



**MIME**  
**PETROLEUM**

Investor update

11 March 2021



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# Highlights



## Pure-play NCS independent with strong value creation agenda

- Seasoned management team with multi-decade experience of oil & gas operations on the NCS
- Backed by Blue Water Energy, a leading energy investor with track record of building successful E&P companies
- Production and development focused strategy, pursuing low risk near-field developments, increased recovery (IOR) and infrastructure led exploration (ILX) opportunities to maximise field life and resource potential
- ESG focus and proactive M&A strategy

## Partner in high-quality, low cost assets in the Balder & Ringhorne area

- Balder & Ringhorne East currently delivering 23 kboepd from a 2P reserve base of 246 mboe (gross) tapping into multiple reservoirs from interconnected infrastructure hubs serving 32 wells
- Revitalisation campaign sanctioned in 2019, growing gross production to ~120 kboepd in 2023, extending field life to 2047
- Low opex of USD 13/boe over the next five years
- Tier 1 operator in Vår Energi and former ExxonMobil operating organisation with +20 years of asset stewardship

## Robust financial position and moderate leverage

- USD 136m cash equity invested to date of a commitment of USD 300m
- USD 97.5m RBL facility in place with DNB, BNP Paribas and SEB, with USD 30m accordion option
- USD 32.4m unsecured bond issued in Feb-2020 with five year maturity
- High cash flow generation leading to rapid deleveraging

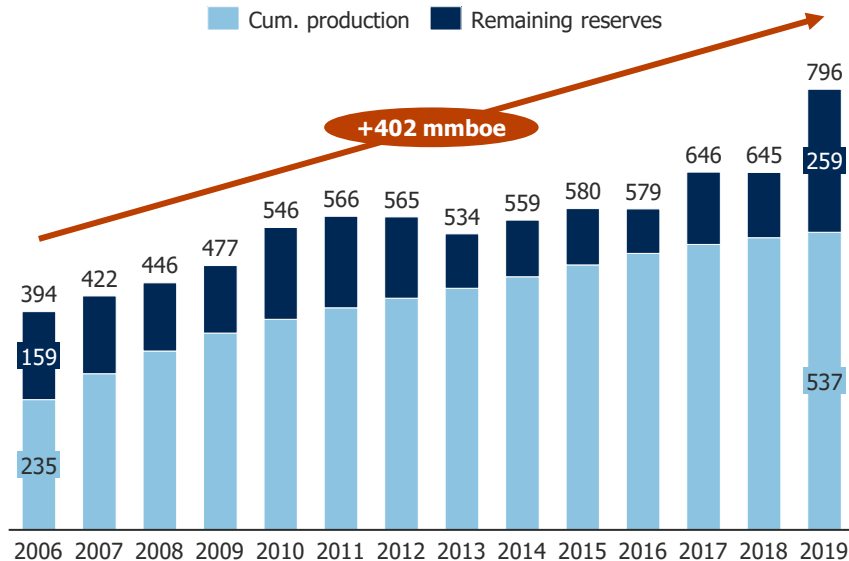
## Credit enhancing Norwegian tax system

- Revised NCS tax system ensures refund of tax losses for the fiscal years 2020 and 2021, app NOK 1.3 bn to be received
- The temporary tax system is operational and functioning, tax refund of NOK 416m received to date since Aug. 2020
- Fiscal regime supportive of growth through tax allowances, with about 90% recovery of capex

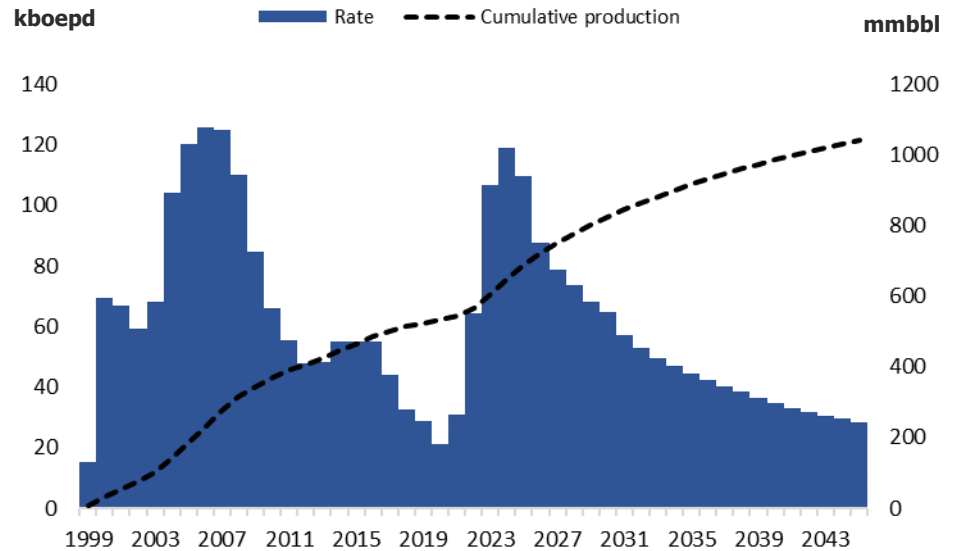
# Balder & Ringhorne area reserves growth and production



## Recoverable reserves has increased 2x since 2006<sup>1</sup>



## Oil production since start-up



- Continuous reserves growth in the fields (Balder, Ringhorne & Ringhorne East)
- Total recoverable reserves from the field doubled from 394 mmboe at year-end 2006 to 796 mmboe in 2019
- Balder Future project sanctioned in 2019 leading to a material increase in remaining reserves
- Operator continuously maturing new reserves. Mime expects trend to continue, doubling today's remaining reserves.

- Peak production of ~130 kboepd for the area reached in 2007
- Start-up of Ringhorne in 2003 doubled the production rate
- Several drilling campaigns after 2010 have lifted production
- Cumulative oil production per 31 December 2020 at 532 mmbbl
- Redevelopment expected to double the recoverable volumes (incl. prospective resources), additional volumes of 517 mmbbl increasing total volumes to 1049 mmbbl by year 2047

1) NPD historical resource accounts, RNB2020 for year-end 2020. 2020 NPD reserves deviate from Mime's reserves value due to the exclusion of gas in Mime's figures. All numbers are gross 100%. Recoverable reserves = cumulative production to date plus remaining reserves

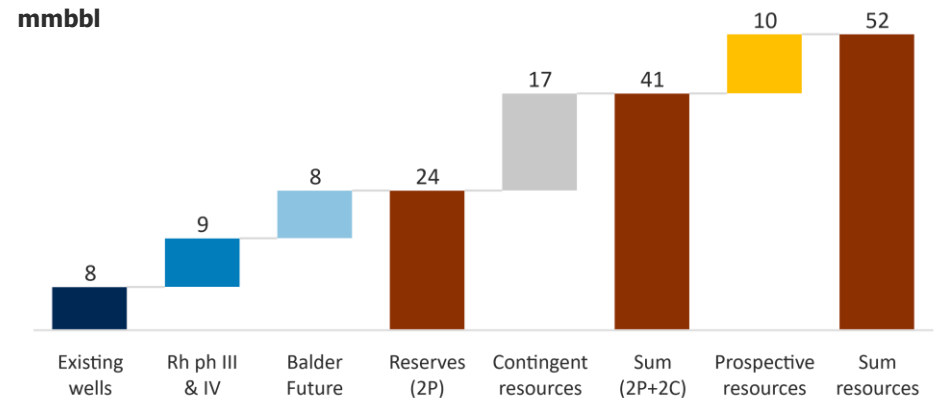
# Verified reserves and long production



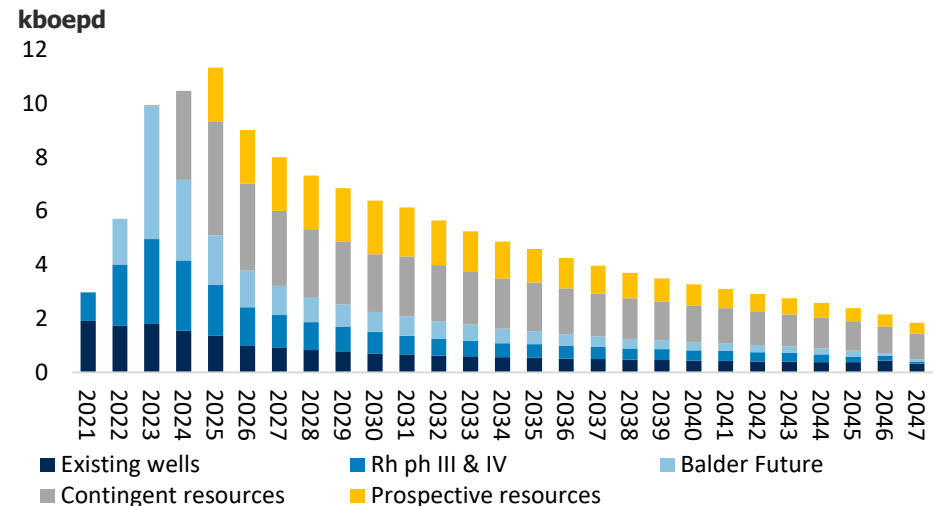
## Overview of reserves and resources

- 1 Existing wells
  - 30 wells in 6 different reservoirs
  - Excellent reservoir properties, proven production performance
  - Recovery factor of 28%, vs 50-60% for comparable fields
- 2 Ringhorne phase III and IV
  - Phase III: 7 new wells, 2 work-overs (finalised) and 1 injector
  - Phase IV: 5 platform wells connected to Ringhorne platform
  - First oil January 2020 and drilling until late 2023
- 3 Balder Future
  - PDO approved in June 2020 and with first oil 2H 2022
  - Substantially increasing production and field lifetime to 2047
  - Jotun FPSO has been taken to shore for refurbishment
  - 14 new subsea wells connected to Jotun FPSO
- 4 Contingent resources
  - Large remaining potential. Recovery factor of ~35% with sanctioned projects (point 1-3); comparable fields have 50-60%
  - Balder Phase V: 8 new wells planned after Balder Future drilling campaign. DG1 passed in 2019.
  - Additional drilling targets identified focusing on injectite systems and production optimisation, targeting a recovery factor similar to comparable fields
- 5 Prospective resources
  - Unrisked exploration potential of prospects King (GCOS = 65%) and Prince. 8 development wells (3 multilaterals) anticipated.
  - King / Prince spud date early April

## Net reserves and resources per 1 Jan 2021



## Net production profile



# Mime Petroleum – Current status



## Operations

### Production and operational activities

- Safe operations on the Balder floating production unit (FPU) and the Ringhorne platform have been prioritized during the Covid-19 epidemic. No confirmed infection on the offshore facilities.
- Ongoing drilling activity from the Ringhorne platform as part of Ringhorne phase III and IV drilling campaign (11 new production wells)
- 2021 YTD production according to budget
- King Prince exploration well spud date early April. Prospect located within Balder Unit.

### Balder Future projects

- The Balder Future PDO was approved on June 18, 2020
- Engineering, procurement and demolition scope ongoing at the Rosenberg Yard
- Turret removal successfully conducted and Jotun FPSO now dry-docked for internal and external vessel coating, living quarter refurbishment and topside modifications for handling the Balder fluids.
- Scheduled "first oil" in 2H-2022
- Jotun FPSO hull acquired by the Balder Unit

## Financing

### Equity

- USD 300m equity commitment from Blue Water Energy, whereof USD 136m injected to date
  - USD 7m in equity injection from Blue Water Energy in February 2021 related to the acquisition of the Jotun FPSO
- Equity to catalyse growth through M&A and development projects

### Debt financing

- RBL facility amount of USD 97.5m with DNB, BNP Paribas and SEB (entered in September 2020). RBL maturity date extended by 18 months to end 2027.
- NOK 300m unsecured bond completed in February 2020
- Per mid-March 2021: RBL drawn USD 81m / Cash balances plus undrawn RBL of about USD 50m

### Oil price hedging

- Brent swaps of 20 000 barrels per month for 2021 (\$52.5/bbl) and 2022 (\$61.2/bbl)
- Regularly evaluating further oil price hedging derivatives

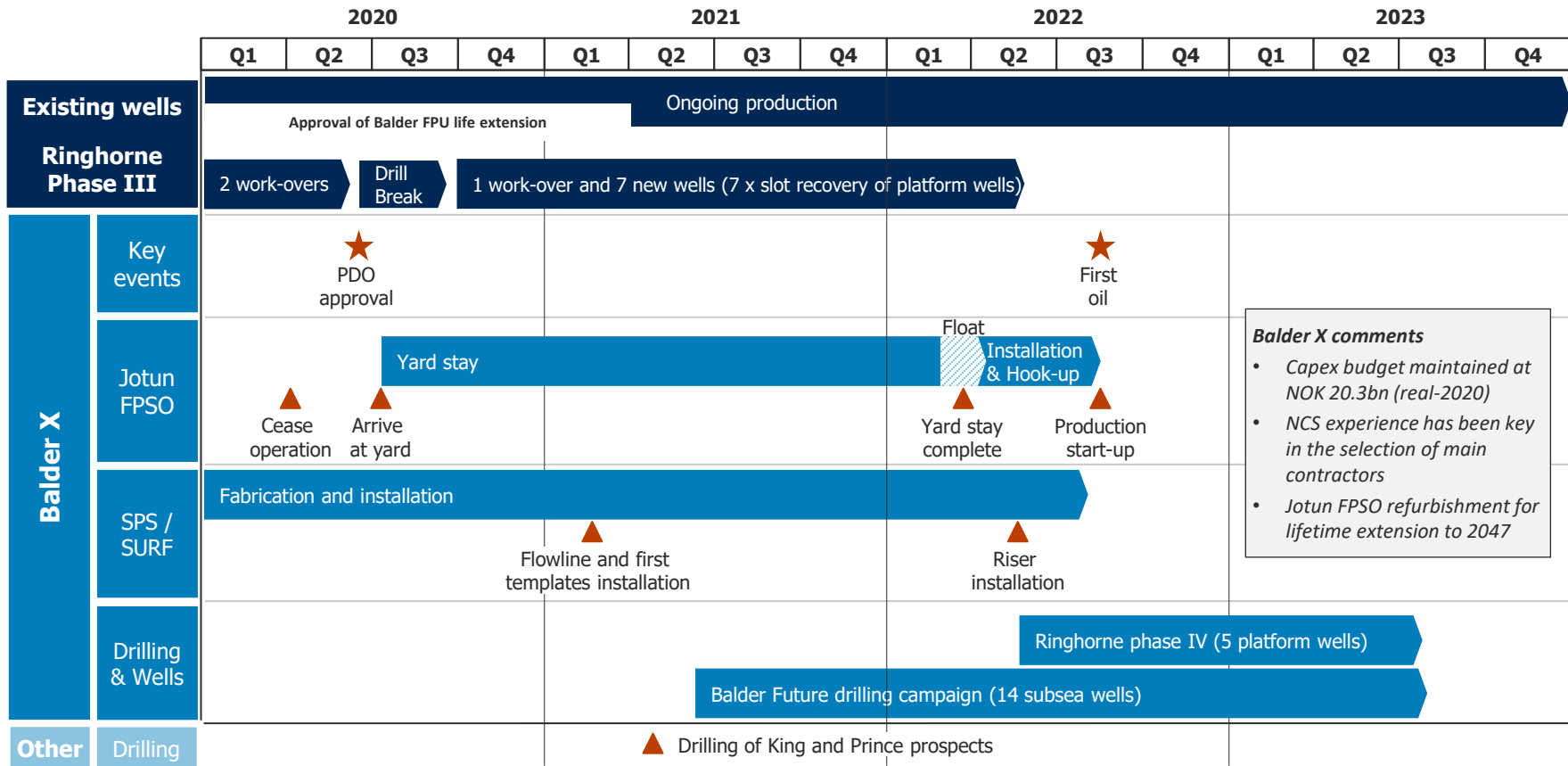
### Other items

- Temporary tax refund functioning according to plan

# Timeline and milestones

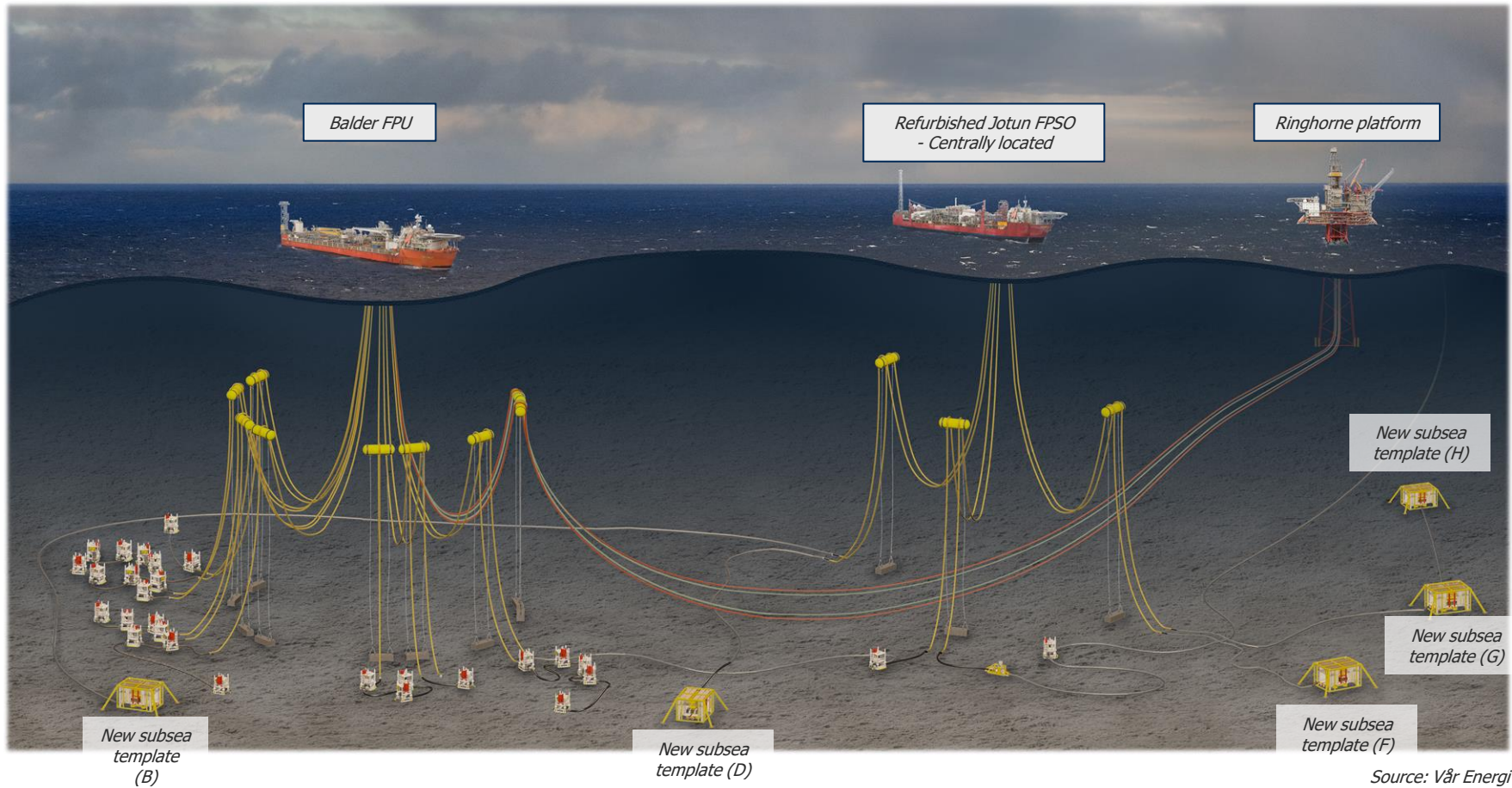


## Ongoing production to fund developments with short lead time to first oil





# Field lay-out when Balder Future is completed





# Mime is committed to the NCS emission reduction targets

## Activities to reduce CO<sub>2</sub> emissions

### Balder/Ringhorne at NCS average

- CO<sub>2</sub> emission intensity is expected to decrease down to the NCS average from 2023 and onwards before implementation of new initiatives

### Energy management

- Mime is set to review all measures that have potential of energy savings and reduced CO<sub>2</sub> emissions in cooperation with the Operator. Mime will aim at identifying all potential business cases including investments.

### Balder FPU lifetime evaluations

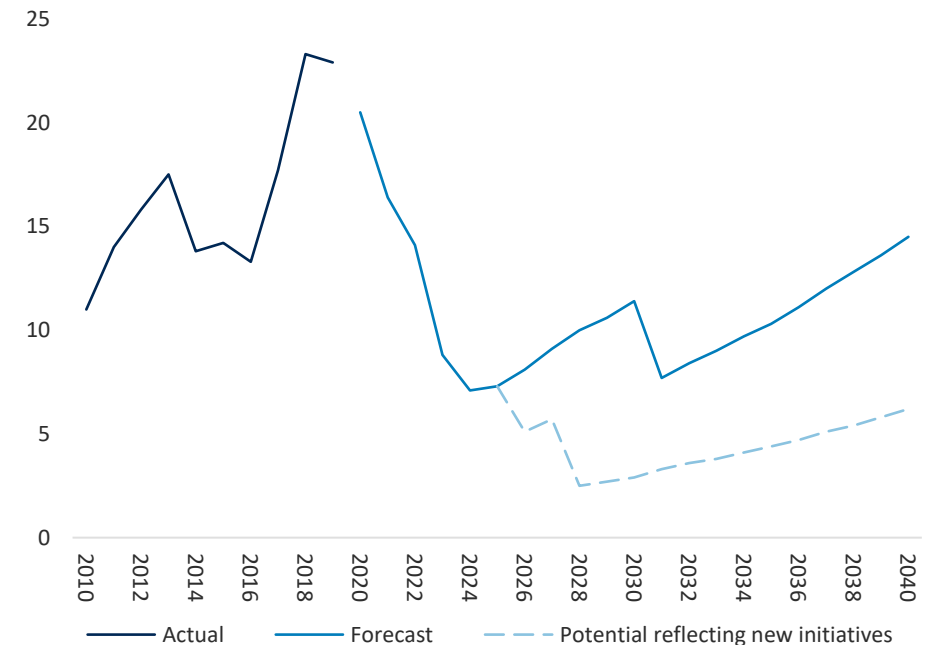
- The optimal economic lifetime of Balder FPU is being evaluated and replacing the FPU with subsea tie-backs of wells to Jotun FPSO. This will reduce CO<sub>2</sub> emission of approximately 100 000 tonnes per year.

### Greater Balder area electrification

- Joint industry studies have been initiated to evaluate concept solutions for electrification of the greater Balder area. Electrification can further reduce CO<sub>2</sub> emissions with approximately 100 000 tonnes per year at Balder/Ringhorne.

## Mime's CO<sub>2</sub> intensity

Kg CO<sub>2</sub> per boe



# Mime is fully committed to a fair and sustainable future



## Environmental

- Norway is a leader in low emissions production:
  - NCS average carbon intensity ( $\sim 8$  kg CO<sub>2</sub>e/boe)<sup>1</sup> is half of world average<sup>2</sup>
- Mime is committed to the emissions targets for production on the NCS announced by E&P companies through NOROG:
  - 40% reduction by 2030
  - 70% reduction by 2040
  - Net zero emissions by 2050
- The company has put in place actions to reach these targets, such as:
  - The refurbishment of Jotun FPSO include prep. to import power from shore or offshore wind
  - Reducing environmental footprint on Balder Future by re-using existing infrastructure
  - Implement and promote new, low-carbon technologies in operations and business activities



## Social

- Safety for employees, contractors and other stakeholders is the top priority for Mime
- Mission to build a long-term and sustainable business through a risk based management approach in all planning, execution and monitoring activities
- Strong stakeholder focus in our decision making, with balance towards shareholders, employees and the Norwegian society
- Core of Mime's strategy is to maximise resource recovery and value creation from our fields in line with Norwegian Authorities' expectations



## Governance

- ESG focus and awareness anchored at shareholder, board and management levels
- Determined to adhere to high standards of governance, business conduct and corporate social responsibility
- Ensuring full compliance with all statutory laws and regulations as well as best industry practice in all our activities
- Utmost focus on anti-corruption, anti-bribery, and transparent reporting

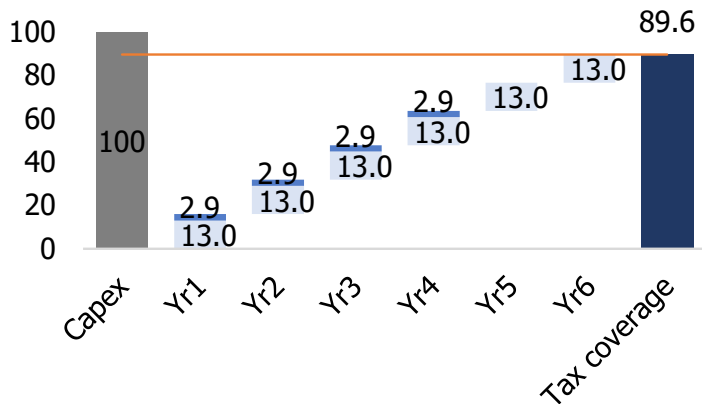
# Favourable revisions to the NCS tax system in 2020



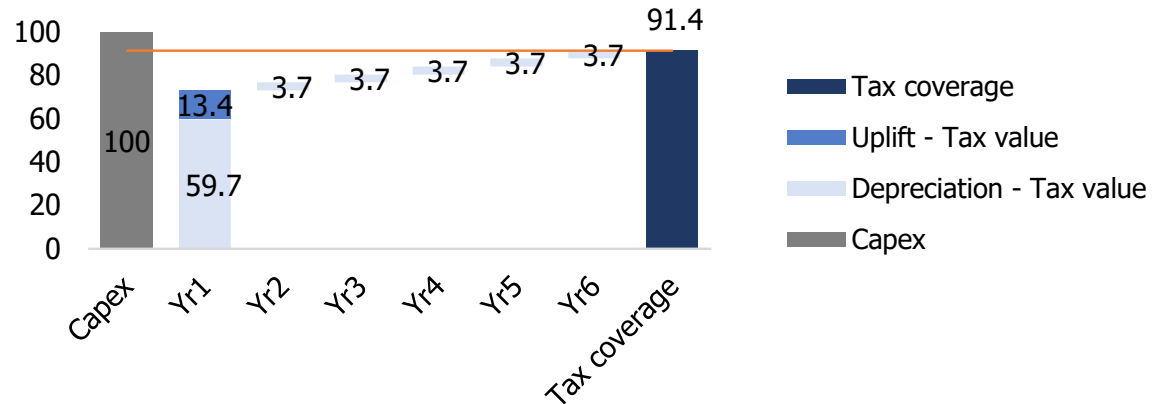
## Key headlines of the temporary tax changes

- Changes to depreciation schedule and uplift
  - Deducting investments immediately in the special tax regime (56%). Corporate tax depreciation (22%) kept at 6 years.
  - The uplift is changed from 5.2% per year over four years to 24% for the first year
  - Changes applicable to all capex in 2020 and 2021
  - Also applicable to capex after 2021 if capex is covered by a PDO (such as Balder Future) submitted before end-2022 and approved by end-2023. Applicable to the productions start-up in the PDO.
- The tax losses for the tax years 2020 and 2021 are refunded
  - Meaning neutral tax treatment of companies in vs out of tax position

**Tax coverage before tax changes**



**Temporary tax changes**



- Tax coverage
- Uplift - Tax value
- Depreciation - Tax value
- Capex

# Statements of Income per December 31, 2020



(NOK 1 000)	Note	Unaudited			Audited
		Q4 2020	Q4 2019	YTD 31.12.20	2019
Sale of petroleum		59 767	190 440	246 274	240 709
Other revenue		3 604	-1 145	91 191	-1 123
<b>Total operating revenue</b>		<b>63 372</b>	<b>189 295</b>	<b>337 464</b>	<b>239 585</b>
Operating expenses		-29 025	-94 480	-291 179	-186 164
Ordinary depreciation		-35 194	-33 332	-106 336	-50 583
Impairment		-26 286	-	-26 286	
Exploration costs		-307	-108	-1 240	-213
<b>Total operating expense</b>		<b>-90 811</b>	<b>-127 919</b>	<b>-425 040</b>	<b>-236 960</b>
<b>Profit / (loss) from operating activities</b>		<b>-27 440</b>	<b>61 376</b>	<b>-87 576</b>	<b>2 625</b>
Net financial items	8	66 574	3 493	-11 154	14 197
<b>Net financial items</b>		<b>66 574</b>	<b>3 493</b>	<b>-11 154</b>	<b>14 197</b>
<b>Profit / (loss) before income tax</b>		<b>39 134</b>	<b>64 869</b>	<b>-98 731</b>	<b>16 822</b>
Income tax	9	-30 759	-43 087	151 832	5 848
<b>Net profit / (loss)</b>		<b>8 375</b>	<b>21 782</b>	<b>53 101</b>	<b>22 671</b>
<b>Allocation of net profit / (loss):</b>					
Retained earnings		8 375	21 782	53 101	22 671

Note: FY 2019: The Balder/Ringhorne transaction was accounted for with effect from August 1, 2019. Notes can be read in the Interim Financial Report published on Mime Petroleum's website

# Statements of Financial Position per December 31, 2020



		Unaudited	Audited
(NOK 1 000)	Note	31.12.2020	31.12.2019
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Intangible fixed assets</b>			
Capitalized exploration wells		4 392	293
Other intangible assets		11 433	14 473
<b>Total intangible fixed assets</b>	<b>2</b>	<b>15 825</b>	<b>14 766</b>
<b>Tangible fixed assets</b>			
Production facilities		2 531 311	2 191 353
Other property, plant and equipment		587	746
<b>Total tangible fixed assets</b>	<b>1</b>	<b>2 531 898</b>	<b>2 192 100</b>
<b>Financial fixed assets</b>			
Deferred tax asset		-	-
Other financial assets		6 621	2 976
<b>Total financial fixed assets</b>		<b>6 621</b>	<b>2 976</b>
<b>TOTAL FIXED ASSETS</b>		<b>2 554 345</b>	<b>2 209 842</b>
<b>CURRENT ASSETS</b>			
Inventory and underlift		20 955	10 793
Trade and other receivables	<b>3</b>	43 906	85 556
Tax receivable	<b>9</b>	282 712	-
Other current assets		60 436	58 982
Cash and cash equivalents		213 467	51 633
<b>TOTAL CURRENT ASSETS</b>		<b>621 477</b>	<b>206 964</b>
<b>TOTAL ASSETS</b>		<b>3 175 821</b>	<b>2 416 806</b>

		Audited
(NOK 1 000)		31.12.2020
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Paid-in capital</b>		
Share capital		11 321
Share premium		1 120 743
Not registered sharecapital		-
<b>Total paid-in capital</b>		<b>1 132 063,382</b>
<b>Retained earnings/(uncovered loss)</b>		<b>55 771</b>
<b>TOTAL EQUITY</b>		<b>1 187 835</b>
<b>Non-current liabilities</b>		
Deferred tax liability	<b>9</b>	525 214
Interest bearing loans and borrowings	<b>7</b>	733 729
Other long term liabilities		1 904
Asset retirement obligation	<b>6</b>	560 516
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>1 821 363</b>
<b>Current liabilities</b>		
Trade payables	<b>4</b>	21 726
Short term part of long term debt		-
Public duties payable		2 468
Tax payable		9 694
Other current liabilities and overlift	<b>4</b>	132 735
<b>TOTAL CURRENT LIABILITIES</b>		<b>166 623</b>
<b>Total liabilities</b>		<b>1 987 986</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 175 821</b>

Note: FY 2019: The Balder/Ringhorne transaction was accounted for with effect from August 1, 2019. Notes can be read in the Interim Financial Report published on Mime Petroleum's website