

Quarterly Results

Highlights of the Financial Results for the Quarter Ended 31 March 2022

(Third financial quarter of financial year ending 30 June 2022)

Briefing for Analysts and Fund Managers

26 May 2022

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Part 1

Main Updates

- **3Q FY2022 Group Financials (vs. Previous Quarter)**
- **Analysis of Gain (Negative Goodwill) Arising From Completion of the FIPC Acquisition**
- **Operational Highlights**
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3Q FY2022 Group Financials (vs. Previous Quarter)

RM'000	3Q FY2022		2Q FY2022
	As disclosed in QR	Normalised *	
Revenue	297,060	297,060	284,404
Gross Profit	261,863	261,863	192,138
<i>Gross Profit Margin</i>		88.2%	67.6%
EBITDA	434,728	162,315	139,909
<i>EBITDA Margin</i>		54.6%	49.2%
PBT	330,399	57,986	88,667
<i>PBT Margin</i>		19.5%	31.2%
Tax	(22,859)	(22,859)	(40,179)
PAT	307,540	35,127	48,488
<i>PAT Margin</i>		11.8%	17.0%

Note:

* "Normalised" column excludes one-off entries in 3Q FY2022 – (i) negative goodwill of RM317.3m and (ii) provision for impairment of RM44.9m.

- High realised oil, condensate and gas prices achieved in 3Q FY2022 across all assets.
 - Average realised oil prices (group-wide) rose from approximately USD74/bbl in 2Q FY2022 to USD96/bbl (30%) in 3Q FY2022.
 - Average gas prices remained high (following a spike from October 2021 onwards).
- Negative goodwill from newly acquired assets: RM317.3m
- Provision for impairment of Australian assets: RM44.9m
- Contribution from newly acquired assets
 - EBITDA: RM390.1m
 - PAT: RM334.9m
- 3Q FY2022's "normalised" EBITDA is higher, but "normalised" PBT is lower compared to 2Q FY2022 – Due to additional depreciation and amortisation from the newly acquired assets were recognised, but only one crude oil offtake from the newly acquired assets post-acquisition took place, instead of the customary three crude oil offtakes in a quarter.

Analysis of Gain (Negative Goodwill) Arising From Completion of the FIPC Acquisition

On 24 January 2022, the Group completed the FIPC Acquisition.

The purchase consideration per the Repsol SPA was USD212.5 million (equivalent to RM890.4 million). In calculating the final purchase consideration, the following adjustments were made (pursuant to Clause 2 of the Repsol SPA):

	RM'000
Purchase consideration per the Repsol SPA (i.e. USD212.5 million)	890,396
Add: Time value amount	19,491
Less: Pre-closing dividend	(326,828)
Less: Leakage adjustment amount	(2,092)
Final purchase consideration (i.e. USD138.7 million)	580,967
Less: Cash and cash equivalents of subsidiaries acquired	(77,670)
Net cash outflow arising from business combination	503,297

The resulting final purchase consideration was USD138.7 million (equivalent to RM581.0 million).

The fair value of the identifiable assets and liabilities of FIPC Group has been determined in accordance with the provisions of MFRS 3 *Business Combinations* and assigned to the identifiable assets and liabilities on Completion Date. The fair value of the identifiable assets and liabilities of FIPC Group as at Completion Date is as follows:

	Fair value recognised on acquisition RM'000
Assets	2,120,162
Liabilities	1,221,876
Total identifiable net assets at fair value	898,286
Negative goodwill from business combination	(317,319)
Final purchase consideration (after adjustments)	580,967

Recorded as a
gain in 3Q
FY2022 P&L

Operational Highlights

		North Sabah	Anasuria	Newly Acquired Assets ²	Total
Average uptime	%	87	68	92	-
Average net oil production	bbl/day	4,695	1,702	5,742	12,139
Total oil sold	bbl	300,252	74,304	97,417	471,973
Average realised oil price	USD/bbl	89.58	122.28	122.93	101.62
Average net gas export rate ¹	boe/day	-	281	7,212	7,493
Average net oil equivalent production rate	boe/day	4,695	1,983	12,954	19,632
Total gas exported (sold)	MMscf	-	152	2,553	2,705
Average gas price	USD/Mscf	-	30.26	6.98	8.29
Average OPEX per boe	USD/boe	12.89	25.34	11.93	13.73

North Sabah

- Average OPEX per bbl lower mainly due to completion of major maintenance activities in the previous quarter.
- The average uptime is lower than that reported for the preceding quarter primarily due to higher unplanned production platform interruption in January 2022, and higher planned shutdown arising from the commencement of the annual major maintenance campaign in March 2022.

Anasuria

- Operational performance continues to be affected by unavailability of a critical component of the subsea infrastructure which malfunctioned in May 2021. Engineering and procurement activities are currently on-going on a fast-track basis with execution targeted for Q3 CY2022.
- Planned Offshore Turnaround of Anasuria FPSO is expected to commence in June 2022 and complete in July 2022.

PM3 CAA

- Drilling was completed successfully for BOC -24 (RR) and BOC 25 (DD) in February 2022 and March 2022 respectively. Planning is currently ongoing to optimise the CY2022 and CY2023 Drilling campaign, including the acceleration of BRB-11 and BOC infill projects.

¹ Conversion rate of 6,000scf/boe.

² Figures for newly acquired assets are from February to March 2022

bbl barrels
 boe barrels of oil equivalent
 MMscf million standard cubic feet
 Mscf thousand standard cubic feet

FY2022 Offtake Schedule

		Total oil, condensate and gas volume (boe)						Latest Estimate – Full year FY2022
		Actual – Year-to-date FY2022 (July 2021 to March 2022)	Latest Estimate – Next Quarter				Subtotal	
			April 2022	May 2022	June 2022			
North Sabah	Oil	1,452,918	311,670 @	- @	285,000 @@	596,670 @@	2,049,588 @@	
Kinabalu	Oil	-	-	350,000 @@	- @@	350,000 @@	350,000 @@	
PM305/ PM314	Oil	7,748	3,330 @	4,200 @@	4,000 @@	11,530 @@	19,278 @@	
PM3 CAA	Oil & Cond.	89,669	204,301 @	94,200 @@	- @@	298,501 @@	388,170 @@	
	Gas	425,500	192,053 @	230,200 @@	217,100 @@	639,353 @@	1,064,853 @@	
Anasuria Cluster	Oil	522,298	- @	- @	161,000 @@	161,000 @@	683,298 @@	
	Gas	81,519	8,497 @	7,300 @@	3,900 @@	19,697 @@	101,216 @@	
Block 46	Oil	-	- @	- @	- @@	- @@	- @@	
Total		2,579,652	719,851 @	685,900 @@	671,000 @@	2,076,751 @@	4,656,403 @@	
	Oil & Cond.	2,072,633	519,301 @	448,400 @@	450,000 @@	1,417,701 @@	3,490,334 @@	
	Gas	507,019	200,550 @	237,500 @@	221,000 @@	659,050 @@	1,166,069 @@	

Note: Estimated production from the newly acquired assets (i.e. Kinabalu, PM305, PM314, PM3 CAA and Block 46) from Completion Date to 30 June 2022 is 2.0 MMboe of oil, condensate and gas, net to the Group.

@ Actual. (For actual offtakes conducted in April & May 2022, oil prices realised are above USD100/bbl)

@@ Estimate.

Part 2

Oil Market Outlook

- **Oil Market Balances**
- **Brent Oil Price Outlook**

Oil Market Balances

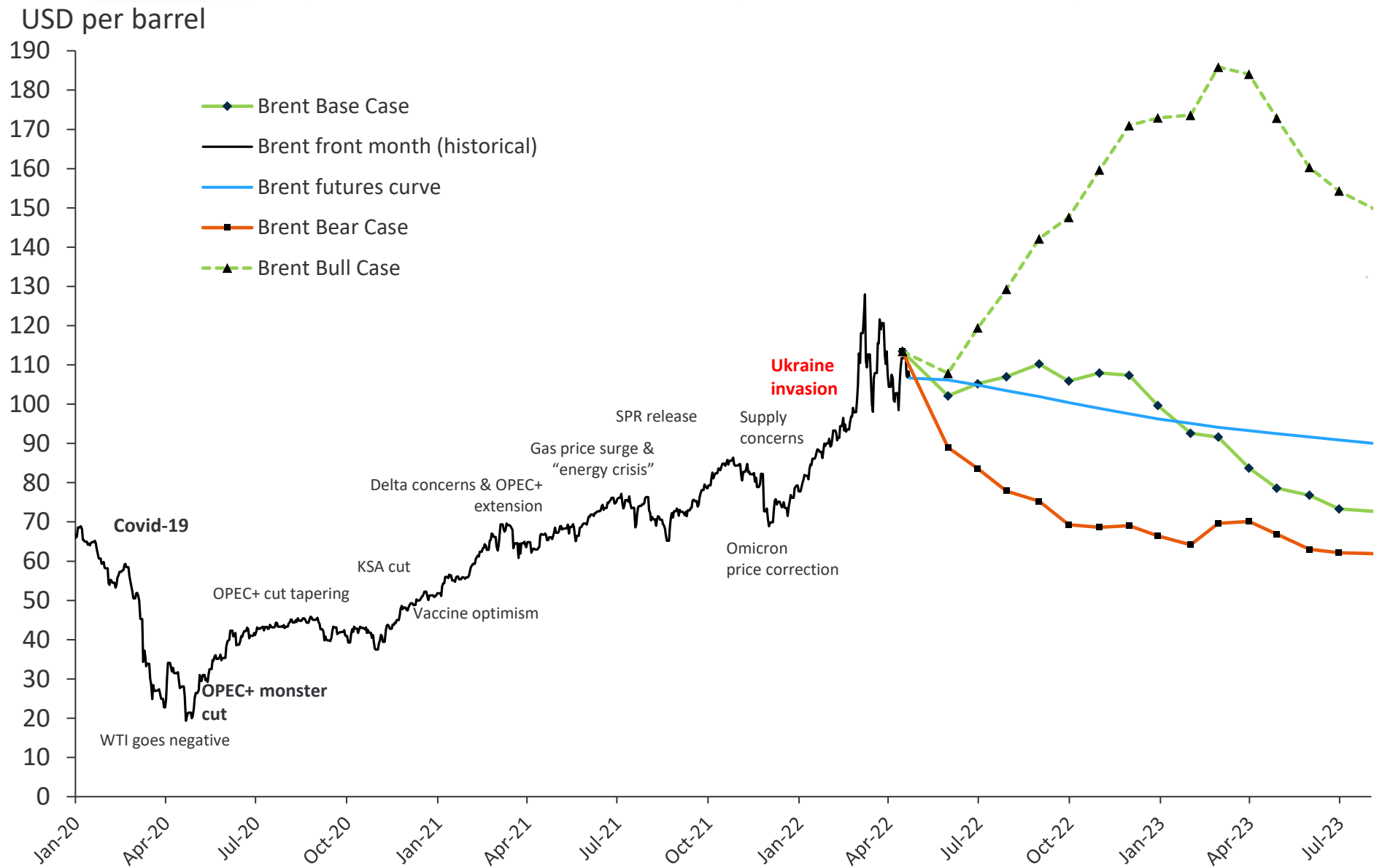
Global liquids supply and demand balances, current base case
million barrels per day



Source: Rystad Energy, as of 29 April 2022

Brent Oil Price Outlook

ICE Brent historical prices, latest futures curves, Rystad Base Case and Key Scenarios



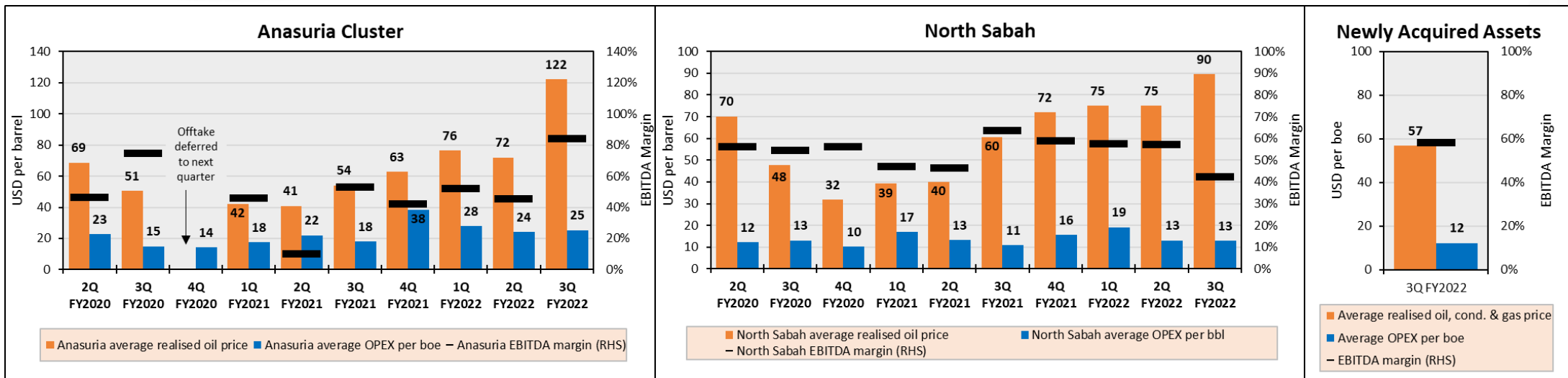
Source: Rystad Energy, as of 29 April 2022

Part 3

Financial Highlights

- **Strong and Consistent EBITDA Margins**
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Strong and Consistent EBITDA Margins



Flexibility to Navigate Industry Downturns

- Operational control grants the ability to concentrate on operating efficiencies (cost control, production enhancement) when oil prices are low and shift to development mode when oil prices are high
- Remained cash flow positive when oil prices crashed in April 2020 by reducing OPEX and deferring CAPEX
- High quality operations team helps to reduce downtime to maximise production

Strong Focus on OPEX Reduction and Profitability Enhancement

- The average unit production costs (OPEX per boe or OPEX per bbl) for our producing assets are well below the average realised oil price achieved in the respective quarters
- The careful management of costs to maintain low OPEX and the delivery of production enhancement projects are key towards obtaining low unit production costs
- Focus on delivering strong and sustainable EBITDA levels as long-term business continuity is of the highest priority
- Proven track record of cost control creates an opportunity to improve efficiencies of the new assets

Notes:

- Anasuria Cluster's EBITDA margin in 2Q FY2021 was affected by (unusual) significant unrealised foreign exchange losses caused by the relatively significant appreciation of the GBP against the USD which affected the period-end retranslation of GBP-denominated balances and one-off provisions recognised.
- North Sabah's EBITDA margin in 4Q FY2020 excluded the reversal of unrecovered recoverable costs of RM78.2 million.
- Newly Acquired Assets' EBITDA margin in 3Q FY2022 excludes negative goodwill of RM317.3 million.

3Q FY2022 Operating Segment Financials

RM'000	Malaysia – Kinabalu and others		CAA	Vietnam	Subtotal (PHSB Group)	Malaysia – North Sabah	United Kingdom	Australia	Others ¹	Total (HPB Group)
	Kinabalu	Others								
Revenue	-	3,705	121,088	-	124,793	113,125	58,136	-	1,006	297,060
Gross Profit	20,590	1,918	78,894	12,622	114,024	80,737	66,096	-	1,006	261,863
EBITDA/(LBITDA)	153,657	1,029	216,672	18,754	390,112	48,072	48,866	(43,939)	(8,383)	434,728
PBT/(LBT)	133,868	1,070	183,216	18,012	336,166	17,611	33,903	(43,939)	(13,342)	330,399
Tax	12,457	(481)	(12,990)	(285)	(1,299)	(7,480)	(14,084)	-	4	(22,859)
PAT/(LAT)	146,325	589	170,226	17,727	334,867	10,131	19,819	(43,939)	(13,338)	307,540

EBITDA/(LBITDA), PBT/(LBT), PAT/(LAT) above included the following one-off entries:

Negative Goodwill	165,006	-	145,967	6,346	317,319	
Provision for Impairment						(44,906)

Profit Margins of Operating Segments with producing assets:

	Malaysia – Kinabalu and Others		CAA	Vietnam	Malaysia – North Sabah	United Kingdom ²
	Kinabalu	Others				
Gross Profit Margin	-	51.8%	65.2%	-	71.4%	113.7%
“Normalised” EBITDA Margin ³	-	27.8%	58.4%	-	42.5%	84.1%
“Normalised” PAT Margin ³	-	15.9%	20.0%	-	9.0%	34.1%

Revenue	3Q FY2022
Malaysia – Kinabalu and Others	(i) Kinabalu: - (ii) Others: Oil: 7,748 bbls x USD 114.13/bbl
CAA	Oil: 89,669 bbls x USD 123.69/bbl Gas: 2,553 MMscf x USD 6.98/Mscf
Malaysia – North Sabah	Oil: 300,252 bbls x USD 89.58/bbl
United Kingdom	Oil: 74,304 bbls x USD 122.28/bbl Gas: 152 MMscf x USD 30.26/Mscf

¹ Others include Group and Investment Holding activities

² Profit margins for United Kingdom in 3Q FY2022 is impacted by the overlift transaction in 2Q FY2022

³ “Normalised” excludes one-off entries - (i) negative goodwill of RM317.3m and (ii) provision for impairment of RM44.9m (USD/MYR average rate: 3Q FY2022: 4.1993, 2Q FY2022: 4.1784)

Key Factors Affecting Kinabalu and Others' 3Q FY2022 Financial Results

Kinabalu:

Financials	RM'000
Revenue	-
Gross Profit	20,590
<i>Gross Profit Margin</i>	<i>N/A</i>
EBITDA	153,657
<i>EBITDA Margin</i>	<i>N/A</i>
PBT	133,868
<i>PBT Margin</i>	<i>N/A</i>
PAT	146,325
<i>PAT Margin</i>	<i>N/A</i>

Others (PM305 and PM314):

Financials	RM'000
Revenue	3,705
Gross Profit	1,918
<i>Gross Profit Margin</i>	<i>51.8%</i>
EBITDA	1,029
<i>EBITDA Margin</i>	<i>27.8%</i>
PBT	1,070
<i>PBT Margin</i>	<i>28.9%</i>
PAT	589
<i>PAT Margin</i>	<i>15.9%</i>

Taxation Breakdown	RM'000
Total Taxation	12,457
Deferred Taxation <i>(non-cash)</i>	12,081
Income Taxation	376

Taxation Breakdown	RM'000
Total Taxation	(481)
Deferred Taxation <i>(non-cash)</i>	(626)
Income Taxation	145

- The tax regime governing this segment is *the Petroleum (Income Tax) Act 1967 ("PITA")*, at the rate of 38.0%. Total net tax credit in 3Q FY2022 was RM12.5 million. The resulting effective tax rate over the "normalised" LBT (after omitting the negative goodwill) of RM30.1 million was 39.8%, which is fairly consistent with the 38.0% PITA rate.

- Crude oil offtakes in 3Q FY2022: 7,748 bbls @ USD114.13/bbl average realised price. *only applies to PM305 & PM314. Crude oil offtake in Kinabalu was conducted prior to the Completion Date (24 January 2022) of the FIPC Acquisition and is thus not recorded in the operational results of 3Q FY2022.
- This segment's share of the negative goodwill is RM165.0 million.
- In addition, Kinabalu recognised a gain from the revaluation of its share of the opening underlift inventory acquired from Repsol ("Acquired Underlift Inventory") of 117,686 bbls amounting to RM18.7 million. There was no sale of crude oil by Kinabalu in 3Q FY2022 and as a result, the Acquired Underlift Inventory remained part of the Group's receivables balance as at 31 March 2022. (Note: This Acquired Underlift Inventory represents the right to receive crude oil in future offtakes or cash from other participants to the PSC and was measured at fair value at Completion Date. It was then subsequently remeasured at fair value as at 31 March 2022 (in accordance with the provisions of MFRS 9 *Financial Instruments*), which resulted in the gain on revaluation stated above.)
- The above were partially off-set by accruals for supplemental payment and amortisation of intangible assets and depreciation of oil and gas assets amounting to RM28.7 million and RM18.5 million respectively.

Key Factors Affecting CAA's 3Q FY2022 Financial Results

Financials	RM'000
Revenue	121,088
Gross Profit	78,894
<i>Gross Profit Margin</i>	<i>65.2%</i>
EBITDA	216,672
<i>EBITDA Margin</i>	<i>178.9%</i>
PBT	183,216
<i>PBT Margin</i>	<i>151.3%</i>
PAT	170,226
<i>PAT Margin</i>	<i>140.6%</i>

Taxation Breakdown	RM'000
Total Taxation	(12,990)
Deferred Taxation (<i>non-cash</i>)	198
Income Taxation	(13,188)

- The tax regime governing this segment is PITA, at the rate of 38.0%. Total net tax expenses in the Current Period were RM13.0 million. The resulting effective tax rate over the “normalised” PBT was 34.9%.

- PAT generated by this segment from Completion Date to 31 March 2022 amounted to RM170.2 million.
- The segment’s share of the negative goodwill amounted to RM146.0 million.
- During the Current Period, the segment contributed RM121.1 million to revenue and RM78.9 million to gross profit from the sale of crude oil and gas. Gross profit margin was 65.2%.
- Revenue breakdown:
 - Gas - RM74.6 million (2,553 MMscf at average realised price of USD6.98 per Mscf).
 - Crude oil - RM46.5 million (89,669 bbls at average realised price of USD123.69/bbl).
- The healthy gross profit margin was largely driven by a low average OPEX/boe of USD10.96. The OPEX/boe included amounts incurred on major maintenance activities at the Bunga Orkid platforms, well integrity and intervention campaigns and inspection and maintenance work scope.
- Average net oil and condensate production rate and average uptime achieved in 3Q FY2022 were high, at 2,467 bbls/day and 96% respectively.
- The “normalised” EBITDA for the segment after omitting the impact of the negative goodwill was RM70.7 million, resulting in an EBITDA margin of 58.4%.
- The “normalised” PBT was RM37.2 million, mainly after deducting the following items from the “normalised” EBITDA, all of which are non-cash in nature:
 - Amortisation of intangible assets and depreciation of oil and gas assets of RM24.9 million; and
 - Unwinding of discount on provision for decommissioning costs of RM1.3 million.

Key Factors Affecting North Sabah's 3Q FY2022 Financial Results

Financials	RM'000
Revenue	113,125
Gross Profit	80,737
<i>Gross Profit Margin</i>	<i>71.4%</i>
EBITDA	48,072
<i>EBITDA Margin</i>	<i>42.5%</i>
PBT	17,611
<i>PBT Margin</i>	<i>15.6%</i>
PAT	10,131
<i>PAT Margin</i>	<i>9.0%</i>

Taxation Breakdown	RM'000
Total Taxation	(7,480)
Deferred Taxation (<i>non-cash</i>)	10,196
Income Taxation	(17,676)

- **Taxation** (*The tax regime under which Malaysian oil and gas activities are governed is PITA. The provisions of PITA are applied to net taxable petroleum income at the rate of 38%.*)
 - Effective tax rate over PBT for 3Q FY2022 = 42.5% (2Q FY2022 = 40.2%).

- Sale of crude oil in 3Q FY2022: 300,252 bbls @ USD 89.58/bbl average realised price.
 - Revenue was lower than 2Q FY2022 (by 39%) mainly due to lower volume of crude oil sold but partially off-set by higher average selling price achieved (by 19%).
- A relatively high average realised price, coupled with careful management of costs and efficient operational performance resulted in an EBITDA margin attained in 3Q FY2022 of 42.5%. This was despite only one crude oil offtake being undertaken, instead of the customary two offtakes in a quarter.
- Operational performance was less favorable compared to 2Q FY2022.
 - Gross profit margin in 3Q FY2022 (71.4%) was marginally lower than that attained in 2Q FY2022 (75.6%).
 - Average uptime and average net oil production were lower than 2Q FY2022, mainly due to higher unplanned production interruptions in January 2022 and impact arising from the commencement of CY2022's annual planned major maintenance campaign in March 2022.
 - Average OPEX/bbl achieved in 3Q FY2022 (USD12.89) was fairly consistent with 2Q FY2022 (USD13.06) despite less favorable operation metrics.

Key Factors Affecting United Kingdom's 3Q FY2022 Financial Results

Financials	RM'000
Revenue	58,136
Gross Profit	66,096
<i>Gross Profit Margin</i>	<i>113.7%</i>
EBITDA	48,866
<i>EBITDA Margin</i>	<i>84.1%</i>
PBT	33,903
<i>PBT Margin</i>	<i>58.3%</i>
PAT	19,819
<i>PAT Margin</i>	<i>34.1%</i>

Taxation Breakdown	RM'000
Total Taxation	(14,084)
Deferred Taxation (<i>non-cash</i>)	(10,238)
Income Taxation	(3,846)

- Taxation** (*The tax regime which applies to exploration for, and production of, oil and gas in the UK currently comprises of ring fence corporation tax and a supplementary charge at 30% and 10% respectively.*)
 - Effective tax rate over PBT for 3Q FY2022 = 41.5% (2Q FY2022 = 39.2%).

- Revenue breakdown:
 - Crude oil (AHUK's entitlement): 3Q FY2022 - RM38.7m (74k bbls) vs 2Q FY2022 - RM52.0m (166k bbls).
 - Crude oil (Overlift): 3Q FY2022 - Nil vs 2Q FY2022 - RM27.1m (90k bbls).
 - Gas: 3Q FY2022 - RM19.4m vs 2Q FY2022 - RM19.5m.
- "Normalised" volume of crude oil sold in 3Q FY2022 (after including the overlift transaction in 2Q FY2022) was 164k bbls, which was consistent with the "normalised" volume in 2Q FY2022 of 166k bbls. However, average realised price for crude oil in 3Q FY2022 was higher by USD50.26/bbl (70%).
- Operational performance was less favorable compared to 2Q FY2022.
 - Average uptime and the average daily oil production rate of 68% and 1,983 boe/day respectively were less favorable compared to 2Q FY2022's average uptime of 75% and average daily oil production rate of 2,396 boe/day. As a result, average OPEX/boe in 3Q FY2022 was higher by approx. 4%, from USD24.31 in 2Q FY2022 to USD25.34 in 3Q FY2022.
 - The adverse impact of the malfunction of a critical component of the subsea infrastructure persisted in 3Q FY2022. In addition, the planned well intervention programme carried out at the Guillemot A field in March 2022 caused a shutdown of some of the production from the field which consequently had an adverse impact on the month's production.
- Despite less favorable operational performance, the segment achieved higher profits in 3Q FY2022 due to higher average realised price for crude oil.
 - EBITDA in 3Q FY2022 was RM48.9m vs 2Q FY2022's RM45.0m.
 - PAT in 3Q FY2022 was RM19.8m vs 2Q FY2022's RM16.9m.

Highlights from the Group's Balance Sheet

A strong Balance Sheet

RM	As at 31 March 2022	As at 31 December 2021	As at 30 September 2021	As at 30 June 2021	As at 31 March 2021
Total assets	4,506.8m	3,099.6m	2,880.4m	2,788.0m	2,722.3m
Shareholders' funds	1,874.2m	1,553.0m	1,529.5m	1,473.9m	1,418.4m
Cash and bank balances	437.8m	824.4m	337.7m	303.2m	226.6m
Unrestricted cash	273.4m	552.0m	204.0m	173.9m	105.5m
Restricted cash *	164.4m	272.4m	133.7m	129.3m	121.1m
Total debt	-	(2.4m)	(2.7m)	(5.7m)	(11.0m)
Net current (liabilities)/assets	(310.0m)	336.2m	226.9m	186.2m	151.5m
Net assets per share	0.93	0.77	0.76	0.74	0.71

* For more information, please refer to page 7 of the Unaudited Quarterly Financial Report for the quarter ended 31 March 2022.

- Year-on-year, both total assets and shareholders' funds have grown by RM1,784.5 million and RM455.8 million respectively.
 - Total assets of the Group have incorporated the amount attributable to the fair value of identifiable non-current assets of the acquired FIPC Group of RM1,436.6 million.
 - Included in shareholders' funds as at 31 March 2022 are retained earnings of RM829.3 million.
- The Group's total cash and bank balances are at reasonably healthy levels. They include the cash balance in FIPC Group as at 31 March 2022 of RM165.7 million.
- Total debt balance shown above relates to the recognition of the liability component of the CRPS upon the issuance of the first two tranches in November 2020. The balance became nil when 100% of the CRPS issued was converted into ordinary shares.
- Net current liabilities position as at 31 March 2022 is largely due to the effect of consolidating the FIPC Group effective 24 January 2022 and timing of offtakes from the newly acquired assets from 25 January 2022 to 31 March 2022. Note that there were minimal crude oil offtakes from the newly acquired assets in 3Q FY2022 (but will normalize from 4Q FY2022 onwards).
- The CRPS conversion resulted in total issued ordinary shares increasing from 1,722 million as at 31 December 2020 to 2,012 million as at 31 March 2022. Despite this, net assets per share have increased compared to 31 March 2021, largely due to contribution from net earnings generated by the producing assets of the Group and the inclusion of the negative goodwill in relation to the business combination arising from the FIPC Acquisition.
- The Group will continue to engage with financial institutions and industry players to explore funding options and capital raising initiatives which run in tandem with our growth plans.

Part 4

Key Messages

Key Messages

Fully operated and producing portfolio allows for cost management flexibility and synergies potential

- Sold 471,973 barrels of oil and over 450,000 bbl of oil equivalent (boe) of gas in the current quarter from our producing assets
- FY2022 expectation is to sell a total of approximately 4.6 million barrels of oil equivalent (boe)

Completion of Acquisition of assets in Malaysia, Vietnam and in the Commercial Arrangement Area (CAA) has boosted oil and gas production

- Daily production rates increased to approximately 20,000 boe per day

Further strengthening of oil prices will strengthen EBITDA margins

- Focus on delivering strong and sustainable EBITDA levels as long-term business continuity is of the highest priority

Interim Single-tier Dividend of 1.0 sen per share announced on 25 May 2022

- Total dividend of 1.5 sen previously declared in respect of FY2021.

Commitment to energy transition with independently recognised ESG practices

- Strong ESG focus with numerous awards to highlight efforts made during 10 year operating history
- The Group has made significant progress in reducing our Greenhouse Gas emissions (Scope 1 and Scope 2) in 2021

Remain focused on delivering optimal performance in an improving oil price environment

- Safe and efficient operations
- Risk management
- Cost management and financial discipline

Thank You

For more information please contact:

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