Petroleum Tax overview for Gabon and Brazil

This document provides a simplified overview of the fiscal and tax systems applicable to BW Energy's operations in Gabon and Brazil, and is intended to support investors and analysts in understanding the key mechanics relevant for tax and cash flow modelling.

Disclaimer

The descriptions and examples included in this document are provided for illustrative purposes only. While the underlying fiscal frameworks reflect the applicable contractual and statutory regimes, the numerical inputs, assumptions, and calculations are simplified and hypothetical and do not represent actual production levels, costs, tax liabilities, or economic outcomes for any specific asset or period. Actual taxes, government take, and cash flows will vary based on a range of factors, including production performance, oil prices, costs, financing structures, contract-specific terms, and changes in assumptions. This document should not be relied upon for valuation, forecasting, or investment decision-making. Readers should refer to BW Energy's official disclosures and contractual documentation for authoritative information.

Gabon

Overview

BW Energy's producing assets in Gabon operate under Production Sharing Contracts (PSCs). Under a PSC, the State retains ownership of hydrocarbons, while the contractor finances, develops, and operates the field in return for a defined share of production. The PSC framework governs how produced volumes are allocated between the State and the contractor and replaces a traditional corporate income tax regime.

Gross production and royalty

All hydrocarbons produced are measured as gross production. A royalty is deducted as a percentage of gross production and transferred directly to the State in kind. After royalty payment, the remaining volumes constitute net revenue oil.

Cost recovery (cost oil)

From net revenue oil, the contractor is entitled to recover eligible capital and operating expenditures through an allocation of cost oil. Recoverable costs are accumulated in a cost recovery account and may be recovered up to an annual cost recovery limit expressed as a percentage of net revenue oil. Any unrecovered costs are carried forward until fully recovered. This mechanism supports early cash flow and reduces project financing risk, particularly during development and ramp-up phases.

BW Energy has historically achieved a high ratio of cost oil deductions and expect to maintain that in coming years through continued profitable investments in the area.

Profit oil and taxation

After cost recovery, the remaining volumes are classified as profit oil. Profit oil is split between the State and the contractor in accordance with PSC terms. The contractor's share represents its economic profit. The State's share of profit oil is typically deemed to include corporate income tax in line with the PSC, meaning no separate corporate income tax is normally payable on PSC income unless explicitly specified.

Contractor entitlement

The contractor's total entitlement under a Gabon PSC consists of cost oil for recovery of eligible expenditures and the contractor's share of profit oil.

State take

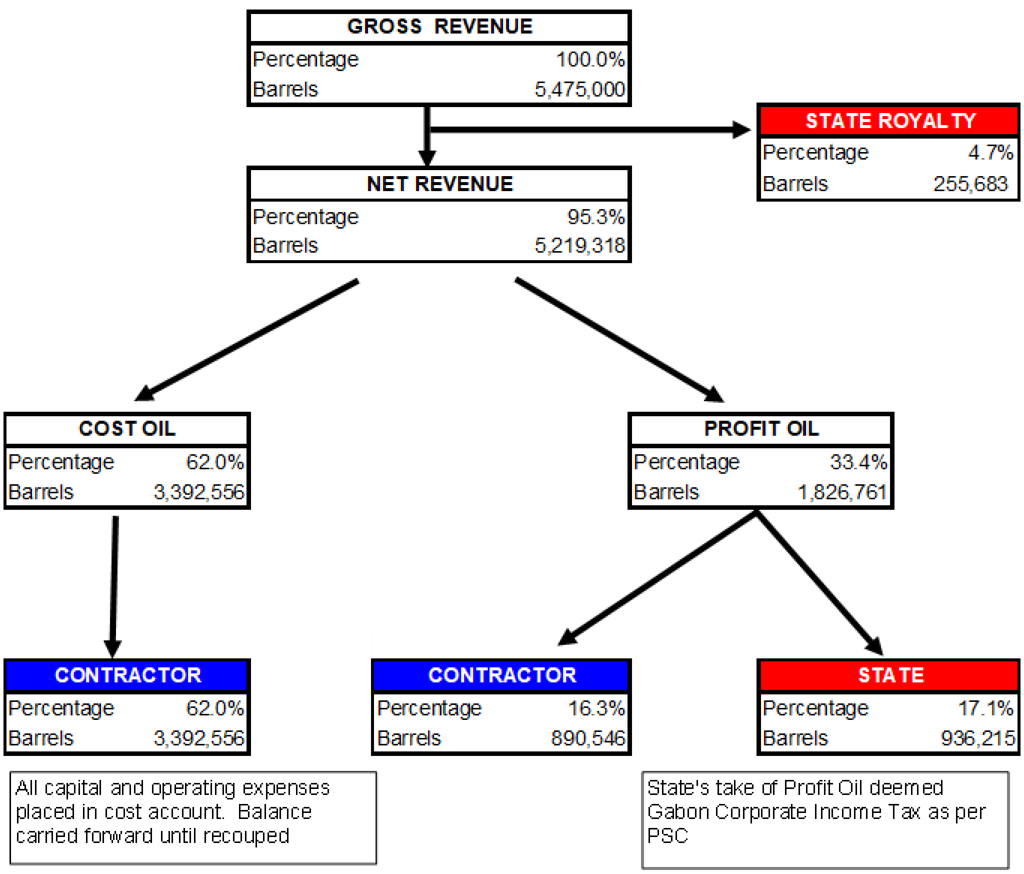
The State's total take typically includes royalties on gross production, the State's share of profit oil, and any additional payments defined in the PSC, such as bonuses or fees where applicable.

Fiscal stability

Gabon has a long history of oil and gas production and has demonstrated a strong record of fiscal stability and respect for contractual terms. Over more than a century of petroleum activity, including long-standing operations by international operators such as TotalEnergies. PSCs have historically been honoured without retroactive fiscal changes, supporting predictability for long-term investments.

Simplified production sharing contract example – only for illustrative purpose

ASSUMPTIONS	
Production (bopd)	15,000
Annual Production (bo)	5,475,000
Royalty	4.67%
Cost Recovery Limit	65.0%
Profit Split	48.75%



	TOTAL PERCENTAGE	TOTAL BARRELS
CONTRACTOR	78.2%	4,283,102
STATE	21.8%	1,191,898
	100.0%	5,475,000

Disclaimer:

The Production Sharing Contract (PSC) structure shown is a simplification of the actual contractual framework governing BW Energy's operations in Gabon. Furthermore, the numerical inputs, volumes, percentages, and calculations used in the example are illustrative only and do not represent actual production levels, costs, fiscal outcomes, or entitlements for any specific BW Energy licence or project.

The example is provided solely to explain the mechanics of the PSC and should not be relied upon for valuation, forecasting, or investment decision-making. Actual outcomes will vary based on field performance, costs, prices, and applicable contract terms.

Brazil

Brazil operates a concession-based fiscal system, under which the licence holder owns 100% of production and pays government take through royalties and corporate income tax rather than production sharing. Royalties are deducted from gross revenue, after which operating costs and capital investments are recovered. Corporate income tax is then applied to taxable cash flow.

The system provides clear ownership, predictable cash flow mechanics, and internationally competitive government take, supporting capital-efficient developments and transparent tax modelling.

Simplified fiscal overview (Maromba) – only for illustrative purpose