

Ventura International Energy Newsletter

Q3 2018

Welcome to the first newsletter for Ventura. Ventura is on an exciting journey to become the leading independent offshore oil company in Brazil. We have a strong team and compelling thesis: Acquiring producing assets where we have unique insights in unrealized optimization and growth potential.

Great time for offshore!

The timing could not be better for Ventura to pursue this opportunity. The oil industry is coming out of a significant downturn and entering a new phase of growth. Market sentiment has been improving since last year and this year we are seeing a growing interest in offshore and deepwater and recognition that the realized cost reductions and value focus have made offshore very competitive compared to US Shale. The recent acquisition of Deep Gulf Energy by Kosmos Energy is a good example of the growing appetite for deepwater. Brazil in particular is getting a lot of attention, with major investments in this year's pre-salt bid rounds. A recent Wood MacKenzie report on the underdeveloped resources in the Campos basin provided a strong endorsement of the Ventura thesis. The upcoming elections in Brazil in October are a remaining uncertainty but will be resolved before any capital investment decisions and all the candidates leading in the polls are expected to maintain a favorable environment for investment in oil and gas.

Significant progress toward operating in Brazil

The last months have been a busy period for Ventura, making progress on many fronts such as refining our business plan, asset evaluations and engagements with investors and potential partners and team development.

Business Plan Development

Based on feedback from the team, investors and the wider Ventura community we continuously fine-tune and update the Ventura business plan.

A detailed review of leveraging the latest technology to optimize asset performance was completed. This included how to use our unique seismic insights to identify more volumes and the opportunity that digital technologies bring to dramatically reduce operating cost and improve uptime.

Asset Evaluation and Bid Processes

Deal flow will not be a concern with a long list of target assets that meet our investment criteria. Detailed evaluation of some of these assets was completed earlier this year to validate the return expectations. The ongoing divestment process by Petrobras and select divestments of other players allows us to take a deeper dive in asset evaluation. We participated in a divestment process and the detailed asset evaluation supported 2-5X investment returns in 5 years based on low risk, lowest cost and safe operations.

Investor Engagements

We have had a lot of positive engagement with the leading private equity companies that invest in oil and gas. In general the strength and experience of the team and potential of the thesis are recognized. The investors' portfolio focus and risk appetite including their views on Brazil differ and continued discussions are now focused on the few investors that are comfortable with our thesis and actively looking to invest in offshore Brazil.

Team Development

The most important differentiator that Ventura brings is a world class, strong, integrated team with the experience and skills to execute the thesis in Brazil. As the next steps for Ventura are taking shape, we continue to build out the Ventura community to allow us to quickly move forward when the investment opportunities materialize.



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