BW OFFSHORE

ANNUAL STATEMENT OF RESERVES

2019

BW OFFSHORE LIMITED

DISCLAIMER

The reserves and contingent resources shown in this report are estimates only and should not be construed as exact quantities. Estimates may increase or decrease because of market conditions, future operations, changes in regulations, or actual reservoir performance.

It should be recognized that the results of any recent drilling and testing may justify revisions that could be material. Therefore, actual developments may vary materially from what is stated in this report.

INTRODUCTION

The report complies with the disclosure requirements established by Oslo Børs. The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). As presented in the 2007 PRMS, petroleum accumulations can be classified, in decreasing order of likelihood of commerciality, as reserves, contingent resources, or prospective resources.

Reserves are those quantities of petroleum anticipated to be commercially recoverable from known accumulations by application of development projects from a given date forward under defined conditions. Reserves must be discovered, recoverable, commercial, and remaining as of the evaluation date based on the planned development projects to be applied.

Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves.

Contingent resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations, but for which the applied project or projects are not yet considered mature enough for commercial development because of one or more contingencies.

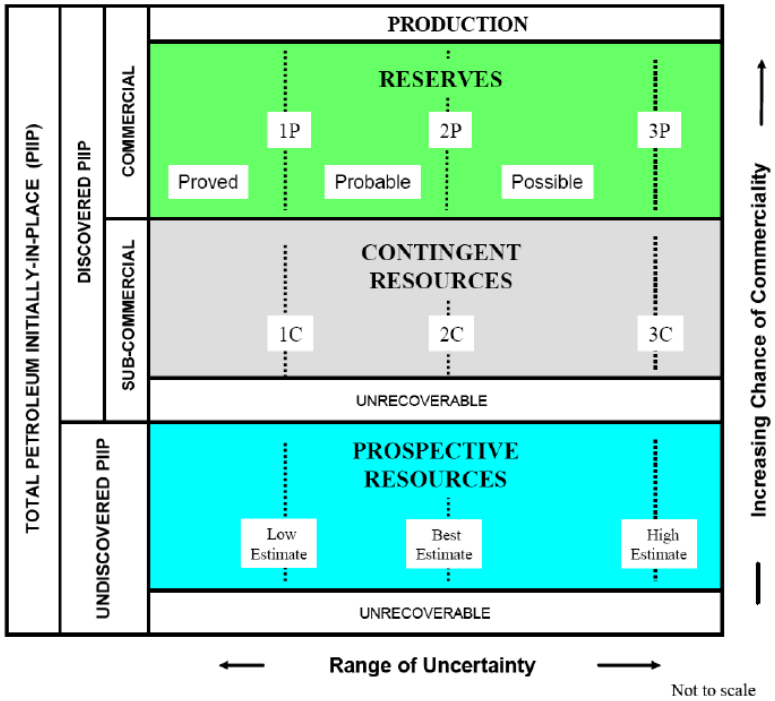


Fig 1.1 Overview of SPE reserves and recourses classification system

PORTFOLIO

As of December 31 December 2019, BW Offshore has a direct participation of 68.6% in BW Energy Limited, a company formed during 2019 which owns one asset classified as reserves, the Dussafu Marin Permit located offshore Gabon.

Dussafu Marin Permit

During April 2017, a BW Energy Limited wholly owned subsidiary, BW Energy Gabon Pte. Ltd. (BW Energy) finalised the acquisition of Harvest Natural Resources Inc.'s 66.67% ownership in the Dussafu Marin Permit, offshore Gabon. Later in April 2017, BW Energy also acquired another 25% ownership from Panoro Energy.

BW Energy currently hold 73.5% of the license. Tullow Oil owns 10%, Gabon Oil Company (GOC) owns 9% and Panoro Energy hold the remaining 7.5% in the license.

The Dussafu Marin Permit and the associated Ruche Autorisation Exclusive d'Exploitation ("Ruche EEA") production license are located approximately 50 kilometres off the coast of Gabon. The Ruche EEA covers an area of around 850 square kilometres. The water depth within the Ruche EEA ranges from approximately 80 metres in the northeast corner to approximately 650 metres in the southwest corner. Six oil discoveries have been made on the licence to date: Tortue, Hibiscus, Ruche, Ruche North East, Moubenga and Walt Whitman. The area comprising the Tortue, Hibiscus, Ruche and Ruche North East fields is centrally located within the Ruche EEA, with a water depth of approximately 116 metres.

Figure1 a: Dussafu and the surrounding area.

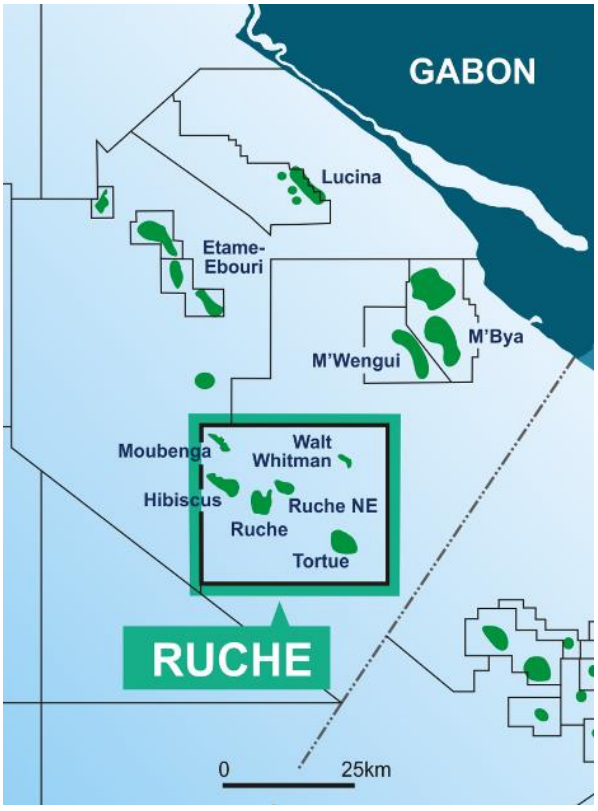
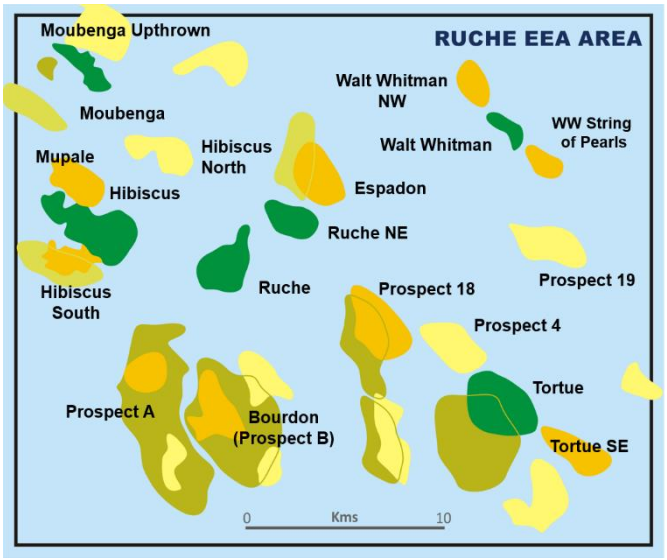


Figure1 b: Discoveries, prospects and leads within the Ruche EEA.



The Gabonese Government has approved the Ruche EEA Field Development Plan which calls for a phased development commencing with the Tortue field. The Tortue Phase 1 development commenced in 2017 with first oil achieved during September of 2018. Tortue Phase 1 included the drilling of two subsea production wells at the Tortue field tied back to a newly installed FPSO. Tortue Phase 2 is the drilling of four additional subsea production

wells at the Tortue field tied back to the FPSO. Tortue Phase 2 commenced in 2018 with the order of long lead equipment and execution of a rig contract. First oil is expected for early 2020.

BW Energy is currently preparing to execute a third development phase, Ruche Phase 1, at the Dussafu block with the Hibiscus and Ruche fields, which lie approximately 15 to 20 kilometres northwest of the Tortue field. The current plan is to drill a total of six horizontal production wells that will be connected to a fixed wellhead platform. Four of the wells will be drilled at the Hibiscus field, all targeting the Gamba reservoir. Two wells will be drilled at the Ruche field targeting the Gamba reservoir. The wellhead platform will be tied back to BW Adolo FPSO, which will continue to serve as the hub for production in the Dussafu licence. First oil from Ruche Phase 1 is expected in late 2021 adding up to 30,000 bopd to gross production from the Dussafu block once fully ramped up. The Ruche Phase 1 development is expected to recover gross reserves of approximately 36.7 mmbbl. Gross investments for the Ruche Phase 1 development are currently estimated at approximately USD 430 million, which is expected to be funded largely from operating cash flow generated by production at Tortue.

To date, NSAI has been commissioned to perform a reserve report for the Tortue, Ruche and Hibiscus fields. BW Energy continues to review and evaluate the other known discoveries within the Ruche EEA.

RESERVES AND RESOURCES

BW Offshore has used the services of Netherland, Sewell & Associates, Inc. (NSAI) for estimating reserves.

Estimated gross oil reserves by NSAI for oil properties located in the Tortue, Ruche and Hibiscus fields, as of December 31, 2019:

Under Development							
As of 31.12.2019	BW Energy Interest	1P - Gross (Proved)	1P – Net (Proved)	2P – Gross (Proved + Probable)	2P - Net (Proved + Probable)	3P - Gross (Proved + Probable + Possible)	3P – Net (Proved + Probable + Possible)
		mmbbl*	mmbbl	mmbbl	mmbbl	mmbbl	mmbbl
Dussafu Marin Permit	73.5%*	76.0	55.9*	111.4	81.9**	140.6	103.3**

*The oil volumes shown include crude oil only. Oil volumes are expressed in millions of barrels (mmbbl).

** The Net volumes reflect BW Energy's interest, BW Offshore own 68.6% of BW Energy.

NSAI has estimated gross 1P reserves of 76.0 mmbbls and gross 2P reserves of 111.4 mmbbls in the Tortue, Ruche and Hibiscus reservoirs as of 31.12.2019. BW Energy's net entitlement 1P reserves are 55.9 mmbbls and 2P reserves are 81.9 mmbbls.

The oil volumes shown include crude oil only. Oil volumes are expressed in millions of barrels (mmbbl).

Reserves categorisation conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The estimates of reserves included herein have not been adjusted for risk.

Oil prices were used only to confirm economic viability and determine economic limits for the properties. Oil prices are based on Brent Crude futures prices and are adjusted for quality, transportation fees, and market differentials. Oil prices, before adjustments, are shown in the following table:

Period ending	31.12.2020	31.12.2021	31.12.2022	31.12.2023	Thereafter
	(US$/Barrel)	(US$/Barrel)	(US$/Barrel)	(US$/Barrel)	(US$/Barrel)
Oil Price	68.23	75.82	80.61	87.77	87.77

MANAGEMENT DISCUSSION AND ANALYSIS

BW Offshore has used the services of Netherland, Sewell & Associates, Inc. (NSAI) for estimating and certifying the reserves and resources.

Evaluations have been based on standard petroleum engineering and evaluation principles. This include use of standard engineering and geoscience methods, or a combination of methods, including volumetric analysis, analogy, and reservoir modelling, considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2007 PRMS definitions and guidelines. The reserves and contingent resources in this report have been estimated using deterministic methods.

As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, conclusions necessarily represent only informed professional judgment.

Marco Beenen
CEO