

## **Petrobras releases E&P teaser in the Santos Basin**

Rio de Janeiro, February 27, 2020 – Petróleo Brasileiro S.A. – Petrobras reports that it has started the opportunity disclosure stage (teaser), referring to the sale of all its equity interest in Merluza and Lagosta fields, located in the shallow waters of Santos Basin.

The teaser, which includes key information about the opportunity, as well as the eligibility criteria for selection of potential participants, is available on the Petrobras website: <https://www.investidorpetrobras.com.br/en/results-and-notice/teasers>.

The main subsequent stages of the project will be reported to the market in due course.

This disclosure complies with the Petrobras' divestment guidelines and with the provisions of the special procedure for assignment of rights to exploration, development and production of oil, natural gas and other fluid hydrocarbons, provided for in Decree 9,355/2018.

This transaction is in line with the portfolio optimization and the improvement of the company's capital allocation, aiming at maximizing value for its shareholders.

### **About Merluza and Lagosta fields**

Operating since 1993, the Merluza fixed platform (PMLZ-1), located in a 135-meter water depth, is the oldest in operation in the Santos Basin and was installed for the production of natural gas and condensate from the field. Since April 2009, the maritime unit has also been responsible for the production of natural gas and condensate from the Lagosta field. The average production of the fields, in 2019, was 3.6 thousand boe/day.

Petrobras is the exclusive concessionaire of both concessions.

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**PETROBRAS**

## Investment Opportunity in Shallow Water Fields in Brazil

Merluza Package

February 2020



**PETROBRAS**

**Bank of America** 

## 1. Opportunity Description

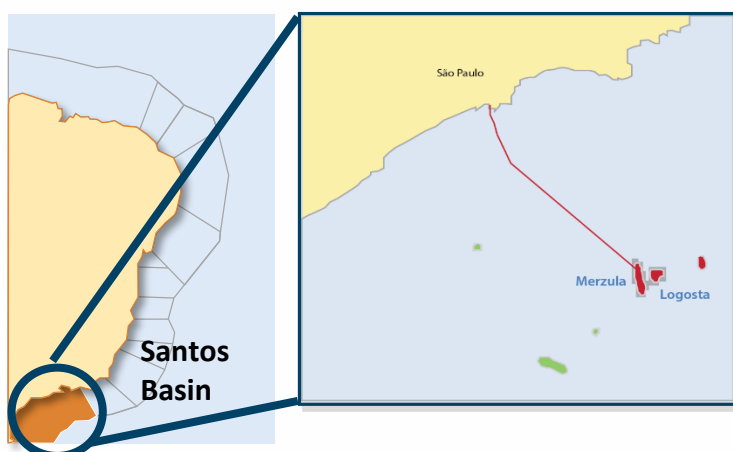
### SUMMARY OF THE OPPORTUNITY

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 Santos basin in Brazil, jointly designated as Merluza Cluster (the “Potential Transaction”), as detailed in the table below.

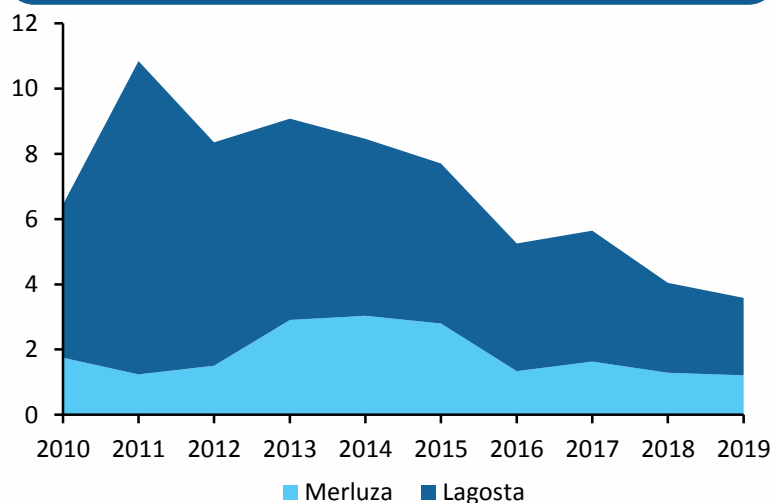
Package	Basin	Fields	Water Depth (m)	Petrobras WI	2019 Production (boe/d)	Liquid % (condensate)
Merluza	Santos	Lagosta, Merluza	131	100%	3.580	16%

- The Cluster comprises two offshore concessions located in shallow water at a distance of ~180 km from the coast near the Presidente Bernardes Refinery (RPBC) with reservoir depth between 4,600 to 5,100m. Petrobras currently holds 100% stake and operates the concessions.
- Currently producing from three wells and one fixed platform PMLZ-1, from which gas and condensate is exported through a pipeline of 16” and 215 kilometers to RPBC in Cubatão
- The platform and the export pipeline are included in the Potential Transaction perimeter
- Please consider the divestment of the whole Cluster.
- The proposed business model considers the current synergy between the listed such concessions, in order to optimize the sharing of production and treatment facilities, which justifies their conformation in a single production cluster.
- The transaction may also include the assignment of other services contracts, as well as an oil and gas purchase and sale agreement with Petrobras in case the Prospective Purchaser wishes to sell its production to Petrobras.
- Concession expiration: Merluza 08/05/2025 and Lagosta 09/17/2031, with potential to be extended to be requested by Prospective Purchaser.

### Location Map



### Historical Production (kboe/d)



### Highlights

- Producing assets with track record in a proven petroleum system with first gas achieved in the early 1990's
- Attractive fiscal terms – Round zero concessions with no local content requirements
- High degree of control on spending given 100% operated working interest

## 2. Process Overview

**2.1.** Petrobras has retained Bank of America (“BofA”) to act as its exclusive financial advisor in connection with the Potential Transaction.

- a. Should any recipient/participant who meet all the Eligibility Requirements (“Prospective Purchaser”) be interested in participating in the Process, it will be required to formally notify Bank of America (“BofA”) up to March 13<sup>th</sup>, 2020 of its interest through the Contact Information, described on Page 08, in order to receive the required documents to participate in the Process: (i) Confidentiality Agreement (“CA”); (ii) Compliance Certificate (“CC”); (iii) Regulatory Requirements Certificate (“RRC”) At Petrobras’ request, the Potential Purchaser must provide supporting documentation.
- b. If required by Petrobras, Prospective Purchaser shall present other supporting documents.
- c. For the next phase of the Process, the deadline to execute the CA, the CC and the RRC, and deliver any other required documents, will be March 27<sup>th</sup>, 2020.
- d. Distribution of the information package will commence after the deadline date specified on item 2.1.c, to all Prospective Purchasers who have executed the CA, the CC and the RRC, and delivered any other required documents.
- e. After the terms set forth above, a Prospective Purchaser may participate in the Process before the offers presentation phase to be further indicated. In that case, Prospective Purchaser may take party in the current phase of the Process without any right to return and/or extended deadlines.



### 3. Eligibility Requirements

In order to participate in this Process, the Prospective Purchaser must meet the following criteria (“Eligibility Criteria”):

**3.1.** It is proposed to select companies that simultaneously meet the criteria of financial and technical capacity defined below:

#### **3.1.1.** Financial Capability Criteria

(A) Net Worth of Prospective Purchaser exceeding R\$ 76 million<sup>(1)</sup>

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 500 MM in assets under your management

#### **3.1.2.** Technical Capability Criteria

(A) Qualification as operator A or B (or both) by the National Petroleum Agency (ANP);

or

(B) In the event that the Prospective Purchaser does not hold Operator A or B status, Prospective Purchaser shall already meet at least one of the following technical criteria defined by the ANP:

(i) Technical qualification by experience, as defined in item 7.2.1.1.1 or 7.2.1.1.2 of the ANP notice for the 16th. Bidding Round, considering the evaluation of the company or its corporate group, its staff and its experience in E&P activities;

(ii) Technical qualification by volume produced, as defined in item 7.2.1.1.3 of the ANP notice for the 16th. Bidding Round;

(iii) Technical qualification by amount of investments in Exploration, as defined in item 7.2.1.1.4 of the ANP public notice for the 16th Bidding Round.

**3.2.** In addition, the Prospective Purchaser and its affiliates shall not be included in any of the following restrictive lists:

(A) “Cadastro Nacional de Empresas Inidôneas, Suspensas” (available at <http://www.portaldatransparencia.gov.br/ceis>);

(B) “Cadastro Nacional de Empresas Punidas” (available at: <http://www.portaldatransparencia.gov.br/sanções/cnep>);

(C) “Empresas impedidas de transacionar com a PETROBRAS”. (available at: <http://transparencia.petrobras.com.br/licitacoes-contratos>)

**3.3.** In case the Prospective Purchaser, or any of its Affiliates, is identified in the abovementioned hypothesis or fail to meet any of the above mentioned requirements, it will be excluded from the Process at any time, in compliance with the rules applicable to Petrobras.

<sup>(1)</sup> This criteria is the same defined by the ANP for the qualification of class B operator, according to the 16th edict. Bidding Round.

## 3. Eligibility Requirements (Cont')

### 3.4. In case the Prospective Purchaser or any of its subsidiaries:

- a. is subject, owned or controlled by a person or entity subject to (i) any economic, financial or trade sanctions, (ii) regulatory sanctions, (iii) embargoes or (iv) restrictive measures that have been administered, enacted, imposed or applied by the World Bank, the United Nations Security Council, the United States of America, the Canada, the United Kingdom, the European Union, the Netherlands, Brazil, and the respective governmental institutions and agencies of any mentioned previously ("Sanctioned Person");
- b. is located, have been constituted, incorporated, organized or resident in a country subject to any (i) economic, financial or commercial sanctions, (ii) regulatory sanctions, (iii) embargoes or (iv) restrictive measures that were administered, enacted, imposed or executed by the World Bank, the United Nations Security Council, the United States of America, the Canada, the United Kingdom, the European Union, the Netherlands, Brazil and the respective governmental institutions and agencies of any mentioned previously (Sanctioned Country); or
- c. Have the predominant part of its commercial affiliation or business with any Sanctioned Person or in a Sanctioned Country;

Petrobras will evaluate if the relations or situations described prevent the participation of the Prospective Purchaser in the Process due to non-compliance with Sanctions applicable to Petrobras, and will inform the exclusion of the Prospective Purchaser from the Process, as the case may be.

### 3.5. Furthermore, by participating in this Process, the Prospective Purchaser shall undertake not to take any action or omission that violates any applicable law regarding business ethics, including, but not limited to, the US Foreign Corrupt Practices Act, the UK Bribery Act, Brazilian Anti-Corruption Laws (specially the Brazilian Federal Law n. 12.846/2013) ("Anti-Corruption Laws").

### 3.6. In order to participate in the Process and comply with the requirements set forth above, Prospective Purchaser shall sign a Compliance Certificate ("CC") and indicate, if applicable, whether it is subject to any kind of sanction, even if it considers that the sanction does not prevent its participation in the Process. If the Prospective Purchaser is subject to sanctions, it shall describe in the Compliance Certificate the relation, the nature and the details of the sanction, as well as indicate the restrictions arising from it.

### 3.7. The accuracy of the declaration and the fulfillment of the requirements mentioned above will be verified by Petrobras after the acceptance, by the Prospective Purchaser, of the confidentiality obligations necessary to participate in the Process.

## 4. Joint Offer Formation

- 4.1.** A Prospective Purchaser will be allowed to form a consortium, association or present a joint offer (“Joint Offer”) with an independent party, or parties, to participate in this Process.
- a. The Joint Offer must have a leader, which is the Prospective Purchaser that will lead negotiations with Petrobras and will be the main communication channel between Petrobras and the Joint Offer (“Joint Offer Leader”).
  - b. In such case, the Prospective Purchaser will be required to immediately inform Petrobras of its intention to present a Joint Offer, including information such as who is the Joint Offer Leader and who are the parties involved in the Joint Offer (“Joint Offer Member(s)”) according to the deadline previously set in the Instruction Letter and/or Process Letter.
  - c. The Joint Offer must contain (i) powers of attorney granting powers to the Joint Offer Leader assigned by the other participants of the Consortium; and (ii) a statement by the Joint Offer Leader confirming that he is not acting as an intermediary in the Potential Transaction.
- 4.2.** The Joint Offer must be approved at Petrobras convenience, in accordance with the legal criteria and the rules established herein and further detailed in the Instruction Letter and/or Process Letter. After approved by Petrobras and verified compliance with Eligibility Requirements and Joint Offer formation rules, the Prospective Purchaser will be allowed to participate in the Process.
- 4.3.** The formation of a Joint Offer is permitted only if the Joint Offer Members meets all the Eligibility Requirements established herein.
- a. With the exception of the Joint Offer Leader, other Joint Offer Member(s) may execute a regulatory requirements certificate for non-operators (“RRC – Non-Operator”) in place of the RRC mentioned in item 2.1.
  - b. The RRC (or “RRC – Non-Operator”, as applicable) will be made available together with the CA and the CC to all Joint Offer Members(s), as each Joint Offer Member must execute its own CA, CC and RRC (or “RRC – Non-Operator”, as applicable) directly with Petrobras in order to access any non-public information related to the Potential Transaction or the Assets.
- 4.4.** The rules applicable for the modification in the composition of the Joint Offer will be further detailed in the Instruction Letter (non binding phase) and Process Letter (binding phase).

### 5. Further Considerations

- 5.1. During the Process, Petrobras may perform preventive risk analysis, in compliance with Anti-Corruption Law and the Petrobras Program for Preventing Corruption - PPPC, and may ask any Prospective Purchaser to fill out a detailed questionnaire to verify the compliance of its practices and conducts with the Anti-Corruption Law.
- 5.2. A Declaration of independent Proposal shall be submitted until the submission of each offer (non-binding and binding).
- 5.3. In order to prevent a conflict of interest, it will not be allowed the participation in the Process of any Prospective Purchaser that is considered an affiliated company of the financial advisor of Petrobras in the Process (Bank of America ("BofA")).
- 5.4. The Prospective Purchaser may, under its sole responsibility and bearing all related expenses, retain financial, technical and, or legal consultants to advise on the Process, provided that such advisors are institutions with an undoubted reputation, experience and are not subject to any conflict of interests related to Petrobras whatsoever, being the existence of conflict determined in accordance with criteria specified by Petrobras.



### 6. Contact Information

- 6.1.** Queries from Prospective Purchasers which meet the abovementioned Eligibility Requirements should be addressed exclusively to Bank of America (“BofA”) individuals at: [pbr-shallow@bankofamerica.com](mailto:pbr-shallow@bankofamerica.com)
- This e-mail should be used only for the purposes of the Potential Transaction.
  - Under no circumstances should any contact be made with the management or employees of Petrobras or any of its affiliates.
- 6.2.** Any general questions or inquiries not specific and directly related to the Potential Transaction should be addressed to the following website: <http://transparencia.petrobras.com.br/>

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