limited company listed on Euronext Expand Oslo.

The 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 the Company (the "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 2023 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's 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 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 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 concerning how specifically defined agreements between public companies and close associates are to be handled
- **Section 6 – General meetings of shareholders:**
  - The Company will normally not have the entire Board attend general meetings of shareholders, as this is not required by Bermuda law
  - Pursuant to the Company's Bye-laws, general meetings of shareholders are chaired by the chairperson of the Board or, in his or her absence, another member of the Board

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

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

- **Section 10 – Remuneration of the board of directors:** The remuneration of the Board is determined by the Board based on recommendations made by the Remuneration Committee. Further, members of the Board 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, 2023, the Company's consolidated equity was USD 160.1 million, which is equivalent to 20% of total assets. The Board 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. Any dividends declared in the future will be at the sole discretion of the Board 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 Company's New Credit Agreement and senior unsecured bonds restrict the payment of dividends unless certain covenant tests are met.

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

The authorisations to issue shares and 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 on the Oslo Stock Exchange or at prevailing prices on the Oslo Stock Exchange and in accordance with the Market Abuse Regulation ("MAR"). In the event of such programme, the Board 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 may consider establishing internal rules governing the Company's trading in treasury shares and other financial instruments.

Transactions with close associates

The Board 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 or she is so interested and taken into account in determining whether a quorum is present.

In contrast to Norwegian legislation, the Bermuda Companies Act does not contain special case management requirements concerning how specifically defined agreements between public companies and close associates are to be handled. The Board 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 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 on an obligation to disclose the information required by the Company's Bye-laws in respect of the holder's interest in those shares

6. General meetings

The Board 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. Special general meetings (SGMs) can be called by the Board if deemed necessary or upon the requisition of shareholders representing at least ten per cent (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, SGMs shall also be called by the Board or the Chairperson of the Board 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 will 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 chairperson of the Board or a person appointed by the chairperson. 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 shall consist of between five and seven members. On 31 December 2023, the Board consisted of seven members (see overview in the Board of Directors' report). The chairperson of the Board is elected by the Board.

The Board's 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 can function effectively as a collegiate body.

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

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

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. The Board considers its composition to be diverse and to 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 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 shall evaluate its performance and expertise annually. This evaluation shall include the composition of the Board 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 may establish ad hoc board committees as it determines necessary, and has the following permanent Board committees:

- Audit Committee
- Remuneration Committee
- Nomination and Corporate Governance Committee
- Technical 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 chair 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 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 may serve on more than one committee.

8.1 The Audit Committee

The Board has established an Audit Committee comprised of two members of the Board. The members of the Audit Committee are appointed by and among the members of the Board. 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.

The primary purpose of the Audit Committee shall be to assist the Board 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 2023, the Audit Committee consisted of Rune Olav Pedersen and Denis Chatelan.

8.2 The Remuneration Committee

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

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.

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

On 4 February 2024, Martin Bachmann and José Alcides Santoro Martins were elected as members of the Remuneration Committee.

8.3 The Nomination and Corporate Governance Committee

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

The Nomination and Corporate Governance Committee is responsible for assisting the Board in (i) identifying individuals qualified to become members of the Board, consistent with criteria approved by the Board, (ii) recommending to the Board nominees to stand for election as directors at the next annual general meeting, (iii) developing and recommending to the Board a set of corporate governance principles applicable to the Company and assisting the Board in complying with them, (iv) overseeing the evaluation of the Board and Management, (v) recommending members of the Board of Directors to serve on other committees of the Board 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. 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. The Company only partly complies with this recommendation as members of the Board comprise the members of the Nomination and Corporate Governance Committee.

On 4 February 2024 Erik Tiller, Robert Lawson and Pedro Magalhães were elected as members of the Nomination and Corporate Governance Committee.

8.4. Technical Committee

The Board established a Technical Committee on 4 February 2024, consisting of Martin Bachmann, Denis Chatelan and José Alcides Santoro Martins. The terms of reference for the Technical Committee are not yet formally approved by the Board.

9. Risk management and internal control

Risk management and internal control are given high priority by the Board, 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 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 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 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 reviews and information regarding the Company's current business performance and risks.

10. Remuneration of the Board of Directors

The remuneration of the Board is determined by the Board 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 from time to time. The Corporate Governance Code recommends that the remuneration of the Board 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 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 shall reflect the Board's 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. The Company's Board members 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 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 should not take on specific assignments for the Company in addition to their appointment as members of the Board. The Company will not refrain from engaging members of the Board 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 and the Board shall approve the assignment, as well as the remuneration.

11. Remuneration of the executive personnel

The Board 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 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 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 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 shall seek to ensure that the Company's shareholders are treated equally, and that the Company's business is not unnecessarily interrupted. The Board 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 new shares from undesignated share rights that would enable the Company to issue such 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
- 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
- The shareholder approval required to approve a migration of the company out of Bermuda, if not approved by the Board is increased from a simple majority to 75%

- Cumulative voting applies to the election of Board members to create an increased power for minority shareholders to secure representation on the Board
- Procedural requirements to the appointment of a director proposed by a shareholder, and not the Board
- 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 a simple majority to 75% shareholder approval.

However, the Board has not established written guiding principles for how it will act in the event of a takeover bid, as such situations are normally characterised by concrete and one-off situations which make a guideline challenging to prepare.

In the event a takeover offer were to be made, the Board 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 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 2023, the external auditor of the Company was KPMG Auditores Independentes Ltda.

Furthermore, the Board will require the Company's auditor to participate in meetings of the Board 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 2023, Seacrest Petroleo paid USD 190 000 in PIS and zero in COFINS.

2. Royalties in Brazil

Royalties are payable on production revenue at variable rates depending on the location of production in Brazil. During 2023, Seacrest Petroleo paid USD 12 804 000 in royalties on the production from the Cricaré Cluster and the Norte Capixaba Cluster in the state of Espírito Santo.

3. Income tax

Seacrest Petroleo is liable for income taxes on its operations in Brazil. During 2023, the Company did not pay any income tax in Brazil as the Company generated a net loss for the period. As of 31 December 2023, Seacrest Petroleo had recognised USD 45 320 000 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 '000	Note	31 Dec 2023	31 Dec 2022
Assets			
Current assets			
Cash and cash equivalents	4	**50 458**	7 745
Securities	5	**6 077**	5 608
Advances, prepaid expenses and others		**5 466**	1 362
Accounts receivable with related parties	7.1	**35**	33
Derivative assets	24	**258**	-
Derivative assets - related parties	7.6	**801**	-
Recoverable taxes	8	**2 616**	403
Inventory	9	**32 158**	10 177
Total current assets		**97 869**	25 327
Non-current assets			
Accounts receivable with related parties	7.2	**320**	297
Recoverable taxes	8	**8 186**	1 168
Derivative assets - related parties	7.6	**640**	-
Advances for the acquisition of oil and gas assets	6	**-**	35 850
Deferred tax asset	23	**45 320**	19 453
Property, plant & equipment	10	**120 482**	26 015
Intangible assets	11	**538 444**	109 126
Total non-current assets		**713 393**	191 909
Total assets		**811 262**	217 236

USD '000	Note	31 Dec 2023	31 Dec 2022
Liabilities			
Current liabilities			
Taxes payable	12	**1 835**	710
Supplier and other accounts payable		**41 730**	9 426
Accounts payable to related parties	7.4	**10 321**	-
Lease payable	14	**9 515**	3 447
Employee benefits and compensation payable	13	**1 968**	1 026
Financial loans	15	**19 397**	1 893
Derivative financial instruments with related parties	7.7	**11 342**	22 025
Derivative financial instruments	25	**6 194**	-
Total current liabilities		**102 303**	38 526
Non-current liabilities			
Accounts payable to related parties	7.3	**3 698**	270
Financial loans with related parties	7.5	**-**	60 545
Financial loans	15	**296 305**	3 218
Lease payable	14	**7 289**	3 201
Provision for decommissioning costs	10	**40 984**	27 938
Contingent consideration	16	**190 633**	115 430
Derivative financial instruments with related parties	7.7	**9 367**	20 851
Derivative financial instruments	25	**584**	-
Total non-current liabilities		**548 859**	231 453
Total liabilities		**651 163**	269 979

USD '000	Note	31 Dec 2023	31 Dec 2022
Equity			
Share capital	17.1	**7**	2
Share premium	17.1	**345 133**	76 052
Other reserves	17.3	**3 094**	4 301
Currency translation adjustments		**31 662**	7 361
Accumulated losses		**(219 797)**	(140 458)
Total equity		**160 100**	(52 743)
Total equity and liabilities		**811 262**	217 236

The notes are an integral part of these financial statements

Consolidated statement of profit and loss

Including comprehensive income

USD '000	Note	2023	2022
Operating revenue			
Revenue from oil sales	18	177 431	33 617
Other revenue		-	-
Total operating income		177 431	33 617
Production costs	19	(113 067)	(16 746)
Depreciation and amortisation	21	(61 832)	(23 034)
Impairment loss and reversals		-	-
General and administrative expenses	20	(47 288)	(27 988)
Total operating expenses		(222 187)	(67 768)
Operating profit / (loss)		(44 756)	(34 151)
Financial income	22	5 263	5 499
Financial expenses	22	(65 713)	(110 115)
Profit / (loss) before taxes		(105 206)	(138 767)
Tax (expense) / income	23	25 867	19 595
Net profit / (loss) for the period		(79 338)	(119 172)
Other comprehensive income			
Items that may be reclassified subsquently to the income statement:			
Currency translation differences		24 301	6 176
Other comprehensive income / (loss) for the period, net of tax		24 301	6 176
Total comprehensive income / (loss)		(55 037)	(112 995)
Earnings / (loss) per share (USD)			
Basic		(0.2534)	(0.6825)
Diluted		(0.2460)	(0.5005)

The notes are an integral part of these financial statements

Consolidated statement of changes in equity

USD '000	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
Balance at December 31, 2022	2	76 052	7 361	4 301	(140 458)	(52 743)
Comprehensive income						
Loss for the period	-	-	-	-	(79 338)	(79 338)
Other comprehensive income	-	-	-	-	-	-
Currency translation adjustment	-	-	24 301	-	-	24 301
Total comprehensive income for the year	-	-	24 301	-	(79 338)	(55 037)
Capital increase	5	269 081	-	-	-	269 086
Share-based payment	-	-	-	(1 206)	-	(1 206)
Others	-	-	-	-	-	-
Total transactions with owners of Group, recognized directly in equity	5	269 081	-	(1 206)	-	267 880
Balance at December 31, 2023	7	345 133	31 662	3 094	(219 797)	160 100

USD '000	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	4 301	(140 458)	(52 743)

Consolidated statement of cash flows

USD '000	Notes	2023	2022
Cash flows from operating activities			
Net loss for the period		(79 338)	(119 172)
Adjustments to reconcile net to net cash flows:			
Depreciation and amortization	21	61 832	26 977
Shared-based payment		(1 206)	945
Contingent liability adjustment	16	20 203	32 553
Asset retirement obligation adjustment		2 647	5 916
Hedging costs (unrealised)		(4)	42 876
Interest on leasing	14	2 385	1 003
Interest on financial loan	15	27 483	8 089
Loan fees amortisation	15	2 186	-
Interest on bank deposits	22	(469)	(502)
Deferred taxes	23	(25 867)	(19 453)
Working capital adjustments:			
Changes in inventories, accounts payable and receiveables		19 941	(10 965)
Changes in other current balance sheet items		(11 114)	-
Other items:			
Interest paid	22	(23 255)	(6 571)
Income tax received / (paid)	8, 23	(8 107)	(897)
Employee benefits and compensation payable	13	943	868
Options converted to equity	17.3	1 270	-
Net cash used in operating activities		(10 470)	(38 332)

USD '000	Notes	2023	2022
Cash flows from investing activities			
Advances for the acquisition of oil and gas assets		-	(35 850)
Property, plant & equipment acquisition		(89 225)	(3 816)
Intangible acquisition	10	(351 583)	-
Net cash used in investing activities	11	(440 808)	(39 666)
Cash flow from financing activity			
Capital increase	17.1	278 753	50 054
Capital raise costs	17.1	(10 937)	-
Financial loan – received	15	307 437	19 893
Financial loan – repaid	15	(63 805)	-
Lease payments	15	(8 473)	(2 364)
Dividends paid	14	-	-
Net cash from financing activities		502 975	67 583
Increase / (decrease) in cash and cash equivalent		51 697	(10 414)
Cash and cash equivalents at beginning of the year		7 745	16 909
Effect of movements in exchange rates on cash held		(8 985)	1 250
Cash and cash equivalents at end of the period		50 458	7 745

Notes to the consolidated financial statements

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, Seacrest SPE Cricaré S.A., formerly known as Karavan Seacrest SPE ("SPE Cricaré"), a subsidiary of the Group, and Petróleo Brasileiro S.A. ("Petrobras") entered into an agreement under which Petrobras sold its total interest in 27 oil exploration and production concessions (the "Cricaré Cluster") to SPE Cricaré. On December 29, 2021, the last required regulatory approval was obtained, and SPE Cricaré completed the acquisition of the Cricaré Cluster. The Group began its operation of the Cricaré Cluster in January 2022.

On 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 April 17, 2020, exercised a call option, for USD 1,000, over 50.1% (49.9% at December 31, 2020) of the shares held by Karavan Oil e Gás Participações e Consultoria Ltda in SPE Cricaré, and the name of SPE Cricaré was changed to Seacrest SPE Cricaré S.A.

On 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. The transaction was finalized in April 2023 for a total consideration of USD 528.5 million.

The Norte Capixaba Cluster is made up of four onshore fields: Cancã, Fazenda Alegre, Fazenda São Rafael and Fazenda Santa Luzia, The Terminal Norte Capixaba 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.

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 an initial public offering. The Offer Shares were priced at NOK 6 per Offer Share.

In December 2023, the Company raised approximately NOK 280 million (equivalent to USD 25.6 million) in gross proceeds through the allocation of 31,111,111 new shares in private placement.

The Company currently trades on the Oslo Børs exchange in Norway (Ticker: SEAPT).

The Group's consolidated financial statements have been prepared on a going concern basis. As of 31 December 2023, the Company had accumulated losses of USD 219 796 520 (USD 140 458 301 in December 2022), operating cash flow of negative USD 10 470 053 (negative USD 38 331 742 in 2022), in addition to loss for the year of USD 79 338 219 (USD 119 171 582 in 2022). 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.

The Company just recently started operations and expects improvement in financial indicators as the operation is optimized, with material gains expected in 2024. The Company has an aggressive investment plan to increase production via new wells and capital improvements to existing wells. Oil production is expective to increase significantly in 2024. It is important to emphasize that the Company has significant reserves and contracts signed for the sale of oil produced in the fields guaranteeing incoming cash flows for the oil it produces. The Company engages an independent third party, Degolyer and MacNaughton, to analyze reserves. In their latest reserves report, PDP (proved, developed, producing) production for 2024 is estimated at 1,917,000 bbls, resulting in a net present value of $78,559,800. This is a conservative view, given Management's targets are well in excess of PDP, but as a base, this supports strong profitability in the preceding 12 months. Through operations in 2024, alongside current cash reserves, management will honour their term obligations.

Management has not identified any relevant uncertainty about the Company's ability to continue its activities over the next 12 months.

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 24 April 2024.

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 in the consolidated financial statements are being included on the following notes:

- Note 11 – Acquisition of Cricaré and Norte Capixaba Clusters as acquisitions 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 lives of the assets)
- Note 10 – Property, Plant and Equipment – Provision for decommissioning (discount rate for calculating present value and estimate future decommissioning costs)
- Note 16 – The fair value of contingent payments that are affected by the future exchange rate and the probability of contingent events occurring.
- Note 25 – 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	**31 Dec 2023**	31 Dec 2022
Seacrest Petroleo Cricaré Bermuda Ltd.	Bermuda	**100%**	100%
Seacrest Petroleo Norway AS [1]	Norway	**100%**	n.a.
Seacrest Petroleo UK Limited [2]	UK	**100%**	n.a.
SeaPet Offshore Limited	Bermuda	**100%**	100%
Seacrest Uruguay S.A.	Uruguay	**100%**	100%
Seacrest Petróleo S.A.	Brazil	**100%**	100%
Seacrest SPE Cricaré S.A.	Brazil	**100%**	100%
Seacrest Petróleo SPE Norte Capixaba Ltda.	Brazil	**100%**	100%

[1] Incorporated on 27 February 2023
[2] Incorporated on 31 August 2023

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".

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 2023, 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 2023, 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, cancelled 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 2023, 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
- Leases payable
- Contingent consideration
- Derivatives financial instruments
- Derivatives financial instruments with related parties

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 off-take contracts with Mercuria for the Cricaré oil and the Norte Capixaba oil. One of the offtake agreements applies to sales of crude oil that qualifies as very low sulphur fuel oil (VLSFO) (the Product 1 Offtake Agreement), and the other applies to crude oil that does not qualify as VLSFO (the Product 2 Offtake Agreement).

Both Cricare, and Norte Capixaba, are currently selling their oil locally in Brazil. Counterparties to the sales have been Petrobras and REAM (Refinaria de Amazonia). The large majority of future sales are anticipated to be made to Mercuria under the Product 1Offtake Agreement based on the Rotterdam rate of 0.5% Marine Fuel. Mercuria markets the crude oil sold under the Product 2 Offtake Agreement, but has the ability to purchase such oil itself.

Title and risk to take the oil is transferred at the flange when the oil exits the Terminal Norte Capixaba (TNC) and is loaded into a vessel. Payment is typically due within 15 days after loading but may be made earlier.

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
Classification of current and non-current liabilities (revision of CPC 26/IAS 1)	The amendments to CPC 26 establish requirements for classifying a liability as current or non-current	1 January 2022, with retrospective application
Financing agreements with suppliers ("Risk Withdrawn")(revision of CPC 26/IAS 1 and CPC 40/ IFRS 7)	The amendments introduce new disclosure related to financing arrangements with suppliers ("Downloaded Risk") that help users of financial statements assess the effects of these arrangements on an entity's liabilities and cash flows and on the entity's exposure to risk of liquidity.	For annual periods beginning on or after 1 January 2024.

Note 4 Cash and cash equivalents

USD '000	31 Dec 2023	31 Dec 2022
Bank – current account	50 366	7 683
Bank Deposit Certificates – CDBs [1]	92	62
Cash and cash equivalents at end of the period	50 458	7 745

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)

Bank Deposit Certificates have a daily liquidity option and yield a rate of up to 30% of the CDI.

Note 5 Securities

USD '000	31 Dec 2023	31 Dec 2022
Bank deposits certificates – CDBs[1]	6 077	5 608

[1] Bank deposit certificates are compensated on a rate of 100% of the Interbank Deposit Certificate (CDI) on 31 December 2023, the same as what was in place as of 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.

Note 6 Advances for the acquisition of oil and gas assets

USD '000	**31 Dec 2023**	31 Dec 2022
Norte Capixaba cluster deposit[1]	-	35 850

[1] The cash deposit made with Petróleo Brasileiro S.A. ("Petrobras") for the acquisition of the Norte Capixaba cluster, as described in Note 1. The transaction was completed in April 2023.

Note 7 Related party transactions

7.1 Accounts receivable with related parties – Current

Affiliated companies (USD '000)	**31 Dec 2023**	31 Dec 2022
Azibras Exploracao de Petróleo e Gás Ltda	18	17
Seacrest Partners III, L.P.	6	6
Seapulse Limited	1	1
Seacrest Group Limited	10	9
Total	35	33

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 companies (USD '000)	**31 Dec 2023**	31 Dec 2022
Azibras Exploração de Petróleo e Gás Ltda	320	297

7.3 Accounts payable to related parties (non-current)

Affiliated companies (USD '000)	**31 Dec 2023**	31 Dec 2022
Seacrest Capital Group Limited	3 518	49
Azimuth Group Services Limited	180	221
Total	3 698	270

The balances represent operating costs of the Group paid by those various related party.

7.4 Accounts payable to related parties (current)

Affiliated companies (USD '000)	31 Dec 2023	31 Dec 2022
Mercuria Energy Trading S.A.	10 321	-
Total	10 321	-

The balances represent fees due for hedges and oil marketing fees. The balances will be paid during the first quarter of 2024.

For the year ended 31 December 2023 the Company (from Mercuria) incurred USD 9.4 million (2022: Nil) in oil marketing fees and USD 4.0 million in oil contract fees (2022: Nil). See Note 7.6 for a breakdown of the hedging related expenses. All of the aforementioned have been recorded in the Consolidated Statement of Profit and Loss. The amount due to Mercuria was settled in the first few months of 2024.

7.5 Financial loans

(USD '000)	31 Dec 2023	31 Dec 2022
Mercuria Energy Trading S.A. ("Senior facility") [1,3]	-	34 207
Mercuria Energy Trading S.A. ("Junior facility") [2,3]	-	10 038
Mercuria Asset Holdings (Hong Kong) Limited [5,6]	-	16 300
Closing balance	-	60 545

Changes in loan (USD '000)	31 Dec 2023	31 Dec 2022
Opening balance	60 545	44 245
Senior facility principal [1,3]	-	-
Junior facility principal [2,3]	-	-
Senior facility interest [1]	1 464	4 874
Junior facility interest [2]	493	1 697
Convertible loan notes [5]	-	15 000
Convertible loan note interest [5]	213	1 300
Interest paid	(2 169)	(6 571)
Conversion to equity	(16 513)	
Principal paid	(44 032)	-
Closing balance	-	60 545

[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 loan was repaid in April 2023.

[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 loan was repaid in April 2023.

[3] On 22 February 2022, the Company issued convertible loan notes in the principal amount of USD 15 million to Mercuria (the "Notes"). The Notes were scheduled to 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 provided for automatic conversion 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.

[4] The Notes, including accrued interest, 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.

[5] As consideration for Mercuria facilitating the financing of the Company's acquisition of the Cricaré Cluster and the signing of the purchase agreement with Petrobras for the Norte Capixaba acquisition, the Company issued the following warrants to Mercuria Asset Holdings (Hong Kong) Limited:
i. a warrant instrument exercisable in respect of common shares representing 1% of the Company's fully diluted share capital at the time of exercise ("Mercuria Warrant 1");
ii. a warrant instrument exercisable in respect of common shares representing 2% of the Company's fully diluted share capital at the time of exercise, with such warrant only exercisable if the Norte Capixaba acquisition is not completed or the Company sells the Cricaré Cluster at a time when it does not own the Norte Capixaba Cluster ("Mercuria Warrant 2"); and
iii. a warrant instrument exercisable in respect of 1,302,246 common shares, representing 1% of the Company's fully diluted share capital at 15 February 2022 ("Mercuria Warrant 3").

Warrant 1 was exercised on 23 February 2022 and Mercuria Asset Holdings (Hong Kong) Limited received 1 302 245 of the Company's Shares. Mercuria Warrant 2 became obsolete in April 2023 once the Company executed the acquisition of the Norte Capixaba Cluster (April 2023). Warrant 3 was exercised on 23 February 2023 and Mercuria Energy Group Limited received 1 302 246 of the Company's Shares..

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.

[6] In April 2023 the Company entered into a credit agreement with Morgan Stanley and a syndicate of other lenders (the "New Credit Agreement"). As part of that transaction, the loans made by Mercuria under the senior facility agreement and junior facility agreement were acquired by the lenders party to the New Credit Agreement and restructured as part of the New Credit Agreement.

7.6 Derivative instruments – current assets

(USD ‘000)	31 Dec 2023	31 Dec 2022
Mercuria Energy Trading S.A.[1]	801	-

Derivative instruments – non-current assets

(USD ‘000)	31 Dec 2023	31 Dec 2022
Mercuria Energy Trading S.A.[1]	640	-

7.7 Derivative instruments – current liabilities

Affiliated companies (USD ‘000)	31 Dec 2023	31 Dec 2022
Mercuria Energy Trading S.A.[1]	10 541	19 925
Mercuria Energy Trading S.A.[2]	-	2 100
Total	10 541	22 025

Derivative instruments – non-current liabilities

Affiliated company (USD ‘000)	2023	2022
Mercuria Energy Trading S.A.[1]	8 727	20 851

1 The company uses Brent oil hedges (forward contracts) in order to reduce its risk exposure to fluctuations in the price of oil (Note 25). The company has entered into hedging contracts with Mercuria Energy Trading S.A. and Morgan Stanley Ltd (Note 25). During the period ended 31 December 2023 the company recorded financial instrument income of USD 2.6 million (compared to financial instrument expenses for the year ended 31 December 2022 of USD 53.0 million) 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 25). The company has entered into hedging contracts with Mercuria Energy Trading S.A. During the period ended 31 December 2023 the Company recorded financial instrument income of USD 2.5 million (December 2022: USD 4.7 million) related to the Mercuria derivative contracts which is recorded in finance revenues in the consolidated statement of profit and loss. The hedge contract ended in March 2023.

7.8 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 ‘000)	31 Dec 2023	31 Dec 2022
Salaries and other employee benefits incurred during the period ended December 31, 2023 and the year ended December 31, 2022	7 195	3 779

Note 8 Recoverable taxes

The breakdown of recoverable taxes are described below:

(USD '000)	31 Dec 2023	31 Dec 2022
Federal taxes [1]	10 775	1 187
Other taxes [2]	-	382
State taxes	27	2
Total	10 802	1 571

[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 '000)	31 Dec 2023	31 Dec 2022
Packaging and storeroom materials [1]	15 901	2 847
Crude oil [2]	16 257	7 330
Total	32 158	10 177

[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

Description	Balances on 01 Jan 2023	Cumulative Conversion Adjustment	Additions	Depreciation	Remeasurements and adjustments	Balances on 31 Dec 2023
Land	-	-	2 424	3	-	2 427
Facilities	4	-	-	-	-	4
Furniture and fixtures	73	7	58	(17)	-	121
Machinery and equipment	2 635	232	7 055	(766)	(93)	9 063
Machinery and equipment - Right-of-use - IFRS 16	2 609	229	1 588	(1 797)	(2 350)	279
Vehicles	16	2	-	(5)	-	13
Vehicles - Right-of-use - IFRS 16	2 466	218	5 561	(3 008)	1 112	6 349
Gas Compressor - Right-of-use - IFRS 16	-	-	2 115	(730)	(29)	1 356
Workover and drilling - Right-of-use - IFRS 16	-	-	3 835	(632)	385	3 588
Communication equipment	16	1	48	(9)	-	56
IT equipment	74	7	139	(36)	-	184
Tools	-	-	44	(1)	-	42
Improvements	182	17	477	(119)	(1)	555
Other assets in progress	794	70	3 208	-	(79)	3 993
Advance for acquisition of property, plant and equipment	-	-	2	-	(3)	-
Provision for decommissioning of assets	15 696	1 387	5 970	(4 253)	1 895	20 696
Steam generating units [1]	1 450	128	419	(324)	-	1 673
Terminal Norte Capixaba	-	-	60 054	(3 191)	-	56 863
Recompletion of wells - production phase	-	-	14 751	(309)	(1 222)	13 219
Administrative indirect costs	-	-	1	-	-	1
Total	**26 015**	**2 299**	**107 748**	**(15 195)**	**(385)**	**120 482**
Cost	36 529					148 018
Accumulated depreciation	(10 514)	-	-	-	-	(27 536)
Property, plant and equipment, net	**26 015**	**-**	**-**	**-**	**-**	**120 482**

[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.

Description	Balances on 01 Jan 2022	Transfer	Cumulative Conversion Adjustment	Additions and adjustments	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
IT equipment	-	-	-	182	-	-	182
Improvements	49	-	2	43	(12)	(8)	74
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	2 080	(6 977)	(25 974)	15 696
Steam generating units [1]	-	1 703	2	-	(255)	-	1 450
Total	**45 869**	**-**	**2 504**	**14 141**	**(10 290)**	**(26 209)**	**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.

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 2023 the estimated amount required in order to meet asset abandonment obligations is USD 41.0 million (2022: USD 27.9 million), 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 based on revised requirements approved by the ANP.

The abandonment obligations costs recorded as of 31 December 2023 were projected based on the corresponding cash flows, adjusted by a risk-free rate and average market interest rate of 5.69% p.a. (Seacrest Norte Capixaba) and 5.71% p.a. (Seacrest Cricaré).

Acquisition [1]

(USD '000)	31 Dec 2023	31 Dec 2022
Initial balance	15 696	44 164
Additions to the period of acquisition [1]	5 970	-
Remeasurement [2]	3 339	(23 894)
Cumulative translation adjustment	1 388	2 403
Transfer	(1 444)	-
Depreciation	(4 253)	(6 977)
Final balance	20 696	15 696

Liabilities

(USD '000)	31 Dec 2023	31 Dec 2022
Initial balance	27 938	44 164
Additions to the period of acquisition	5 970	-
Remeasurement [2]	3 339	(23 894)
Transfer	(1 444)	-
Cumulative translation adjustment	2 534	1 752
Interest adjustment	2 647	5 916
Final balance	40 984	27 938

[1] The abandonment obligation was reviewed in December 2023 as a result of new discount rates.
[2] The additions are related to the acquisition of Norte Capixaba and its provision for decommissioning costs.

Impairment assessment

On 31 December 2023 (and as at 31 December 2022), the Group's management did not identify any triggering event to perform the test of cash-generating unit's recoverable value

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 addition during the year to the Company's intangible assets refers to the value of the 100% concession asset of the Capixaba North Pole Cluster, acquired on 12 April 2023, pursuant to the contract signed by Norte Capixaba with Petrobras.

It was concluded that the integrated set of assets and activities acquired does not qualify as a "business", due to the lack of a substantive process that would link the inputs in the acquisition (the concession contracts acquired and fixed assets) to the outputs (oil produced).

The Norte Capixaba Cluster was already producing oil on the date of acquisition, but the inputs acquired did not include the workforce and, therefore, it was considered that it was not a business combination, but rather an acquisition of assets.

Management then went through the process of identifying the individual assets and liabilities acquired in the transaction on the acquisition date and performed an assessment of their value based on their relative fair values at the acquisition date.

The Norte Capixaba Cluster began operations in the 90s, however it is expected to be economically productive until 2059. Norte Capixaba's concession contracts signed with the ANP for the concession rights related to the 4 fields, known as the Norte Capixaba Cluster, will expire between 2025 and 2052. By recognizing this intangible asset and realizing the value of the reserves assigned to the asset, Management has exercised professional judgment to come to the conclusion that it is highly likely that certain concessions will be extended (given that it will be in the best interest of all parties to the concession that the contracts be extended).

On 9 May 2023, the ANP Collegiate Board of Directors approved the assignment of the transfer of 100% (one hundred percent) of the Inhambu field from the Cricaré Cluster to Norte Capixaba Cluster.

The consideration transferred for the Cricaré assets consisted of:

	USD
Amount paid in cash	28 516
Contingent consideration (Note 16)	82 877
Cash advances paid for oil and gas asset acquisition	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

The consideration transferred for the Norte Capixaba assets consisted of:

	USD
Amount paid in cash	426 650
Contingent consideration (Note 16)	55 000
Cash advances paid for oil and gas asset acquisition	35 850
Total	517 500

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

	USD
Property, plant and equipment (Note 10)	75 067
Intangible asset in relation to Cricaré concession agreement	442 433
Total	517 500

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 commenced in 2022 while operation of the Norte Capixaba assets commenced in 2023.

The breakdown of intangible assets at 31 December 2023 is as follows:

Description	Balances on 1 Jan 2023	Additions	Cumulative Conversion Adjustment	Amortization	Balances on 31 Dec 2023
Right to exploration	109 126	442 433	33 520	(46 636)	538 444
Total	109 126	442 433	33 520	(46 636)	538 444
Cost	128 270				604 207
Accumulated depreciation	(19 145)				(65 763)
Intangible assets, net	109 126				538 444

The breakdown of intangible assets at 31 December 2022 were 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	2	6 628	(19 145)	109 126
Cost	121 641				128 270
Accumulated depreciation	-				(19 145)
Intangible assets, net	121 641				109 126

The breakdown of proven reserves is shown below:

	Oil (bbls)	Gas (boe)
Cricaré	16 545 420	2 548 920
Norte Capixaba	62 047 650	3 793 397
Total	78 593 070	6 342 317

Impairment assessment

On 31 December 2023, 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 follows:

(USD '000)	31 Dec 2023	31 Dec 2022
Taxes on revenue	1 835	1
Withholding taxes[1]	-	709
Total	1 835	710

[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 '000)	31 Dec 2023	31 Dec 2022
Salaries payable	1 619	373
Vacation time payable	-	382
Taxes on payroll payable	349	271
Final balance	1 968	1 026

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 '000)	Vehicles	Natural gas compression	Drilling rigs	Machine and equipment	Total
As of 1 January 2023	2 466	-	-	2 608	5 074
Initial recognition of right-of-use assets	9 029	2 115	3 835	1 588	16 567
Remeasurement adjustments	(595)	(68)	(219)	(26)	(909)
Cumulative conversion adjustment	218	-	-	230	448
Reclassification	-	-	2 350	(2 350)	-
Depreciation expenses for the period	(4 769)	(690)	(2 340)	(1 771)	(9 570)
31 December 2023	6 349	1 356	3 625	279	11 610
As of 1 January 2022	3 103	-	-	3 695	6 798
Initial recognition of right-of-use assets	1 079	-	-	284	1 363
Remeasurement adjustments	(86)	-	-	(112)	(198)
Cumulative conversion adjustment	-	-	-	-	-
Reclassification	-	-	-	-	-
Depreciation expenses for the period	(1 630)	-	-	(1 258)	(2 888)
31 December 2022	2 466	-	-	2 608	5 074

(ii) Lease liabilities

(USD '000)	Vehicles	Natural gas compression	Drilling rigs	Machine and equipment	Total
As of 1 January 2023	3 230	-	-	3 418	6 648
Initial recognition of right-of-use assets	8 699	2 115	3 835	1 588	16 238
Remeasurement adjustments	(265)	(68)	(219)	(26)	(579)
Cumulative conversion adjustment	290	-	-	296	586
Transfer	-	-	3 261	(3 261)	-
Payments	(3 489)	(607)	(2 431)	(1 946)	(8 473)
Interest	1 301	151	648	285	2 385
31 December 2023	9 767	1 590	5 094	353	16 805
As of 1 January 2022	3 230	-	3 418	-	6 648
Initial recognition of right-of-use assets	3 124	-	-	3 721	6 845
Remeasurement adjustments	(70)	-	-	(105)	(175)
Recognition of the contractual increase	1 063	-	-	276	1339
Transfer	-	-	-	-	-
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 '000)	**2023**	2022
Interest on leases	**2 385**	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 (p.a.)	2023	2022
2 years	18.85%	14.47%

Note 15 Financial loans

Financial loans (non-current)	31 Dec 2023	31 Dec 2022
Morgan Stanley [3]	296 305	-
OVMK Special Bond Fund ("OVMK") [1]	-	3 218
Total	296 305	3 218

Changes in loan	2023	2022
Opening balance	3 218	-
Morgan Stanley	300 000	-
Morgan Stanley interest	27 257	-
Morgan Stanley fees	(9 866)	-
Payments	(21 086)	-
Convertible loan notes [1]	-	3 000
Convertible loan note interest [1]	43	218
Conversion to equity [2]	(3 261)	-
Closing balance	296 305	3 218

[1] On 22 February 2022, the Company issued convertible loan notes in the principal amount of USD 3 million to OMVK and USD 15 million to Mercuria (the "Notes"). The Notes matured in 2025 and bore 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 were automatically converted into the Company's shares immediately prior to the closing of a public share offering.

[2] The Notes 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 6 556 345 new shares in the Company at a subscription price of NOK 5.10 per share.

[3] On 3 February 2023, 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, 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.

On 10 April 2023, the loans under the Mercuria Junior Facility Agreement and the Mercuria Senior Facility Agreement were 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 purchased and assumed the amounts outstanding under the Restructured Indebtedness in accordance with the terms and conditions set out in the New Credit Agreement. Following the purchase, the Junior Facility Agreement and the Senior Facility Agreement were 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.

An additional loan tranche was made available to SPE Norte Capixaba on 10 April 2023 in the aggregate principal amount of USD 255 million, which was used by SPE Norte Capixaba on 12 April 2023 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 drawn up under the New Credit Agreement was USD 300 million, which the borrowers will repay from the proceeds of export of hydrocarbons.

In accordance with the terms of the New Credit Agreement, the lenders received USD 12 051 463 in fees, which will be amortized over the life of the loan. USD 2 185 636 was amortized during 2023.

Financial loans (current)	31 Dec 2023	31 Dec 2022
Banco Bradesco[1]	5 149	-
Banco Itaú Unibanco S.A[2]	4 120	1 893
Banco do Brasil[3]	10 128	-
Total	19 397	1 893

Changes in loan USD'000 (current)	2023	2022
Opening balance	1 893	-
Bradesco	5 149	-
Bradesco interest	-	-
Itaú	26 803	1 893
Itaú interest	51	-
Branco do Brasil	10 000	-
Banco do Brasil interest	149	-
Cumulative Conversion Adjustment	147	-
Payments	(24 795)	-
Closing balance	19 397	1 893

[1] A BRL 25 million revolving credit facility with floating interest rate of the overnight Brasil interbank rate + 4.1509 annually
[2] A BRL 20 million revolving credit facility with floating interest rate of the overnight Brasil interbank rate + 0.605 per month.
[3] A USD 10 million facility maturing on 29 April 2024 with fixed interest rate of 8.93%.

Note 16 Contingent consideration

Contingent consideration (USD '000)	31 Dec 2023	31 Dec 2022
Cricaré Cluster acquisition	138 961	115 430
Norte Capixaba acquisition	51 672	-
Total	190 633	115 430

Changes in the period	2023	2022
Opening balance	115 430	82 877
Initial recognition	55 000	-
Interest component	18 398	4 928
Present value adjustment	1 805	27 626
Closing balance	190 633	115 430

The outstanding amount to be paid for the acquisition of Cluster Cricaré on 31 December 2023 was USD 139.0 million (2022: USD 115.4 million). The outstanding amount to be paid for the acquisition of Norte Capixaba on December 31, 2023 was USD 51.7 million (2022: nil).

Cricaré

This relates to the contingent consideration for the acquisition of the Cricaré Cluster, of which USD 30 million will be paid on 31 December 2025 as a contingent payment, linked to the approval of the concession term extension by the ANP. There is also a further USD 88 million, contingent on 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 SOFR and the US dollar exchange rate at the end of the period. The present value adjustment was done using a discount rate of 10.97% (2022: 8.96%).

Norte Capixaba

This relates to the disbursement obligation for the acquisition of Norte Capixaba, of which USD 11 million was paid in January 2024. An addition USD 55 million will be paid as follows: USD 11 million in 2024, USD 11 million in 2025, USD 11 million in 2026, USD 11 million in 2027 and USD 11 million in 2028. Conditional on the Brent Crude index reaching a moving average equal to or greater than USD 50 per barrel in the respective payment years. The present value adjustment was done using a discount rate of 10.97%.

Note 17 Equity

17.1 Share capital

USD	Share capital	Share premium	Total
Opening January 1, 2023 (185 926 155 fully paid ordinary shares)	2	76 052	76 054
Issued during the period (499 887 820 fully paid ordinary shares)	5	269 081	269 086
Reverse share split (327 263 958 fully paid ordinary shares)	-	-	-
Balance at December 31, 2023 (358 550 017 fully paid ordinary shares)	7	345 133	345 140

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

Ordinary shares

Ordinary shares each have a par value of USD 0.00002 and 700 000 000 (200 000 000 in 2022) shares have been authorised. The Group issued 468 601 709 thus far in 2023 (71 003 918 in 2022) shares and each ordinary share carries one vote.

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 common shares in the Offering. The Offer Shares were priced at NOK 6 per Offer Share. This included an overallotment of 40 333 333 shares which subsequently repurchased resulting in net shares issued of 403 333 333.

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.

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 shareholders' respective VPS accounts.

On 28 February 2023 the Board approved a reverse stock split whereby shareholder would receive one common share for two owned. This resulted in the number of total shares issued reducing to 327 263 932, and the par value of the common shares changing from USD 0.00001 to USD 0.00002 per share.

On 6 December 2023 the Company completed a private share placement of 31 111 111 new common shares which in turn raised gross proceeds of USD 25.6 million (equal to approx. NOK 280 million).

During the period 2 235 225 employee options were converted to 2 235 225 common shares.

17.2 Income (loss) by share

	2023	2022
Weighted average number of shares ('000 shares)	**313 050**	174 614
Net loss for the period (USD '000)	**(79 338)**	(119 172)
Net loss per weighted average share	**(0.2534)**	(0.6825)

17.3 Other reserves

The Group has 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 at the grant date, exercise prices per share and volatility. 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.

In February 2023 the total options were adjusted as a result of the Company's reverse stock split (Note 17.1). Also, during the year ended 31 December 2023, 1 205 112 options were converted to common shares and 4 214 992 options were cancelled leaving 9 436 250 share options outstanding as at 31 December 2023.

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	USD 0.00002	596 250
2020-2024	31 August 2025	USD 0.20	125 000
2023-2025	31 March 2025	USD 0.20	175 000
2023-2026	19 January 2033	NOK 12.00	2 075 000
2023-2027	31 July 2033	NOK 10.74	6 465 000
			9 436 250

As at 31 December 2023, the weighted average remaining option life was 9.19 years and the total reserve related to employee options is USD 3 094 446 (2022: 4 300 ,538).

For the period ended 31 December 2023, the expense recognized in the Consolidated Statement of Profit or Loss arising from the share options issuance is USD 59 835 (USD 1 999 513 for the year ended 31 December 2022). The cost associated with issuing new options has been partially offset by a negative adjustment associated with the cancelation / conversion adjustment of previous issued share options.

Note 18 Revenue from oil sales

	2023	2022
Oil sales in Brazil	178 498	35 529
Gross revenue	178 498	35 529
Tax on revenue		
PIS	(190)	(341)
COFINS	(877)	(1 571)
Net revenue	177 431	33 617

Note 19 Production costs

	2023	2022
Employee benefits and charges	9 127	1 372
Field operation and stations	10 673	2 844
Maintenance and preservation	16 208	2 498
Oil treatment	252	1 106
Royalties	12 804	2 411
Storage	15 470	2 584
Transportation	10 651	991
Ground production rig-service	2 572	871
Oil acquired	20 717	-
Other operating costs	14 593	2 070
Total	113 067	16 746

Note 20 Selling, general and administrative expenses

	2023	2022
Employee benefit and compensation	7 194	7 062
Travel and other sundry items	2 274	1 377
Office rent and running costs	483	137
Taxes and fees	4 419	1 205
Contractual guarantee fees [2]	3 595	3 540
Services hired [1]	17 890	13 304
Marketing cost [3]	9 420	-
Other operating expenses	2 013	1 365
Total	47 288	27 988

[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.

[3] Fees associated with oil sales marketing services agreement with Mercuria (Note 7.4).

Note 21 Depreciation and amortisation

	2023	2022
Amortisation of exploration rights [1]	**48 231**	14 352
Amortisation with deactivation cost [2]	**3 636**	5 916
Depreciation related to production [3]	**9 910**	2 748
Other depreciation	**55**	17
Total	**61 832**	23 033

[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 22 Net financial results

	2023	2022
Financial income		
Interest on bank deposits	**1 905**	723
Financial instrument gains [1]	**2 620**	4 661
Other financial income	**186**	57
Exchange rate gains	**552**	58
Total	**5 263**	5 499
Financial expenses		
Present value adjustment [2]	**6 836**	34 545
Hedging costs [3]	**-**	55 146
Standby letter of credit costs (Norte Capixaba) [4]	**4 605**	7 201
Interest on financial loans (Note 15)	**29 668**	8 089
Interest on contingent payment (Note 16)	**18 398**	4 928
Other financial expenses	**6 206**	206
Total	**65 713**	110 115

[1] Represents gains from foreign exchange and Brent hedges (Note 25.2).

[2] Is comprised of the present value adjustment of the companies' leases and contingent liability (Note 14)

[3] Represents losses from oil commodity and foreign exchange hedges (Note 25.2).

[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 favour 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 23 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 refer 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 2023 and it will used to offset future tax costs.

	2023	2022
Provision for deferred IRPJ[1]	**33 323**	14 304
Provision for deferred CSLL[2]	**11 997**	5 149
Total	**45 320**	19 453

[1] Refers to Brazil corporate income tax

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

During the year, the Company recorded a favourable deferred tax adjustment in the Consolidated Statement of Profit and Loss of USD 25 867 341 (2022: USD 15 595 240).

Deferred taxes are comprised of the following:

2023	Income tax	Social contribution
Deferred IR and Social Contribution on tax loss	13 776	4 960
Total	**13 776**	**4 960**
Temporary Differences	**19 547**	**7 037**
Exchange rate variations in Brazil (unrealised)	(11 348)	(4 085)
Decommissioning costs	2 956	1 064
Present value adjustment	23 728	8 542
Rentals	4 174	1 503
Hedge	36	13
Total tax credits - Income Tax and Social Contribution	**33 323**	**11 997**
Opening	14 304	5 149
Additions	19 019	6 848
Closing	**33 323**	**11 997**

2022	Income tax	Social contribution
Deferred IR and Social Contribution on tax loss	5 298	1 907
Total	**5 298**	**1 907**
Temporary Differences	**9 006**	**3 242**
Exchange rate variations in Brazil (unrealised)	(3 021)	(1 088)
Decommissioning costs	1 740	626
Present value adjustment	9 894	3 562
Rentals	393	142
Total tax credits - Income Tax and Social Contribution	**14 304**	**5 149**

The expected use of deferred tax assets from tax losses and negative base and temporary differences as at 31 December 2023 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 increase during the current period is a result of increased losses as well as a favourable tax adjustment attributed to the transfer of the Inhambu field from Cricare to Norte Capixaba.

The balance of deferred assets is expected to be realised as follows:

Year	USD
2024	8 745
2025	32 499

Note 24 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 25 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 2023, are identified below:

2023	Fair Value	Amortised Cost	Total
Assets			
Cash and cash equivalentes	-	50 458	50 458
Securities	6 077	-	6 077
Derivative financial instruments	1 699	-	1 699
Accounts receivable with related parties	-	35	35
Accounts receivable with related parties (non-current)	-	320	320
Liabilities			
Accounts payable to related parties	-	14 018	14 018
Financial loans	315 072	-	315 702
Derivative financial instruments	27 487	-	27 487

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

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 2023:

Assets	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Securities	-	6 077	-	6 077
Derivative financial instruments	-	1 699	-	1 699
Total Assets	-	7 776	-	7 776

The following presents the Group's liabilities that are measured at fair value at 31 December 2023:

Liabilities	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Derivative financial instruments	-	27 487	-	27 487
Financial loans	-	315 702	-	315 702
Total Liabilities	-	343 189	-	343 189

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 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.

25.1 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)

25.2 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 2023:

Statement of Financial Position	Notional Value		Fair Value Position		Maturity
(USD '000)	2023	2022	2023	2022	Date
Forward Contracts					
Long Position / Foreign Currency Forward (BRL/USD)[1]	-	51 121	-	(2 100)	2023
Swap					
Commodity Price Swap[2]	3 403	2 543	(25 788)	(40 776)	2026
Total Recognized in Statement of Financial Position	3 403	53 664	(25 788)	(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 '000)	**2023**	2022
Forward Contracts		
Long Position / Foreign Currency Forward (BRL/USD)	**2 510**	2 561
Swap		
Commodity Price Swap	**110**	(53 046)
Total Recognised in Statement of Profit and Loss	**2 620**	(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	-	-
Swap	Crude Oil - Price Changes	63 431	126 862
Total		63 431	126 862

The possible and remote scenarios reflect the potential effect on the result of outstanding transactions, considering an unfavourable 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, Uruguay, Norway and the United Kingdom and is therefore exposed to foreign exchange risks.

The Group's loans and receivables are USD denominated in Brasil however the Group does hold cash and marketable securities in BRL which are subject to foreign exchange risk as follows:

Foreign exchange risks (BRL) (USD '000)	**31 Dec 2023**	31 Dec 2022
Assets		
Cash and cash equivalents in BRL	**22 598**	2 573
Securities in BRL	**6 077**	5 608
Advances, prepaids and others in BRL	**4 759**	1 773
Recoverable taxes in BRL	**8 529**	1 570
Deferred tax asset	**41 243**	19 124
Liabilities		
Taxes payable in BRL	**(1 812)**	(710)
Leases payable in BRL	**(16 805)**	(6 648)
Employee benefits and compensation payable in BRL	**(1 932)**	(1 026)
Supplier and other accounts payable in BRL	**(41 301)**	(3 582)
Financial loans in BRL	**(9 248)**	(1 893)
Total	**12 108**	16 789

At 31 December 2023, 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 0.8 million (USD 1.7 million at December 31, 2022) higher/lower.

At 31 December 2023, the Group's Norwegian subsidiary had a NOK denominated bank account balance of the equivalent of USD 0.3 million. If the Norwegian Krone 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 26 546 (2022: nil) higher/lower.

The Group's subsidiaries in Uruguay, and the United Kingdom have no assets or liabilities denominated in a foreign currency and therefore are 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 2023 above in Note 25.2.

Interest rate risks

This is the risk of a financial instrument fair value changes due to changes in the market's interest rate.

In 2022, the Group held 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 15). These loans were replaced in 2023 with a new credit facility.

The Group entered into a 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 Company also has three short term credit facilities, two of which are subject to fluctuations in the Brazilian overnight interbank rate (Note 15).

The Group is therefore exposed to interest rate risk on the following loans.

Loans (USD '000)	31 Dec 2023	31 Dec 2022
Morgan Stanley ("Credit Agreement")1	296 305	-
Itaú Unibanco S.A.[2]	4 016	-
Banco Bradesco S.A.[3]	5 231	-
Mercuria Energy Trading S.A. ("Senior facility")	-	34 207
Mercuria Energy Trading S.A. ("Junior facility")	-	10 038
Mercuria Energy Group Limited (Cyprus) Limited	-	16 300
OVMK Special Bond Fund ("OVMK")	-	3 218
Total	305 552	63 763

[1] Subject to fluctuations in the secured overnight financing rate (SOFR) calculated by the Federal Reserve Bank of New York.
[2] Subject to floating rate (100% of the index DI-OVER-CETIP plua 0.605000 per month until repaid.
[3] The rate is CDI (variable – interbank deposit rate) + 4.1509% annually.

At 31 December 2023, if the USD LIBOR and the Brazil overnight interbank rate 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 2 966 834 (31 December 2022: USD 6 376 320) 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'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 2023 above in Note 25.2.

25.3 Liquidity risk

Liquidity risk is the risk of an entity finding difficulty in fulfilling its obligations to its financial liabilities. The Group is subject to risks related to the timing of offtakes, potentially affecting the timing of payments for product sold, which as a result could imply liquidity risk. Please refer to the description of risk factors in the Governance section of this Report.

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

31 Dec 2023	Up to 1 year	1–2 years	2–5 years	More than 5 years
Contingent consideration	31 000	56 000	97 000	-
Suppliers and other accounts payable	41 730	-	-	
Accounts payable to related parties	-	14 018	-	-
Financial loans	19 397	-	-	296 305
Derivative instruments	17 576	8 236	1 715	-
Total	109 703	78 254	98 715	296 305

31 Dec 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

Note 26 Subsequent Events

In January 2024, the Company paid the contingent consideration of USD 36 million under the terms of the Cricaré and Norte Capixaba Sale and Purchase Agreements with Petrobras, and successfully closed the book on a 3 year USD 80 million senior unsecured bond issue with a coupon of 16% p.a. The net proceeds from the bond issue will strengthen the Company's ability to grow production through drilling, work-overs and other field development optimisations at the Norte Capixaba and Cricaré Clusters.

Parent company financial statements

Balance sheet

USD '000	Note	31 Dec 2023	31 Dec 2022
Assets			
Current assets			
Cash and cash equivalents	4	138	3 096
Advances, prepaid expenses and others		678	331
Accounts receivable with related parties	6.1	37	32
Total current assets		853	3 459
Non-current assets			
Investments in subsidiaries	5	249 081	-
Accounts receivable with related parties	6.2	66 123	70 406
Total non-current assets		315 204	70 406
Total assets		316 057	73 865
Liabilities			
Current liabilities			
Supplier and other accounts payable		-	3 831
Accounts payable to related parties	6.3	404	233
Total current liabilities		404	4 064
Non-current liabilities			
Accounts payable to related parties	6.4	3 698	-
Financial loans	7	-	3 218
Financial loans with related parties	6.4	-	16 300
Total non-current liabilities		3 698	19 518
Total liabilities		4 102	23 582

USD '000	Note	31 Dec 2023	31 Dec 2022
Equity			
Share capital	8.1	7	2
Share premium	8.1	345 133	76 052
Other reserves	8.2	3 094	4 301
Currency translation adjustments		1 265	85
Accumulated losses		(37 544)	(30 155)
Total equity		311 955	50 285
Total equity and liabilities		316 057	73 867

Income statement

USD '000	Note	2023	2022
Operating revenue			
Revenue from oil sales		-	-
Other revenue		-	-
Total operating income		-	-
Production costs		-	-
Depreciation and amortisation		-	-
Impairment loss and reversals		-	-
General and administrative expenses	9	(8 915)	(14 341)
Total operating expenses		(8 915)	(14 341)
Operating profit / (loss)		(8 915)	(14 341)
Financial income	10	1 789	1 789
Financial expenses	10	(264)	(1 555)
Profit / (loss) before taxes		(7 389)	(14 106)
Tax (expense) / income		-	-
Net profit / (loss) for the period		(7 389)	(14 106)
Other comprehensive income			
Net loss for the period		(7 389)	(14 106)
Other comprehensive income		-	-
Currency translation adjustments		1 180	96
Total comprehensive income / (loss)		(6 209)	(14 010)

Statement of changes in equity

USD 1000	Share capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses	Total equity
Balance at December 31, 2022	2	76 052	85	4 301	(30 155)	50 285
Comprehensive income						
Loss for the period	-	-	-	-	(7 389)	(7 389)
Other comprehensive income	-	-	-	-	-	-
Currency translation adjustment	-	-	1 180	-	-	1 180
Total comprehensive income for the year	-	-	1 180	-	(7 389)	(6 209)
Capital increase	5	269 081	-	-	-	269 086
Share-based payment	-	-	-	(1 208)	-	(1 208)
Others	-	-	-	-	-	-
Total transactions with owners of Group, recognized directly in equity	5	269 081	-	(1 208)	-	267 878
Balance at December 31, 2023	7	345 133	1 265	3 093	(37 544)	311 954

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

Statement of cash flows

USD '000	2023	2022
Cash flows from operating activities		
Net loss for the period	(7 389)	(14 106)
Adjustments to net loss		
Share-based payment	(1 206)	945
Interest on financial loan	255	-
Changes in assets and liabilities		
Advances, prepaid expenses and others	(347)	(331)
Accounts receivable with related parties	4 278	(54 025)
Supplier and other accounts payable	(3 427)	3 560
Supplier and other accounts payable - related parties	3 465	-
Accounts payable to related parties	-	(4 173)
Net cash used in operating activities	(4 371)	(68 130)

USD '000	2023	2022
Cash flows from investing activities		
Investment in subsidiary	(249 081)	-
Net cash used in investing activities	(249 081)	-
Cash flow from financing activity		
Capital increase	269 086	50 054
Borrowing costs	-	-
Financial loan	(19 773)	14 957
Net cash from financing activities	249 313	65 011
Increase / (decrease) in cash and cash equivalent	(4 139)	(3 119)
Cash and cash equivalents at beginning of the year	3 096	6 119
Effect of movements in exchange rates on cash held	1 180	96
Cash and cash equivalents at end of the period	138	3 096

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'.

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Note 2 Basis for preparation

These financial statements for the period 1 January 2023 – 31 December 2023 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 2024 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 as at 31 December 2023:

	Country	31 Dec 2023	31 Dec 2022
Seacrest Petroleo Cricaré Bermuda Ltd.	Bermuda	100%	100%
SeaPet Offshore Limited	Bermuda	100%	100%
Seacrest Petroleo Norway AS [1]	Norway	100%	n.a.
Seacrest Petroleo UK Limited [2]	UK	100%	n.a.

[1] Incorporated on 27 February 2023
[2] Incorporated on 31 August 2023

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 ‘000	**31 Dec 2023**	31 Dec 2022
Bank – current account	**138**	3 096
Cash and cash equivalents at end of the period	**138**	3 096

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 Investment in subsidiaries

USD ‘000	**31 Dec 2023**	31 Dec 2022
Seacrest Petroleo Cricaré Bermuda Limited	**249 081**	-

Note 6 Related party transactions

6.1 Accounts receivable with related parties – Current

Affiliated companies (USD '000)	31 Dec 2023	31 Dec 2022
Seapet Offshore	21	16
Seacrest Partners III, L.P.	6	6
Seapulse Limited	1	1
Seacrest Group Limited	10	9
Total	37	32

6.2 Accounts receivable with related parties – Non-Current

Affiliated companies (USD '000)	31 Dec 2023	31 Dec 2022
SPE Norte Capixaba LTDA	40 286	41 756
Seacrest Petroleo Cricaré Bermuda Ltd	5 927	9 564
Seacrest Uruguay	15 271	15 258
Seacrest UK	44	-
Seacrest Norway	639	-
Seacrest Petroleo SA	3 956	3 828
Total	66 123	70 406

6.3 Accounts payable to related parties – Current

Affiliated companies (USD '000)	31 Dec 2023	31 Dec 2022
Seacrest Capital Group Limited	-	49
Azimuth Group Services Limited	-	184
Total	-	233

6.4 Accounts payable to related parties – Non-Current

Affiliated companies (USD '000)	31 Dec 2023	31 Dec 2022
Seacrest Capital Group Limited	3 518	49
Azimuth Group Services Limited	180	184
Total	3 698	233

6.5 Financial loans

(USD '000)	31 Dec 2023	31 Dec 2022
Mercuria Energy Group Limited (Cyprus)[1,2]	-	16 300
Total	-	16 300

Changes in loan (USD '000)	31 Dec 2023	31 Dec 2022
Opening balance	16 300	-
Convertible loan notes 3	-	15 000
Convertible loan note interest 3	213	1 300
Interest paid	-	-
Conversion to equity	(16 513)	
Principal paid	-	-
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:
i. a warrant instrument exercisable in respect of common shares representing 1% of the Company's fully diluted share capital at the time of exercise ("Mercuria Warrant 1");
ii. a warrant instrument exercisable in respect of common shares representing 2% of the Company's fully diluted share capital at the time of exercise, with such warrant only exercisable if the Norte Capixaba acquisition is not completed or the Company sells the Cricaré Cluster at a time when it does not own the Norte Capixaba Cluster ("Mercuria Warrant 2"); and
iii. a warrant instrument exercisable in respect of 1,302,246 common shares, representing 1% of the Company's fully diluted share capital at 15 February 2022 ("Mercuria Warrant 3").

Warrant 1 was exercised on 23 February 2022 and Mercuria Asset Holdings (Hong Kong) Limited received 1 302 245 of the Company's Shares. Mercuria Warrant 2 became obsolete in April 2023 once the Company executed the acquisition of the Norte Capixaba Cluster (April 2023). Warrant 3 was exercised on 23 February 2023 and Mercuria Energy Group Limited received 1 302 246 of the Company's Shares.

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.

[3] The Notes, including accrued interest, 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.

Note 7 Financial loans (non-current)

(USD '000)	**31 Dec 2023**	31 Dec 2022
OVMK Special Bond Fund ('OVMK')[1]	-	3 218
Total	-	3 218

Changes in loan (USD '000)	**2023**	2022
Opening balance	**3 218**	-
Convertible loan notes [2]	-	3 000
Convertible loan note interest [2]	**43**	218
Conversion to equity	**(3 261)**	-
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.

[2] 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 initial pubic offering (IPO). 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 6 556 345 new shares in the Company at a subscription price of NOK 5.10 per share.

Note 8 Equity

8.1 Share capital

Issued capital at 31 December 2023 comprised:

(USD '000)	Share capital	Share premium	Total
Opening January 1, 2023 (185 926 155 fully paid ordinary shares)	2	76 052	76 054
Issued during the period (499 887 820 fully paid ordinary shares)	5	269 081	269 086
Reverse share split (327 263 958 fully paid ordinary shares)	-	-	-
Balance at December 31, 2023 (358 550 017 fully paid ordinary shares)	7	345 133	345 140

Issued capital at 31 December 2022 comprised:

(USD '000)	Share capital	Share premium	Total
Opening January 1, 2022 (114 922 237 fully paid ordinary shares)	1	25 998	25 999
Issued during the year (71 003 918 fully paid ordinary shares)	1	50 054	50 055
Balance at December 31, 2022 (185 926 155 fully paid ordinary shares)	2	76 052	76 054

Ordinary shares

Ordinary shares each have a par value of USD 0.00001 and 700 000 000 (200 000 000 in 2022) shares have been authorised. The Company issued 468 601 709 thus far in 2023 (71 003 918 in 2022) shares and each ordinary share carries one vote.

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. This included an overallotment of 40 333 333 shares which subsequently repurchased resulting in net shares issued of 403 333 333.

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.

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.

On 28 February 2023 the Board of Directors approved a reverse stock spilt whereby shareholder would receive one common share for two owned. The resulted in total shares issued reducing to 327 263 932.

On 6 December 2023 the Company completed a private share placement of 31 111 111 new common shares which in turn raised gross proceeds of USD 25.6 million (equal to approx. NOK 280 million).

During the period 1 205 112 employee options were converted to 1 205 112 ordinary shares..

8.2 Other reserves

The Company has 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 at the grant date, exercise prices per and volatility. 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.

In February 2023 the total options were adjusted as a result of the Company's reverse stock split (Note 17.1). Also, during the year ended 31 December 2023, 1 205 112 options were converted to common shares and 4 214 992 options were cancelled leaving 9 436 250 share options outstanding as at 31 December 2023.

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	USD 0.00002	596 250
2020-2024	31 August 2025	USD 0.20	125 000
2023-2025	31 March 2025	USD 0.20	175 000
2023-2026	19 January 2033	NOK 12.00	2 075 000
2023-2027	31 July 2033	NOK 10.74	6 465 000
Total			9 436 250

As at 31 December 2023, the weighted average remaining option life was 9.19 years and the total reserve related to employee options is USD 3 094 446 (2022: 4 300 ,538).

For the period ended 31 December 2023, the expense recognized in the Consolidated Statement of Profit or Loss arising from the share options issuance is USD 59 835 (USD 1 999 513 for the year ended 31 December 2022). The cost associated with issuing new options has been partially offset by a negative adjustment associated with the cancelation / conversion adjustment of previous issued share options.

Note 9 General and administrative expenses

(USD '000)	**2023**	2022
Employee benefit and compensation	**1 136**	3 254
Travel and other sundry items	**999**	1 054
Office rent and running costs	**242**	88
Director fees	**320**	-
Services hired [1]	**2 063**	6 296
Contractual guarantee fees [2]	**3 569**	3 540
Other operating expenses	**586**	109
Total	**8 915**	14 341

[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 10 Net financial results

(USD '000)	**2023**	2022
Interest on related party loans	**1 572**	1 731
Exchange rate gains	**217**	58
Financial income	**1 789**	1 789
Banking expenses	**(8)**	(37)
Interest on financial loans (note 6)	**(256)**	(1 518)
Financial expenses	**(264)**	(1 555)
Net financial results	**1 525**	234

Note 11 Subsequent events

In January 2024 the Company successfully closed the book on a 3 year USD 80 million senior unsecured bond issue with a coupon of 16% p.a. The net proceeds from the bond issue will strengthen the Company's ability to grow production through drilling, work-overs and other field development optimisations at the Norte Capixaba and Cricaré Clusters.

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 for 2022 were proforma and assumed the acquisition of the Norte Capixaba Cluster. The production numbers for 2023 also include production from this Cluster from 1 January 2023 on a proforma basis. The acquisition of Norte Capixaba was completed on 12 April 2023.

Reference is made to the competent persons report (CPR) per 31 December 2023 available at www.seacrestpetroleo.com.

PROVEN AND PROBABLE RESERVES

Mill barrels of oil equivalents (mmboe)	**2023**	2022
Balance at 1 January	**140**	97
Production	**(3)**	(3)
Revision of previous estimate	**7**	45
Total reserves at 31 December	**144**	140

Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the period ended 31 December 2023 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 24 April 2023
The Board of Directors of Seacrest Petroleo Bermuda Limited

Erik Tiller
Executive Chairman

Rune Olav Pedersen
Director

Denis Chatelan
Director

Martin Bachmann
Director

Robert Lawson
Director

Pedro Magalhães
Director

José Alcides Santoro Martins
Director

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	2023	2022
Capex		
Investments in fixed assets (excluding capitalised interest)	87 368	3 816
Advances for the acquisition of oil and gas assets	-	35 850
Payments of lease debt (investments in fixed assets)	8 473	2 364
CAPEX	95 841	42 030
EBITDA and EBITDAX		
Total Income	177 431	33 617
Production costs	(113 067)	(16 746)
General and administrative expenses	(47 288)	(27 988)
EBITDA	17 076	(11 117)
Exploration expenses	-	-
EBITDAX	17 076	(11 117)
EBITDA margin	10%	(33%)
EBITDAX margin	10%	(33%)
Equity ratio		
Total equity	161 748	(52 743)
Total assets	810 213	217 236
Equity ratio	20%	(24%)

USD 1000	Note	2023	2022
Net interest-bearing debt			
Long-term financial loans		296 305	63 764
Long-term lease debt		7 289	3 201
Short-term financial loans		19 397	1 893
Short-term lease debt		9 515	3 447
Cash and cash equivalents		(50 458)	(7 745)
Net interest-bearing debt		282 049	64 560
Free cash flow			
Net cash from / (used) in operating activities		(7 595)	(38 332)
Capital expenditures		(95 841)	(42 030)
Free cash flow		(103 436)	(80 362)
Production cost per boe			
Production costs	19	113 067	16 746
- Less storage costs		(15 470)	(3 059)
- Less royalties		(12 804)	(2 855)
- Less oil acquired		(20 717)	-
- Less other adjustments		(3 057)	-
Adjusted production cost based on sold volumes		61 019	10 832
Adjustment for over (-) / under lift (+)		(426)	3 142
Production cost based on produced volumes		60 594	13 974
Total produced volumes ('000 boe)		2 546	501
Production cost per boe produced (USD/boe)		23.8	27.9

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Independent auditors’ report on the consolidated annual financial statements

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, 2023, 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, 2023, 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.i 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 recognized 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 Group’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 Group´s production plans; — We assessed the competency, capacity, objectivity and independence of the external specialist hired by the Group 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 Group 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, 2023 taken as a whole.

KPMG Auditores Independentes Ltda., uma sociedade simples brasileira, de responsabilidade limitada e firma-membro da organização global KPMG de firmas-membro independentes licenciadas da KPMG International Limited, uma empresa inglesa privada de responsabilidade limitada.

KPMG Auditores Independentes Ltda., a Brazilian limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 this 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 and its subsidiaries 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.

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, 2024

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

Leandro Basto Pereira
Accountant CRC RJ115543/O-6

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