Seacrest
Petroleo

Second quarter 2023

Interim report

Seacrest Petroleo

About Seacrest Petroleo

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.

HIGH QUALITY ASSETS
140 MMBoe reserves with significant organic upside recovery factor potential. Proven success in Brazil through execution by top-performing development and operations team with the backing of industry leaders Seacrest and Mercuria.

FULLY OWNED INFRASTRUCTURE
Large-scale infrastructure enables us to process, transport and deliver our oil production directly to sea tankers through a uniquely integrated system providing control and risk mitigation.

POTENTIAL FOR GROWTH
Significant ramp up of production being anticipated through simple, low-risk workovers, recompletions and drilling.

HIGH MARGIN BARRELS
High cash-margin business with potential for growth and significant cash flow generation.

To learn more, please visit: www.seacrestpetroleo.com

Contents

Key figures second quarter 2023

Second quarter 2022 in brackets

Production	Petroleum revenues	EBITDA	Profit before tax
boepd	USD '000	USD '000	USD '000
8 796	**53 229**	**1 523**	**- 38 685**
(1 213)	**(10 869)**	**(-2 275)**	**(-29 636)**

CFFO [1]	Capex	FCF
USD '000	USD '000	USD '000
46 860	**490 610**	**- 443 750**
(-17 182)	**(2 137)**	**(-19 319)**

[1] Cash flow from operations

Second quarter 2023 highlights

Seacrest Petroleo's oil and gas equivalent production was 8 796 boepd in the second quarter, an increase of 24% over the first quarter of 2023. Total income in the second quarter was USD 53.2 million, a six-fold increase from the first quarter of 2023 due to the addition of production from Norte Capixaba and improved pricing. Losses before interest and tax were USD 38.7 million for the quarter, USD 21.7 million lower than the preceding quarter. Cash flow from operations was USD 46.9 million for the quarter.

- Acquisition of Norte Capixaba was completed in April with production having P&L effect from 13 April 2023
- Drawdown of USD 300 million new credit facility in conjunction with the Norte Capixaba acquisition
- No serious category HSE incidents in the quarter and for the last 12 months
- Production of 8 796 boepd in Q2'23, up from 7 074 boepd pro forma in Q1'23, and on track with planned ramp-up for 2023
- Average realised oil price of USD 68.5 per bbl in the quarter, up from USD 66.0 per bbl in the first quarter
- Offtake of oil up 5.8x sequentially in a slight over lift position including USD 100 kbbls purchase of oil and diluent from third party
- Production cost of USD 24.4 per boe in the quarter, down from 32.3 in Q1 due to the inclusion of production from Norte Capixaba, synergies between the clusters, operations optimisation and production increases
- Full year 2023 production cost of USD 24-26 per boe expected

KPIs (USD '000 unless otherwise stated)	**Q2'23**	**Q1'23**	**Q2'22**	**FY'22**
Actual serious injury frequency (12 months rolling)	-	-	-	-
Total production (boepd) [2]	8 796	7 074	7 154	1 373
Offtake of oil ('000 bbls)	777	134	101	381
Production cost (USD/boe)	24.4	32.3	40.9	30.8
Cash flow from operations (CFFO)	46 860	(23 703)	(17 182)	(38 332)
Free cash flow (FCF, USD)	(443 750)	(25 367)	(19 319)	(80 362)
EPS Basic	(0.1201)	(0.0330)	(0.1609)	(0.6825)
EPS Diluted	(0.1182)	(0.0324)	(0.1098)	(0.4812)

"On April 12, 2023, Seacrest Petroleo completed the Norte Capixaba acquisition from Petrobras. This was a milestone achievement in our plan and establishes the Company as one of the most important independent oil producers in Brazil, having acquired a prolific and integrated asset controlling production from wellhead to seaborne offtake via 100% owned infrastructure. The transition since closing has gone smoothly and average production per day has risen to 8 796 boepd for the period. Our second quarter success gives us confidence that we are on track to deliver on our long-term strategy."

-Michael Stewart, CEO Seacrest Petroleo

[2] Includes Norte Capixaba on a proforma basis for Q1'23 and on full quarter basis for Q2'23

Key metrics and targets

Production split (boepd)	Q2'23	Q1'23	Q2'22	FY'22
Oil	8 033	2 112	1 172	1 261
Gas	763	184	42	113
Total	**8 796**	**2 297**	**1 213**	**1 373**

Offtake volumes ('000 boe)	Q2'23	Q1'23	Q2'22	FY'22
Oil	777	134	101	381
Gas	-	-	-	-
Total	777	134	101	381

Realised oil price (USD/boe)	Q2'23	Q1'23	Q2'22	FY'22
Gross realised oil price	68.7	72.8	110.1	93.2
PIS/COFINS (federal taxes on revenues)	(0.2)	(6.8)	(3.5)	(5.0)
Net realised oil price	**68.5**	**66.0**	**107.4**	**88.2**

Financials (USD '000 unless otherwise stated)	Q2'23	Q1'23	Q2'22	FY'22
Total income	53 229	8 831	10 869	33 617
Operating profit / (loss)	(20 163)	(11 680)	(8 227)	(34 151)
Profit / (loss) before income taxes	(38 685)	(16 945)	(29 636)	(138 767)
Net earnings / (loss)	(39 299)	(8 605)	(29 636)	(119 172)
EBITDA	1 523	(6 139)	(2 275)	(11 118)
Earnings per share (USD)	(0.1201)	(0.0330)	(0.16092)	(0.6825)

Targets and outlook [3]

2023 guidance

(USD million unless otherwise stated)

Oil production	8 700 – 8 900	*bbls/d*
Production cost	24-26	*USD/boe*
Capex	26	*USD million*

[3] Please refer to further details on page 13

Operational review

Oil production (bpd)	Q2'23	Q1'23	Q2'22
Cricaré (bpd)	2 515	2 112	1 172
Norte Capixaba (bpd) [4]	5 518	4 641	5 703
Total (bpd)	**8 033**	**6 753**	**6 875**

Gas production (boepd)	Q2'23	Q1'23	Q2'22
Cricaré (boepd)	504	184	42
Norte Capixaba (boepd) [4]	259	137	237
Total (boepd)	**763**	**321**	**279**

Total production (boepd)	Q2'23	Q1'23	Q2'22
Cricaré (boepd)	3 018	2 297	1 213
Norte Capixaba (boepd)[4]	5 777	4 778	5 941
Total (boepd)	**8 796**	**7 074**	**7 154**

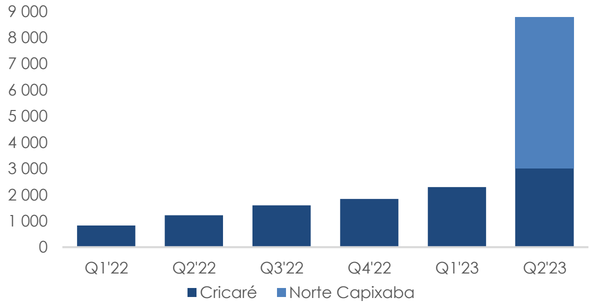
Offtake and production ('000 bbls)	Q2'23	Q1'23	Q2'22
Production of oil (Norte Capixaba from 13 April)	669	190	107
Offtake of oil	777	134	101

Percentage total production	Q2'23	Q1'23	Q2'22
Cricaré	34%	32 %	17 %
Norte Capixaba	66%	68 %	83 %
Total	**100%**	**100 %**	**100 %**

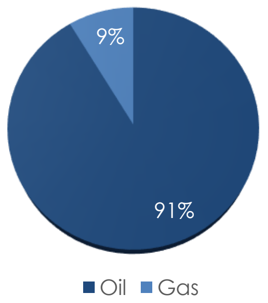
Percentage by product	Q2'23	Q1'23	Q2'22
Oil	91%	95 %	96 %
Gas	9%	5 %	4 %
Total	**100%**	**100 %**	**100 %**

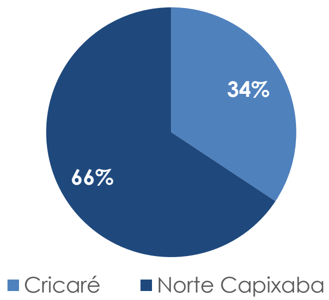
[4] Norte Capixaba pro forma for Q1'23 and Q2'22, full quarter basis for Q2'23 (P&L effect from 13 April)

Total production (boepd)



Production split Q2 2023 by boe





Production

The Company successfully achieved a smooth transition of operatorship of the Norte Capixaba cluster in April. Operated production in the second quarter was 3.8x higher than the preceding quarter. Gas wells were opened overnight following the transition to compensate for the disconnection of the Norte Capixaba cluster from the regional gas network.

Subsequent to the closing the Norte Capixaba acquisition, the Company immediately started optimising the production, reopening shut-in wells and recompleting wells in new zones. As a result, pro forma production of oil and gas equivalents rose 24.3% during the second quarter compared to the first quarter. The main driver was an 11% increase in well productivity following well maintenance activities, while the average number of producing wells increased 9% from the previous quarter.

Oil production amounted to 91% of total production (pro forma including Norte Capixaba). The gas produced is used internally in operations and oil is the only product sold.

After closing of the Norte Capixaba transaction, the daily production from Norte Capixaba has increased by 21%.

The assets

In December 2021, the Company became the operator and sole owner of the Cricaré Cluster. The Cricaré Cluster was previously owned and operated by Petrobras. The fields in the Cricaré Cluster have an aggregate area of approximately 67,000 net acres (270 sq km). The Cricaré Cluster assets are comprised of 18 onshore concessions (27 fields), 4 oil treatment stations, and 4 satellite collection stations, all located in the State of Espírito Santo and organized in a cluster to optimise the sharing of logistics and production treatment facilities.

In April 2023, the Company became the operator and sole owner of the Norte Capixaba Cluster. The fields in the Norte Capixaba Cluster have an aggregate area of approximately 15,000 net acres (60 sq km). The Norte Capixaba Cluster assets are comprised of 4 mature onshore fields, 3 oil treatment stations, 4 satellite collection stations and a pipeline network.

As part of its acquisition of the Norte Capixaba Cluster, the Company also acquired the Terminal Norte Capixaba, with approximately 80,000 m3 storage capacity (equal to 500 000 bbls).

Production Cost

Total production cost was USD 24.4 per boe in the second quarter of 2023 compared to USD 32.3 in the previous quarter. The reduction is mainly related to Norte Capixaba volumes being added to the production, but also reflects a constant focus on driving costs down.

The Company has amended the calculation of production cost per barrel through adjusting production cost for royalties, which is in line with the industry standard in Brazil. Please refer to note 3 in the Financial Statements for details.

The Company expects production costs to decrease during the second half of 2023 year as the production is being ramped up on both assets. Seacrest Petroleo has a guidance for 2023 of an average production cost of USD 24-26 per boe based on the current projections for its ramp up activities.

Second quarter activities

After closing the Norte Capixaba transaction on April 12th, the Company prioritised four workover rigs on the reopening of shut in wells and maintaining wells at Norte Capixaba, which has the highest production per well.

The average number of producing wells increased from 267 in the first quarter to 291 in the second quarter and the average production per well increased from 27 boepd in the first quarter to 30 boepd in the second quarter on a pro forma basis.

Well services activities

The Company serviced 19 wells during the period with a Mean Time Between Failures (MTBF) of 19.2 months, an improvement from 17.3 months in the first quarter of 2023 and 10 months in the first quarter of 2022. This significant improvement in reliability of the wells is the result of continuous efforts in pumping and well operation optimisations, as well as preventive maintenance. A higher MTBF results in higher availability of production and lower use of rigs for corrective maintenance in favour of workover and production increase activities.

Workover activities

Seacrest initiated workovers within 46 wells in the quarter. These operations target the reopening of new zones within existing wells to increase well productivity, as well as the return to production of wells shut in by the previous operator to increase the overall production well count.

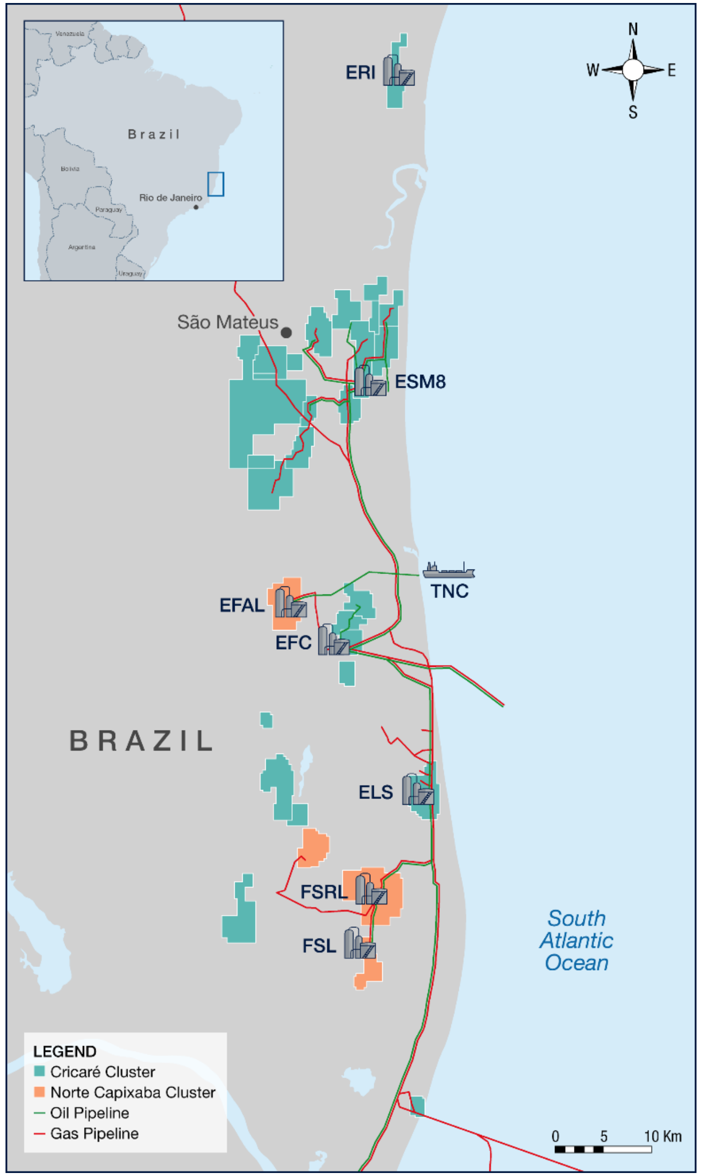
Increasing gas volumes

On the day of the closing of the Norte Capixaba acquisition, the Company ceased all transfers of gas from the regional gas network and have been successfully filling 100% of its gas demand from internal gas production with an average quarterly gas production increase of 2.8x over the previous quarter.

In addition to production coming from associated gas wells, two non-associated wells were sufficient to meet the Company's internal demand. The split between associated and non-associated gas was around 25%/75%, providing significant flexibility to manage gas production going forward.

Steam injection

The Company continued to expand its steam injection strategy in both clusters.



TNC maintenance programme

During the second quarter the Terminal Norte Capixaba (TNC) was undergoing planned maintenance work by the previous operator to reinstate the heating system and certify the subsea pipelines to OEM specifications. This work is expected to be finalised during the third quarter. When completed, the Company will be able to deliver very low sulphur fuel oil, which will be sold to Mercuria.

Going forward

The well activities are being further ramped up in the third quarter with addition of a fifth workover rig in September and conversion of one of the existing workover rigs to a light duty drilling rig to commence drilling on the Inhambu field in the Cricaré cluster. The workover rigs will focus on recompletion activities targeting the opening of new zones in existing wells, in addition to the ongoing repair and maintenance programme.

For the year, Seacrest Petroleo plans approximately 200 well workovers across both assets and the number of producing wells is expected to increase significantly by the end of the year.

For 2023, Seacrest Petroleo expects average oil production to be in the range of 8 700 to 8 900 bbls/day, including Norte Capixaba on a pro forma basis for 2023. The risks to this guidance include electrical systems reliability, well performance and the rain season which normally affects Espirito Santo towards the end of the calendar year.

Health, safety, security and the environment (HSSE)

Key Performance Indicators	Q2'23	Q1'23	Q2'22	FY'22
Hours worked own workforce	69 804	55 446	21 460	109 551
Hours worked contractors	549 802	297 049	194 571	898 349
Total hours worked	619 606	352 495	216 031	1 007 900
Serious incidents (SI)	-	-	-	-
Lost time injuries (LTI)	-	-	-	-
Total recordable injuries (TRI)	-	-	-	-
Serious incidents rate (SIR) (#/mill hrs)	-	-	-	-
Lost time injuries rate (LTIR) (#/ mill hrs)	-	-	-	-
Total recordable injuries rate (TRIR) (#/mill hrs)	-	-	-	-
Reportable hydrocarbon spills to the environment	1	1	-	-
Total fatalities	-	-	-	-
High potential incidents	-	1	-	1
Near misses	-	-	1	3
Restricted workday cases	-	-	-	-
Medical treatment cases	-	-	-	-

Seacrest Petroleo has grown its operations significantly since the operational activity started in January 2022 with more than 600 000 hours worked during this quarter, almost double that of the first quarter of 2023. The Company has a strong focus on health, safety, security and the environment (HSSE) with a well-developed framework of internal regulations to ensure performance.

We are therefore satisfied that a record of zero serious incidents, zero recordable injuries and zero lost time incidents has been maintained for six consecutive quarters. This is attributable to our dedicated workforce and our close cooperation with contractors employed by the Company.

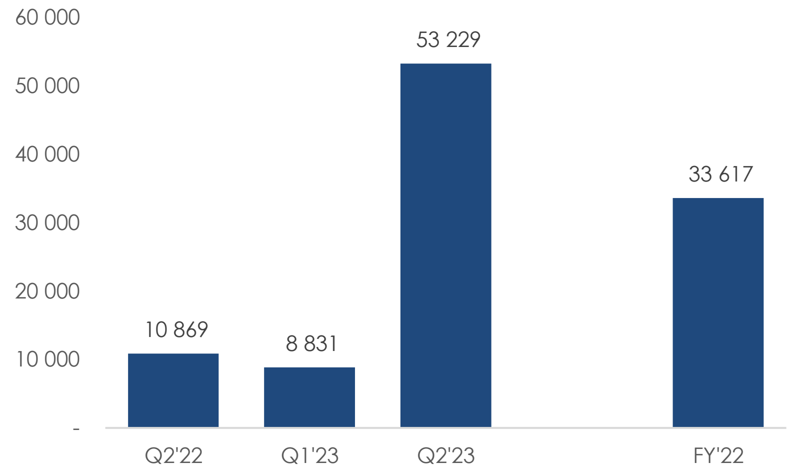
There was one reportable spill of hydrocarbons to the environment of 1 m^3 in the second quarter of 2023, while there were no near misses, nor any high potential incidents recorded this quarter. The Company takes all such incidents as valuable learning that will strengthen its HSSE focus going forward.

Financial review

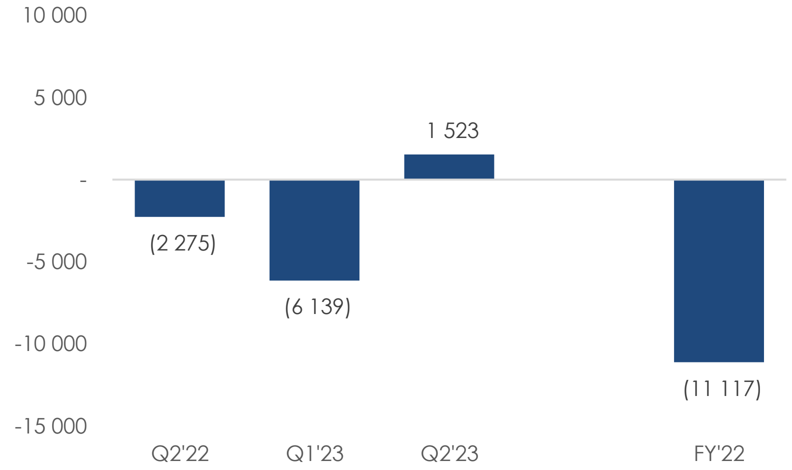
Statement of income

(USD '000)	Q2'23	Q1'23 [5]	Q2'22	FY'22
Net revenue from oil sales	53 229	8 831	10 869	33 617
Other revenue	-	-	-	-
Total operating income	**53 229**	**8 831**	**10 869**	**33 617**
Production costs	(35 003)	(5 517)	(6 139)	(16 746)
Exploration expenses	-	-	-	-
General and administrative expenses	(16 703)	(9 453)	(7 004)	(27 988)
Other operating expenses	-	-	-	-
EBITDA	**1 513**	**(6 139)**	**(2 275)**	**(11 117)**
Depreciation and amortisation	(21 686)	(5 721)	(5 952)	(23 034)
Impairment loss and reversals	-	-	-	-
Operating profit / (loss) (EBIT)	**(20 163)**	**(11 860)**	**(8 227)**	**(34 151)**
Operating margin	neg	neg	neg	neg
Financial income	8 086	10 205	0	5 499
Financial expenses	(26 609)	(15 290)	(21 409)	(110 115)
Profit / (loss) before income taxes	**(38 685)**	**(16 945)**	**(29 636)**	**(138 767)**
Income tax (expense)/income	(614)	8 340	0	19 595
Profit / (loss) for the period	**(39 299)**	**(8 605)**	**(29 636)**	**(119 172)**

Total income (USD '000)



EBITDA (USD '000)



[5] There has been a minor restatement to the Q1'23 financials, please refer to Note 1 in the Financial Statements

Revenues from sale of oil in the second quarter of 2023 were USD 53.2 million, an increase of USD 44.4 million (503%) when compared to the first quarter of 2023. Approximately 95% of the increase is attributable to higher offtake volumes and 5% from higher realised oil prices.

The higher offtake volumes are driven by the Company now owning both the Cricaré and Norte Capixaba Clusters and have better control of the TNC and therefore offtake scheduling. The higher pricing was due to an increase in general oil prices from the first quarter.

Production cost

Total production cost was USD 24.4 per boe in the second quarter of 2023 compared to USD 32.3 in the previous quarter. The decrease is due to the fact that the ramp up of services and personnel in the first quarter relating to the closing of the Norte Capixaba transaction, is now line with the ramp up of the production in the second quarter. The Company has amended the calculation of production cost per barrel in line with the industry standard in Brazil. Please refer to note 3 in the Financial Statements for details.

Depreciation and amortization

The amortisation and depreciation in the second quarter was USD 21.7 million compared to USD 5.7 million in first quarter. The significant increase is due to the acquisition of the Norte Capixaba assets.

Net financial items

Interest expense increased by USD 6 million from the first quarter. The increase was related to the drawdown of the USD 300 million new credit facility, while the other financial items are primarily related to changes in the value of financial instruments and present value adjustments.

Tax

The Company recorded a tax benefit of USD 7.6 million in the first six months of the year due to the pre-tax losses. The total accumulated deferred tax asset is USD 27.2 million.

Profit for the period

Net loss for the quarter was USD 39.3 million, a decline from the net loss of USD 8.6 million in the preceding quarter. Total comprehensive losses after adjusting for currency translation differences were USD 8.9 million in the quarter.

Gross petroleum revenues (USD '000)	**Q2'23**	**Q1'23**	**Q2'22**	**FY'22**
Revenue from oil sales	53 380	9 731	11 141	35 529
Revenue from gas sales	-	-	-	-
Gross petroleum revenues	**53 380**	**9 731**	**11 141**	**35 529**
Tax on revenues (USD ‘000)				
PIS	(27)	(161)	(48)	(341)
COFINS	(124)	(740)	(223)	(1 571)
Net petroleum revenues (USD ‘000)	**53 229**	**8 831**	**10 869**	**33 617**

Petroleum revenue split by type (percentage)	**Q2'23**	**Q1'23**	**Q2'22**	**FY'22**
Revenue from oil sales	100%	100 %	100 %	100 %
Revenue from gas sales	0%	0 %	0 %	0 %
Total petroleum revenues	100%	**100 %**	**100 %**	**100 %**

Realised prices (USD/boe)	**Q2'23**	**Q1'23**	**Q2'22**	**FY'22**
Gross	68.7	72.8	110.1	93.2
Net after PIS/COFINS (federal taxes on revenues)	68.5	66.0	107.4	88.2

Offtake volumes (mmboe)	**Q2'23**	**Q1'23**	**Q2'22**	**FY'22**
Oil	777	134	101	381
Gas	**-**	-	-	-
Total	**777**	**134**	**101**	**381**
Over-/(underlift)	**108**	**(56)**	**(5)**	**(79)**

Production costs (USD '000)	**Q2'23**	**Q1'23**	**Q2'22**	**FY'22**
Gross production costs	35 003	5 517	6 139	16 746
Adjustments	(18 482)	(1 197)	(1 995)	(4 994)
Production cost based on sold volumes	**16 521**	**4 320**	**4 145**	**11 752**
Production cost adjusted for production not sold	**16 343**	**6 677**	**4 520**	**15 456**
Total sold volumes ('000 boe)	677	134	22	381
Total produced volumes (‘000 boe)	669	207	75	501
Production to sales ratio	1.0	1.5	1.1	1.3
Production cost USD/boe produced volumes (unaudited)	**24.4**	**32.3**	**40.9**	**30.8**

Condensed statements of financial position

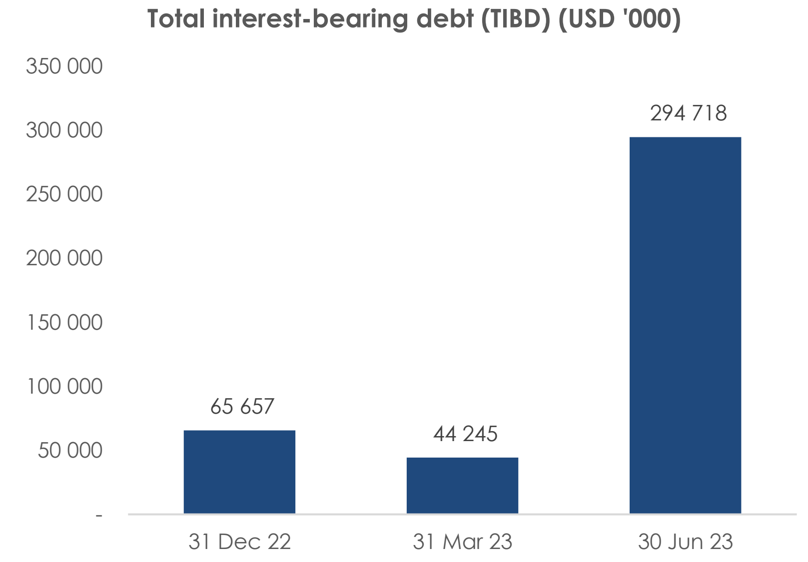
Financial position (USD '000)	30 Jun 2023	31 Mar 2023	30 Jun 2022
Current assets	60 762	240 553	112 581
Intangible assets	559 462	107 375	77 315
Tangible fixed assets	110 342	62 942	2 195
Other non-current assets	32 450	30 779	41 259
Total assets	**763 016**	**441 649**	**233 350**
Current liabilities	41 881	38 901	8 329
Non-current liabilities	541 896	215 176	213 551
Total liabilities	**583 777**	**254 077**	**225 021**
Total equity	**179 239**	**187 572**	**8 329**
Total equity and liabilities	**763 016**	**441 649**	**233 350**

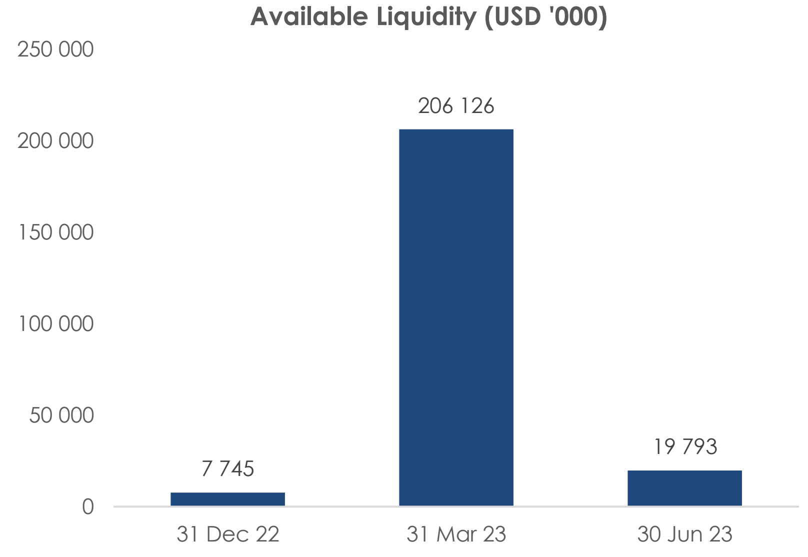
Total assets at the end of the quarter increased by USD 321 million, primarily due to the acquisition of the Norte Capixaba assets. Intangible assets constitute the Company's oil and gas exploration rights, adjusted for amortization, and increased significantly following the acquisition of Norte Capixaba. Tangible assets also increased from the previous quarter due to the acquisition.

Total interest-bearing debt at the end of the quarter was up by USD 250 million due to the refinancing in connection with the Norte Capixaba acquisition. Adjusted net interest-bearing debt increased from minus USD 155.7 million to USD 295.0 million.

The Group's equity ratio was 23% at the end of the first quarter 2023, down from 43% in the first quarter 2023.

Interest bearing debt including leasing (USD '000)	30 Jun 2023	31 Mar 2023	30 Jun 2022
Interest-bearing loans and borrowings	294 718	44 245	61 537
Interest-bearing loans, current	-	-	-
Lease liabilities, non-current	10 957	2 409	-
Lease liabilities, current	9 123	3 785	4 257
Adjusted total interest-bearing debt	**314 799**	**50 439**	**65 795**
Cash and cash equivalents	19 793	206 126	21 730
Adjusted NIBD	**295 006**	**(155 687)**	**44 064**





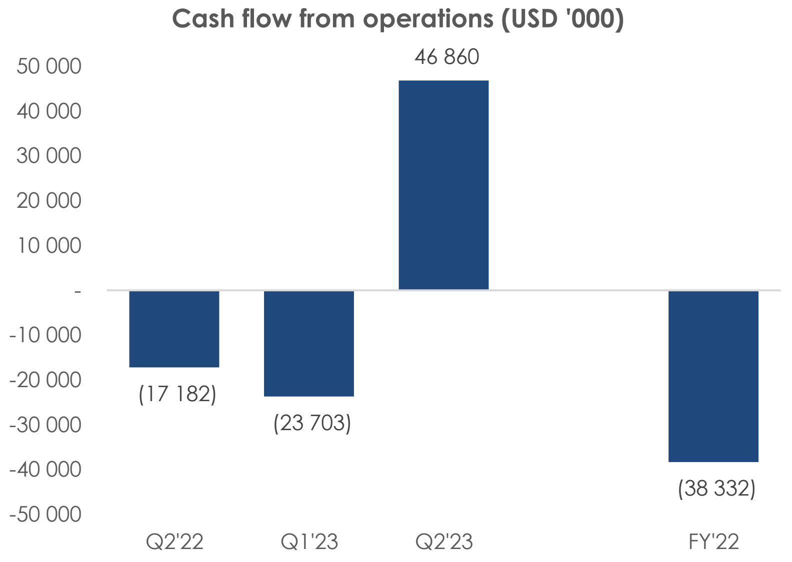
Condensed statement of cash flow

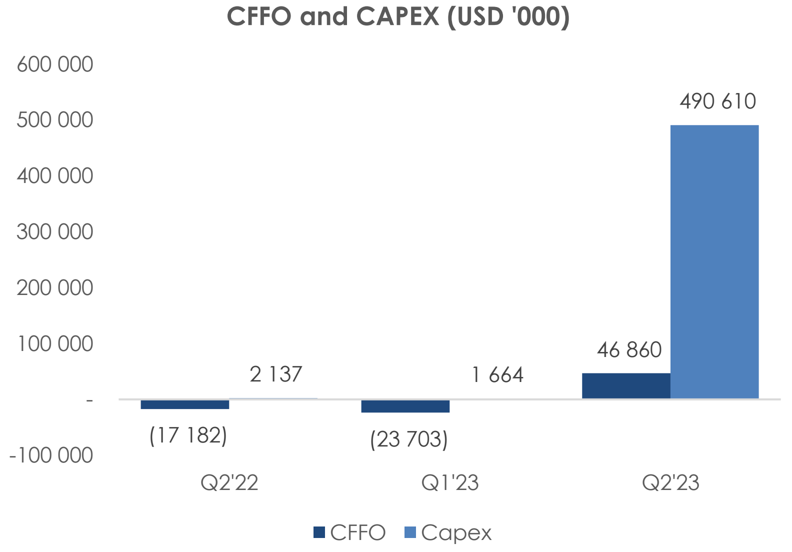
Statement of cash flows (USD '000)	Q2'23	Q1'23	Q2'22	FY'22
Cash flow from operating activities (CFFO)	46 860	(23 703)	(17 182)	(38 332)
Cash flows used in investing activities	(488 423)	(931)	5 909	(39 666)
Cash flows from financing activities	248 285	220 882	7 573	67 583
Net change in cash and cash equivalents	**(193 278)**	**196 247**	**(3 701)**	**(10 414)**
Cash and cash equivalents, beginning of period	206 126	7 745	21 999	16 909
Effect of exchange rate fluctuation on cash held	6 945	2 133	3 432	1 250
Cash and cash equivalents, end of period	**19 793**	**206 126**	**21 730**	**7 745**

Cash flows from operating activities were impacted by unrealised hedging income and changes in working capital. Please refer to the financial statements at the end of this report for details. Cash used in investment activities was related to the acquisition of the Norte Capixaba assets, while the drawdown on the new credit facility in April resulted in net cash flows from financing activities of USD 248.3 million.

Cash flows used in investing activities (USD '000)	Q2'23	Q1'23	Q2'22	FY'22
Purchase of securities	-	-	-	-
Advances for the acquisition of oil and gas assets	-	-	-	(35 850)
Property, plant & equipment acquisition	(488 423)	(931)	(1 450)	(3 816)
Intangible acquisition	-	-	7 359	-
Total cash used in investing activities	**(488 423)**	**(931)**	**5 909**	**(39 666)**

Cash flows from financing activities (USD '000)	Q2'23	Q1'23	Q2'22	FY'22
Capital increase	-	234 444	4 916	50 054
Borrowing costs	-	(10 937)	-	-
Financial loan	250 473	(1 893)	3 344	19 893
Lease payments	(2 187)	(732)	(687)	(2 364)
Dividends paid	-	-	-	-
Total cash flows from financing activities	**248 285**	**220 882**	**7 573**	**67 583**





Outlook

Seacrest Petroleo has an ambition to more than triple its production of oil and gas in the next three years. This is expected to result from a comprehensive programme of well completion activities, steam injection and drilling of new production wells, as well as from generating synergies from utilising its fully owned infrastructure from well to terminal.

2023 guidance

The Company expects its production of oil in 2023 to be in the range 8 700 to 8 900 barrels per day on average. This includes the production from the Norte Capixaba assets on a pro forma basis from the start of the year and until the acquisition on 12 April 2023. The risks to this guidance include electrical systems, well performance and the rain season which normally affects Espirito Santo in Brazil towards the end of the calendar year.

For 2023, the Company expects production costs per boe of USD 24-26, excluding terminal and storage costs and royalties.

The Company expects capex to amount to USD 26 million for the year.

Seacrest Petroleo does not expect to be in a position to pay dividends during 2023.

Transactions with related parties

For details on positions and transactions with related parties, see note 12 in the Financial Statements.

Subsequent events

Electrical system reliability in July was below plan, adversely impacting production. This is being mitigated for the full year by the acceleration of the proactive electrical system maintenance programme for those parts of the distribution network owned by Seacrest Petroleo and workover activity schedule, as well as enhanced coordination with Seacrest Petroleo's external electricity provider to minimise outages.

A fifth workover rig has been secured for September commencement and one workover rig is being converted to light drilling service to commence the Inhambu drilling programme of 10-14 wells in 2023.

Risks and uncertainty

Seacrest Petroleo is exposed to a variety of risks associated with its oil and gas operations in Brazil, as well as uncertainties arising from exploration, reserve and resource estimates.

Estimates for capital and operating cost expenditures are uncertain, and the production performance of oil and gas fields may vary over time.

The effects of the ongoing war in Ukraine, global inflation and monetary tightening causing economic slowdown impact market and financial risks. Such risks include, but are not limited to commodity price fluctuations, exchange rates, interest rates and capital requirements.

Seacrest Petroleo is also exposed to uncertainties relating to the capital markets and access to capital. This may influence the Company's ability to access financing in general, and specifically its ability to refinance existing debt.

For the remainder of the calendar year, there are risks associated with the completion of the maintenance work at the TNC, which is a prerequisite for the Company's ability to sell on-spec very low sulphur fuel oil pursuant to its offtake agreement with Mercuria. At this point in time, this work is expected to be completed by the end of the third quarter 2023.

There are also risks related to the electrical system reliability, as outlined under the section "Subsequent events".

Espirito Santo normally experiences adverse weather towards the end of the calendar year, primarily in the form of heavy rains. This may impact production uptime for the Company's oil fields in the fourth quarter, as well as damage equipment. The production guidance for the full year incorporates a buffer to offset this risk, but there can be no guarantee that this buffer will be sufficient.

The Company's operational, financial, strategic and compliance risks and the steps taken to mitigate these risks are described in the Company's annual report for 2022, available at www.seacrestpetroleo.com.

Alternative performance measures

Capex (USD'000)	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Investments in fixed assets (excluding capitalised interest)	488 423	931	1 450	489 355	2 653
Advances for the acquisition of oil and gas assets	-	-	-	-	35 850
Investments in intangible assets	-	-	(7 359)	-	(12 235)
Payments of lease debt (investments in fixed assets)	2 187	732	687	2 920	1 045
Accounting and FX adjustments to intangible assets	-	-	7 359	-	12 235
CAPEX	**490 610**	**1 664**	**2 137**	**492 274**	**39 548**

EBITDA and EBITDAX (USD'000)	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Total Income	54 371	8 831	10 869	62 060	12 915
Production costs	(35 003)	(5 517)	(6 139)	(40 519)	(7 077)
General and administrative expenses	(16 703)	(9 453)	(7 004)	(26 156)	(13 481)
EBITDA	**1 523**	**(6 139)**	**(2 275)**	**(4 616)**	**(7 642)**
Exploration Expenses	-	-	-	-	-
EBITDAX	**1 513**	**(6 139)**	**(2 275)**	**(7 273)**	**(7 642)**

Equity ratio	30. Jun 2023	31. Mar 2023	30. Jun 2022	YTD Q2'23	YTD Q2'22
Total equity (USD '000)	179 239	188 182	8 329	179 239	8 329
Total assets (USD'000)	763 016	441 649	233 350	763 016	233 350
Equity ratio	**23%**	**43 %**	**4 %**	**23%**	**4 %**

Net interest-bearing debt (USD '000)	30. Jun 2023	31. Mar 2023	30. Jun 2022	YTD Q2'23	YTD Q2'22
Long-term financial loans	294 718	44 245	61 537	294 718	61 537
Long-term lease debt	10 957	2 409	-	19 856	-
Short-term financial loans	-	-	-	-	-
Short-term lease debt	9 123	3 785	4 257	9 123	4 257
Cash and cash equivalents	(19 793)	(206 126)	(21 730)	(19 793)	(21 730)
Net interest-bearing debt	**295 006**	**(155 687)**	**44 064**	**295 006**	**44 064**

Free cash flow (USD '000)	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Net cash from/(used) in operating activities	46 860	(23 703)	(17 182)	5 590	(36 602)
Capital expenditures	(490 610)	(1 664)	(2 137)	(474 709)	(39 548)
Free cash flow	**(443 750)**	**(25 367)**	**(19 319)**	**(469 119)**	**(76 150)**

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.

Responsibility statement

The Board of Directors and the CEO certify that the financial report for the first six months ended 30 June 2022 gives a fair view of the performance of the business, position and profit or loss of the Company, and describes the principal risks and uncertainties that the Company faces.

Rio de Janeiro, Brazil/Hamilton Bermuda, 21 August 2023

The Board of Directors of Seacrest Petroleo Bermuda Limited

Erik Tiller
Executive Chairman

Paul Murray
Board Member

Scott Aitken
Board Member and President of the Executive Committee

Rune Olav Pederson
Board Member

Denis Chatelan
Board Member

Paulo Ricardo da S. dos Santos
Board Member

Pedro Magalhães
Board Member

Michael Stewart
Chief Executive Officer

Financial statements with note disclosures

Unaudited statement of income

USD '000	Note	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Net revenue from oil sales	2	53 229	8 831	10 869	62 060	12 915
Other revenue		-	-	-	-	-
Total operating income		**53 229**	**8 831**	**10 869**	**62 060**	**12 915**
Production costs	3	(35 003)	(5 517)	(6 139)	(40 519)	(7 077)
Exploration expenses		-	-	-	-	-
Depreciation and amortisation	5	(21 686)	(5 721)	(5 952)	(27 407)	(11 914)
Impairment loss and reversals		-	-	-	-	-
General and administrative expenses	4	(16 703)	(9 453)	(7 004)	(26 156)	(13 481)
Other operating expenses		-	-	-	-	-
Total operating expenses		**(73 392)**	**(20 691)**	**(19 096)**	**(94 082)**	**(32 471)**
Operating profit / (loss) (EBIT)		**(20 163)**	**(11 860)**	**(8 227)**	**(32 023)**	**(19 556)**
Operating margin		*neg*	*neg*	*neg*	*neg*	*n.m.*
Financial income	6	8 086	10 205	0	18 291	128
Financial expenses	6	(26 609)	(15 290)	(21 409)	(41 899)	(33 779)
Profit / (loss) before income taxes		**(38 685)**	**(16 945)**	**(29 636)**	**(55 631)**	**(53 206)**
Income tax (expense) / income		(614)	8 340	0	7 726	0
Net profit (loss) for the period		**(39 299)**	**(8 605)**	**(29 636)**	**(47 905)**	**(53 206)**
Other comprehensive income:						
Items that may be reclassified subsequently to the income statement:						
Currency translation differences		30 357	5 425	3 432	35 782	2 444
Net gain/(loss) on put options used for hedging		-	-	-	-	-
Other comprehensive income for the period, net of tax		**30 357**	**5 425**	**3 432**	**35 782**	**2 444**
Total comprehensive income		**(8 943)**	**(3 180)**	**(26 204)**	**(12 123)**	**(50 762)**
Earnings per share (USD)						
EPS Basic		(0.1201)	(0.0330)	(0.1609)	(0.1531)	(0.3308)
EPS Diluted		(0.1182)	(0.0324)	(0.1098)	(0.1505)	(0.2312)

Unaudited balance sheet statement

USD '000	Note	30. Jun 2023	31. Mar 2023	30. Jun 2022
ASSETS				
Current assets				
Cash and cash equivalents		19 793	206 126	21 730
Securities		6 296	5 837	5 759
Advances, prepaid expenses and others		8 792	13 909	1 565
Accounts receivable with related parties	12	34	33	22
Accounts and trade receivables		-	-	-
Recoverable taxes		0	0	403
Inventory		25 847	14 648	-
Derivative financial instruments	14	-	-	11 781
Total current assets		**60 762**	**240 553**	**30 046**
Non-current assets				
Accounts receivable with related parties	12	329	312	297
Recoverable taxes		4 942	1 682	1 898
Advances for the acquisition of oil & gas assets		-	35 850	35 850
Deferred tax asset		27 179	28 785	-
Property, plant & equipment	8	110 342	27 092	41 465
Intangible assets	7	559 462	107 375	112 581
Total non-current assets		**702 254**	**201 096**	**202 524**
TOTAL ASSETS		**763 016**	**441 649**	**232 570**

Unaudited balance sheet statement – continued

USD '000	Note	30. Jun 2023	31. Mar 2023	30. Jun 2022
Current liabilities				
Taxes payable		1 728	1 814	388
Supplier and other accounts payable		20 489	10 511	6 101
Lease payable	11	9 123	3 785	4 257
Employee benefits and compensation payable		1 943	1 529	723
Financial loans		-	-	-
Derivative financial instruments with related parties	12, 14	8 598	15 003	-
Unearned revenue		-	6 260	-
Total current liabilities		**41 881**	**38 901**	**12 121**
Non-current liabilities				
Accounts payable to related parties	12	2 717	972	267
Financial loans with related parties	12	-	44 245	58 528
Financial loans	13	294 718	-	3 009
Lease payable	11	10 957	2 409	-
Provision for decommissioning costs	8	37 758	29 331	50 651
Contingent consideration	10	186 282	125 003	101 095
Derivative financial instruments with related parties	12, 14	8 952	13 217	-
Derivative financial instruments	14	511	-	-
Total non-current liabilities		**541 896**	**215 176**	**189 078**
Total liabilities		**583 777**	**254 077**	**201 199**
EQUITY AND LIABILITIES				
Equity	9			
Share capital		7	7	2
Share premium		320 505	320 505	74 997
Other reserves		3 948	3 338	4 194
Currency translation adjustments		43 143	12 786	3 629
Accumulated losses		(188 363)	(149 063)	(74 493)
Total equity		**179 239**	**187 572**	**31 371**
TOTAL EQUITY AND LIABILITIES		**763 016**	**441 649**	**232 570**

Unaudited statement of changes in equity

USD '000	Share capital	Share premium	Reserves Currency translation	Reserves Other	Accumulated losses	Total equity
Balance at 1 January 2022	**1**	**25 998**	**1 185**	**3 355**	**(21 287)**	**9 252**
Profit / (loss) for the period	-	-	-	-	(119 172)	(119 172)
Other comprehensive income / (loss)	-	-	-	-	-	-
Currency translation adjustment	-	-	-	-	-	-
Total comprehensive income / (loss)	-	-	-	-	(119 172)	(119 172)
Capital increase	1	50 054	-	-	-	50 055
Share-based payment	-	-	-	945	-	945
Others	-	-	6 176	-	-	6 176
Total transactions with owners of Group, recognised directly in equity	1	50 054	6 176	945	-	57 176
Balance at 31 December 2022	**2**	**76 052**	**7 361**	**4 300**	**(140 458)**	**(52 743)**
Profit / (loss) for the period	-	-	-	-	(47 905)	(47 905)
Other comprehensive income / (loss)	-	-	-	-	-	-
Currency translation adjustment	-	-	35 782	-	-	35 782
Total comprehensive income / (loss)	-	-	35 782	-	(47 905)	(12 123)
Capital increase	5	244 453	-	-	-	244 458
Share-based payment	-	-	-	(353)	-	(353)
Others	-	-	-	-	-	-
Total transactions with owners of Group, recognised directly in equity	-	244 453	-	(353)	-	244 105
Balance at 30 June 2023	**7**	**320 505**	**43 143**	**3 948**	**(188 363)**	**179 239**

Unaudited statement of cash flows

USD '000	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Cash flows from operating activities					
Net loss for the period	**(39 299)**	**(8 605)**	**(29 636)**	**(47 905)**	**(53 206)**
Adjustments to reconcile net loss to net cash flows:					
Depreciation and amortisation	28 078	7 033	6 952	35 110	13 914
Share-based payment	610	(963)	419	(353)	839
Contingent liability adjustment	61 279	9 573	19 521	70 852	18 219
Asset retirement obligation adjustment	6 850	451	-	7 301	-
Hedging costs (unrealised)	(10 158)	(14 656)	-	(24 814)	-
Interest on leasing	1 922	(915)	-	1 007	-
Interest on financial loan	8 286	2 212	1 277	10 498	2 684
Interest on bank deposits	(459)	(229)	-	(688)	-
Deferred taxes	1 606	(9 333)	-	(7 726)	-
Other non-cash items and reclassifications	-	-	-	-	-
Working capital adjustments:					
Changes in inventories, accounts payable and receivables	(636)	(8 987)	(12 226)	(9 622)	(14 381)
Changes in other current balance sheet items	-	(610)	-	-	-
Other items					
Interest paid	(8 286)	(1 957)	(1 643)	(10 243)	(3 286)
Income tax received / (paid)	(3 346)	992	(2 081)	(2 354)	(1 948)
Employee benefits and compensation payable	414	503	234	917	565
Convertible loans converted to equity	-	-	-	-	-
Options converted to equity	-	1 177	-	1 177	-
Net cash flows from operating activities	**46 860**	**(23 703)**	**(17 182)**	**23 157**	**(36 602)**

Unaudited statement of cash flows - continued

USD '000	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Cash flows from investing activities					
Purchase of securities	-	-	-	-	-
Advances for the acquisition of oil and gas assets	-	-	-	-	(35 850)
Property, plant & equipment acquisition	(488 423)	(931)	(1 450)	(489 355)	(2 653)
Intangible acquisition	-	-	7 359	-	12 235
Net cash flow from investing activities	**(488 423)**	**(931)**	**5 909**	**(489 355)**	**(26 268)**
Cash flow from financing activities					
Capital increase	-	234 444	4 916	234 444	49 000
Borrowing costs	-	(10 937)	-	(10 937)	-
Financial loan	250 473	(1 893)	3 344	248 579	17 292
Lease payments	(2 187)	(732)	(687)	(2 920)	(1 045)
Dividends paid	-	-	-	-	-
Net cash flows from financing activities	**248 285**	**220 882**	**7 573**	**469 167**	**65 247**
Net increase/(decrease) in cash and cash equivalents	**(193 278)**	**196 247**	**(3 701)**	**2 969**	2 377
Cash and cash equivalents, beginning of period	206 126	7 745	21 999	7 745	38 908
Effect of movements in exchange rates on cash held	6 945	2 133	3 432	9 078	2 444
Cash and cash equivalents, end of period	**19 793**	**206 126**	**21 730**	**19 793**	**43 730**

Notes

(All figures in USD '000 unless otherwise stated)

The interim condensed financial statements for the period ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. Thus, the interim financial statements do not include all information required by IFRSs and should be read in conjunction with the 2022 annual financial statements. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These interim financial statements have not been subject to review or audit by independent auditors.

These interim financial statements were authorised for issue by the Company's Board of Directors on 21 August 2023

Note 1 Summary of IFRS accounting principles

The accounting principles adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2022. Seacrest Petroleo has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective.

Restatement of production costs for Q1'23

Due to a minor internal error in reporting the inventory cost account in the first quarter 2023, the production costs for the first quarter have been adjusted upwards. To enable a correct comparison between the quarterly financial statements, please find below an overview of the restated items for the first quarter. The restatement has no bearing on the YTD 2023 financial statements.

Statement of income - restating impact (USD '000)	As reported	Restated	Difference
Total operating income	**8 831**	**8 831**	**-**
Production costs	(4 907)	(5 517)	(610)
Other operating expenses	(9 453)	(9 453)	-
EBITDA	(5 529)	(6 139)	(610)
Depreciation and amortisation	(5 721)	(5 721)	-
Operating profit / (loss) (EBIT)	**(11 250)**	**(11 860)**	**(610)**
Profit / (loss) before income taxes	**(16 335)**	**(16 945)**	**(610)**
Profit / (loss) for the period	**(7 995)**	**(8 605)**	**(610)**

Financial position - restating impact (USD '000)	As reported	Restated	Difference
Current assets	240 553	240 553	-
Intangible assets	107 375	107 375	-
Tangible fixed assets	62 942	62 942	-
Other non-current assets	30 779	30 779	-
Total assets	**441 649**	**441 649**	**-**
Current liabilities	38 291	38 901	610
Non-current liabilities	215 176	215 176	-
Total liabilities	**253 467**	**254 077**	**610**
Total equity	**188 182**	**187 572**	**(610)**
Total equity and liabilities	**441 649**	**441 649**	**-**

Note 2 Revenue from oil sales

USD '000	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Petroleum revenues	53 229	8 831	10 869	62 060	12 915
Other operating income	-	-	-	-	-
Total income	**53 229**	**8 831**	**10 869**	**62 060**	**12 915**

Revenue split by petroleum type (USD '000)	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Revenue from oil sales	53 380	9 731	11 141	63 111	13 395
Revenue from gas sales	-	-	-	-	-
Gross petroleum revenues	**53 380**	**9 731**	**11 141**	**63 111**	**13 395**
Tax on revenues					
PIS	(27)	(161)	(48)	(188)	(86)
COFINS	(124)	(740)	(223)	(864)	(395)
Net petroleum revenues	**53 229**	**8 831**	**10 869**	**62 060**	**12 915**

Revenue split by petroleum type (percentage)	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Revenue from crude oil sales	100 %	100 %	100 %	100%	100 %
Revenue from gas sales	0 %	0 %	0 %	0%	0 %
Total petroleum revenues	**100 %**	**100 %**	**100 %**	**100%**	**100 %**

Realised commodity prices	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Gross crude oil price (before tax on revenues)	68.7	72.8	110.1	69.3	108.6
Net crude oil price (after tax on revenues)	68.5	66.0	107.4	68.2	104.7

Note 3 Production costs

USD '000	Q2'23	Q1'23	Q1'22	YTD Q2'23	YTD Q2'22
Production costs	35 003	5 517	6 139	40 519	7 077
Less storage costs	(4 971)	(600)	(1 082)	(5 570)	(1 082)
Less royalties	(4 065)	(597)	(913)	(4 662)	(1 500)
Less oil acquired	(9 446)	-	-	(9 446)	-
Production cost based on sold volumes	**16 521**	**4 320**	**4 145**	**20 841**	**4 495**
Production cost adjusted for production not sold	**16 343**	**6 677**	**4 520**	**22 530**	**6 747**
Total sold volumes of own production ('000 boe)	677	134	101	810	123
Total produced volumes	669	207	110	876	185
Production to sales ratio	1.0	1.5	1.1	1.1	1.5
Production cost USD/boe produced volumes (unaudited)	**24.4**	**32.3**	**40.9**	**25.7**	**36.5**

USD '000	Q2'23	Q1'23	Q1'22	YTD Q2'23	YTD Q2'22
Employee benefits and charges	3 582	1 267	587	4 849	587
Field operation and stations	1 962	1 170	601	3 133	544
Maintenance and preservation	3 116	915	1 484	4 031	1 212
Oil treatment	211	322	440	532	440
Royalties	4 065	597	913	4 662	1 500
Storage	4 971	600	1 082	5 570	1 082
Transportation	1 436	797	271	2 233	450
Ground production rig-service	1 210	454	-	1 664	-
Oil acquired	9 446	-	-	9 446	-
Other operating costs	5 004	(605)	762	4 399	1 262
Total	**35 003**	**5 517**	**6 139**	**40 519**	**7 077**

Note 4 General and administrative expenses

USD '000	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Employee benefit and compensation	2 549	1 932	1 387	4 481	2 565
Travel and other sundry items	594	439	318	1 034	394
Office rent and running costs	107	112	35	219	57
Taxes and fees	2 483	469	(466)	2 952	640
Contractual guarantee fees [1]	892	892	883	1 785	1 755
Services hired [2]	7 456	5 070	4 358	12 525	7 501
Other operating expenses	2 620	540	490	3 160	568
Total	**16 703**	**9 453**	**7 004**	**26 156**	**13 481**

1. Fees associated with the financial guarantee that was contractually required in order to acquire Cricaré Cluster.
2. Professional and technical services, such as lawyers, environmental specialists, geological and geophysical consultants were engaged as support for operations.

Note 5 Depreciation and amortisation

USD '000	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Amortisation of exploration rights [1]	15 768	3 687	777	19 455	4 511
Amortisation with deactivation cost [2]	1 689	1 310	3 461	2 999	5 614
Depreciation related to production [3]	4 213	716	1 714	4 930	1 789
Other depreciation	16	7	(63)	23	8
Total	**21 686**	**5 721**	**5 889**	**27 407**	**11 914**

1. Refers to the amortization of exploration rights, as outlined in note 8.
2. Refers to the amortization of the provision for asset decommissioning costs, as outlined in note 8.
3. This is the depreciation of items used in production.

Note 6 Net financial results

USD '000	Q2'23	Q1'23	Q2'22	YTD Q2'23	YTD Q2'22
Interest on bank deposits	357	535	-	891	(0)
Financial instrument gains [1]	7 603	9 450	-	17 053	-
Other financial income	14	174	1 949	188	1 352
Exchange rate gains	112	47	(1 949)	159	(1 223)
Total financial income	**8 086**	**10 205**	**0**	**18 291**	**128**
Present value adjustment (contingent payments) [2]	15 056	10 145	19 154	25 201	22 359
Hedging costs (FX and commodity) [3]	-	-	3 802	-	3 802
Standby letter of credit costs (Norte Capixaba) [4]	1 720	2 078	2 982	3 798	2 982
Interest on financial loans (Note 12, 13)	8 286	2 212	1 277	10 498	2 684
Interest on lease debt	-	-	-	-	-
Interest on contingent payment (Note 10)	-	-	-	-	-
Other financial expenses	1 547	855	(5 806)	2 403	1 952
Total financial expenses	**26 609**	**15 290**	**21 409**	**41 899**	**33 779**
Net financial results	**(18 523)**	**(5 085)**	**(21 409)**	**(23 608)**	**(33 650)**

1. Represents gains from foreign exchange and Brent hedges (Note 14)
2. For the first six months of 2023, this is comprised of the present value adjustment of USD 15.9 million (December 2022 USD 27.6 million) for the contingent consideration (Note 10), the present value adjustment for the decommissioning provision of USD 8.3 million (December 2022 USD 5.9 million) (Note 8) and a present value adjustment related to the Groups leases of USD 1 million (December 2022 USD 1 million)
3. Represents losses from oil commodity and foreign exchange hedges
4. Under the terms of the Norte Capixaba transaction Seacrest Petroleo SPE Norte Capixaba Ltda was required to procure a standby letter of credit in favour of Petrobras for USD 59.8 million. The guarantee backing such letter of credit was issued by Mercuria Energy Trading S.A. and the Group was charged a fee of 14% per annum on the outstanding letter of credit amount until closing of the acquisition.

Note 7 Intangible assets

USD '000	Note	Right to exploration	Other intangible assets	Total
Cost as at 1 January 2023		128 271	-	128 271
Additions		-	-	-
Currency translation effects		3 418	-	3 418
Balances on 31 March 2023		**131 689**	**-**	**131 689**
Amortisation and impairment as at 1 January 2023		(19 145)	-	(19 145)
Depreciation		(5 169)	-	(5 169)
Impairment reversal / (loss)		-	-	-
Currency translation effects		-	-	-
Amortisation and impairment as at 31 March 2023		**(24 314)**	**-**	**(24 314)**
Net book value as at 31 March 2023		**107 375**	**-**	**107 375**

USD '000	Note	Right to exploration	Other intangible assets	Total
Cost as at 1 April 2023		131 689	-	131 689
Additions		443 956	-	443 956
Currency translation effects		23 523	-	23 523
Balances on 30 June 2023		**599 168**	**-**	**599 168**
Amortisation and impairment as at 1 April 2023		(24 314)	-	(24 314)
Amortisation		(15 393)	-	(15 393)
Imparment reversal / (loss)		-	-	-
Currency translation effects		-	-	-
Depreciation and impairment as at 30 June 2023		**(39 706)**	**-**	**(39 706)**
Net book value as at 30 June 2023		**559 462**	**-**	**559 462**

The intangible asset at the start of the second quarter 2023 refers to Cricaré and is a result of the purchase contract signed between SPE Cricaré and Petrobras on August 27, 2020. Please refer to the Company's Q1'23 and FY'22 financial statements for details.

The addition during the quarter to the Company's intangible refers to the value of the 100% concession assets of the Norte Capixaba cluster, acquired on 12 April 2023 pursuant to the contract signed by Norte Capixaba with Petróleo Brasileiro S.A. ("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 1990s, 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).

Amortisation is calculated according to the method of units produced in relation to proven reserves.

Note 8 Property, plant & equipment

USD '000	Facilities, machinery and equipment	Decommis-sioning costs	Other property, plant and equipment	Total
Cost as at 1 January 2023	12 760	22 672	1 097	36 529
Additions	819	-	1 306	2 125
Currency translation effects	287	491	37	815
Balances on 31 March 2023	**13 866**	**23 163**	**2 440**	**39 469**
Depreciation and impairment as at 1 January 2023	(3 511)	(6 977)	(26)	(10 514)
Depreciation	(909)	(1 581)	(24)	(2 514)
Impairment reversal / (loss)	(17)	668	-	651
Currency translation effects	-	-	-	-
Depreciation and impairment as at 31 March 2023	**(4 437)**	**(7 890)**	**(50)**	**(12 377)**
Net book value as at 31 March 2023	**9 429**	**15 273**	**2 390**	**27 092**

USD '000	Facilities, machinery and equipment	Decommis-sioning costs	Other property, plant and equipment	Total
Cost as at 1 April 2023	13 866	23 163	2 440	39 469
Additions	76 775	15 644	2 051	94 469
Currency translation effects	491	917	57	1 466
Balances on 30 June 2023	**91 132**	**39 724**	**4 548**	**135 403**
Depreciation and impairment as at 1 April 2023	(4 437)	(7 890)	(50)	(12 377)
Depreciation	(3 926)	(819)	(25)	(4 770)
Impairment reversal / (loss)	2 430	(10 344)	-	(7 915)
Currency translation effects	-	-	-	-
Depreciation and impairment as at 30 June 2023	**(5 933)**	**(19 053)**	**(75)**	**(25 062)**
Net book value as at 30 June 2023	**85 198**	**20 671**	**4 473**	**110 342**

Provision for decommissioning costs

Assets

USD '000	**30 June 2023**	**31 Mar 2023**	**31 Dec 2022**
Initial balance	15 273	15 696	44 164
Additions to the period of acquisition	15 644	-	-
Remeasurement	(10 344)	668	(23 894)
Cumulative translation adjustment	917	491	2 403
Depreciation	(819)	(1 581)	(6 977)
Final balance	**20 671**	**15 273**	**15 696**

Liabilities

USD '000	**30 June 2023**	**31 Mar 2023**	**31 Dec 2022**
Initial balance	29 331	27 938	44 164
Additions to the period of acquisition	2 519	-	-
Remeasurement	16 131	(487)	(23 894)
Cumulative translation adjustment	(10 618)	942	1 752
Depreciation	396	938	5 916
Final balance	**37 758**	**29 331**	**27 938**

The future obligation for the abandonment of assets (Cricaré and Norte Capixaba clusters) 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 30 June 2023 the estimated amount required in order to meet asset abandonment obligations is USD 37 758 314 (2022: USD 27 938 000), which is in accordance with what is prescribed in the contract and in the Annual Working Plan and Budget (PAT) sent to the ANP, which will be incurred over the remaining useful lives of the wells. This amount is amortized into the consolidated profit or loss. The obligation was revised at 31 December 2022 based on revised requirements approved by the ANP.

The abandonment obligations costs recorded in 2023 were projected based on future cash flows, adjusted for a free-risk fee and a market interest rate of 6.4% per year. On 30 June 2023, considering the assumptions adopted and the fact that the assets were first recognized at the end of 2021, the Group's management did not identify any triggering event to perform the test of the cash-generating units' recoverable value.

Note 9 Equity

Share capital

Issued capital at 30 June 2023 comprised:

USD	Share capital	Share premium	Total
Opening 1 January 2023			
(185 926 155 fully paid common shares)	2	76 052	76 054
Issued during the period			
(468 601 709 fully paid common shares)	5	244 454	244 458
Reverse share split			
(327 263 932 fully paid common shares)	-	-	-
Balance at 30 June 2023			
(327 263 932 fully paid common shares)	**7**	**320 505**	**320 512**

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

Common shares

There has been no new issuance of shares in the second quarter of 2023.

There were no options converted during the second quarter of 2023.

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 of USD 0.57 at the grant date, an exercise prices of USD 0.00002 per share, volatility of 35.3%, dividend yield of Nil%, vesting period of 0 to 3 years, and an average annual risk-free interest rate of 10.00%. The volatility measured at the standard deviation of continuously compounded share returns was based on statistical analysis of the daily share prices of two comparable quoted share over a period of one year.

On 28 February 2023, the Board of Directors approved a reverse share split whereby shareholder would receive one common share for every two owned. This resulted in all outstanding options being reduced by 50%.

After the reverse split, there were 7 238 742 share options granted and, following conversions to equity, 5 286 242 options were outstanding as at 31 March 2023 compared to 7 238 742 as at 31 December, 2022. During the period ended 30 June 2023 no options were converted to common shares, leaving 5 286 242 share options outstanding as at 30 June 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	0.00002	771 250
2020-2024	31 December 2025	0.00002	4 214 992
2022-2023	31 August 2025	0.00002	125 000
2022-2025	31 March 2025	0.00002	175 000
			5 286 242

As at 30 June 2023, the weighted average remaining option life was 1.25 years.

For the period ended 30 June 2023, the expense recognised in the Consolidated Statement of Profit or Loss arising from the share options issuance is USD 820 217 (USD 1 999 513 for the year ended 31 December 2022).

Note 10 Commitments, provisions and contingent consideration

Contingent consideration

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Cricaré Cluster acquisition	129 488	125 003	115 430
Norte Capixaba acquisition	56 793	-	-
Total	**186 282**	**125 003**	**115 430**

Changes in the period	Q2'23	Q1'23	FY'22
Opening balance	125 003	115 431	82 877
Initial recognition	55 000	-	-
Interest component	4 175	3 869	4 928
Present value adjustment	1 950	5 858	27 626
Change in the discount	154	(154)	
Closing balance	**186 282**	**125 003**	**115 430**

Cricaré
This relates to the contingent consideration for the acquisition of the Cricaré Cluster, of which USD 30 000 000 will be paid on 31 December 2025 as a contingent payment, linked to the approval of the concession term extension by the National Petroleum Agency ("ANP"), and USD 88 000 000, 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 Libor and the US dollar exchange rate at the end of the period. Although USD Libor is to be discontinued, Management does not expect a material impact, since the agreement provides for a similar reference interest rate.

Norte Capixaba
This refers to the disbursement obligation for the acquisition of Norte Capixaba, of which USD 11 000 000 will be paid on 31 December 2023 and USD 55,000, which will be paid as follows: USD 11 000 000 in 2024, USD 11 000 000 in 2025, USD 11000 000 in 2026, USD 11 000 000 in 2027 and USD 11 000 000 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, adjusted by a fixed rate plus the 3-month Libor and the closing exchange rate,

The outstanding amount to be paid for the acquisition of Cluster Cricaré on 31 December 2022 was USD 115 430 892. The initial recognition for Norte Capixaba was USD 55 000 000. A present value adjustment of USD 7 808 486 was done up to 30 June 2023 (31 December 2022 USD 27 625 638). The interest adjustment for the period ended 30 June 2023 was USD 8 043 235.

Accounting treatment
The fair value measurement of the contingent consideration was classified as level 3 based on the inputs of the valuation technique used. Management used the discounted cash flow technique that considers the present value of expected future payments, discounted at a risk-free rate. The unobservable inputs used include the expected cash flow, which is affected by the probability of approval by the ANP of the extension of the concession term and the probability that Brent will be equal to or greater than USD 50 until the date of payment of the consideration, and the risk-free rate disclosed above. The valuation models assume that there is no reasonable possibility of the extension to the concession period being denied by ANP or the Brent price falling below USD 50 per barrel during the applicable period.

Note 11 Lease agreements

Right of use assets

USD '000	Vehicles	Drilling rigs	Natural Gas Compression	Machine and equipment	Total
As of 1 January 2023	2 466	-	-	2 608	5 074
Remeasurement adjustments	(5)	-	-	(12)	(17)
Cumulative conversion adjustment	76	-	-	83	159
Depreciation expenses for the period	(381)	-	-	(335)	(716)
31 March 2023	**2 156**	**-**	**-**	**2 343**	**4 499**
As of 1 April 2023	2 156	-	-	2 343	4 499
Initial recognition of right-of-use assets	5 464	3 833	892	1 926	12 115
Remeasurement adjustments	2 695	(55)	(7)	(262)	2 370
Cumulative conversion adjustment	140	-	-	147	287
Depreciation expenses for the period	(1 108)	(474)	(111)	(767)	(2 460)
30 June 2023	**9 346**	**3 304**	**775**	**3 387**	**16 811**

Leases payable

USD '000	Vehicles	Drilling rigs	Natural Gas Compression	Machine and equipment	Total
As of 1 January 2023	3 230	-	-	3 418	6 648
Remeasurement adjustments	(5)	-	-	(12)	(17)
Cumulative conversion adjustment	123	-	-	136	259
Payments	(520)	-	-	(400)	(920)
Interest	110	-	-	115	225
31 March 2023	**2 937**	**-**	**-**	**3 257**	**6 194**
As of 1 April 2023	2 937	-	-	3 257	6 194
Initial recognition of right-of-use assets	8 695	3 833	892	1 920	15 341
Remeasurement adjustments	(152)	(55)	(7)	(22)	(236)
Cumulative conversion adjustment	-	-	-	-	-
Payments	(744)	(124)	(76)	(1 056)	(2 000)
Interest	416	134	31	201	782
30 June 2023	**11 152**	**3 789**	**840**	**4 300**	**20 081**

Note 12 Related party transactions

Accounts receivables with related parties - current

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Azibras Exploracao de Petróleo e Gás Ltda	18	17	17
Azinam	2	-	-
Seacrest Partners III, L.P.	6	6	6
SeaPulse Limited	0	1	1
Seacrest Group Limited	8	9	9
Total	**34**	**33**	**33**

Accounts receivables with related parties - non-current

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Azibras Exploracao de Petróleo e Gás Ltda	329	312	296
Total	**329**	**312**	**296**

Accounts payable to related parties

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Seacrest Capital Group Limited	2 533	749	49
Azimuth Group Services Limited	184	223	221
Total	**2 717**	**972**	**270**

Financial Loans

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Mercuria Energy Trading S.A. ("Senior facility") [1, 3]	-	34 207	34 207
Mercuria Energy Trading S.A. ("Junior facility") [2, 3]	-	10 038	10 038
Mercuria Asset Holdings (Hong Kong) Limited [5, 6]	-	-	16 300
Total	**-**	**44 245**	**60 545**

Changes in financial loas with related parties

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Opening balance	44 245	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 [4]	-	-	15 000
Convertible loan note interest [4]	-	213	1 300
Interest paid	(212)	(1 957)	(6 571)
Conversion to equity [5]	-	(16 513)	-
Principal paid	(44 033)		
Closing balance	**-**	**44 245**	**60 545**

Derivative instruments - current liabilities

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Mercuria Energy Trading S.A. [1]	8 598	15 003	19 925
Mercuria Energy Trading S.A. [2]	-	-	2 100
Total	**8 598**	**15 003**	**22 025**

Derivative instruments – non-current liabilities

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Mercuria Energy Trading S.A. [1]	8 952	20 851	20 851
Total	**8 952**	**20 851**	**20 851**

1 The Company uses Brent oil hedges (forward contracts) to reduce its risk exposure to fluctuations in the price of oil (Note 14). The Company has entered into hedging contracts with Mercuria Energy Trading S.A. During the quarter, the Company recorded financial instrument income of USD 5 806 681 related to the Mercuria Brent oil derivative contracts which is recorded in finance income in the consolidated statement of profit and loss. The corresponding income for the first six months of 2023 is USD 14 453 115 (31 December 2022: USD 53 045 656 finance expense).

2 The Company uses foreign exchange hedge contracts to reduce exposure to foreign exchange risk (Note 14). During the quarter, the Company recorded financial instrument income of USD 2 217 759 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. The corresponding income for the first six months of 2023 is USD 2 509 842 (31 December 2022: USD 4 660 878).

Note 13 Financial loans

Changes in financial loans

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Opening balance	-	3 218	-
Principal [1]	300 000	-	-
Facility interest	8 286	-	-
Convertible loan notes	-	-	3 000
Convertible loan note interest	-	43	218
Interest paid	(2 487)	-	
Principal paid	-	-	-
Conversion to equity	-	(3 261)	-
Borrowing costs [2]	(11 081)	-	-
Closing balance	**294 718**	**-**	**3 218**

1. On 10 April 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 the same day, 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 trance was made available to SPE Norte Capixaba in the aggregate principal amount of USD 255 million, which was used by SPE Norte Capixaba to pay the balance of the purchase price owed to Petrobras for the Norte Capixaba acquisition. Accordingly, together with the Restructured Indebtedness, the total amount drawn up under the New Credit Agreement was USD 300 million, which the borrowers will repay from the proceeds of export of hydrocarbons.

2. In accordance with the terms of the New Credit Agreement, the lenders received USD 12 051 463 in fees, which will be amortised over the life of the loan. USD 970 188 was amortised in the period.

Note 14 Derivative financial instruments

The Group uses derivative instruments to manage it exposure 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 30 June 2023:

Statement of financial position

USD '000	Notional Value		Fair Value Position		
	30 Jun 2023	31 Dec 2022	30 June 2023	31 Dec 2022	Maturity Date
Forward contracts					
Long position / Foreign currency forward (BRL/USD) [1]	-	51 121	-	(2 100)	2023
Swap					
Commodity price swap [2]	3 368	2 543	(18 061)	(40 776)	2026
Total recognised in statement of financial position	**-**	**-**	**(18 061)**	**(42 876)**	

1 - notional amounts in USD '000
2 - notional amounts in '000 bbl

Gains/(losses) recognized in the statement of profit and loss

USD '000	30 Jun 2023	31 Dec 2022
Forward contracts		
Long position / foreign currency forward (BRL/USD)	2 510	2 561
Swap		
Commodity price swap	14 543	(53 046)
Total recognised in statement of profit and loss	**17 053**	**(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 sensitised 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	43 322	104 705
Total		**43 222**	**104 705**

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.

The following represents derivatives contracts entered into with non-related parties. The company has also entered into derivative contracts with related parties (Note 12).

Derivative instruments – non-current liabilities

USD '000	30 Jun 2023	31 Mar 2023	31 Dec 2022
Morgan Stanley Ltd [1]	511	-	-
Total	**511**	**-**	**-**

1 The Company has entered into hedging contracts with Morgan Stanley Ltd. during the second quarter. The Company recorded financial instrument expense of USD 511 000 related to the Morgan Stanley oil derivative contracts. This has been offset against the finance income related to the Mercuria Brent oil derivative (Note 12) in the consolidated statement of profit and loss.

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