



**Annual
Statement of
Reserves 2018**

DISCLAIMER

The reserves and contingent resources shown in this report are estimates only and should not be construed as exact quantities. Estimates may increase or decrease because of market conditions, future operations, changes in regulations, or actual reservoir performance.

It should be recognised that the results of any recent drilling and testing may justify revisions that could be material. Therefore, actual developments may vary materially from what is stated in this report.

INTRODUCTION

The report complies with the disclosure requirements established by Oslo Børs. The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). As presented in the 2007 PRMS, petroleum accumulations can be classified, in decreasing order of likelihood of commerciality, as reserves, contingent resources, or prospective resources.

Reserves are those quantities of petroleum anticipated to be commercially recoverable from known accumulations by application of development projects from a given date forward under defined conditions. Reserves must be discovered, recoverable, commercial, and remaining as of the evaluation date based on the planned development projects to be applied.

Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves.

Contingent resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations, but for which the applied project or projects are not yet considered mature enough for commercial development because of one or more contingencies.

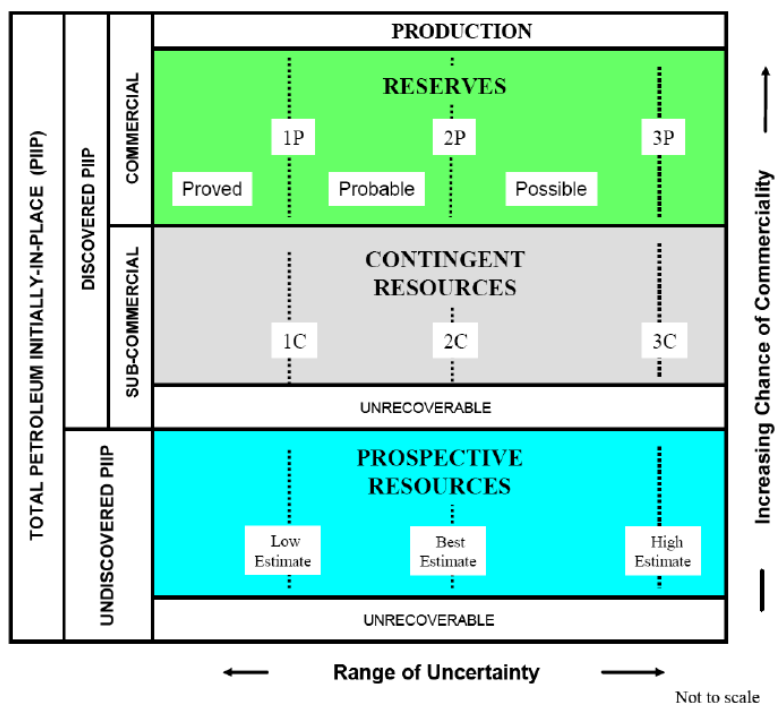


Fig 1.1 Overview of SPE reserves and resources classification system

PORTFOLIO

As of December 31 December 2018, BW Offshore has one asset classified as reserves. This asset is the Dussafu Marin Permit located offshore Gabon.

Dussafu Marin Permit

During April 2017, a BW Offshore joint venture company, BW Energy Gabon Pte. Ltd. (BW Energy) finalised the acquisition of Harvest Natural Resources Inc.'s 66.67% ownership in the Dussafu Marin Permit, offshore Gabon. Later in April 2017, BW Energy also acquired another 25% ownership from Panoro Energy.

BW Energy is a joint venture with BW Group and is currently owned 66.67% by BW Offshore and 33.33% by BW Group. BW Energy currently hold 91.67% of the license. Panoro Energy hold the remaining 8.33% in the license. It is anticipated that 10% of BW Energy's interest will be transferred to the Gabon Oil Company (GOC) in a transaction contemplated in 2019 with an effective as of first oil (September 2018). After this transaction, BW Energy's share in the license will reduce to 81.67%. In addition, Tullow Oil holds a back in right of 10%, which is exercisable after first oil. Tullow Oil has confirmed their intent to exercise the 10% back-in right into the Dussafu license as stipulated in the production sharing contract (PSC) and negotiations are ongoing. It is therefore expected that BW Energy, Panoro and GOC interests would each be reduced by 10% proportionately.

An Exclusive Exploitation Authorisation (Ruche EEA) has been issued covering 850km² within the Dussafu Marin Permit. BW Energy is the operator of the permit. The EEA allows for production rights for up to a period of 20 years from the date of commencement of production. Within the boundaries of the EEA there are four proven pre-salt discoveries, Tortue, Ruche, Walt Whitman and Moubenga.

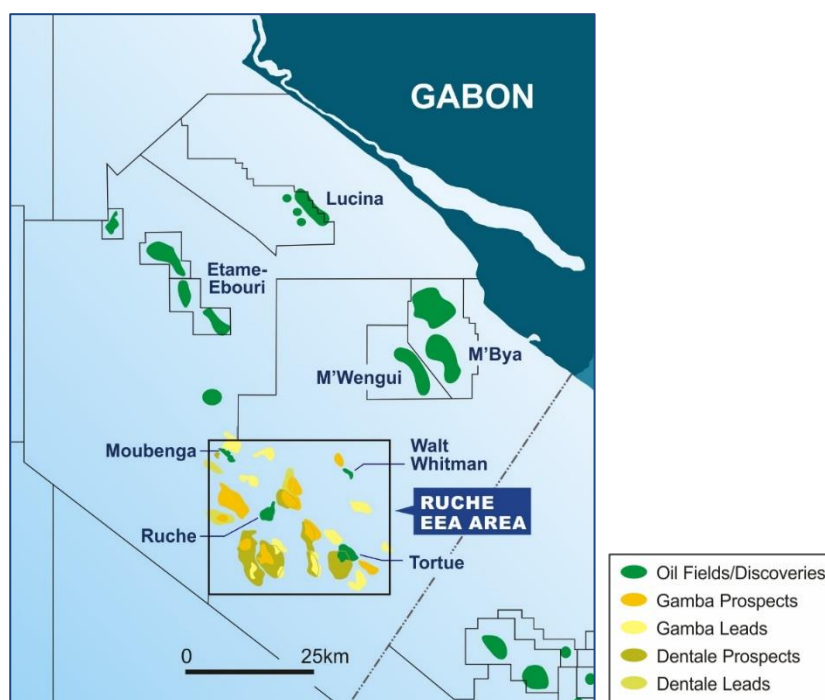


Fig 1.2 Ruche EEA Area

The Gabonese Government has approved the Ruche EEA Field Development Plan which calls for a phased development commencing with the Tortue field. The Tortue Phase 1 development commenced in 2017 with first oil achieved during September of 2018. Tortue Phase 1 included the drilling of two subsea production wells at the Tortue field tied back to a newly installed FPSO. Tortue Phase 2 is the drilling of four additional subsea production wells at the Tortue field tied back to the FPSO. Tortue Phase 2 commenced in 2018 with the order of long lead equipment and execution of a rig contract. First oil is expected for early 2020. To date, NSAI has only been commissioned to perform a reserve report for the Tortue field. BW Energy continues to review and evaluate the other known discoveries within the Ruche EEA.

RESERVES AND RESOURCES

BW Offshore has used the services of Netherland, Sewell & Associates, Inc. (NSAI) for estimating reserves.

Estimated gross oil reserves by NSAI for oil properties located in Tortue field, as of December 31, 2018:

Under Development/Production							
As of 31.12.2018	BW Energy Interest	1P – Gross (Proved)	1P – Net (Proved)	2P – Gross (Proved + Probable)	2P - Net (Proved + Probable)	3P - Gross (Proved + Probable + Possible)	3P – Net (Proved + Probable + Possible)
		mmbbl**	mmbbl	mmbbl	mmbbl	mmbbl	mmbbl
Dussafu Marin Permit	91.67%*	25.9	19.2***	35.1	24.2***	48.3	31.4***

*Excludes anticipated transfer of 10% interested to Gabon Oil Company in 2019 and excludes 10% back-in right after first oil for Tullow.

**The oil volumes shown include crude oil only. Oil volumes are expressed in millions of barrels (mmbbl).

*** The Net volumes reflect BW Energy's interest, BW Offshore own 66.67% of BW Energy.

The oil volumes shown include crude oil only. Oil volumes are expressed in millions of barrels (mmbbl). Reserves as presented above include Tortue phase 1 which is already in production.

Reserves categorisation conveys the relative degree of certainty; reserves subcategorisation is based on development and production status. The estimates of reserves included herein have not been adjusted for risk.

Oil prices were used only to confirm economic viability and determine economic limits for the properties. Oil prices are based on price deck delivered by Wood Mackenzie and are adjusted for quality, transportation fees, and market differentials. Oil prices, before adjustments, are shown in the following table:

Period ending	31.12.2019	31.12.2020	31.12.2021	31.12.2022	Thereafter
	(US\$/Barrel)	(US\$/Barrel)	(US\$/Barrel)	(US\$/Barrel)	(US\$/Barrel)
Oil Price	65.00	69.00	76.59	81.38	88.54

During 2018, the Group had the following reserve development:

2018 - 2P Development (Gross)	(mmbbl)
Balance as of 31 December 2017	23.5
Production 2018	(1.2)
Revision of previous estimates	12.8
Balance as of 31 December 2018	35.1

MANAGEMENT DISCUSSION AND ANALYSIS

BW Offshore has used the services of Netherland, Sewell & Associates, Inc. (NSAI) for estimating and certifying the reserves and resources.

Evaluations have been based on standard petroleum engineering and evaluation principles. This include use of standard engineering and geoscience methods, or a combination of methods, including volumetric analysis, analogy, and reservoir modelling, considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2007 PRMS definitions and guidelines. The reserves and contingent resources in this report have been estimated using deterministic methods.

As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, conclusions necessarily represent only informed professional judgment.

Carl K. Arnet
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