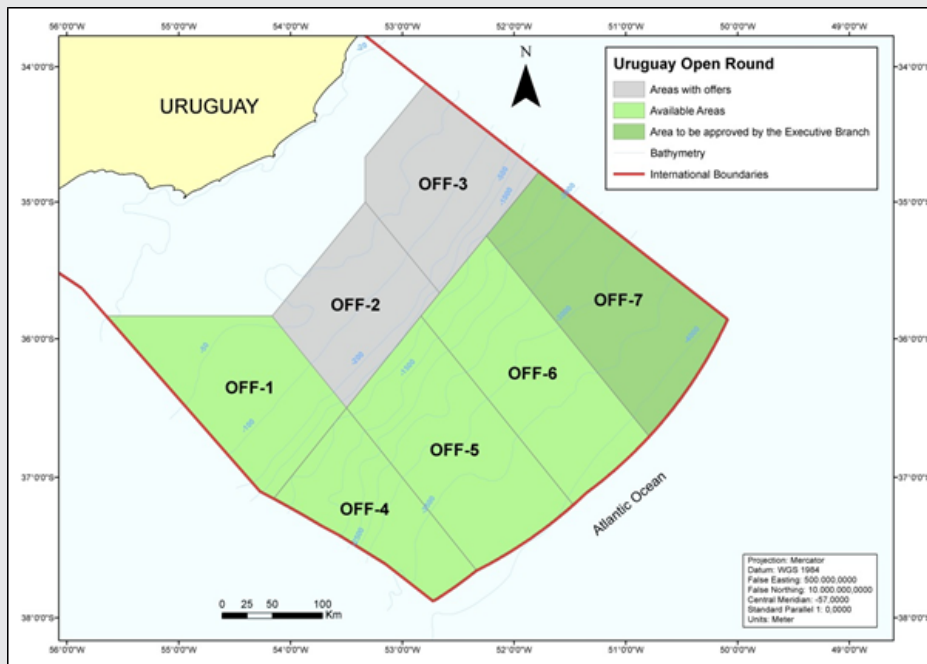


Promising results of the Uruguay Round Open

As a result of the Open Uruguay Round process, approved by Decree 111/019, two qualification requests were received by Kosmos Energy and Tullow Oil in the first Instance of 2019. The qualification of companies for the selection process is valid for 5 years, thus being able to present offers. Afterwards, two offers were received from Kosmos Energy, corresponding to the offered areas OFF-2 and OFF-3.



Offshore areas' map for Open Uruguay Round

The offers presented by Kosmos Energy include:

Area OFF-2	Area OFF-3
<ul style="list-style-type: none"> • Evaluation of Petroleum Geology • Evaluation of Prospective Resources • Gravimetric and Magnetometric 3D inversion and modelling • Acquisition, Processing and Interpretation of 5900Km² of 3D seismic • Licensing existing data 	<ul style="list-style-type: none"> • Evaluation of Petroleum Geology • Evaluation of Prospective Resources • Gravimetric and Magnetometric 3D inversion and modelling • Acquisition, Processing and Interpretation of 5100Km² of 3D seismic • Licensing existing data
Total Working Units: 12164	Total Working Units: 10564

After multiple data rooms with Kosmos Energy, which began within the framework of the Uruguay Round 3 in 2017, its interest materialized through the offers presented.

As a result of the contracts corresponding to the Uruguay Round 2009 and the Uruguay Round II, an extensive database was generated, which contributed to adding value to the offshore basins of Uruguay. The offers constitute a milestone and this result supports the vision of ANCAP's technical team on the remaining prospectivity of Uruguayan offshore basins.

With these offers the reactivation of the exploratory activity in Uruguay is achieved, in a new context of great availability of geological and geophysical information of the offshore basins, by an outstanding operator in the Atlantic margin exploration and with very significant proposed exploratory work.

Open Uruguay Round

This Open Uruguay Round system accomplishes with the most valued factors by oil companies at the moment of participating in a bidding round: transparency in the process of decision making, previously available database and a clear and predictable schedule.

In this continuously open process, companies can qualify and submit offers at any time. However, the system doesn't imply a direct negotiation, it constitutes two bidding rounds per year, with opening of offers twice a year: the last working day of May and the last working day of November. The schedule of Open Uruguay Round is shown in the following table:

Activity	Proposals in the 1 st Instance	Proposals in the 2 nd Instance
Presentation of Letter of Interest and documents for the qualification of Oil Operations Companies	Until the last business day of April	Until the last business day of October
Notification of Oil Operations Companies Qualification	Until the second to last business day of May	Until the second to last business day of November
Submission of proposals	Until the last business day of May at 2:00 p.m., local time	Until the last business day of November at 2:00 p.m., local time
Opening of proposals	Last business day of May at 2:30 p.m., local time	Last business day of November at 2:30 p.m., local time
Definition by ANCAP of the winning proposal of each Area (*)	No later than the last business day of August	No later than the last business day of February
(*) Notes: The signature of the Contract is subject to the approval of the Executive Power.		

The contract model approved in the Open Uruguay Round regime is similar to typical Production Sharing Contracts (PSC) widely used in the industry, for which Contractor assumes all risks, costs and responsibilities of the activity. No royalties or bonuses of any kind are applied. The Exploration Period, which has a term of up to 11 years, is divided in three exploration phases and companies could have an area for 6 years before committing to drill exploratory wells. The term of the complete contract including the Exploitation Period is 30 years, which could be extended for 10 additional years if requested by the Contractor for justified reasons and approved by the Executive Branch.

Regarding the Contract economy, the production income is divided in three portions: Cost Oil, Profit Oil for the Contractor and Profit Oil for the Uruguayan State. The Contractor is allowed to recover the Cost Oil (operating and capital costs) from gross income before sharing the production profit.

The Profit Oil is the portion of production remaining after the Cost Oil has been deducted. It is split by the State and the Contractor on the basis of a sliding scale by which the State share increases as the relationship between gross income and total costs increases.

ANCAP has a back in option, which means that, after the commerciality of a discovery is declared, it has the right to take up a working interest in the project development. ANCAP's participation ranges from 20% up to a maximum that is also biddable.

ANCAP is currently holding meetings and data rooms with different interested companies for the next instance of November. They can be coordinated through the registration form available in the following link:

<https://exploracionyproduccion.ancap.com.uy/innovaportal/-v/2567/3/innova.front/registration-form.html>

The bidding round terms and contract model, as well as the available areas map can be accessed through

<https://exploracionyproduccion.ancap.com.uy/innovaportal/-v/7259/3/innova.front/open-uruguay-round.html>