



**PETROBRAS**

# Investment Opportunity in Shallow Water Fields in Brazil

Garoupa Cluster Opportunity

*August 2019*

# Opportunity Overview

## Summary of the Opportunity

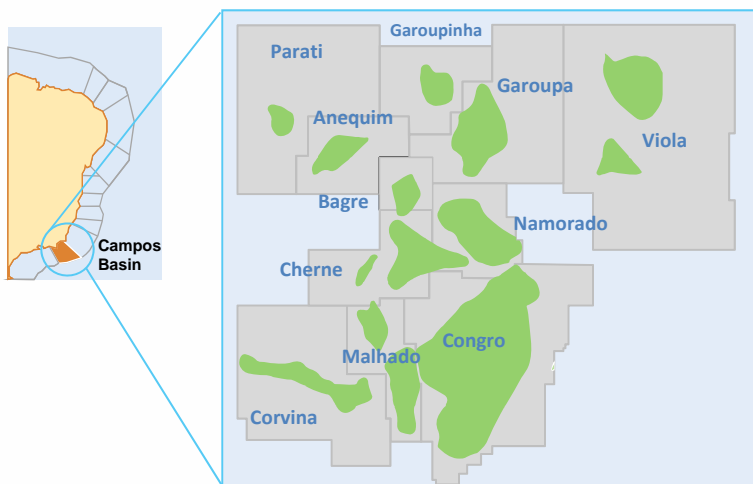
Petróleo Brasileiro S.A. ("Petrobras") is undertaking a process (the "Process") to sell its total operated working interests in certain shallow water assets located in the Campos basin in Brazil (the "Potential Transaction"). The assets have been arranged in one cluster (the "Cluster") as outlined in the following table:

## Assets Overview

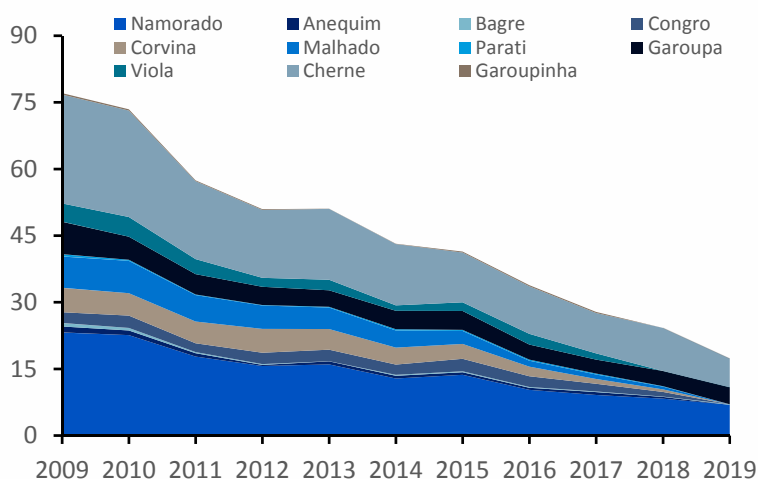
Cluster	Basin	Fields	Water Depth (m)	Petrobras WI	Production last 12 months (thousand boe/d)	Oil %
Garoupa	Campos	Anequim, Bagre, Cherne, Congro, Corvina, Malhado, Namorado, Parati, Garoupa, Garoupinha and Viola	70-740	100%	19,6	88%

- The Package is located in shallow water at a distance of ~80 km from the coast with reservoir depth between c.70m to 740m and occupying an area of ~720km<sup>2</sup>
- Currently producing from 42 wells; 5 fixed platforms (PGP-1, PCH-1, PCH-2, PNA-1, PNA-2) and 1 SS (P-09) installed across the Cluster
- Oil is exported through pipelines to Barra to Furado
- All platforms are included in the Potential Transaction perimeter, as well as the export oil pipeline from PGP-1 to Barra do Furado and all internal oil and gas pipelines connecting the platforms within the clusters

## Location Map



## Historical Production (kboe/d)



## Highlights

- Producing assets with track record in a proven petroleum system with first oil achieved in the late 1970's
- Multiple recovery initiatives (including infill drilling, well reconnection and recompletion and water flooding) can be implemented to enhance production profile
- Attractive fiscal terms – Round zero concessions with no local content requirements
- Several exploration prospects identified
- High degree of control on spending given 100% operated working interest

# Investment Opportunity in Shallow Water in Brazil

## Prospective Assignee Requirements



1. In order to participate in the Process, the prospective assignee must meet the following criteria ("Eligibility Criteria"):
  - 1) Financial Capability Criteria
    - A) Shareholders' equity exceeding R\$ 67 million
    - OR
    - B) Companies that do not meet such condition, but bid with a financial partner should present (i) a letter from the partner stating their intention to fund the potential acquisition and (ii) proof that the partner manages at least U\$S 5 billion in assets under your management
  - 2) Technical Capability Criteria - Operation:
    - A) Qualification as operator A or B by the National Petroleum Agency (ANP);
    - OR
    - B) In the event that the prospective assignee does not hold Operator A or B status, the assignee must declare (as per a declaration statement to be supplied by PETROBRAS): (i) that it is aware of the Agency's Qualification process and (ii) that it meets the most recent technical requirements of ANP to be classified as Operator B.
  - 3) Technical Capability Criteria - Experience:
    - A) Have an average global oil production of over 10,000 boe/d in the last 12 months
2. Potential assignee is allowed to present a joint proposal with an independent party or parties to participate in this Process.
  - 2.1 In this case, the potential assignee will be required to inform Petrobras, in writing, of such intention and the independent party or parties will be required to sign a separate Confidentiality Agreement and Compliance Certificate as set forth in item 8 below, and it shall meet the requirements set forth in items 3 and 4 below.
  - 2.2 Independent party or parties will be allowed to participate in the Process together with the initial potential assignee, considering that, for all purposes and intents of this Process, the initial potential assignee and such independent party shall be treated as one potential assignee.
  - 2.3 For the purposes of this Process, the parties must indicate which member shall be considered the leader of such joint proposal.
  - 2.4 The leader of the joint proposal shall fulfill the Eligibility Criteria and it shall formally declare not to be acting merely as an intermediary on the Potential Transaction.
  - 2.5 Further restrictions on the presentation of joint proposals, including the possibility of changes in the composition of the proposing group, will be informed by Petrobras in the due course of the Process.
3. If any of the events A, B or C below violates or cause any non-compliance of any (i) sanctions, (ii) regulations, (iii) embargoes or (iv) restrictive measures, which have been enacted, imposed or enforced by the World Bank, the United Nations Security Council, the United States of America, the Canada, the United Kingdom, the European Union, the Netherlands and Brazil, as well as their respective institutions and government agencies in any of the countries mentioned ("Sanctions") applied to Petrobras, the potential assignee or any of its affiliates shall not participate in the Process.
  - (A) Be subject, owned or controlled by a person or entity subject to any Sanctions ("Sanctioned Person");
  - (B) Be located, have been incorporated in or are resident in a country subject to Sanctions ("Sanctioned Country");
  - (C) Have any commercial affiliation or business with, or investments in, any Sanctioned Country or Sanctioned Person.



# Prospective Assignee Requirements (Cont'd)

4. The potential assignee and its affiliates must not be included in any of the following restrictive lists:

(A) "National Register of Unidentified, Suspended and Punished Companies". "Cadastro Nacional de Empresas Inidôneas e Suspensas" (Ceis) (Available at: <http://www.portaldatransparencia.gov.br/ceis>);

(B) "Companies prevented from trading with Petrobras". "Empresas impedidas de transacionar com a Petrobras". (Available at: <http://transparencia.petrobras.com.br/licitacoes-contratos>).

Should a potential assignee, or any of its affiliates, be included in the abovementioned lists or fail to meet any of the abovementioned criteria the potential assignee will be eliminated from this process.

5. "Affiliate" of a Person means, for purposes of items 3 and 4, any company or legal entity that controls, or is controlled by, or is controlled by an entity that controls a Party. "Control" means, in relation to a Person or Consortium, a Person who has (i) the direct or indirect ownership of more than fifty (50) percent of the voting rights in a company or other legal entity; (ii) directly or indirectly, the power or rights to direct or direct management policies, whether through the ownership of securities with voting rights, by contract or credit agreement, as fiduciary or executor, or otherwise.

6. Additionally, by participating in the Process, the potential assignee agrees not to take any action, or fail to take action, that may violate any applicable laws, including but not limited to the US Foreign Corrupt Practices Act, the UK Bribery Act, the Brazilian anti-corruption laws (especially Federal Law 12846/2013) and the principles outlined in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, adopted within the framework of the Organization for Economic Co-operation and Development (OECD). Furthermore, when participating in the Process, the potential assignee further declares to know and comply with the rules established in the Petrobras System Code of Ethics.

7. In order to assume that it meets the requirements established in items 3, 4, and 5, and that it observes the content of item 6 above, to participate in the Process, the potential assignee must sign a Compliance Certificate, in the strict terms of the model to be supplied by Petrobras.

7.1 The accuracy of this disclosure and the fulfilment of the requirements stated above will be verified by Petrobras after the completion, by the assignee, of all confidentiality obligations required to participate in this Process.

7.2 The Compliance Certificate shall specify the relationships and the situations described in items 3 and 4, if any. In these cases, Petrobras will evaluate if the relationships or the situations described prevent the participation of the potential assignee due to a non-compliance of any Sanctions applicable to Petrobras

8. All the qualifications and regulatory requirements necessary for the assignment of the Concession Contract with ANP are the exclusive responsibility of the potential assignee (and of all consortium parties, if applicable).

# Process Overview

- Interested parties, who meet the “Criteria for Eligibility of Potential Assignees”, should contact the project e-mail address below to express their interest in the opportunity until 11:59 p.m., Brasília/Brazil time, on August 23<sup>th</sup> 2019 in order to receive the required documents to participate in the Process: (i) Confidentiality Agreement; (ii) Regulatory Requirements Declaration; (iii) Compliance Certificate.
  - At the request of Petrobras, the potential assignee must provide supporting documentation.
- Project e-mail address: [garoupa@baml.com](mailto:garoupa@baml.com)
- Qualified interested parties who execute the aforementioned documents by until 11:59 p.m., Brasília/Brazil time, on August 30<sup>th</sup>, 2019, will be given access to an Information Package.
- Petrobras reserves the right to alter the Process as it deems appropriate, and will ensure that any such change will be disclosed to all participants.
- During the Process, Petrobras may undertake risk prevention analysis in accordance with the Anti-Corruption Law and the Petrobras Program for Prevention of Corruption (“PPPC”) and may request the participants to complete a detailed questionnaire to verify the compliance of its practices and conducts with the Anti-Corruption Law.
- Petrobras has retained Bank of America Merrill Lynch (“BofAML”) as its exclusive financial advisor (or “Advisor”) in the context of the Potential Transaction.
- Queries from interested parties which meet the “Criteria for Eligibility of Potential Assignees” mentioned above should be addressed exclusively to BofAML. Interested parties should not contact any Petrobras personnel.
- The project e-mail address should only be used for the purposes of the Potential Transaction. Any general question or inquiries not specific to or not directly related to the Potential Transaction should be addressed to the following site: <http://www.petrobras.com.br/en/>.

# Investment Opportunity in Brazil

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This Opportunity Overview (the "Teaser") is being furnished to prospective assignees and published in Petrobras site ("<http://www.investidorpetrobras.com.br/en>") with the purpose to present the Potential Transaction.

This document is being provided only with the purpose of verifying the interest of the market in the opportunity and therefore do not oblige PETROBRAS to start or to conclude the Process for the sale of its assets.

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