



SHALLOW WATERS AND ONSHORE E&P OPPORTUNITY IN BRAZIL

June 2020

1. Opportunity Description

COMPANY OVERVIEW

Petróleo Brasileiro S.A. (“PETROBRAS”) is undertaking a process (the “Process”) to sell its total operated working interests in a group of concessions in shallow waters and onshore E&P fields (the “Pole”), located in the State of Alagoas, Brazil. The scope of this Process consists on the transfer of exploration, development and production rights of oil and natural gas in this group of shallow waters and onshore fields, with integrated facilities, aiming to provide potential buyers with full operating conditions (“Potential Transaction”).

- The Pole comprises 7 production concessions (Anambé, Arapaçu, Cidade de São Miguel dos Campos, Furado, Paru, Pilar and São Miguel dos Campos), all of which are located in the east region of the State of Alagoas. Paru field, with one gas producing well, is located in shallow waters, with 24 meters water depth. All other fields are located onshore.
- The average monthly production of the Pole in 2019 was 2,348 bpd of oil+condensate and 856 thousand m³/day of gas, generating 1,010 bpd of Liquid Natural Gas.
- Among the Pole’s key facilities are two Treatment Plants (Furado and Pilar) and approximately 230 Km of gas and oil pipelines, of which is worth highlighting the oil drainage pipeline that connects the production to Maceió’s waterway terminal. In addition to the concessions and the production facilities, the Pole includes a Natural Gas Processing Unit – “UPGN”, responsible for processing the entirety of the Pole’s gas and for the generation of Liquid Natural Gas– “LGN”. The unit has processing capacity of 2 mm m³/day.
- The Pole’s operational base is located in the municipality of Pilar, approximately 35 Km from Maceió, capital of the State of Alagoas.
- Petrobras is the operator and holds 100% working interest in the 7 concessions of the Pole. The proposed transaction is to alienate the totality of Petrobras’ working interests.
- Petrobras may offer an oil and gas purchase agreement with terms that shall be informed during the Process.

HIGHLIGHTS

- Average oil production: 2,348 bpd;
- Average natural gas production: 856.1 thousand m³/day;
- Concessions are organized in a Pole aiming to provide operational autonomy and optimize the infrastructure for drainage of production.

1. Opportunity Description (Cont.)

LOCATION

The Pole is located in the State of Alagoas, in the municipalities of Coqueiro Seco, Coruripe, Feliz Deserto (which faces Paru field), Jequiá da Praia, Marechal Deodoro, Pilar, Rio Largo, Santa Luzia do Norte, São Miguel dos Campos and Satuba.

Image 1 – Geographic location of the concessions

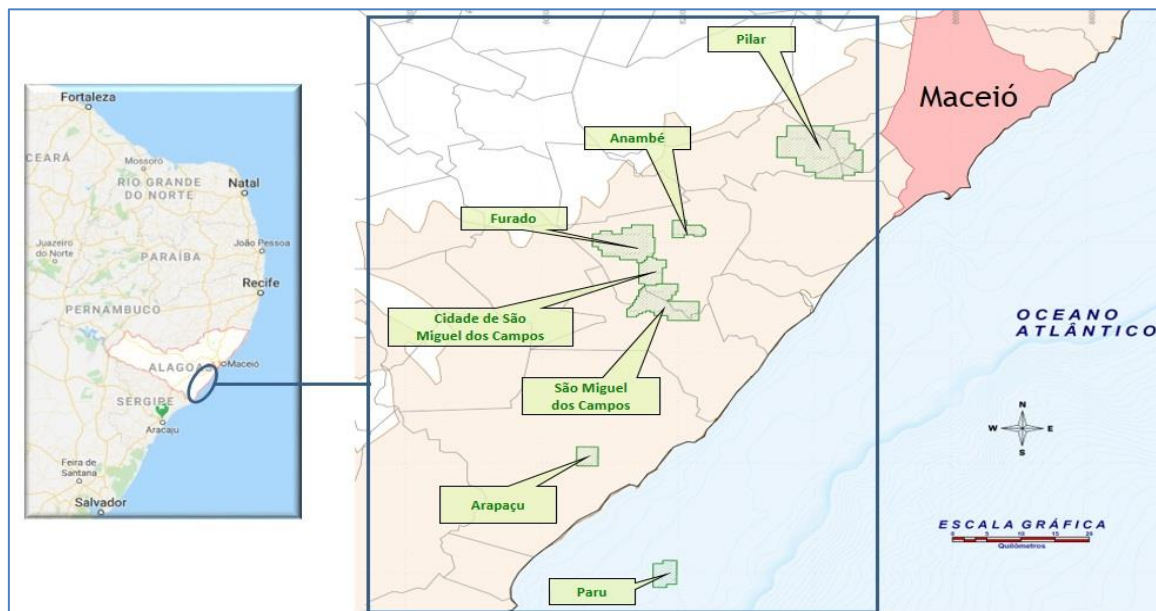


Image 2 – Concessions and main pipelines



2. Process Overview

2.1. Petrobras has retained Banco J.P. Morgan (“J.P. Morgan”) to act as its exclusive financial advisor in connection to the Potential Transaction.

- a. Should any recipient/participant who meets all the Eligibility Requirements (“Prospective Purchaser”) be interested in participating in the Process, it will be required to formally notify J.P. Morgan up to **July, 6th 2020** of its interest 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”). All notification should be sent to J.P. Morgan through the contact information, described on **Page 10**.
- b. If required by Petrobras, the Potential Purchaser shall present 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 **July 24th 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. It is recommended that Prospective Purchasers execute the CA, the CC and the RRC as soon as possible, since any delays may affect investors’ timeframe to analyze this opportunity.

3. Eligibility Requirements

3.1. In order to participate in the Process, a Prospective Purchaser must meet at least one of the criteria below (“Eligibility Requirements”):

- TECHNICAL CAPABILITY CRITERIA

1) Qualification of operator “B” by the National Petroleum Agency (“ANP”);

OR

2) In the event that the Prospective Assignee is classified by ANP as operator “C”, or does not hold ANP operator status, the assignee must declare (as per RRC to be presented by PETROBRAS): (i) that it meets, by the time of presentation of such declaration, or will meet, by the signing date, the most recent technical requirements of ANP to be classified as Operator “B”.

3.2. It should be noted that, in addition to the technical requirements mentioned above, ANP requires minimum net worth for the qualification as Operator “B” to be fulfilled until the signing date. Even though it is not an Eligibility Requirement, Prospective Purchaser must present, during the required phase of the Process:

1) Minimum Net Worth necessary for the qualification as Operator “B” by ANP;

OR

2) Prospective Purchasers that do not meet such condition may bid with a financial partner and should present (i) a letter from the partner stating their intention to fund the potential acquisition and to increase, until the signing date, the Prospective Purchaser’s net worth to the minimum necessary for the qualification as Operator “B” by ANP; AND (ii) proof that the partner manages at least 3 times the value of binding offer in assets under management.

During the Process, Petrobras may ask the Prospective Purchasers to present additional supporting documentation that proves its technical and financial capabilities, in accordance to (i) ANP technical and financial requirements to be classified as Operator “B”, and (ii) the acquisition purchase price and the additional financial commitments associated with the acquisition and the operation of E&P assets, including the Potential Transaction.

3. Eligibility Requirements (Cont.)

3.3 The Prospective Purchaser shall not be listed in the following restrictive lists:

(A) “Cadastro Nacional de Empresas Inidôneas, Suspensas” (CEIS)

(available at: <http://www.portaldatransparencia.gov.br/ceis>)

(B) “Cadastro Nacional de Empresas Punidas” (CNEP)

(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>)

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

3.5 In case the Prospective Purchaser or any of its subsidiaries or their respective administrators, employees, representatives or agents:

- a. is subject, owned or controlled by a person or entity subject to (i) any economic, financial or trade sanctions, (ii) embargoes or (iii) restrictive measures 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 (“Sanctions”).
- b. is located, have been constituted, incorporated, organized or resident in a country subject to Sanctions.
- c. Have the predominant part of its business with any person or country subject to Sanctions.

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. Eligibility Requirements (Cont.)

3.6. 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").

3.7. 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 or to any other situation described in item 3.4, even if it considers that the Sanction does not prevent its participation in the Process. If the Prospective Purchaser is subject to such situations, 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.

3.8. 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 delivered together with the Information Package.

c. The Joint Offer must contain (i) powers of attorney granting powers to the Joint Offer Leader assigned by the other participants of the Joint Offer; 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 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 all Joint Offer Members individually meet 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/or Process Letter (binding phase).

5. Further Consideration

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.

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 J.P. Morgan individuals at ALAGOAS_JPM_All@jpmorgan.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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