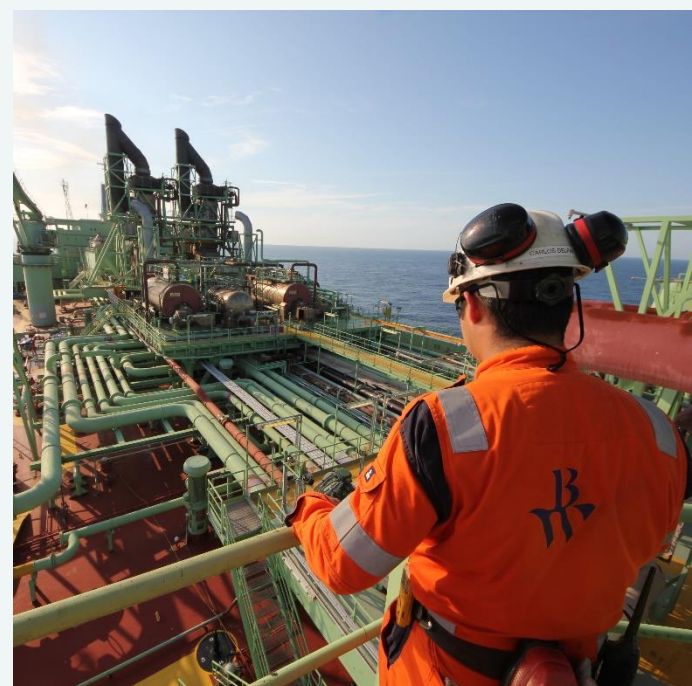
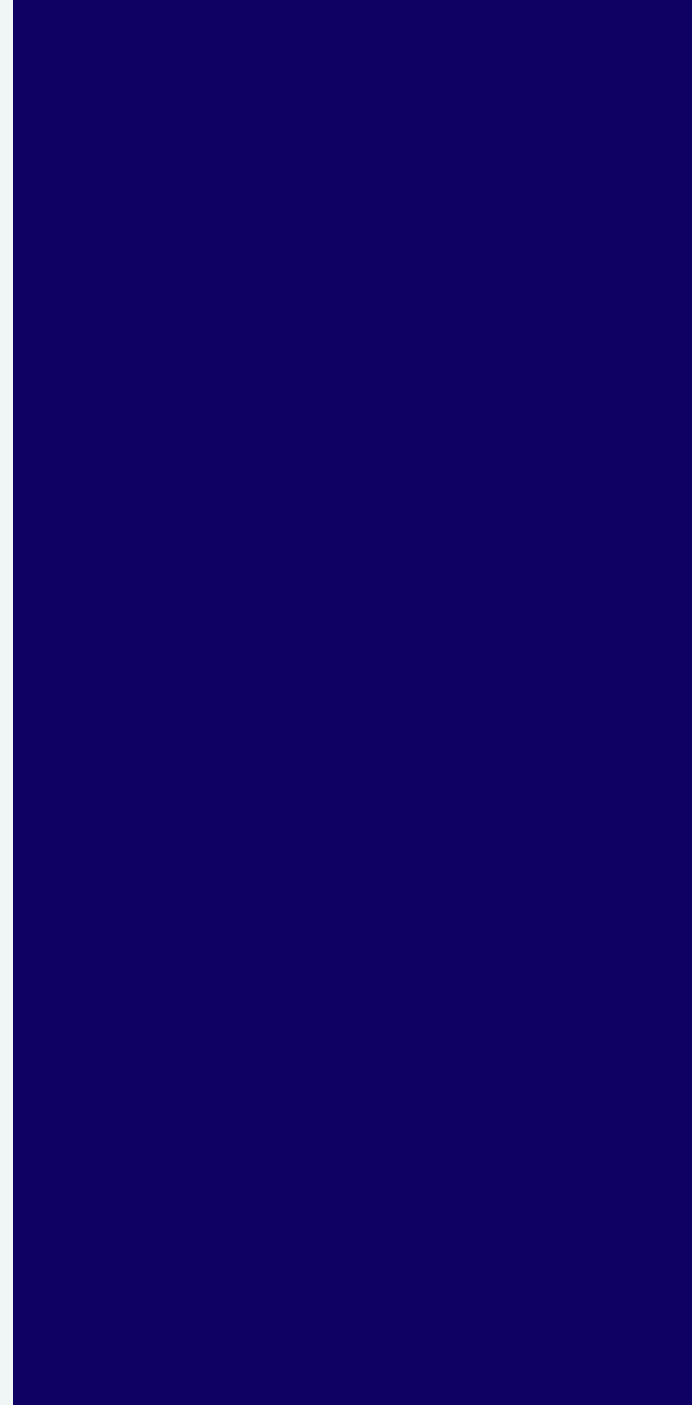


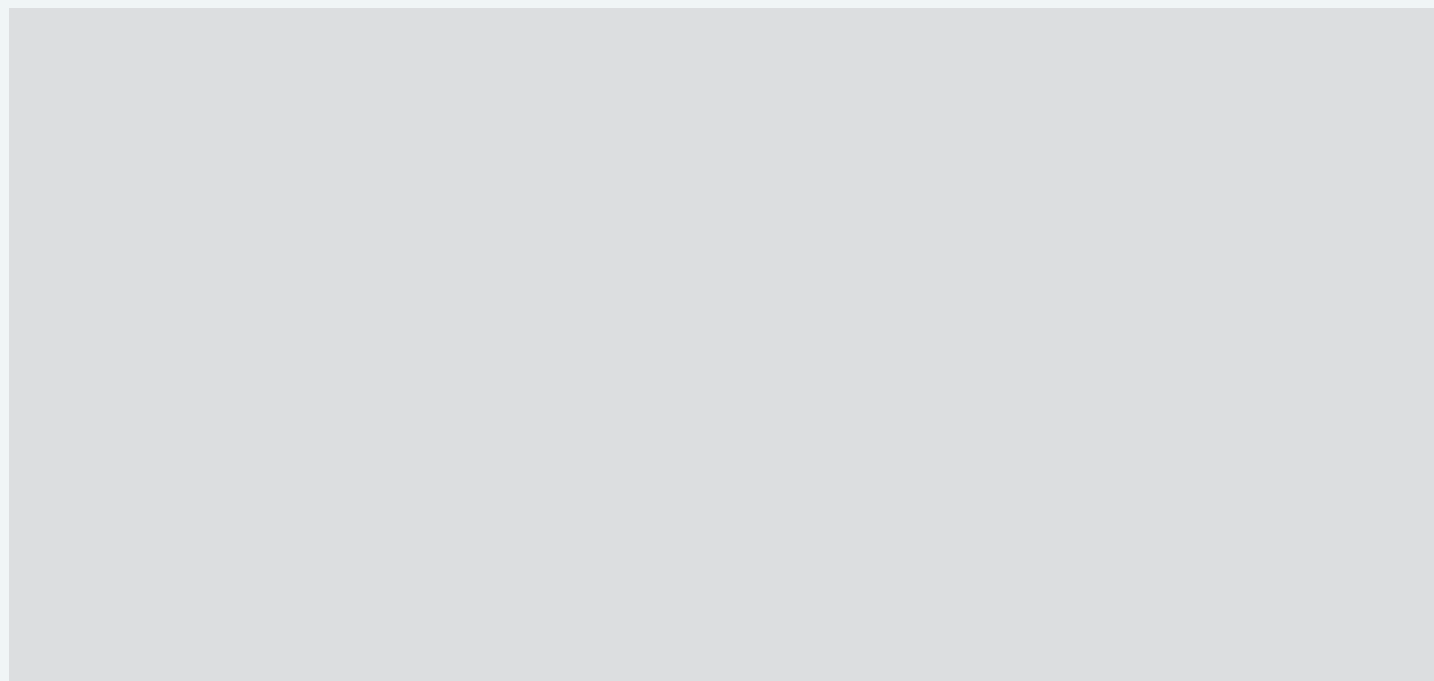


DECEMBER 2016



BW OFFSHORE

**PARTNERSHIP ESTABLISHED FOR
DUSSAFU DEVELOPMENT**



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Agenda

1

Strategic
Rationale

2

Transaction
Overview

3

Dussafu
Development Plan

4

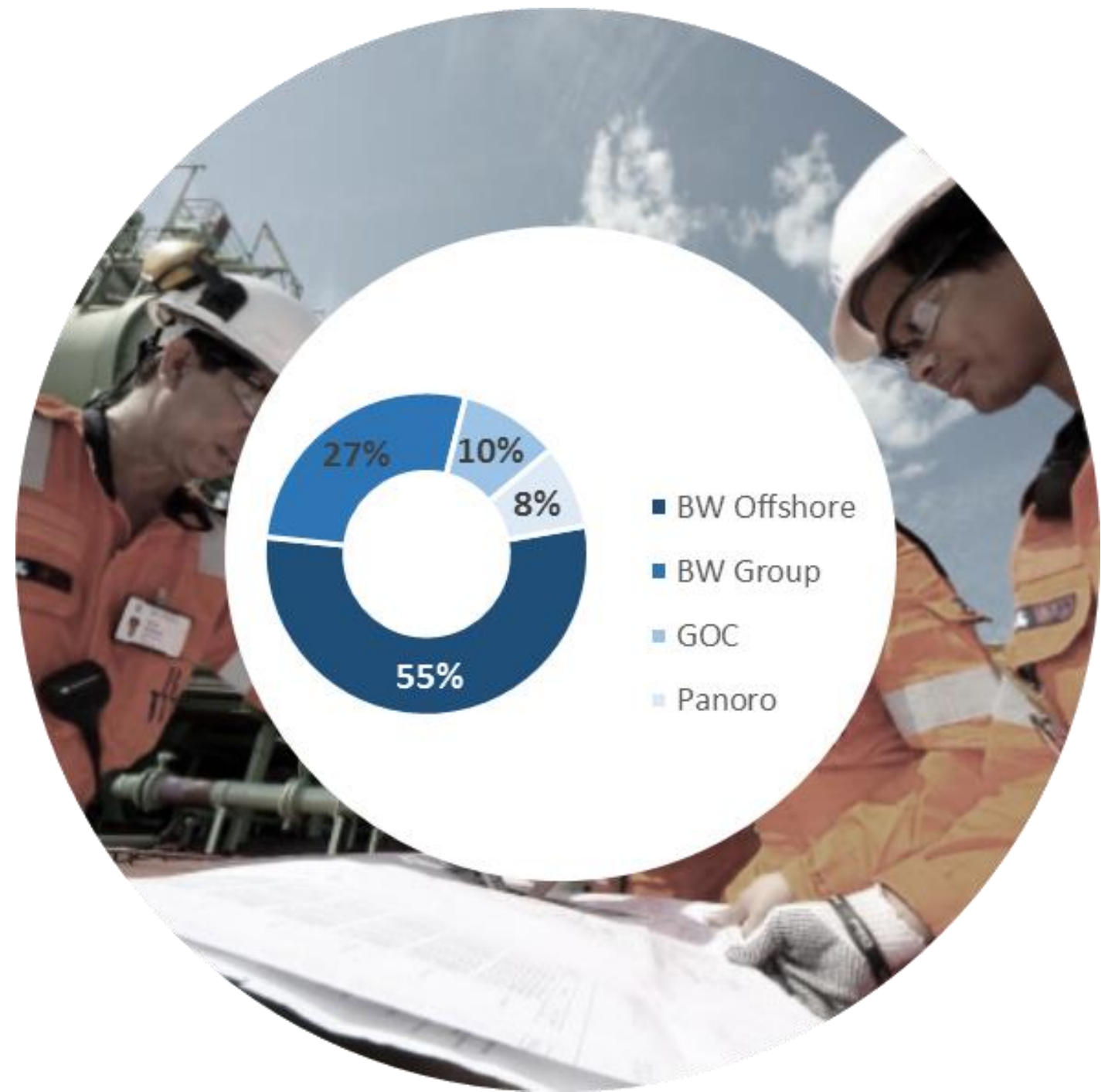
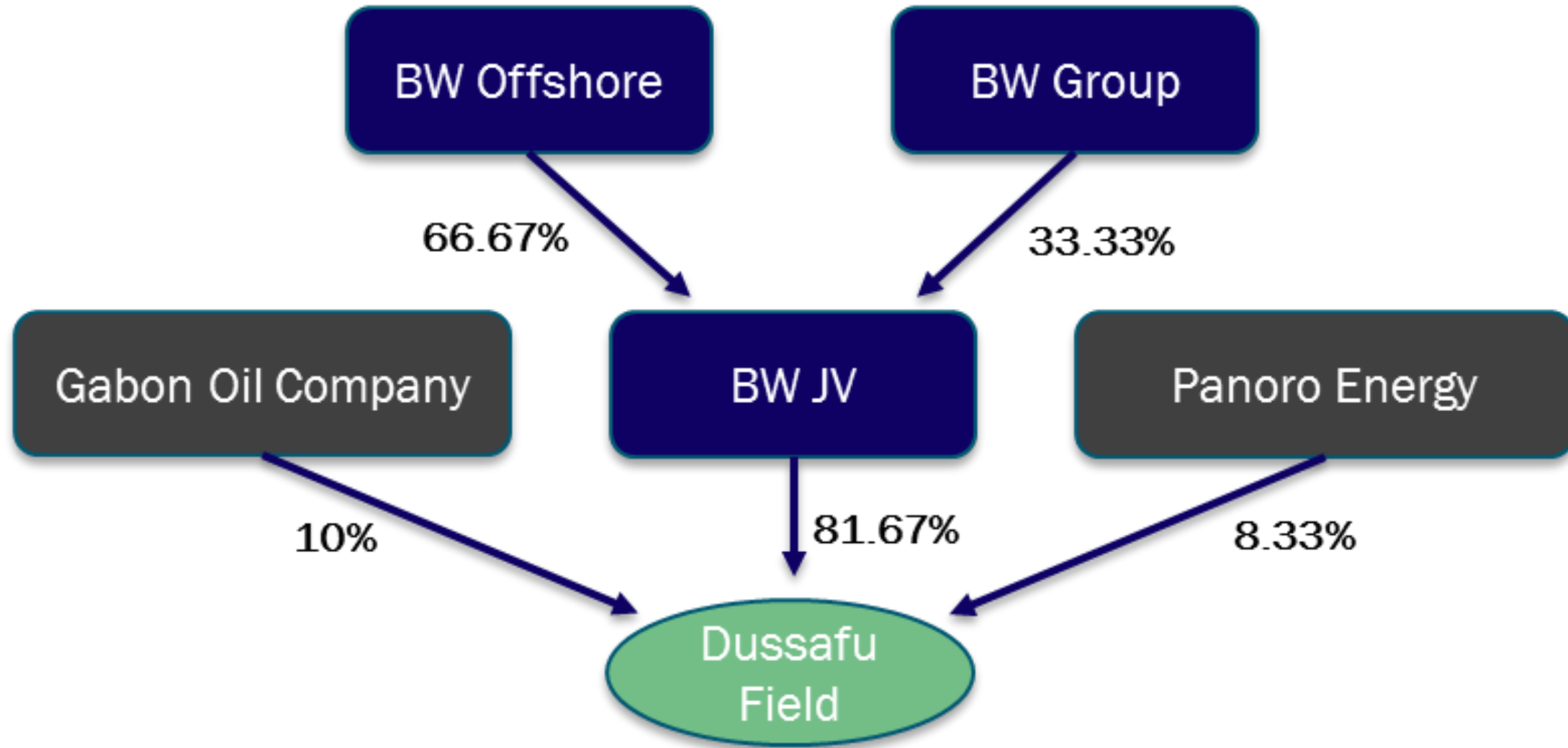
Summary

Strategic Rationale

- ✓ E&P's financing capacity significantly reduced due to the oil price decline since 2014
- ✓ Accessibility of equipment and services has improved and break-even prices have come down
- ✓ A number of NPV positive developments are put on hold due to financing constraints
- ✓ BW offshore is motivated to participate in NPV positive developments where the use of existing FPSOs are key enablers
- ✓ BW JV has access to experienced personnel familiar with Gabon oil developments and internal resources to execute the development and operate the field

Transaction overview

- BW Offshore has established a joint venture (JV) with the BW Group, where BW Offshore hold 66.67% and BW Group 33.33%
- The JV has entered into an agreement to acquire 66.67% interest in the Dussafu field, offshore Gabon, from Harvest natural resources
- The JV has at the same time signed a Memorandum of Understanding to further acquire 25% interest in the Dussafu field, from Panoro Energy
- Gabon Oil Company will participate with 10%

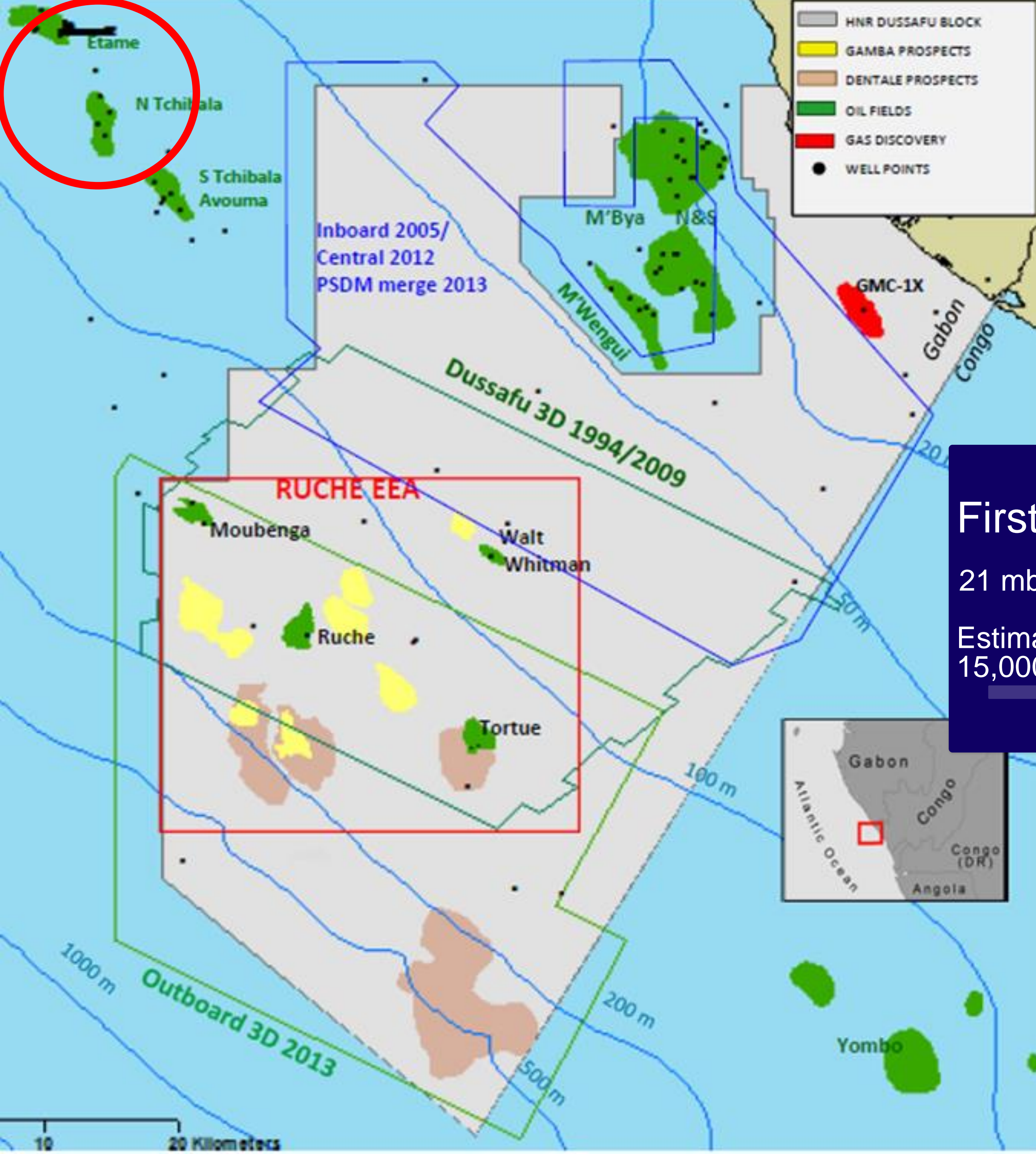


Planned license ownership

- | | |
|---------------------|--------|
| • BW Offshore | 54.45% |
| • BW Group | 27.22% |
| • Gabon Oil Company | 10.0% |
| • Panoro Energy | 8.33% |



Dussafu development plan



First Phase
 21 mbl P90 reserves
 Estimated peak 15,000 bpd

F

First phase

Gross investment estimated to USD 150 million

S

Second phase

Financing from field operating cashflow

U

Upside

Full field development that can yield up to 150 mbl recoverable not including several exploration prospects

E

Experience

Nearby Etame field located a few kilometres away with much the same characteristics

Over 94 mbl recovered to date, initial estimate 30 mbl

BWO operated Petroleo Nautipa FPSO on field since 2002 for Vaalco Energy

Development strategy

- ❑ Fast track development
- ❑ Flexibility for future field expansion
- ❑ Flexible processing capabilities
- ❑ Primary target Ruche and Tortue
- ❑ Subsea wells tied back to Central FPSO
- ❑ Once production established, continue to develop the other existing discoveries and later appraise remaining exploration prospects



Summary

- ❑ Established Joint Venture with BW Group
- ❑ Acquire Harvest Natural Resources (HNR) 66.7% interest in the Dussafu block offshore southern Gabon.
- ❑ Intention to further acquire 25% of Panoro Energy's 33.3% interest
- ❑ Gabon Oil Company to participate with 10% interest
- ❑ Capitalise on extensive Gabon experience
- ❑ Low-risk development opportunity
- ❑ Closing expected within first quarter 2017
- ❑ First oil within 2018

