

# First quarter 2024

Results presentation | 22 May 2024



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## Today's presenters

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**Scott Aitken**  
President of the Executive Committee



**Torgeir Dagsleth**  
Chief Financial Officer

## Agenda

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- 1 Q1'24 highlights
- 2 Execution of strategic milestones
- 3 Financial review
- 4 Summary and outlook





# First quarter 2024 highlights

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## Oil production stable

- First quarter 7 532 bopd, up 2% q-o-q and 12% y-o-y
- No serious incidents during the quarter
- In line with 2024 guidance for relatively flat production trajectory in first half

## Production costs within guidance

- Production cost per boe USD 23.8 for quarter, down 15% sequentially
- Within 2024 guidance range of USD 22-24/boe

## Financial position

- Petroleum revenues of USD 45.3 million, a 30% decrease from the fourth quarter on underlift and inclusion of USD 1.7 million realised hedge losses
- CFFO USD (55.8) million includes USD 35.3 million contingent consideration paid to Petrobras on 2 January 2024 and USD 9.5 million interest payment
- Amendment to USD 300 million credit agreement achieved, removing Q1'24 covenant test

Production  
**8 377**  
boepd

Production cost  
**23.8**  
USD/boe

Petroleum revenues  
**45.3**  
USD million

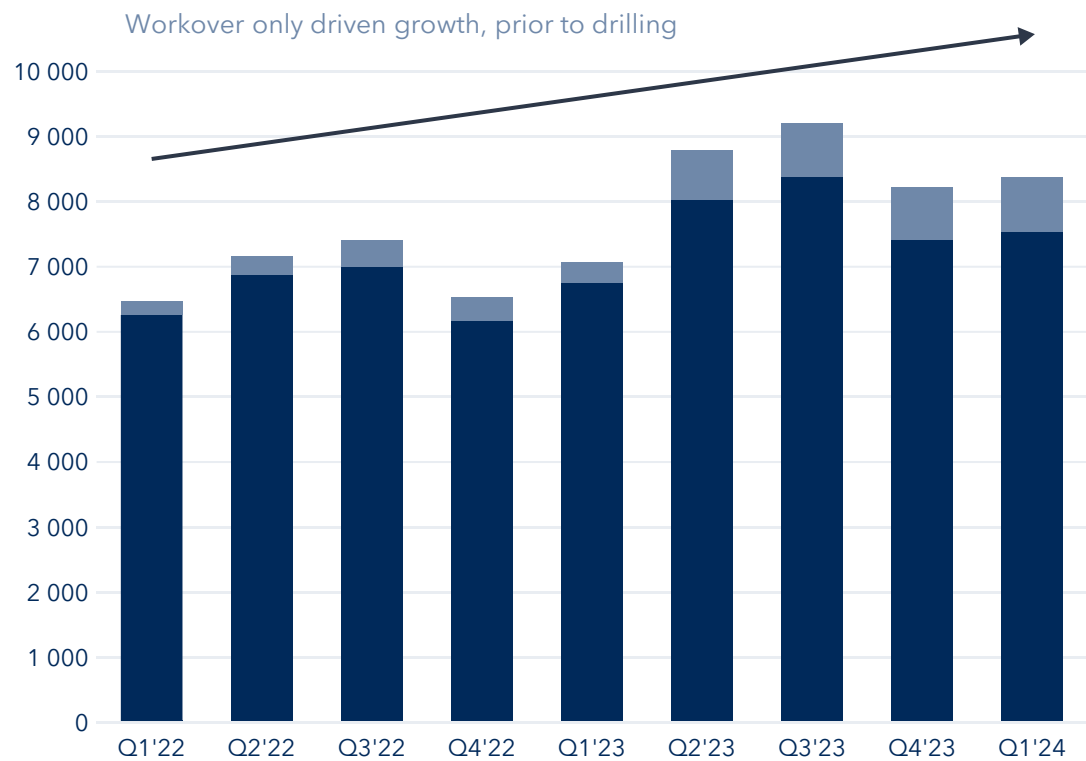
EBITDA  
**7.9**  
USD million

CFFO  
**(55.8)**  
USD million

Lost Time Injuries  
**0**

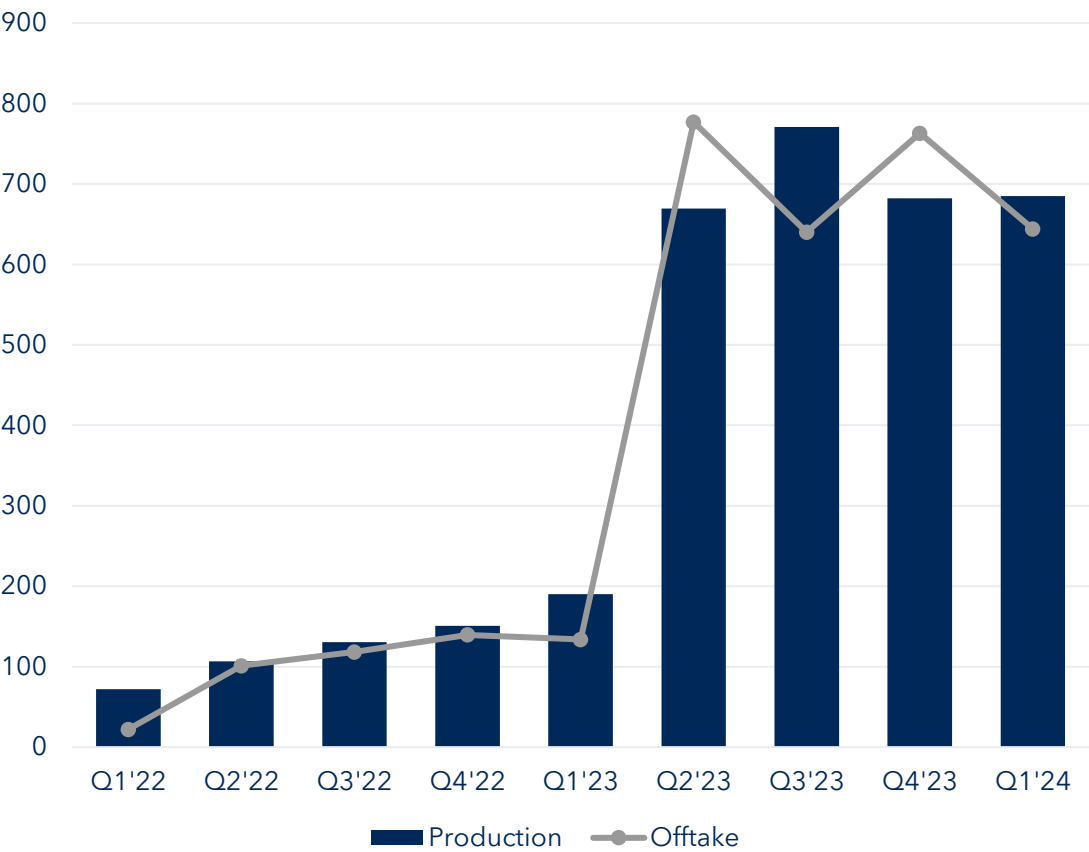
# First quarter operational performance

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



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

Seacrest oil production and offtake ('000 bbls)





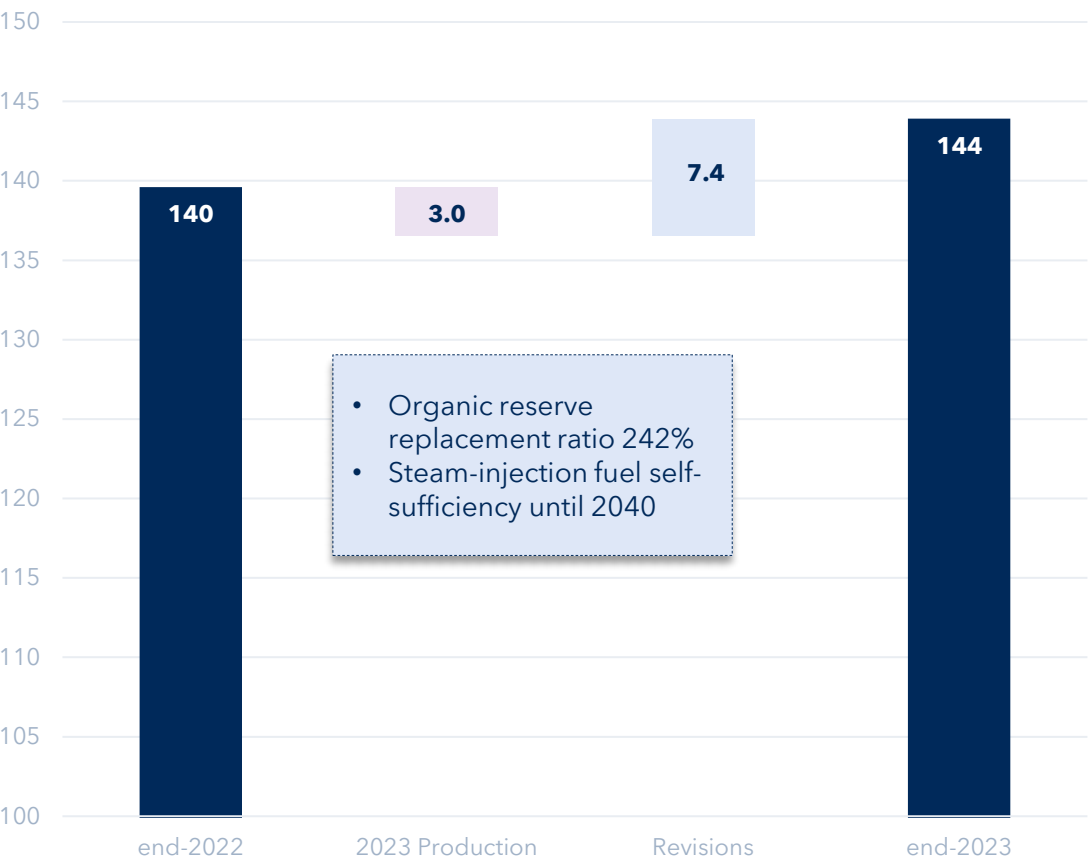


# Execution of strategic milestones

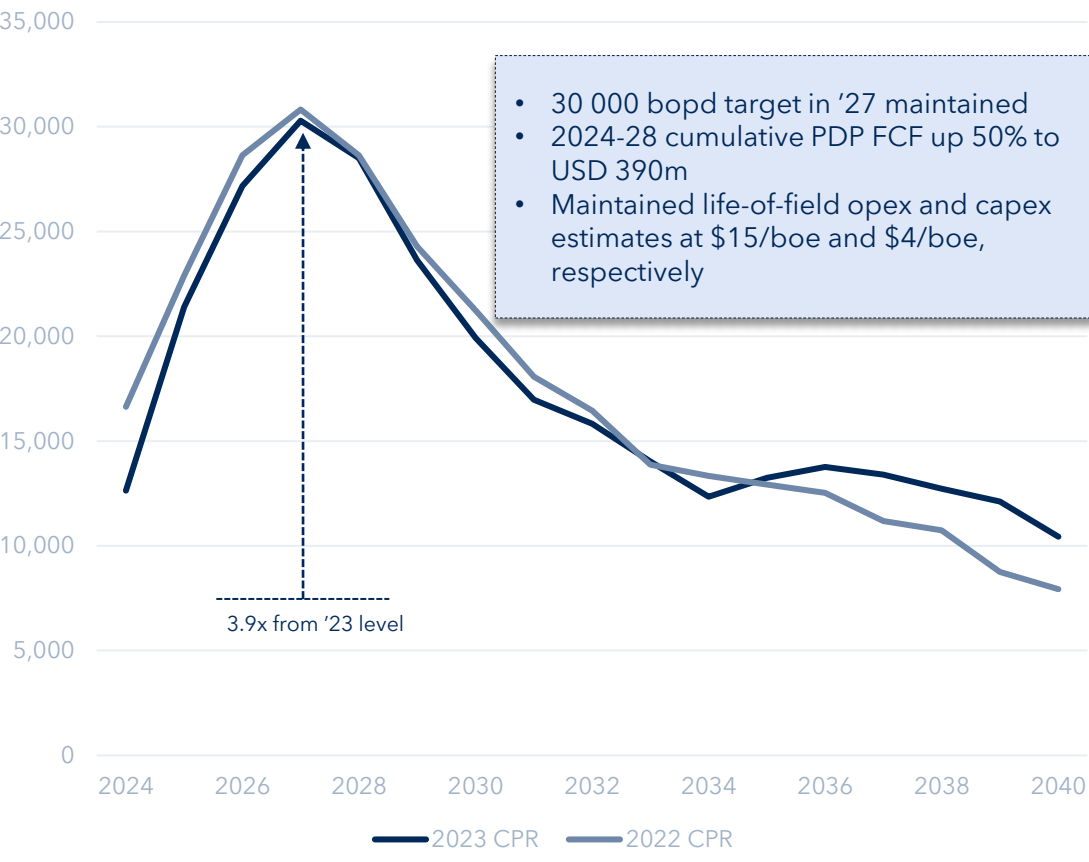


# Competent Person's Report: Long-term strategy unchanged

Proved plus Probable reserves (mmboe)



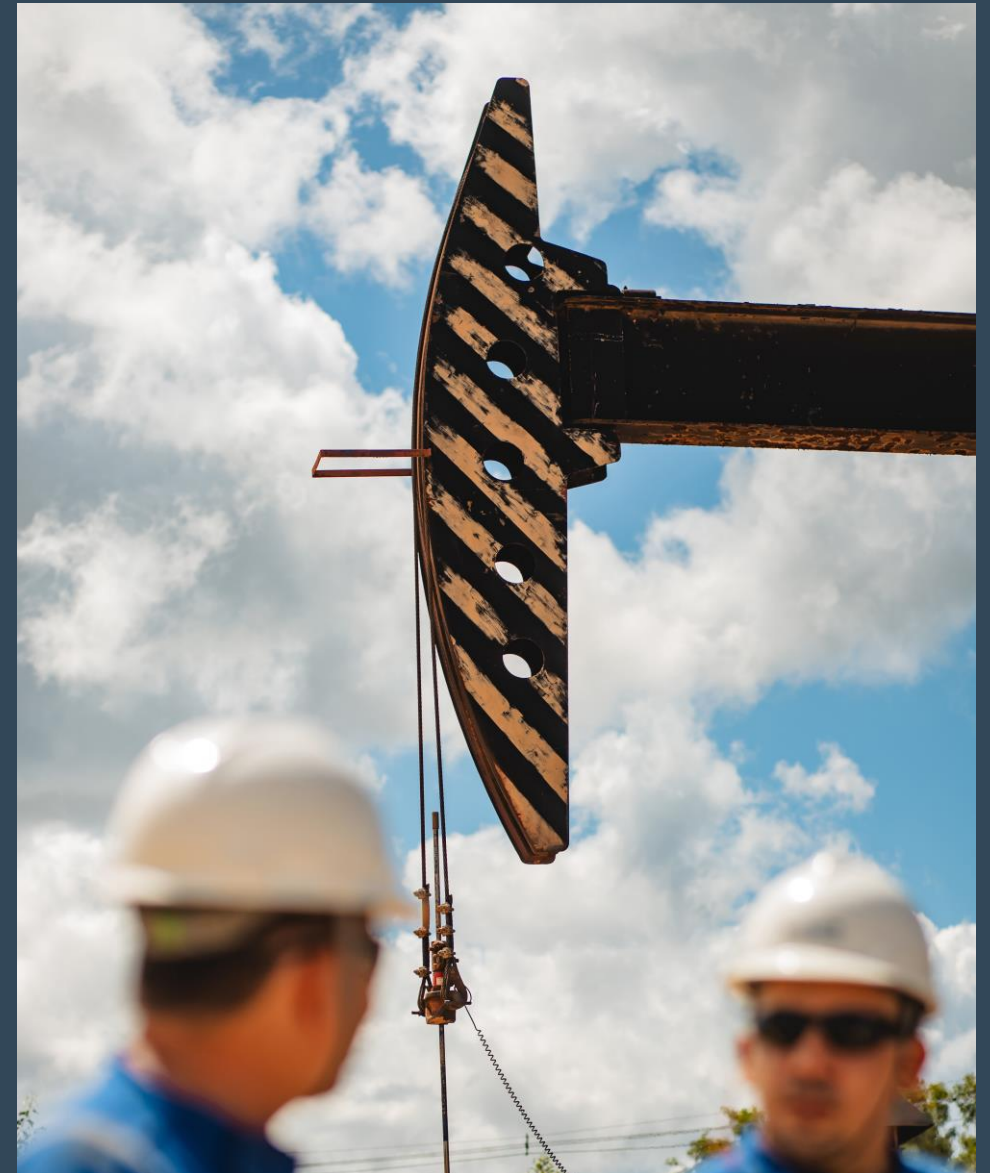
Proved plus Probable production (bopd)



# First production from infill drilling

## Initial production rates within expectations

- Production from the first two infill wells drilled at the Inhambu field has commenced, with encouraging initial production rates providing reassurance of reservoir characteristics
- Learnings include the requirement for controlled initial start-up to eliminate the sand-production encountered at such higher rates

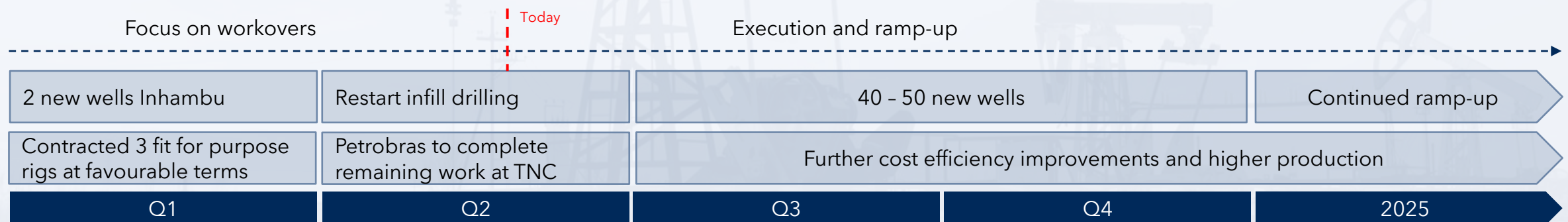




# PetroReconcavo partnership de-risks and accelerates restart of infill drilling

- Strategic partnership signed in April; PetroReconcavo has mobilised a drilling rig and an extensive suite of drilling rig services
- Rig equipment on site, with assembly expected to be complete by end-May, new well spud after acceptance testing
- Benefits:
  - An experienced organization with a track record of leading drilling performance
  - Options to extend or terminate relationship
- Restart of infill drilling will commence at Inhambu field

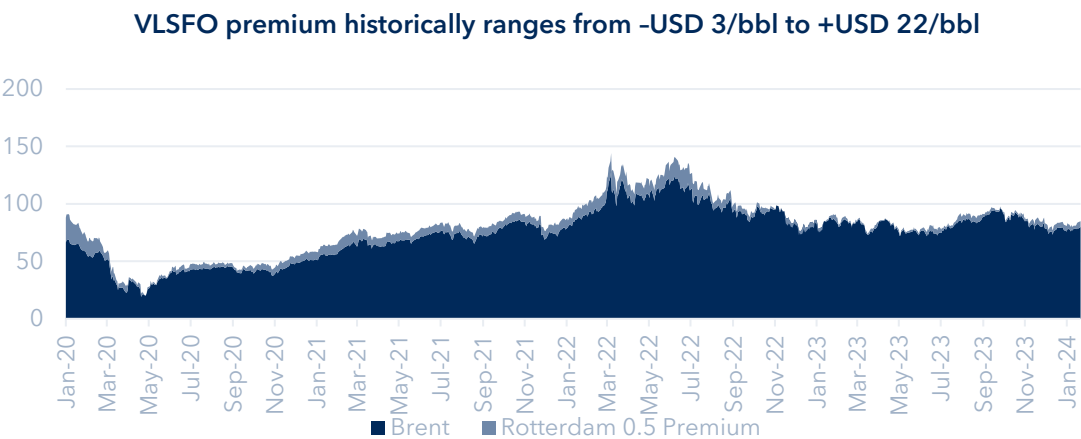
## Action plan is in place to improve operational performance and to ensure profitable growth in 2024



# Work at Terminal Norte Capixaba

## Significant upside, but delayed

- Offtake contract specification VLSFO is now in storage tank
- VLSFO historically priced at a premium vs Brent
- Sale of on-spec oil will also remove USD 4/bbl marketing fee for non-spec oil and improve margins further
- Petrobras' latest forecast is completion of certification in June '24
- Entered three-cargo offtake agreement with major 3<sup>rd</sup> party offtaker



## Timeline of Petrobras work at TNC

- 12 April 2023: Closing of Norte Capixaba acquisition, at which point Petrobras was obligated to complete remaining repair work at TNC
- October-November 2023: Weather-related offtake force majeure consumes spare capacity at TNC, delaying certification testing
- January 2024: Hydrostatic test concludes that the south pipeline is approved for its mechanical resistance and pressure integrity. However, Petrobras subsequently informs Seacrest Petroleo of incorrectly labelled gaskets used in the south pipeline, requiring replacement before certification for VLSFO-spec operation. Petrobras advises work on north pipeline expected to be complete by end-March
- March 2024: Subsea operations issues result in further delay to certification
- June 2024: Petrobras revised date at which they expect certification

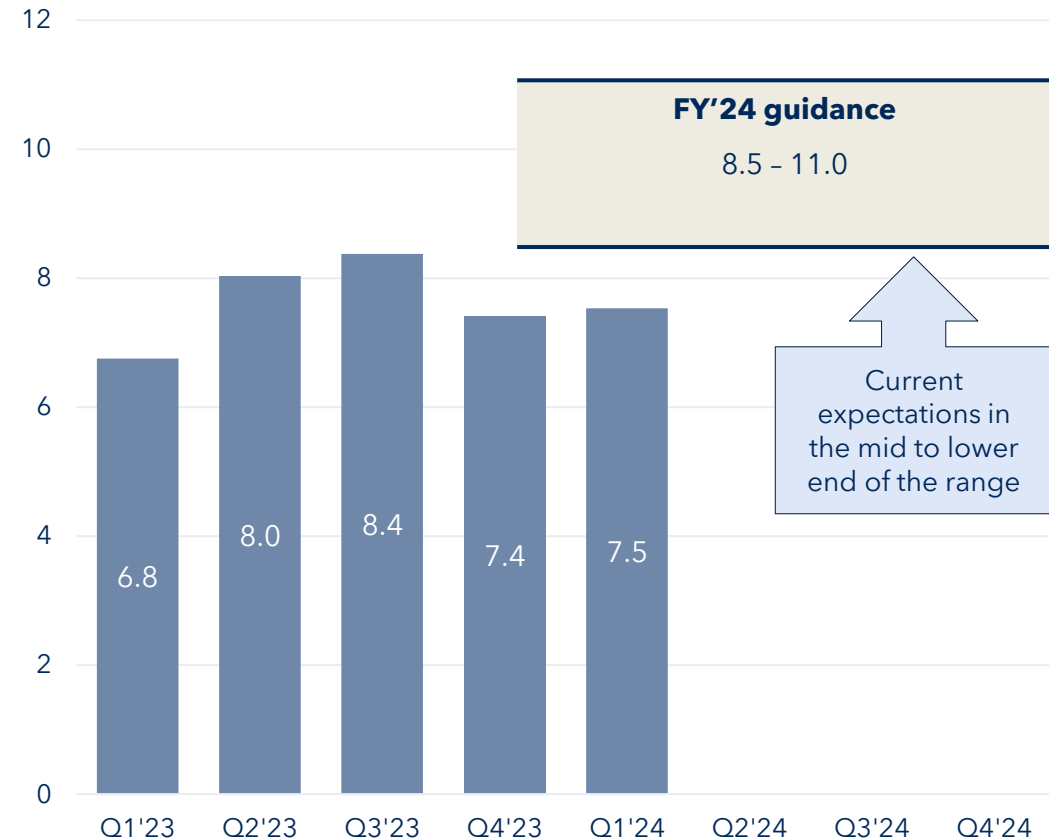


# 2024 guidance update

## Expect 2024 production in the mid to lower end of guidance range

- Delayed terminal certification by Petrobras has negative impact on EBITDA compared to original business plan
- Prudent capex allocation to drilling will therefore likely result in wells being drilled later compared to original plan
- Production growth expected in H2'24 depending on the number and type of wells drilled, but unlikely to reach the upper end of the original 2024 business plan
- Long-term growth plans are unchanged, as affirmed by the updated CPR

## Oil production (bopd)





# Financial review

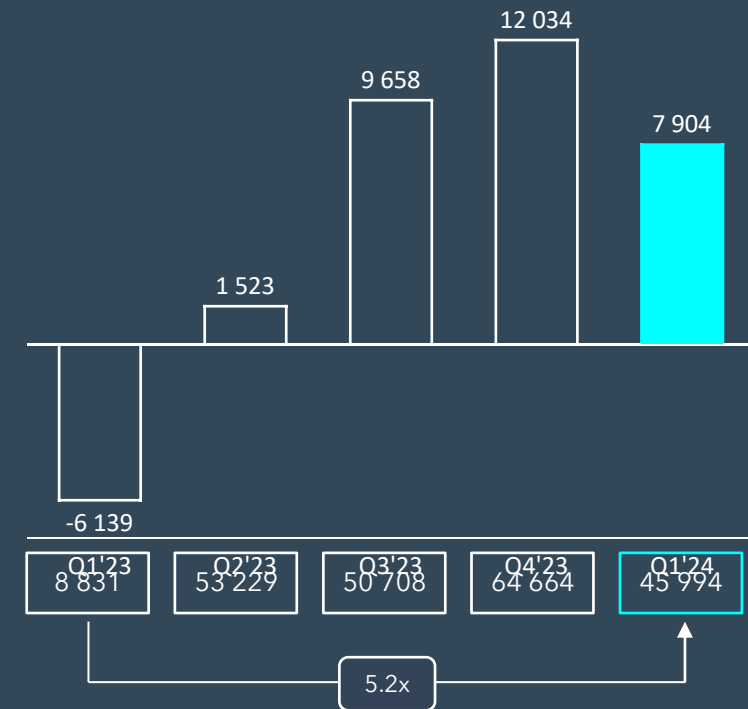


## Key Financials

USD '000		Q1'24	Q4'23	Q1'23
Total operating income	↑	45 994	64 664	8 831
EBITDA	↑	7 904	12 034	(6 139)
Operating profit / (loss)	↓	(494)	(11 122)	(11 860)
Profit / (loss) before taxes	↑	(22 835)	(9 642)	(16 945)
Production cost (USD/boe)	↑	23.8	27.8	34.1
CFFO	↑	(55 840)	21 796	(23 703)
Capex	↑	6 993	19 708	1 664
Adjusted NIBD	↑	403 279	332 507	50 439
EPS (USD)	↑	(0.052)	(0.009)	(0.033)

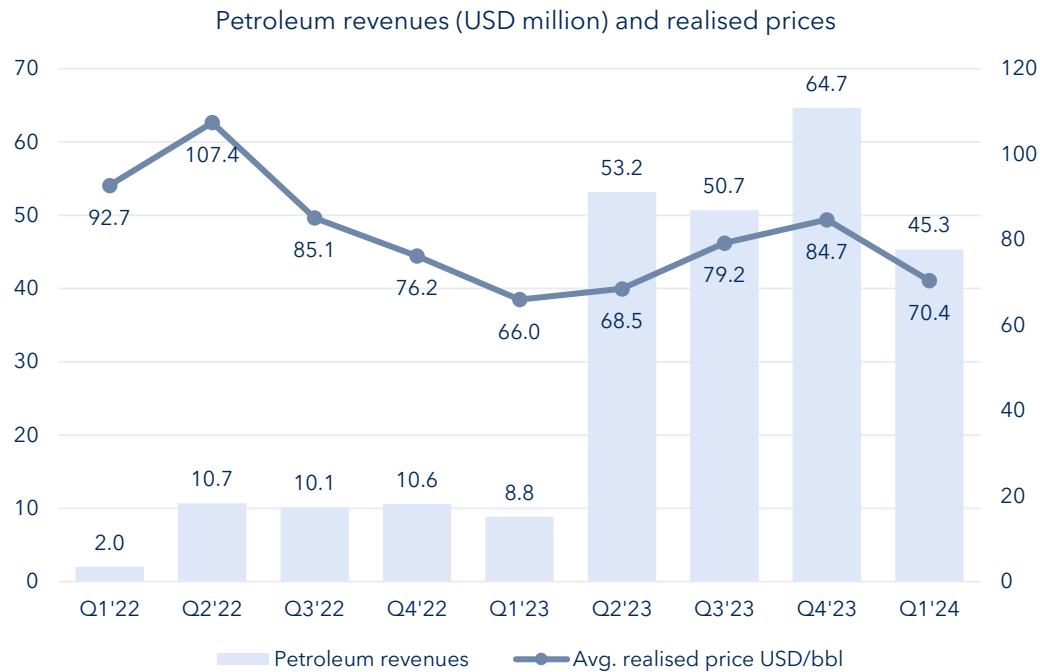
EBITDA  
USD '000

Revenues

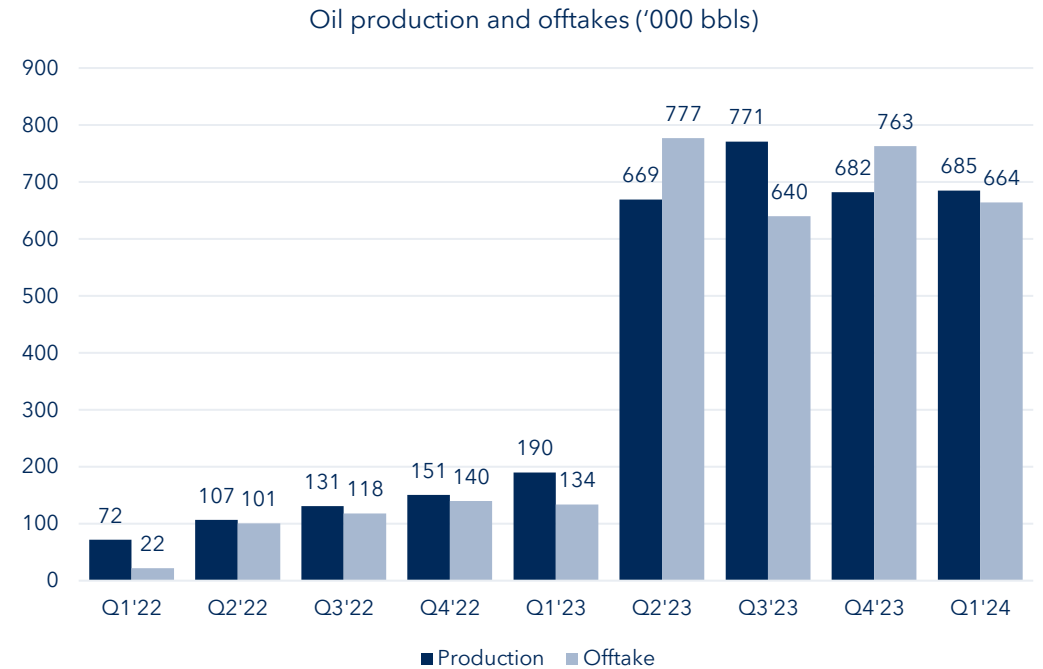


# Petroleum revenues

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



## Oil production and offtakes



- Q1'24 revenues down 30% sequentially due to:
  - Offtake volumes down 16% due to scheduling and realised prices down 17%
  - USD 1.7m impact on revenues and EBITDA from realised hedges



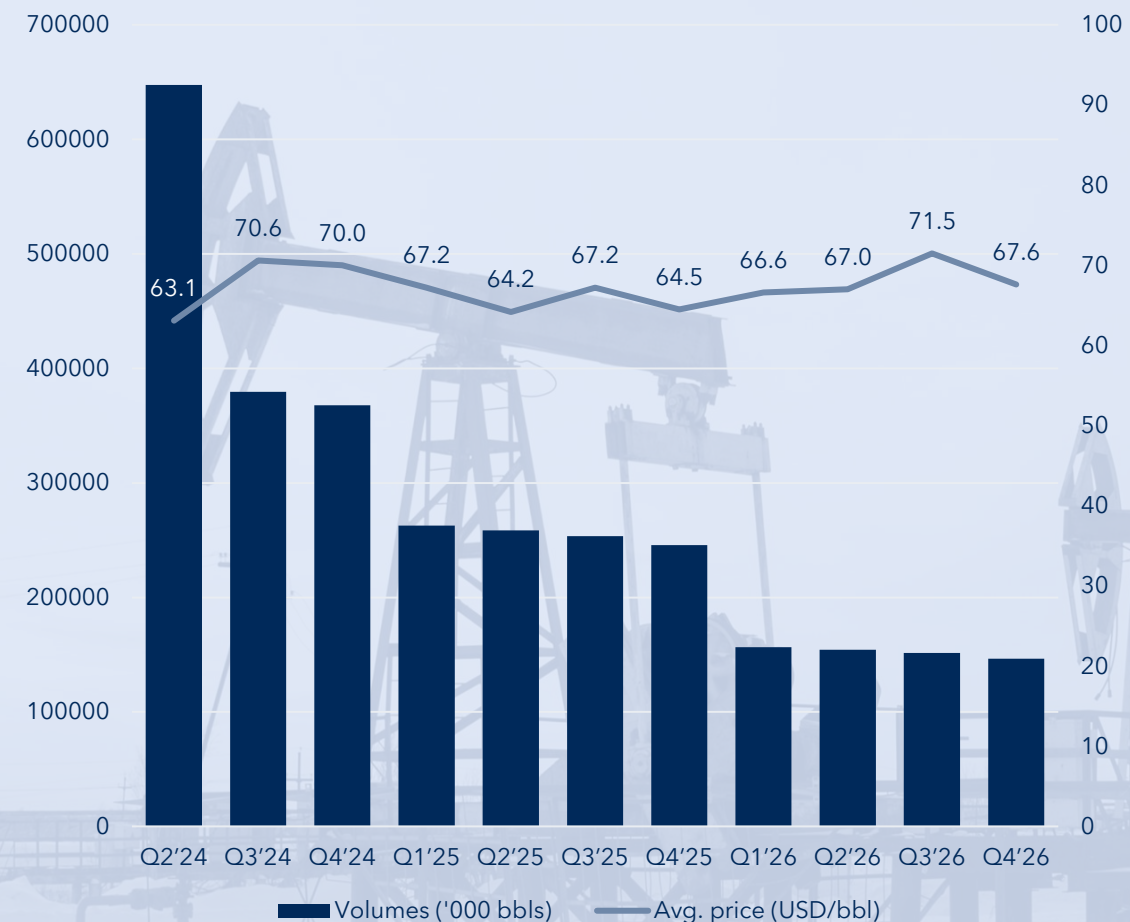
## Oil price hedge position

Balance sheet exposure and P&L	Q2'23	Q3'23	Q4'23	Q1'24
Notional exposure at reporting date ('000 bbls)	3 368	3 508	3 403	3 024
Hedged price (average) (USD/bbl)	USD 67	USD 67	USD 67	USD 67
Forward rate (average) (USD/bbl)	USD 72	USD 82	USD 75	USD 81
Fair value (USD '000)	(18 061)	(49 280)	(25 788)	(44 796)
P&L (USD '000)	7 485	(32 097)	17 847	(5 799)
OCI (USD '000)	-	-	-	(18 123)

The Company has also entered into the following put options:

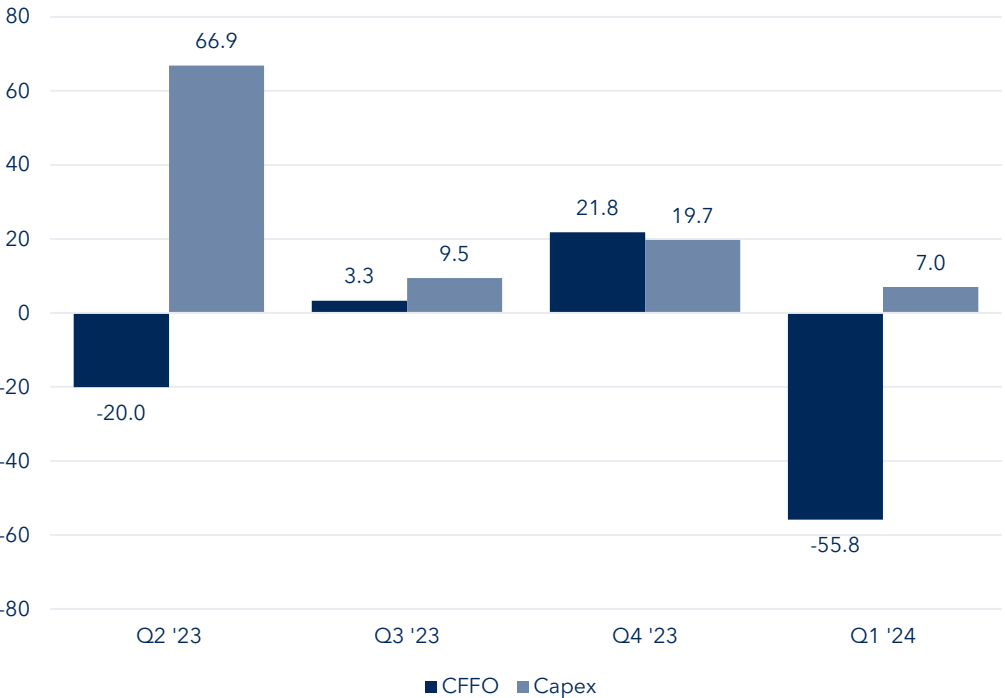
- Q1 '25: 87 541 bbls at USD 50
- Q1 '26: 78 254 bbls at USD 45
- Q1 '27: 119 121 bbls at USD 40

Swapped volumes and average contracted price

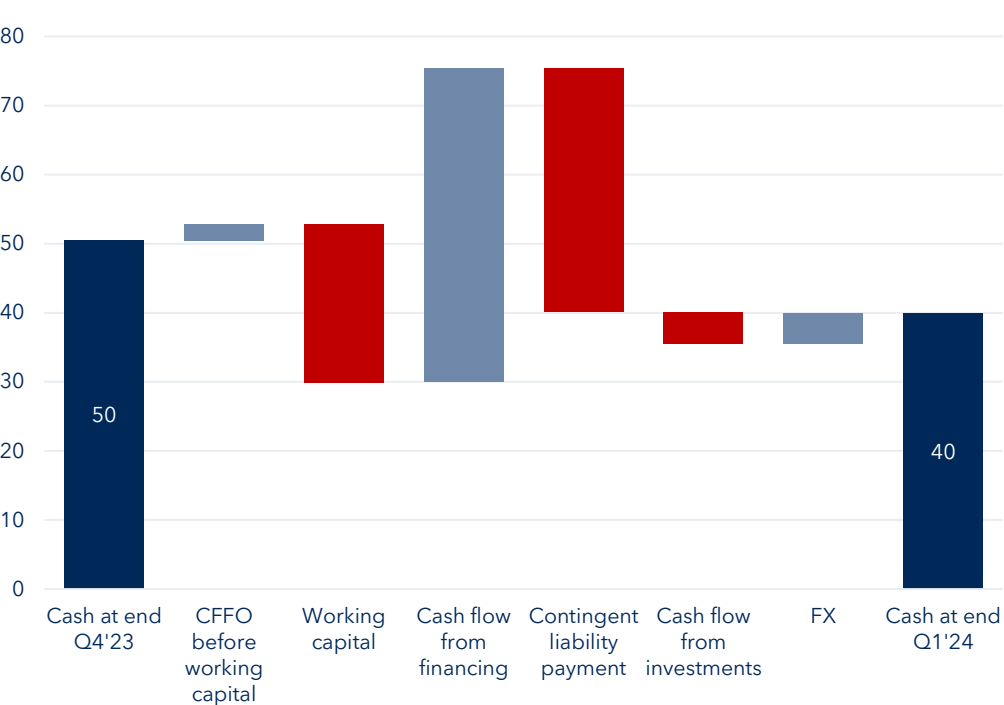


# Cash flows

CFFO and Capex (USD million)

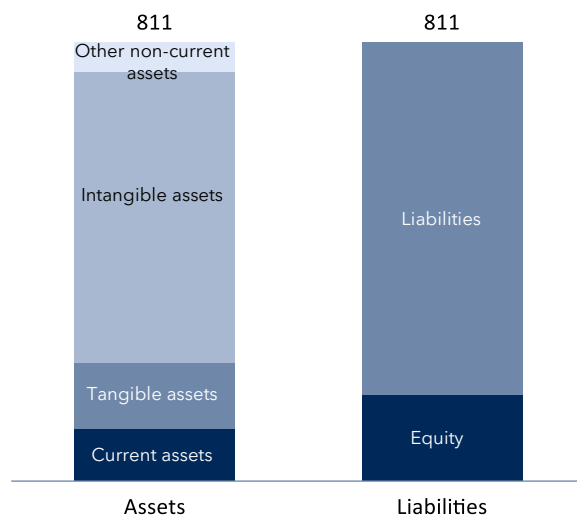


Cash position during Q1'24 (USD million)

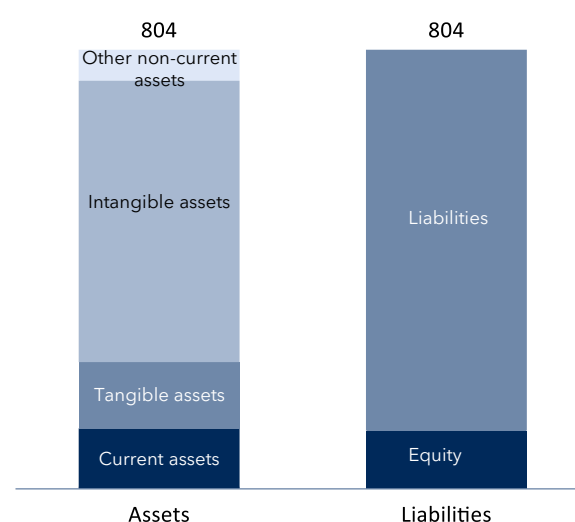


# Capitalisation

**Q4 2023**  
USD million



**Q1 2024**  
USD million



- USD 7 million decrease in total assets
- Liabilities increased by approximately USD 46 million
- Adjusted net-interest bearing debt USD 403 million, up from USD 333 million in Q4'23
- Equity ratio 13%, down from 20% in Q4'23
- USD 80 million in senior unsecured bonds raised in January '24
- Amendment to USD 300 million credit agreement agreed, removing Q1'24 covenant test

## USD 300 million credit agreement

- Syndicate of four banks in Brazil led by Morgan Stanley Senior Funding Inc
- Coupon: SOFR + 7.6% p.a. quarterly
- Tenor: 5 years
  - Amortising in years 3-5 on a flexible schedule
- Call option after one year
  - Premium Y2: 3.5%, Y3: 1.75%, Y4-5: 0%
- Oil price hedging requirement

## USD 80 million senior unsecured bond

- Coupon: 16% p.a. fixed rate
- Tenor: 3 years
- Call option
  - Premium Y0.5: 16%, Y1: 10.7%, Y1.5: 8%, Y2: 5.33%, Y2.5: 0.5%



An aerial photograph of an industrial facility, likely an oil or gas processing plant. The image shows several large cylindrical storage tanks, some with yellow tops, and a complex network of pipes and structural steel. There are also some buildings with corrugated metal roofs. The facility is surrounded by greenery and a dirt road. The text "Summary and outlook" is overlaid in white on the right side of the image.

# Summary and outlook



# 2024 outlook and guidance

	Actual Q1'24		2024 targets
Production	8 377 boepd 7 532 bopd	>	9 500-12 500 boepd 8 500-11 000 bopd
Production cost <sup>1</sup>	USD 23.8/boe	>	USD 20-24/boe
Capex <sup>2</sup>	USD 4.5 million	>	USD 70-100 million

## Notes

- Capex expected in the middle to lower end of the range due to terminal certification delays by Petrobras reducing operating cash flows
- Direct impact on drilling and production ramp-up scheduling
- Production expected in the middle to lower end of the range
- Rapid acceleration of activity in 2H 2024

1. Excluding storage costs, royalties and purchased oil  
2. Excluding lease payments

# Jose Cotello to join as new CEO

## Background

- Oil & gas operator with than three decades of experience
- Proven track record of success in various leadership roles
- Career highlights:
  - Ecopetrol (2015 - 2024)
    - President, Brazil (2019 - 2024): Oversaw operations in pre-salt and equatorial margin
    - Regional Vice President, Orinoquía (2015 - 2019): Achieved material increase in onshore production
  - Chief Operating Officer of Petra Energia (2011 - 2015): Raised production from zero to ~20 kboepd onshore Brazil
  - Various international positions at Schlumberger (1989 - 2011)
- Commences 1 June 2024





## Summary

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- Achieved all four early 2024 strategic milestones within Company control:
  - Updated Competent Person's Report reaffirms long term plan and asset value
  - Initial production rates from infill wells above expectations; learnings related to start-up procedures to be applied to future wells
  - PetroReconcavo partnership accelerates and de-risks 300 well drilling programme - the largest drilling programme onshore Brazil
  - Amendment to credit agreement removing covenant test for Q1'24
- Petrobras behind schedule on terminal certification
- Blended crude on-spec for VLSFO pricing already in terminal tank storage
- Activity planned to be in middle to lower end of 2024 guidance
- Long-term guidance of more than tripling oil production within 2027 unchanged