



JERSEY OIL&GAS



Corporate Presentation

Building Value in the North Sea

March 2017

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- ▶ AIM quoted company focused on building a low-cost, high value company
- ▶ Experienced management team
- ▶ Creation of shareholder value:
 - ▶ Acquisition of production assets
 - ▶ Through existing portfolio
- ▶ Valuable exploration acreage:
 - ▶ Licence P.2170– High impact farm-out to Statoil, with cash receipt and well carry
 - ▶ Licence P.1989 - Conditional future payments of up to \$4mm
 - ▶ Licence P.2032– Disputed claim for £1mm against Total E&P UK
- ▶ £24mm tax losses to enable competitive bids
- ▶ Key management have significant shareholdings (18.1%)
- ▶ £1.6m raised in November 2016 in oversubscribed placing
- ▶ Indicative bank funding support
- ▶ Debt free with no material liabilities
- ▶ Low G&A

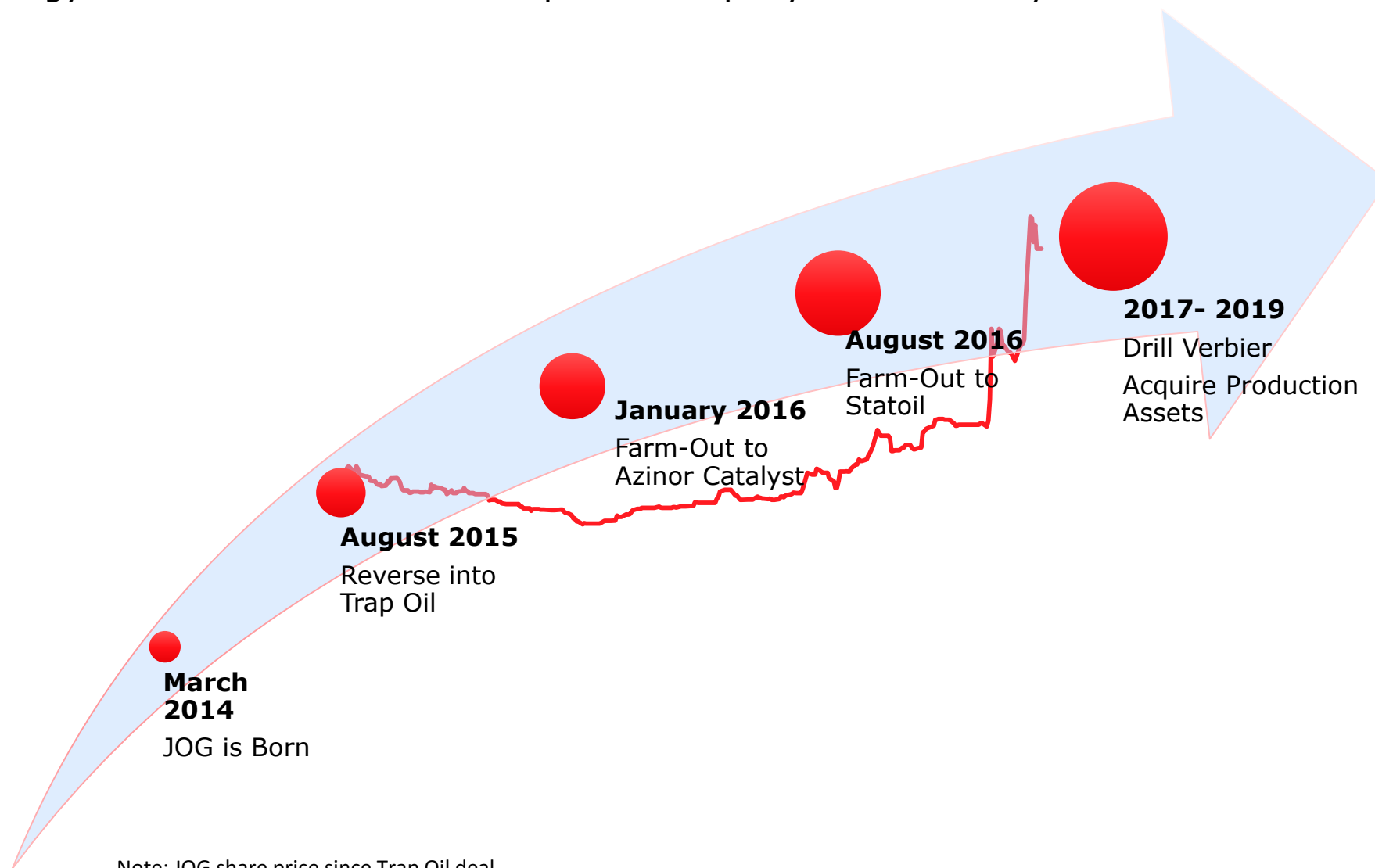
AIM Listed	JOG
Market Cap	£24.3MM
Share Price	245p*
Shares Outstanding	9.9MM

* 3rd March 2017

JOG Management Core NAV Estimates		
	Low £ MM	High £ MM
P.2170 Value**	3.9	78.7
Tax Loss Value (undiscounted)	0	9.6
P.1989 Conditional Payment	0	3.2
P.2032 Total Claim	0	1
YE 2016 Cash Estimate	1.9	1.9
Total	5.9	94.4
Value/Share (pence/share)	59	952

** Low Value is the Well Carry Value, High Value is Management internal estimate of P.2170 NAV with JOG retaining 18% WI. FX rate USD\$/GBP 1.45

Strategy: North Sea focused mid cap E&P company within 3 – 5 years



Non-Exec.



Marcus Stanton, Non Exec. Chairman

Strengths: Investment Banking, Finance, Corporate Governance

- › COO, Global Capital Markets, Robert Fleming & Co.
- › Director of Hill Samuel & Co, Corporate Finance
- › Numerous NED roles including Cardinal Resources
- › Fellow of Institute of Chartered Accountants in England & Wales and Chartered Fellow of Chartered Institute for Securities and Investment



Frank Moxon, Non Exec. Director

Strengths: Management, Corporate Governance, Capital raising, M&A

- › Cove Energy Plc, Senior Independent Director
- › Williams de Broë Plc, Head of Corporate Finance and Natural Resources
- › BSc in Economics and is a Chartered Fellow of the Chartered Institute for Securities and Investment
- › Fellow of the Energy Institute and a member of the Petroleum Exploration Society of Great Britain



Andrew Benitz, CEO

Strengths: Commercial, Corporate, Team Management

- › CEO, Longreach Oil and Gas
- › COO, Longreach Oil and Gas
- › Deutsche Bank (Oil and Gas Corporate Finance, ECM)
- › Founder, Titan Properties
- › BComm (Hons) Edinburgh and University of Alberta



Dr Satinder Purewal, VP Technical

Strengths: Petroleum Engineer

- › Shell (Responsible for European Reserves Assurance and Global Reserves Training)
- › Fellow of the Institute of Physics, Fellow of the Energy Institute
- › Member of SPE, SPEE and a Chartered Engineer (CEng)
- › Imperial College, MSc, PhD and visiting Professor of Petroleum Engineering

Directors



Ron Lansdell, COO

Strengths: Geophysics, Exploration Project Execution, Commercial

- › Vice President of Exploration, Longreach Oil and Gas
- › ENI (Nigeria, Kazakhstan and UK)
- › BHP Petroleum (Western Australia)
- › Elf Aquitaine (Norway, France, Syria)
- › QGPC (Qatar)
- › Fellow of the Geological Society of London
- › University of London, BSc Geology



Scott Richardson Brown, CFO

Strengths: Finance, Corporate, Investor Relations, Commercial

- › Qualified as an Accountant with PWC
- › Partner of Oriel Securities Ltd.
- › Director for CSR plc
- › Director of Ascent Resources plc
- › Fellow of the Institute of Chartered Accountants in England & Wales

Senior Management



Clive Needham, VP Business Development

Strengths: Geology, Commercial Management

- › ENI (Aberdeen, London, Jakarta and Milan)
- › Amoco (UK)
- › Getty Oil (China)
- › PetroFina (Norway, Vietnam)
- › University of London, BSc Geology and Physics
- › Fellow of the Geological Society of London and Chartered Geologist



Martin David, Exploration and Licences

Strengths: Geology, Exploration Management (All North Sea)

- › Suncor Energy (UK)
- › Petro-Canada (UK)
- › Veba Oil & Gas
- › Deminex
- › Unocal
- › University of London, BSc Geology



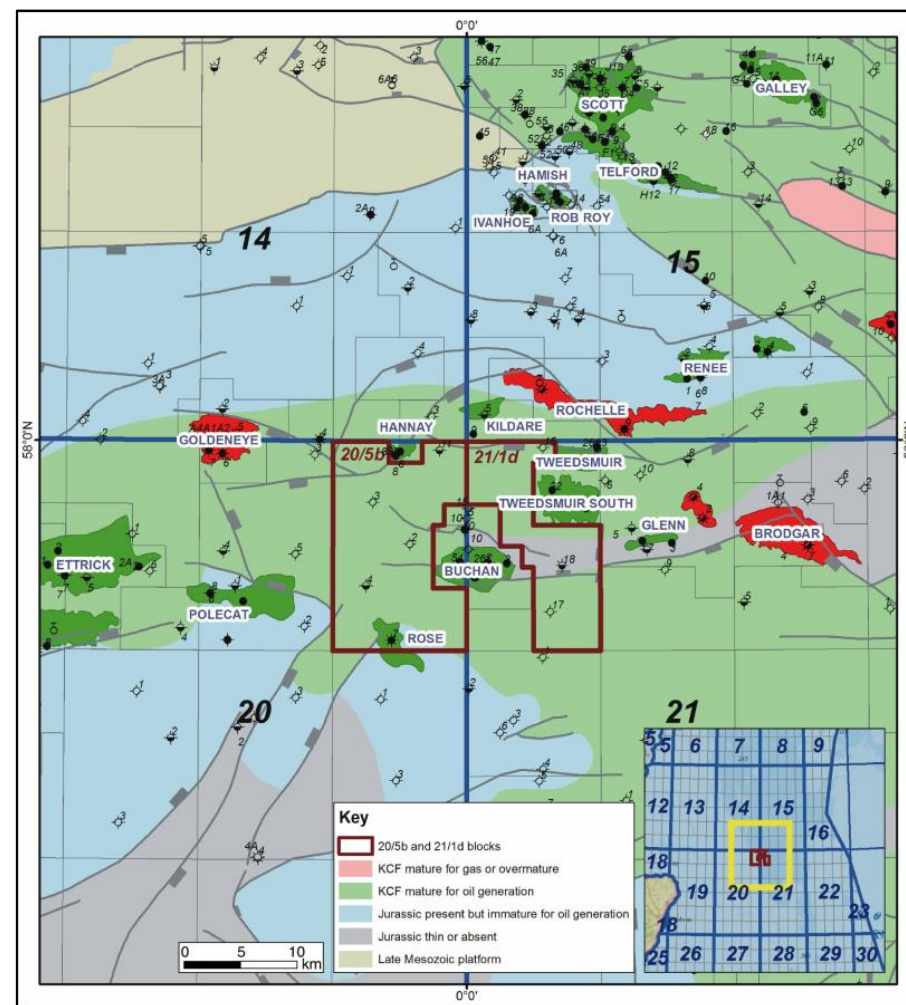
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A High Potential, High Value Farm-Out to Statoil

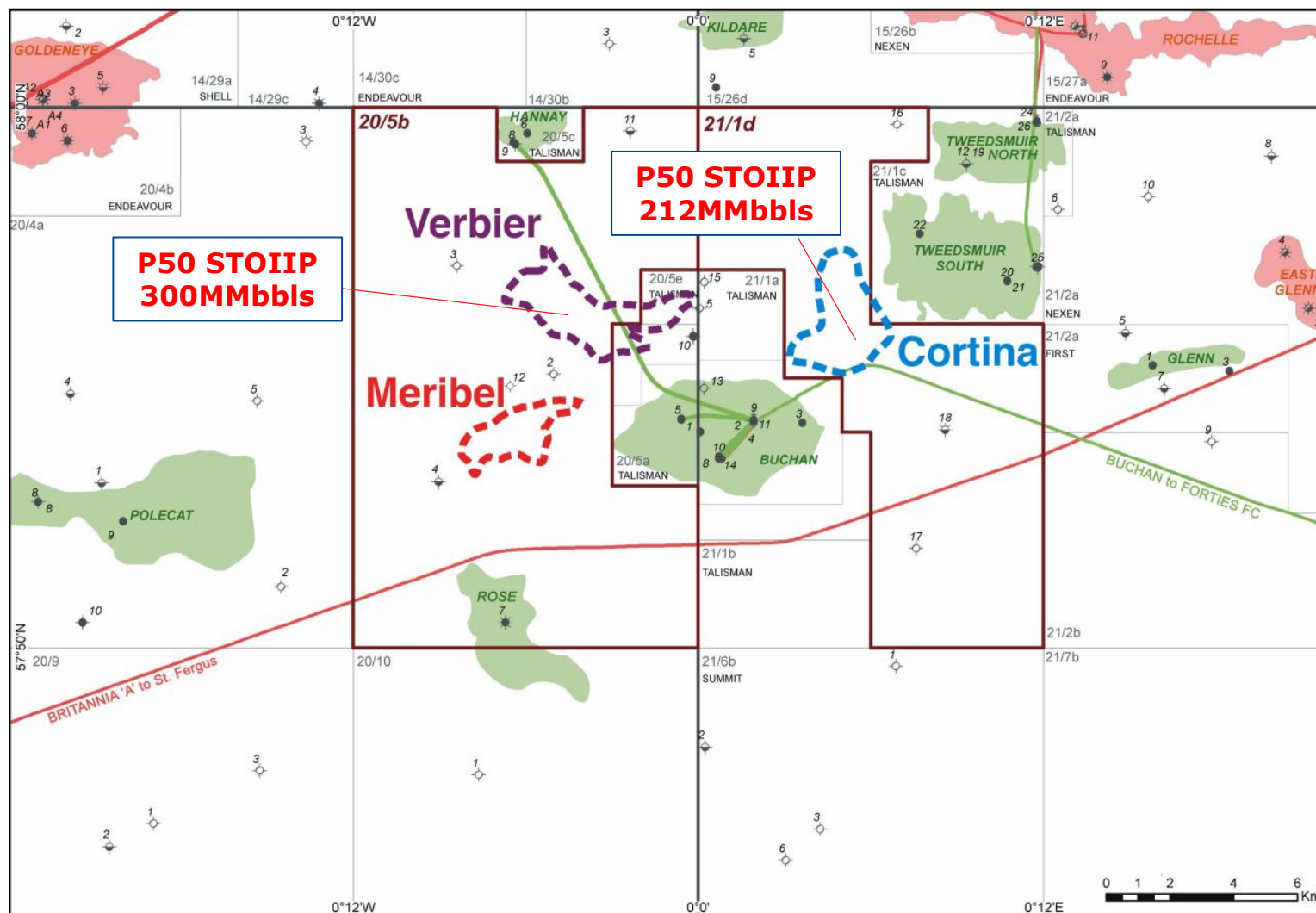
Licence P.2170

- ▶ JOG and CIECO have completed a farm out to Statoil
 - ▶ Directors believe that this is the first promoted North Sea farm out in over two years
- ▶ Statoil 70% and Operator
- ▶ JOG 18% CIECO 12%
- ▶ JOG received \$1.2m entry fee from Statoil, (\$0.54m net of payment to Athena Consortium)
- ▶ Statoil to carry well costs to a cap of \$25mm
 - ▶ Carry Value to JOG of \$4.5m
- ▶ JOG benefits from an additional 10% carry from CIECO
- ▶ Firm Well commitment, planned for summer 2017 on Verbier prospect
 - ▶ Site survey complete
 - ▶ Rig tender process underway



* Further to the Company's settlement agreement with certain historical creditors (as announced on 25th June 2015), 60 per cent. of, *inter alia*, the net sales proceeds to Jersey Oil & Gas derived from the P.2170 Licence will be payable to the Company's partners in the Athena asset (the "Athena Consortium"). Liability capped at losses incurred by Trap Oil on the Athena field.

Value Creation on Verbier (P.2170) by JOG



JOG Managed and Completed:

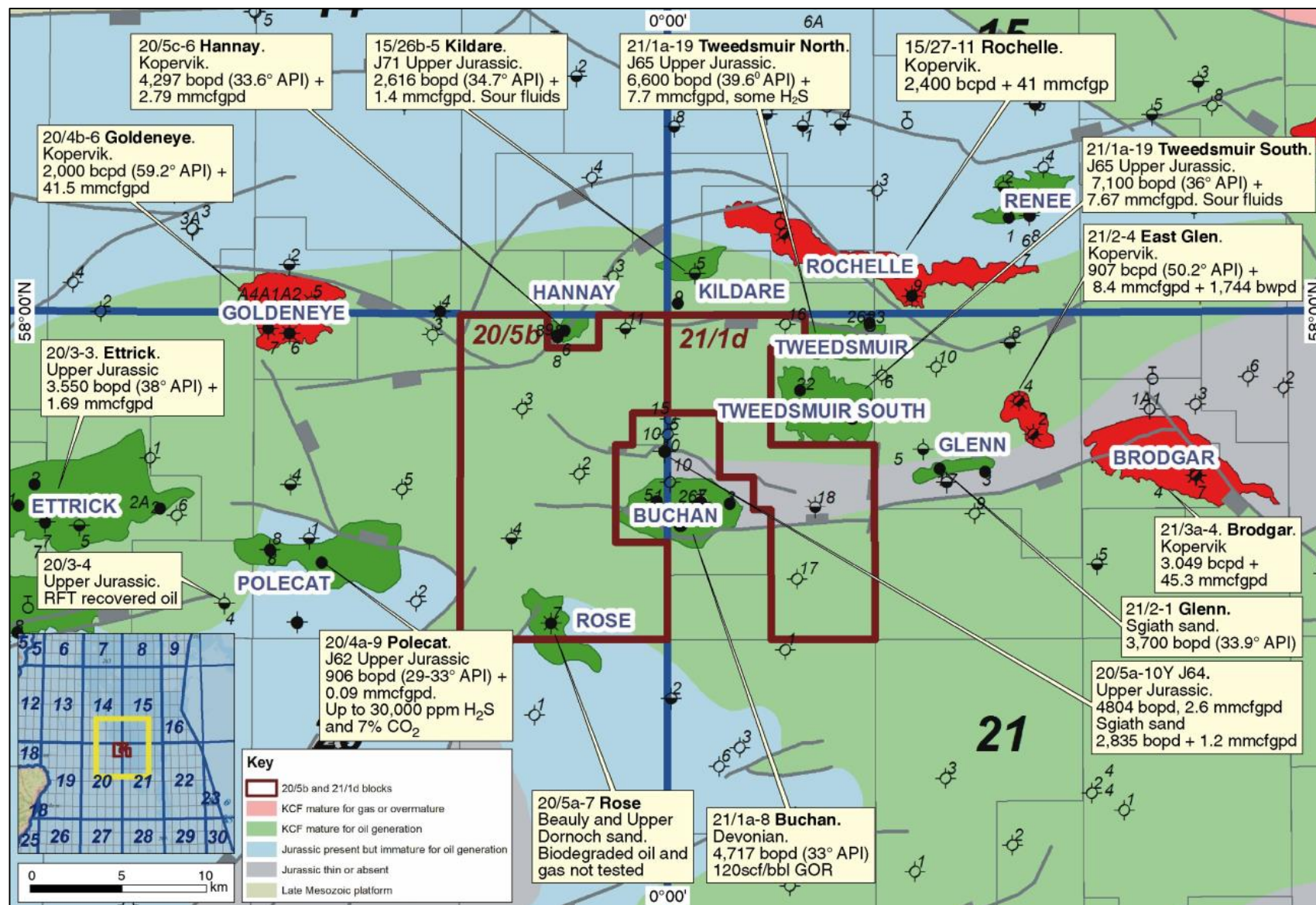
- ▶ Prospectivity validation geological and geophysical
- ▶ 3D seismic interpretation
- ▶ Petroleum charge modelling
- ▶ Farm-out process

JOG Confirmed:

- ▶ 2 material prospects in prolific hydrocarbon fairway
- ▶ Located between Tweedsmuir and Buchan fields
- ▶ Late Jurassic (J64) Buzzard Sst. Submarine fans

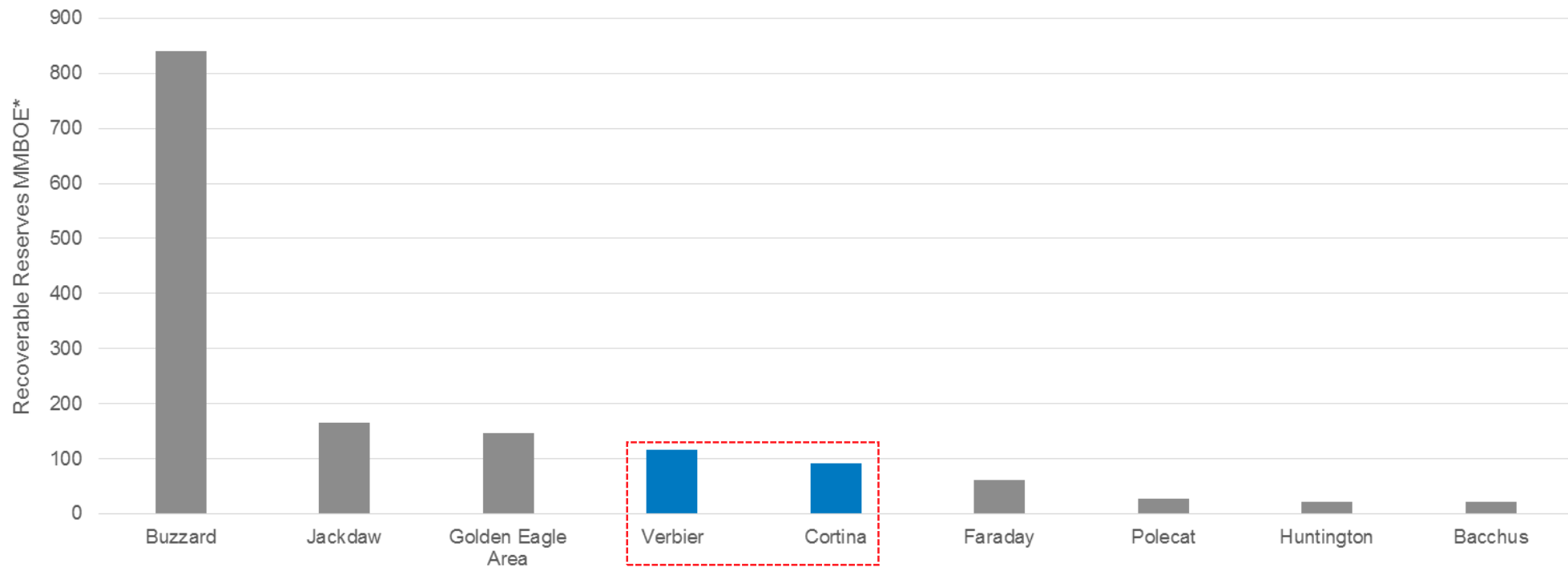
Note: JOG Management Resource Estimates

Surrounded by Hydrocarbons



Source: Public records

Upper Jurassic Reservoir Discoveries since 2000



* Verbier and Cortina are Unrisked Gross Recoverable Resources estimates, not proven reserves

Source: Woodmac and JOG estimates

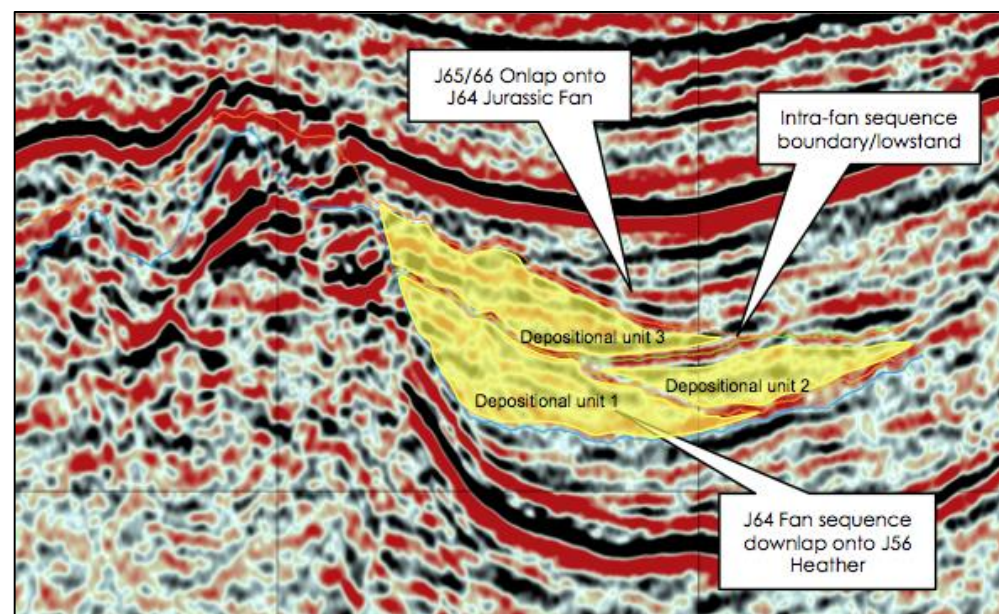
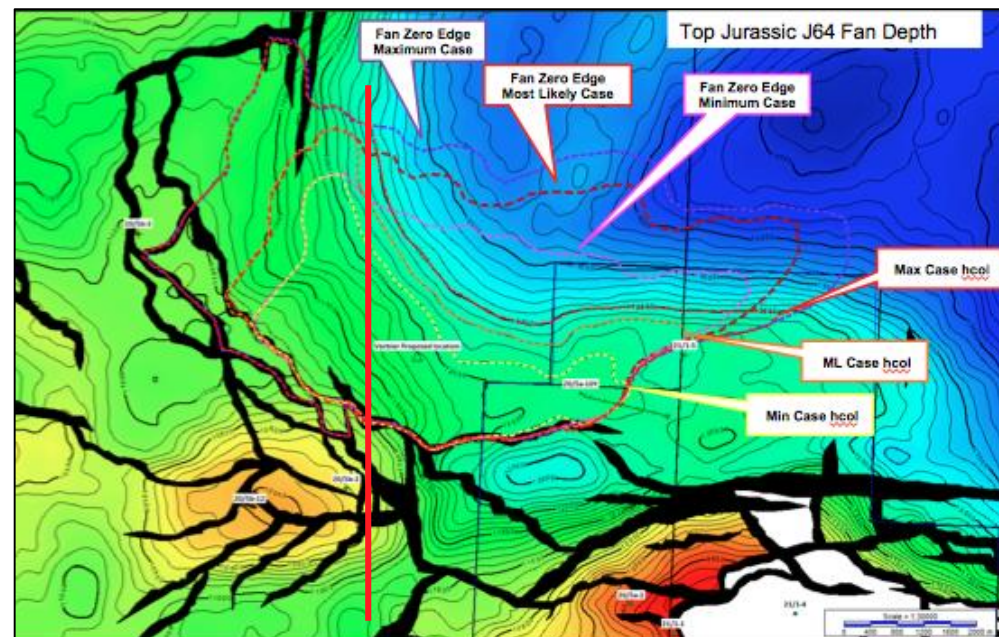
- ▶ Recoverable resource estimates for Verbier and Cortina by JOG indicate that the prospects are potentially significant in relation to other recent UKNS discoveries

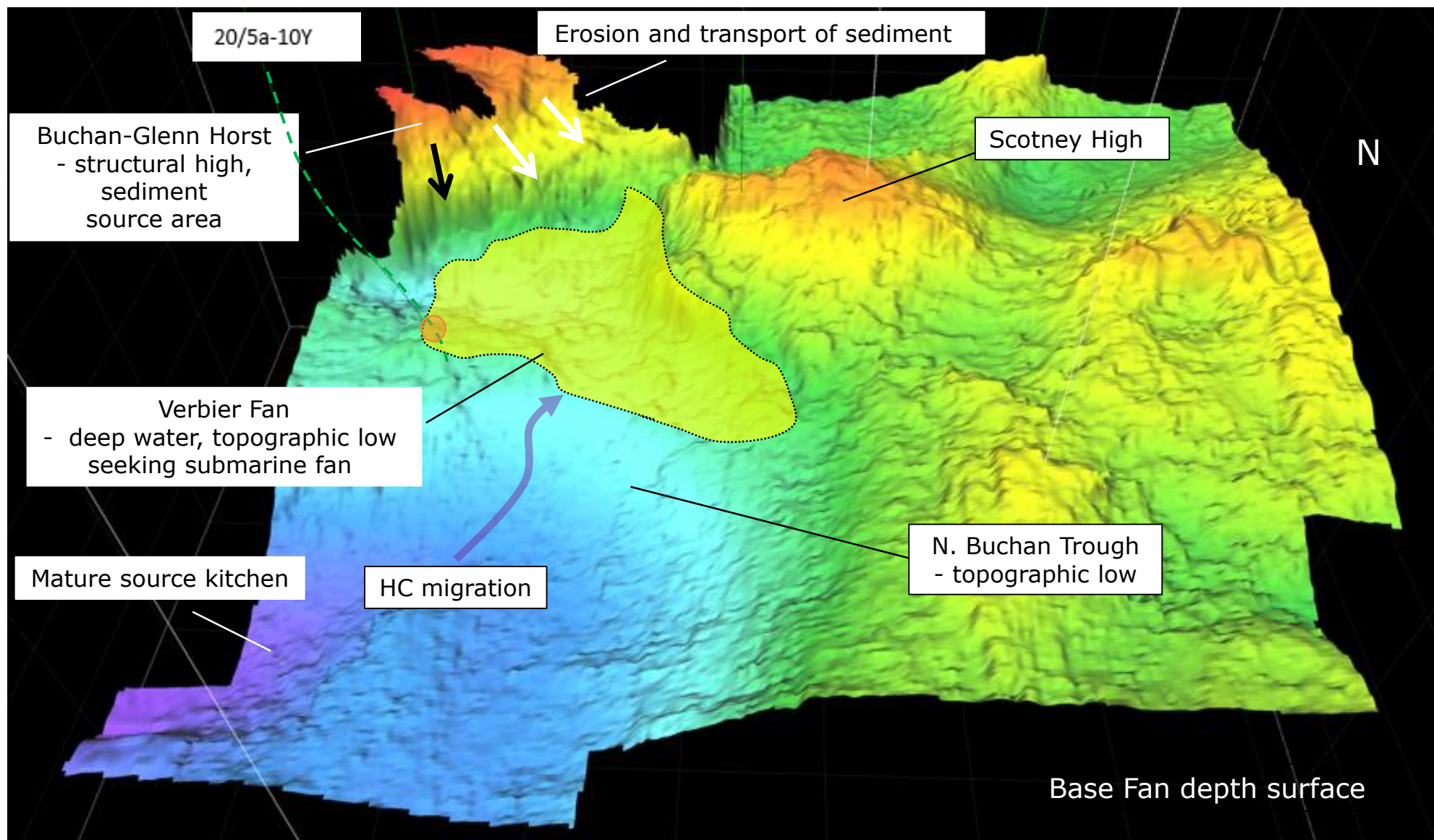
Verbier Prospect Summary

	Verbier
Block/Basin:	20/5b/Moray Firth
Water depth/Top main reservoir:	125m/3,353m
Area (most likely):	25 sq kms (Fan Area)
Geological province:	Deep marine
Source Formation/Age:	Kimmeridge Clay/Upper Jurassic
Play/Reservoir Fm.:	Jurassic/J64 Buzzard Sst
Trap definition/style:	Faulted 3-way & stratigraphic
Exploration risk:	Pg = 0.26
Oil vs gas:	Oil
Potential field dev:	Stand alone






Verbier (J64)	P90	P50	P10	Mean
STOIIP (MMbbls)	191	300	450	312
Recoverable Oil (MMbbls)	62	102	158	106
Recoverable Gas (Bcf)	36	66	112	71
Total Prospective Resources (MMboe)	68	113	177	118

Source: JOG Management estimates





Proven Target Reservoir in the Late Jurassic

PERIOD	AGE / STAGE			STANDARD AMMONITE ZONE	BUZZARD AREA LITHOSTRATIGRAPHY	SEQUENCE STRATIGRAPHY Partington et al (1993)	KEY BIOSTRATIGRAPHIC MARKERS		
JURASSIC	Late	Valanginian	Early	PARATOLLIA	VALHALL Fm. 	K10	← <i>E. lorynum</i>		
							← <i>E. pharo</i> , <i>D. spinosum</i>		
		Ryazanian	Late	ALBIDUM	 KIMMERIDGE CLAY Fm.	J76	← <i>R. thula</i>		
				STENOMPHALLIS					
			Early	ICENI		J74			
				KOCHI					
		Kimmeridgian (sensu anglico)	Portlandian	Late		RUNCTONI	ETTRICK SANDSTONE MEMBER 	J73	← <i>E. Polyplacophorum</i> , <i>G. dimorphum</i> ← <i>Moderorgia</i> sp A
						LAMPLUGH			
						PREPLICOMPHALUS			
						PRIMITIVUS			
	Volgian		Middle	OPPRESSUS		J71			
				ANGULIFORMIS					
				ANGULIFORMIS					
				ANGULIFORMIS					
	Kimmeridgian (sensu anglico)		Early	GLAUCOLITHUS	BUZZARD SANDSTONE MEMBER 	J66 B	← <i>O. patulum</i>		
				ALBAN					
				FITTONI					
				ROTUNDA					
	Kimmeridgian (sensu gallico)		Late	PALLASIOIDES	J65 A	← <i>O. patulum</i> ● <i>G. longicornis</i> ← <i>P. pannosum</i>			
				PECTINATUS					
				HUDLESTONI			J64	← <i>E. jurassica</i> , <i>E. Lundium</i> , <i>G. cladophora</i> , <i>P. pannosum</i> , <i>G. Jurassica</i> (consistent)	
				WHEATLEYENSIS					
	Oxfordian	Kimmeridgian (sensu gallico)	Early	SCITULUS	J63	← <i>L. mirabile</i> ← <i>G. jurassica</i> ● <i>O. patulum</i> → ← <i>S. crystallinum</i> ← <i>E. galaritum</i> , <i>C. ornatum</i> , <i>N. pellucida</i> ← <i>S. scopia</i>			
				ELEGANS					
				BAYLEI					
				CYMODOCE					
Middle		Late	MUTABILIS	J62					
			EUODON						
			AUTISSIMOORENSIS						
			ROSENKRANTZI						
		Early	GLOSENSE	J56					
			TENUISERRATUM						
Heather Fm. 	Late	REGULARE	J54 B	← <i>C. polonicum</i>					
		SERRATUM							
		DENSIPICATUM			J52 A	← <i>R. aemulum</i>			
		CORDATUM							
Early	MARIAE	J46	Doré & Robbins (2005) Modified by JOG Management						

J64 sand encountered with hydrocarbons in the 20/5a-10Y well

Doré & Robbins (2005)
Modified by JOG
Management

- STOIIP 300MMbbls
- Gross recoverable resources P50 - 117 MMbbls
 - Potential gross NPV10 value of £435mm*
 - Chance of Success: 26%
- Potential Net value to JOG's 18% of £78mm
 - £8/share success case
- Follow-on potential with the Cortina prospect

In the event of success, JOG estimates gross NPV(10): £435mm (£78mm net)

* FX rate USD\$/GBP 1.45, oil price scenario of \$50/bbl flat



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Production Strategy

Identification, Evaluation, Acquisition

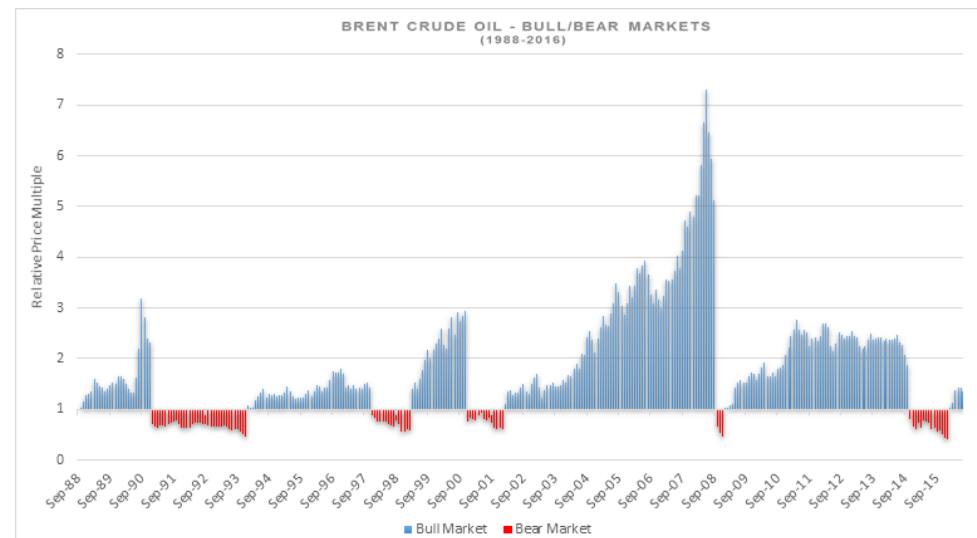
- ▶ Excellent technical and commercial knowledge of the UKCS
 - ▶ Decades of management experience
- ▶ JOG is active on many UKCS sales processes and actively pursuing off-market deals
 - ▶ In past 12 months active in over 14 sales processes involving more than 40 field interests
 - ▶ Ongoing strong pipeline of asset opportunities
- ▶ The North Sea is active: many asset sales processes in this well known and prolific basin
- ▶ It is a very opportune time to pursue a production-led acquisition strategy within the UKCS
- ▶ JOG has evaluated and bid on a number of opportunities
- ▶ Working with significant financial partners
- ▶ Several large-scale North Sea divestments recently announced

▶ **JOG presents an attractive investment proposition:**

- ▶ Potential for exposure to UKCS production assets
- ▶ Combined with near-term exploration well with significant potential

- ▶ Geographically focused on UK producing oil and gas assets
- ▶ Mature oil and gas basin in a “Buyers Market”
 - ▶ Majors, Utilities and Large Independents rationalising their portfolios – plenty of opportunities
- ▶ Predominantly seeking non-operated interests
 - ▶ Low down-side risk
 - ▶ Low cost G&A
- ▶ Strong economic rationale
 - ▶ IRRs of 15%+
 - ▶ Healthy cash generation
 - ▶ Light leverage
 - ▶ Low OPEX
 - ▶ Conservative approach to decommissioning liabilities
 - ▶ Upside potential from increase in the oil price (graph)
 - ▶ Significant dividend potential in the medium term

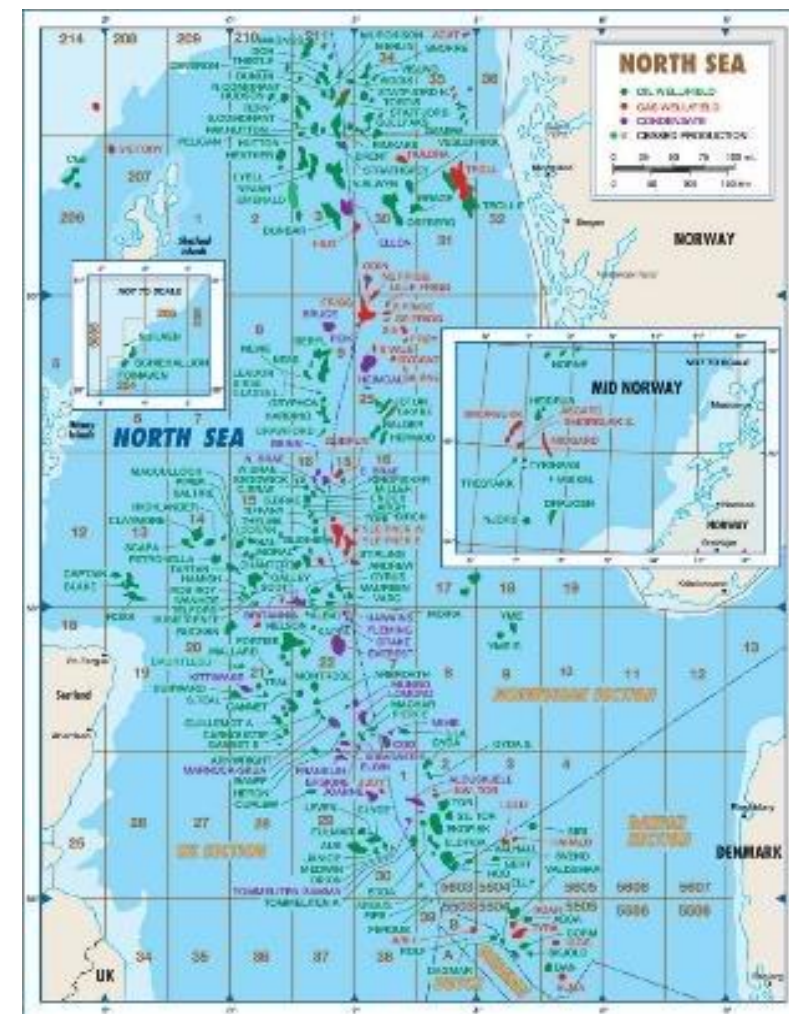
Has the Next Bull Market Begun?



Brent Crude Bull/Bear Markets Over Last 30 Years
Price Multiple relative to price at beginning of Bull/Bear Market

Source: Bloomberg Brent Crude (ICE) Index from 1998-Present, CAMARCO research

- ▶ A prolific province with 330 producing oil and gas fields
 - ▶ Long life, low cost fields
 - ▶ Field life extensions have been proven to be possible
 - ▶ Significant remaining recoverable reserves - estimates from 5-20bn barrels
- ▶ Low oil price periods drive costs down
 - ▶ Rig rates down as much as 75%
 - ▶ Average operating costs are down 30-40%
- ▶ Fiscal improvements with strong government support
 - ▶ Headline taxes have been slashed to 40% from a high of 81%
 - ▶ Clarity provided over decommissioning tax relief
 - ▶ OGA MER Programme to extend life of fields and infrastructure
- ▶ Heavy infrastructure already in place
- ▶ There is an active market in North Sea production assets
 - ▶ Excellent opportunities to acquire stable and increasing revenue streams
- ▶ North Sea production remains financeable through both equity and debt markets



Conclusion: The UKCS North Sea region has a robust and healthy future

- ▶ JOG has delivered on its deal-making strategy:
 1. Rescued, recapitalised and revived Trap Oil
 - ▶ AIM quoted, Assets, £24m of tax losses
 2. Licence P.1989 – Sale to Azinor
 - ▶ Azinor intends to drill this year
 - ▶ Future conditional payments of up to \$4mm
 3. Licence P.2170– High Impact Farm-Out to Statoil
 - ▶ Cash receipt and well carry
 - ▶ Potential to add significant shareholder value with successful drilling
- ▶ Clear Strategy to build long-term shareholder value
 - ▶ Firm well commitment for Verbier prospect planned for summer 2017
 - ▶ Pursuing attractive North Sea production asset deals
 - ▶ Management have significant shareholdings (18.1%)
 - ▶ Indicative bank funding support
 - ▶ Debt free with no material liabilities
 - ▶ Low G&A

Building Investor Returns in North Sea Oil and Gas