

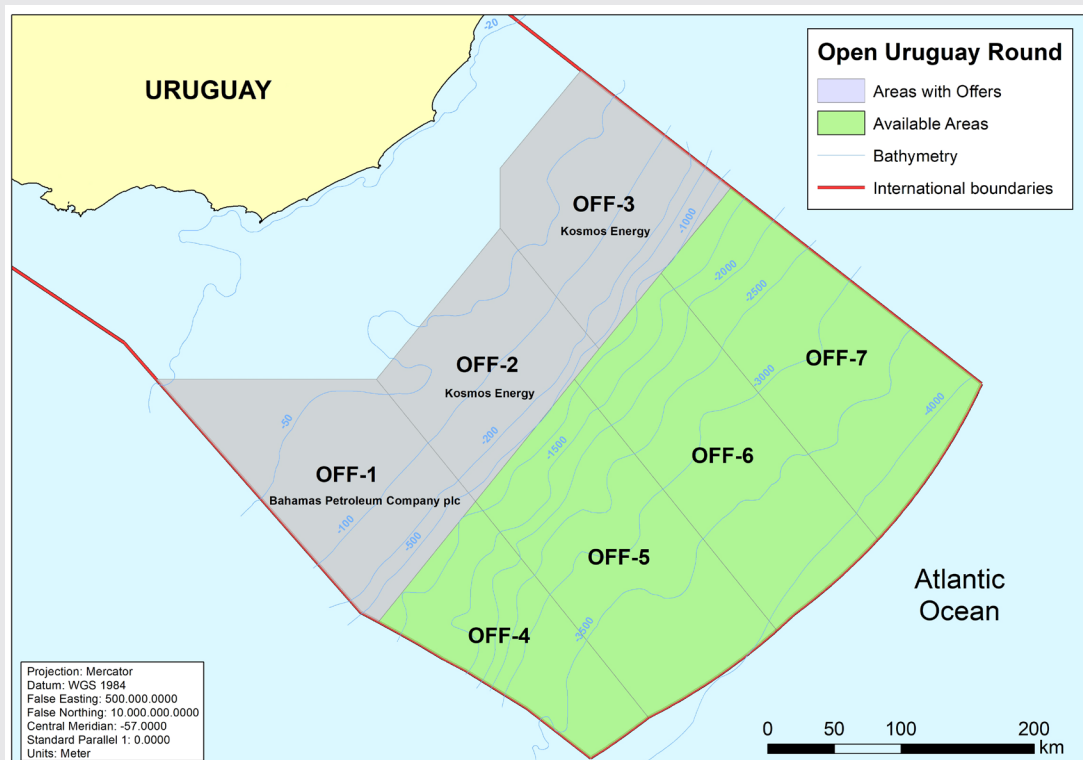


## OPEN URUGUAY ROUND RESULTS FOR THE FIRST INSTANCE 2020

After several virtual meetings and data rooms with Bahamas Petroleum Company plc (BPC), ANCAP received in April 2020 a qualification request from such company, within the framework of the Open Uruguay Round process, approved by Decree 111/019. The qualification of companies for the selection process is valid for 5 years, thus being able to present offers. Additionally, on May 29<sup>th</sup>, an offer was received from BPC, corresponding to the area OFF-1. The block is at a minimum distance of approximately 100km from the coastline and is approximately 15,000 km<sup>2</sup> in area.

The committed exploratory work included in the offer presented by BPC consists of the geological modeling and prospective resources' evaluation of the area, as well as the licensing and reprocessing of existing 2D seismic data. There is no well obligation in the initial 4 year exploration period.

BPC (<http://www.bpcplc.com/>) is an offshore exploration company listed on the London AIM Stock Exchange. The Company holds five offshore licenses areas in The Bahamas, in water depths of up to 1,000 meters. BPC is planning to drill in The Bahamas in Q4, 2020.



Offshore areas' map for Open Uruguay Round

On the other hand, in 2019 the company Kosmos Energy submitted offers for areas OFF-2 and OFF-3. The signature of the corresponding contracts has been delayed due to the current situation of Coronavirus – COVID 19.

This new offer from BPC, together with the offers submitted by Kosmos Energy already mentioned and the multiclient contracts that have been materialized in the last year, confirm the reactivation process of the exploratory activity offshore Uruguay within the framework of the Open Uruguay Round process. Finally, BPC's offer is submitted for an area of the Uruguayan continental platform that has not had recent exploration contracts.

## 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 works like two bidding rounds per year, with opening of offers at two Instances per year: the last working day of May and the last working day of November. The schedule is shown in the following table:

Activity	Proposals in the 1 <sup>st</sup> Instance	Proposals in the 2 <sup>nd</sup> 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.		

Schedule of Open Uruguay Round

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 virtual 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>.