



JERSEY OIL&GAS



# Investor Presentation

October 2017

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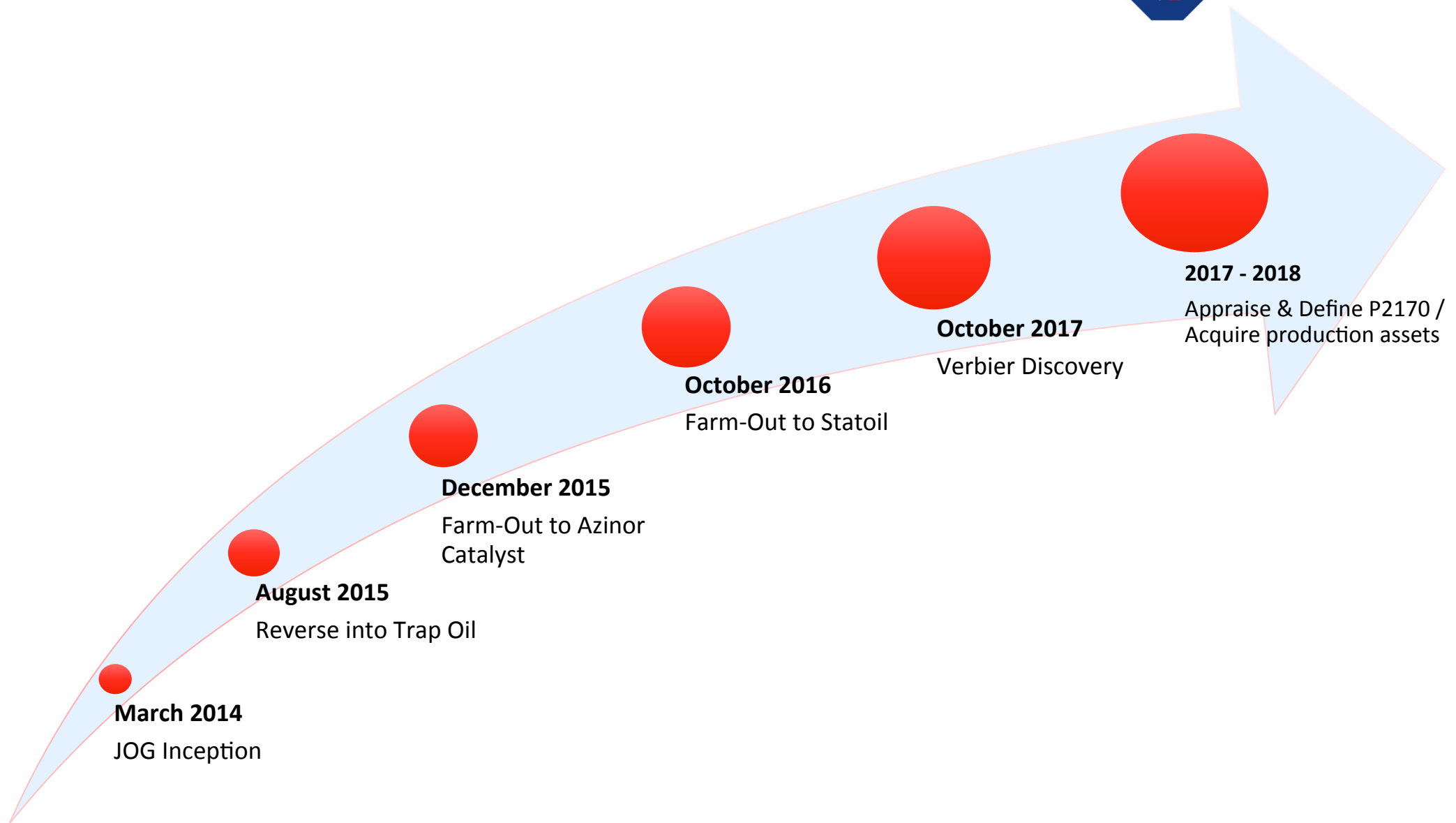
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**Strategy: North Sea focused mid cap E&P company within 3 – 5 years**



## 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 and Velosi Group
- 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

## Directors



**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



**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



**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



**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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All Eyes on Verbier



## Identifying Value in Verbier

- Collaborative technical partnership in UKCS 28th Licensing Round that led to the award of Licence P2170 Blocks 20/5a & 21/1d
- Successful joint farm out of Licence P2170 to Statoil, achieving first promoted farm out in UKCS for 3 years (2016)
- Retained maximum value post farmout.
  - No broker fees or royalty
- Close technical and managerial relationship with JV partners during planning and drilling phases of the Verbier well and sidetrack



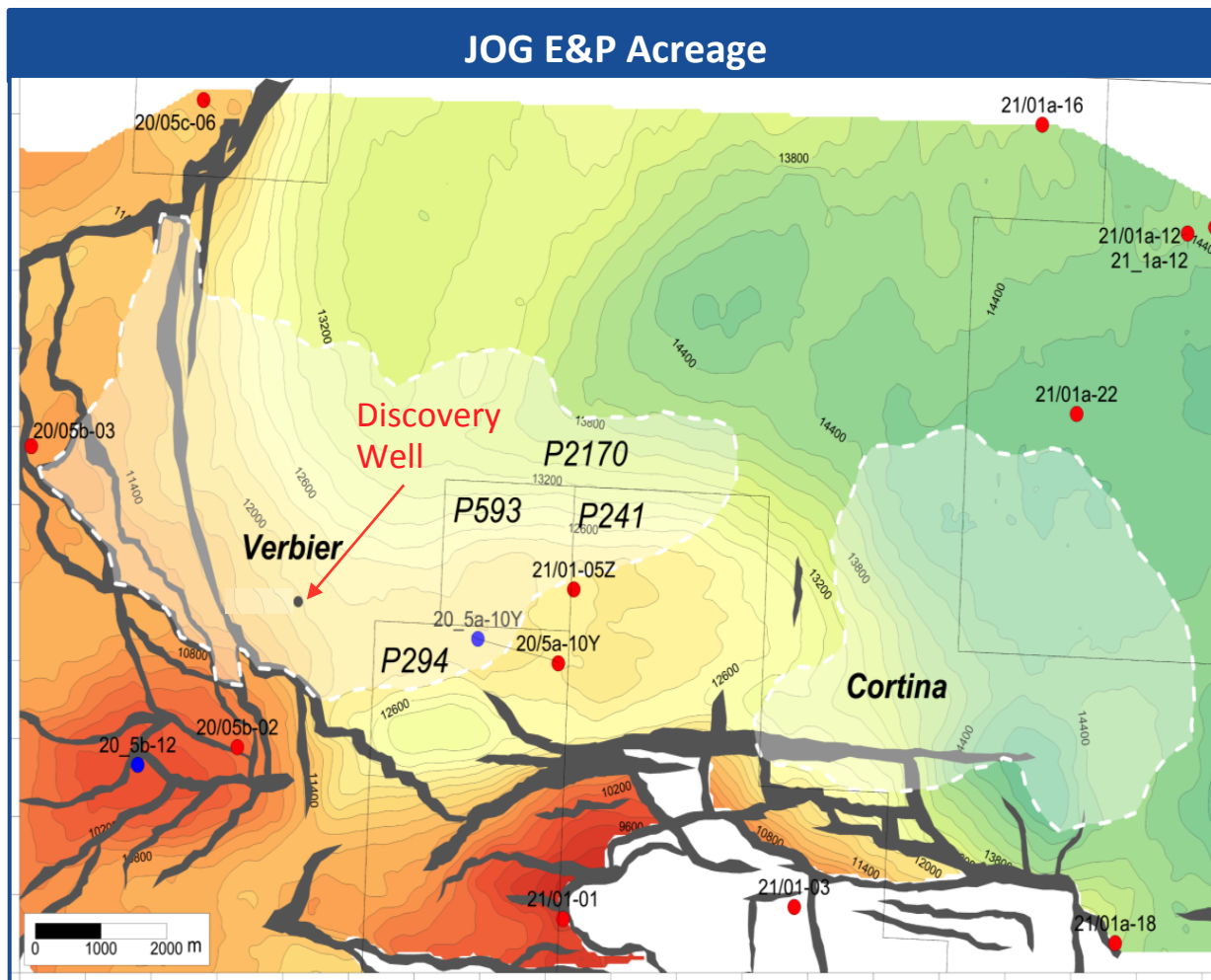
## Verbier Discovery October 2017

- Proven a hydrocarbon accumulation in good quality sands
- Evaluation of the well results, together with the existing 3D seismic data is ongoing
- Initial Operator estimates of gross recoverable resources are between 25 and 130 million barrels of oil equivalent<sup>1</sup>, with a minimum proven recoverable volume in the immediate vicinity of the wellbore of 25 million barrels of oil equivalent.
- JOG is also conducting its own evaluation

**Highly successful drill programme delivered on time, within budget with no HSE issues**

<sup>1</sup> RNS Number : 0060T, Jersey Oil and Gas PLC, - contingent resources and prospective resources - validated by Statoil





- This discovery provides valuable information to help better understand the prospectivity of the licence area, which includes the Cortina prospect and the Meribel lead. JOG holds an 18% working interest in the licence.
- Knowledge gained can also be used to explore for analogues outside of P2170.

## Gross Recoverable Resources MMboe P2170

|                      | Low Case  | High Case  |
|----------------------|-----------|------------|
| Verbier <sup>1</sup> | 25        | 130        |
| Cortina <sup>2</sup> | 39        | 124        |
| Meribel <sup>3</sup> | 6         | 19         |
| <b>Total</b>         | <b>70</b> | <b>272</b> |

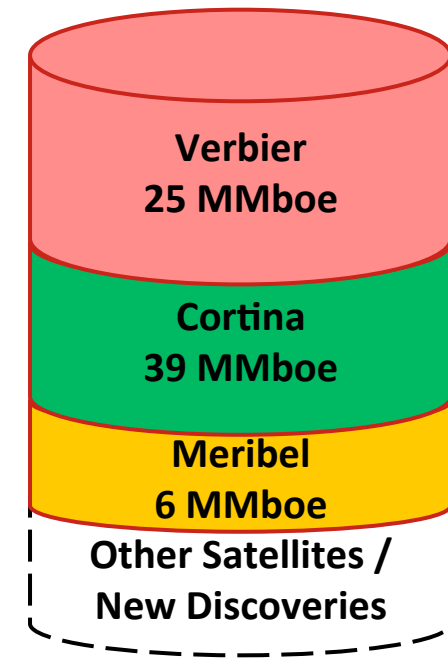
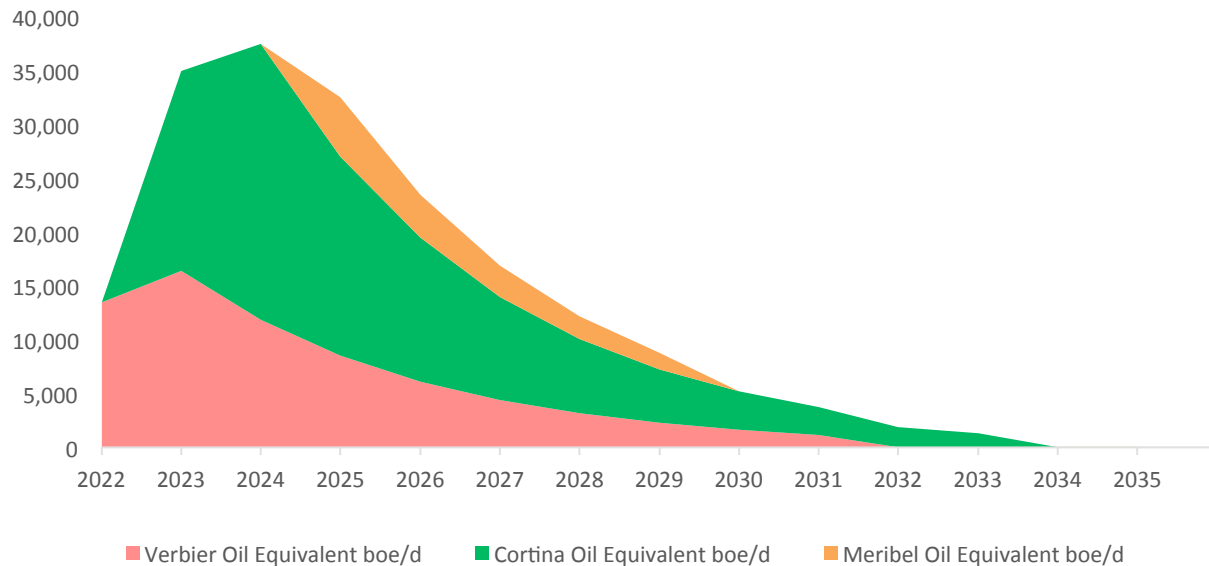
**Verbier could be the next major production hub and could host the re-development of the Buchan Area – injecting new life into the North Sea**

<sup>1</sup> RNS Number : 0060T, Jersey Oil and Gas PLC, - contingent resources and prospective resources - validated by Statoil

<sup>2</sup> CPR by ERCE 2017. Cortina Prospective Resource estimates. Low case is the P90 and high case is the Pmean

<sup>3</sup> JOG Management Estimate prospective resources - validated by 28th Licensing Round application

## P2170 Notional Gross Production Forecast Low Case boe/d<sup>1</sup>



## P2170 Net Asset Value (NAV) £ MM<sup>2</sup>

|              |             |
|--------------|-------------|
| Verbier      | 31.2        |
| Cortina      | 52.2        |
| Meribel      | 0.3         |
| <b>Total</b> | <b>83.7</b> |

## P2170 NAV / Share £ (NOSH 9.9 million)<sup>3</sup>

|              |            |
|--------------|------------|
| Verbier      | 3.1        |
| Cortina      | 5.3        |
| Meribel      | 0.03       |
| <b>Total</b> | <b>8.4</b> |

**Verbier could be the next major production hub – injecting new life into the North Sea**

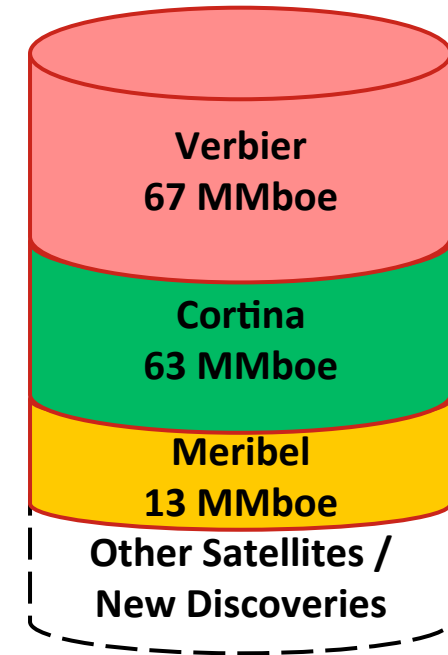
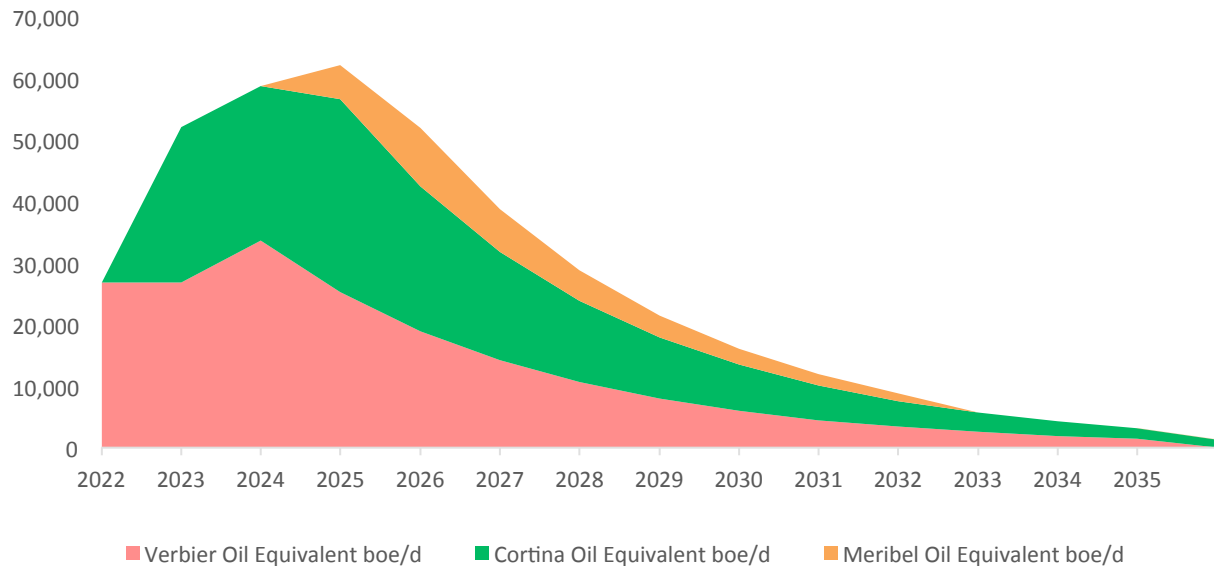
<sup>1</sup> JOG Management Estimate, Notional Gross Production Forecast

<sup>2</sup> JOG Management Estimate, Potential Net Asset Value

<sup>3</sup> JOG Management Estimate, NAV/Share



## P2170 Notional Gross Production Forecast Mid Case boe/d<sup>1</sup>



## P2170 Net Asset Value (NAV) £ MM<sup>2</sup>

|              |              |
|--------------|--------------|
| Verbier      | 49.3         |
| Cortina      | 78.4         |
| Meribel      | 2.6          |
| <b>Total</b> | <b>130.2</b> |

## P2170 NAV / Share £ (NOSH 9.9 million)<sup>3</sup>

|              |             |
|--------------|-------------|
| Verbier      | 5.0         |
| Cortina      | 7.9         |
| Meribel      | 0.3         |
| <b>Total</b> | <b>13.1</b> |

**Verbier could be the next major production hub – injecting new life into the North Sea**

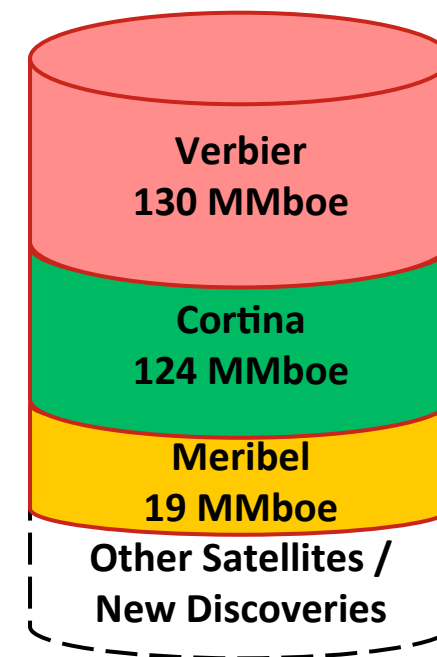
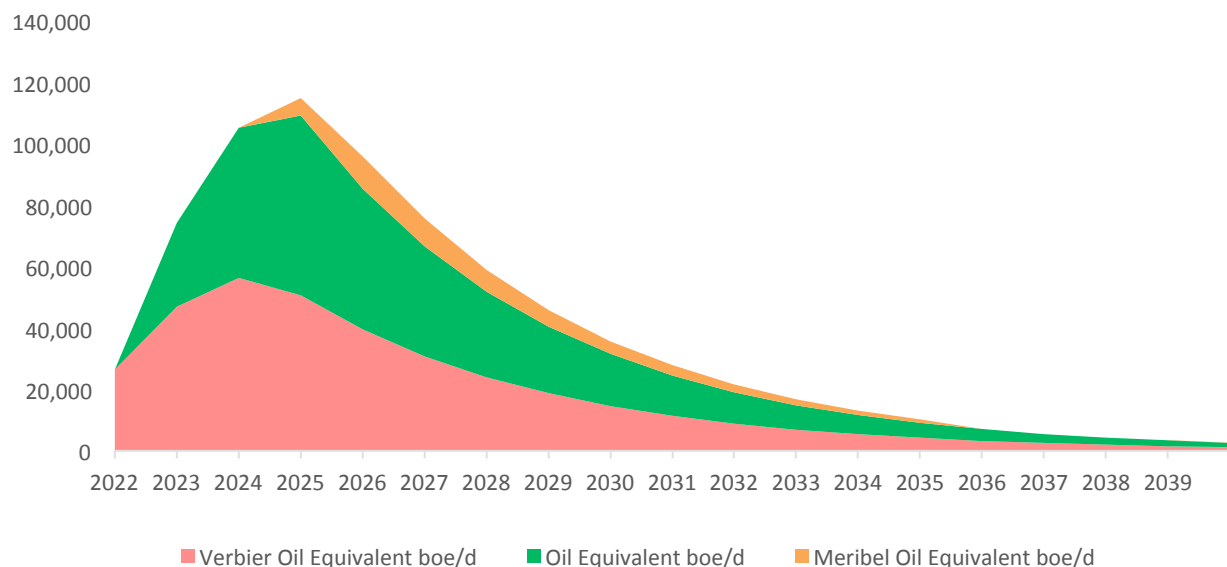
<sup>1</sup> JOG Management Estimate, Notional Gross Production Forecast

<sup>2</sup> JOG Management Estimate, Potential Net Asset Value

<sup>3</sup> JOG Management Estimate, NAV/Share

\* Prospective resources for the mid case is based on approximately 50% of the upside case

**P2170 Notional Gross Production Forecast Upside Case boe/d<sup>1</sup>**



**P2170 Net Asset Value (NAV) £ MM<sup>2</sup>**

|              |              |
|--------------|--------------|
| Verbier      | 196.7        |
| Cortina      | 199.3        |
| Meribel      | 4.5          |
| <b>Total</b> | <b>400.5</b> |

**P2170 NAV / Share £ (NOSH 9.9 million)<sup>3</sup>**

|              |             |
|--------------|-------------|
| Verbier      | 19.8        |
| Cortina      | 20.0        |
| Meribel      | 0.5         |
| <b>Total</b> | <b>40.3</b> |

**Verbier could be the next major production hub – injecting new life into the North Sea**

<sup>1</sup> JOG Management Estimate, Notional Gross Production Forecast

<sup>2</sup> JOG Management Estimate, Potential Net Asset Value

<sup>3</sup> JOG Management Estimate, NAV/Share

- Possible Future Work Programme that JOG envisages
- Operator has not yet outlined plan

## Appraise & Define

- Mid 2018 – Verbier Appraisal well and Drill Stem Test commences
- Drill Cortina Q1 2019
- Define Development

## Execute

- 2019-2022
- Design Development
- Pre Drilling 2021

## Operate

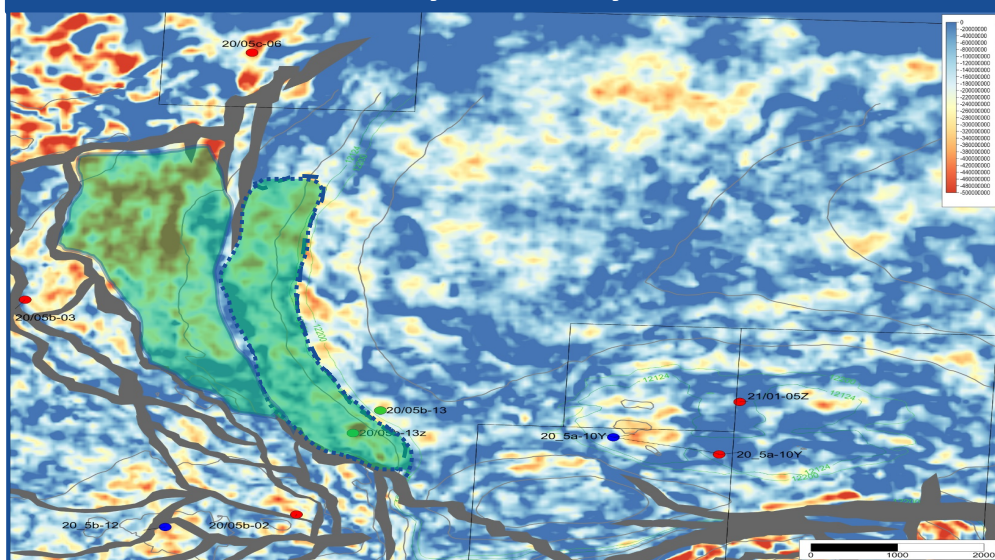
- First Oil 2022
- Payback – 2 years
- Drilling Continues
- Cessation of Production 2040

### The next phase of the project life cycle – Appraise & Define 2018/19

- Continued evaluation of the Verbier discovery, using the existing 3D seismic data
- Plan a two well appraisal programme on Verbier
- Drill Cortina prospect

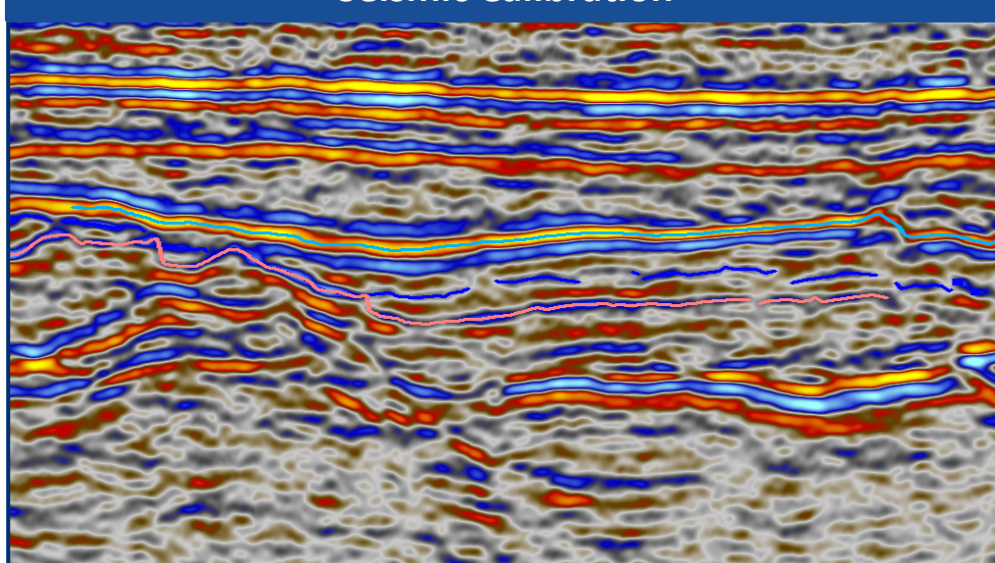


## Preliminary Discovery Outline

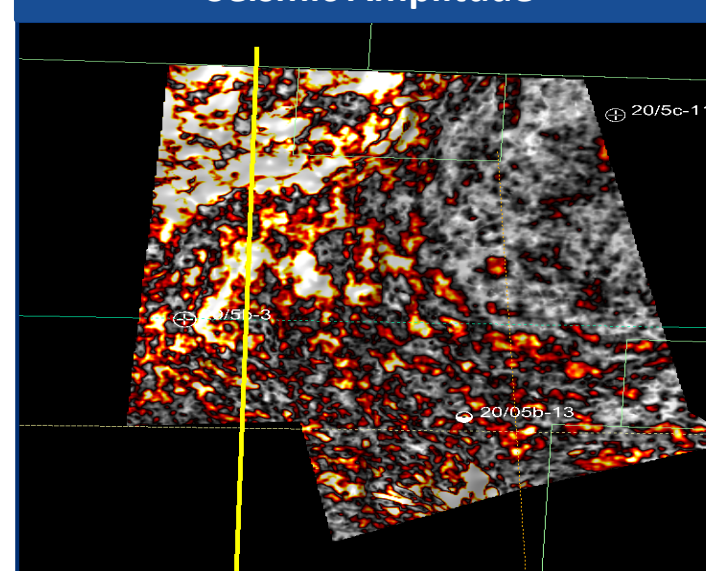


- Update Verbier 3D seismic interpretation using recent calibration points plus local well control
- Update Cortina 3D seismic interpretation with knowledge from Verbier
- Evaluate potential for exploitation of rock physics to discriminate extent of oil-filled reservoir
- Update sedimentological model
- Update STOIP / reserve estimates

## Seismic Calibration

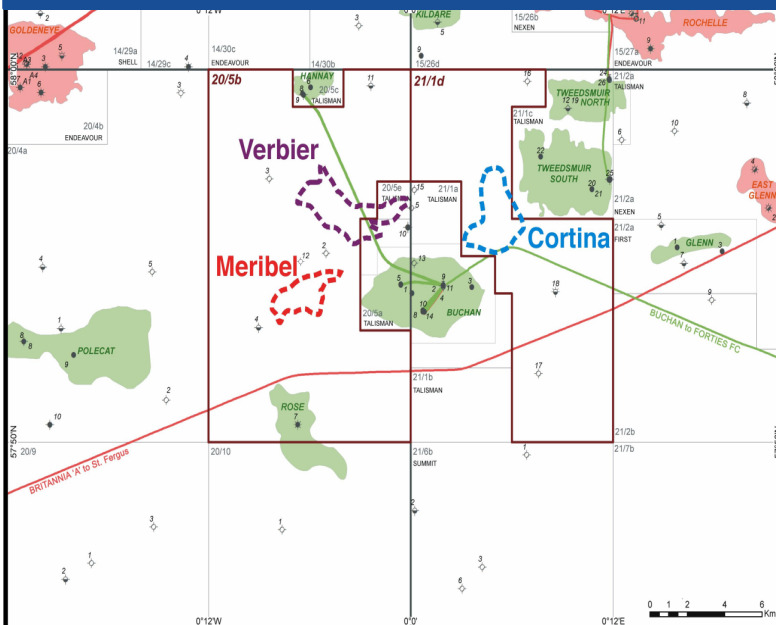


## Seismic Amplitude

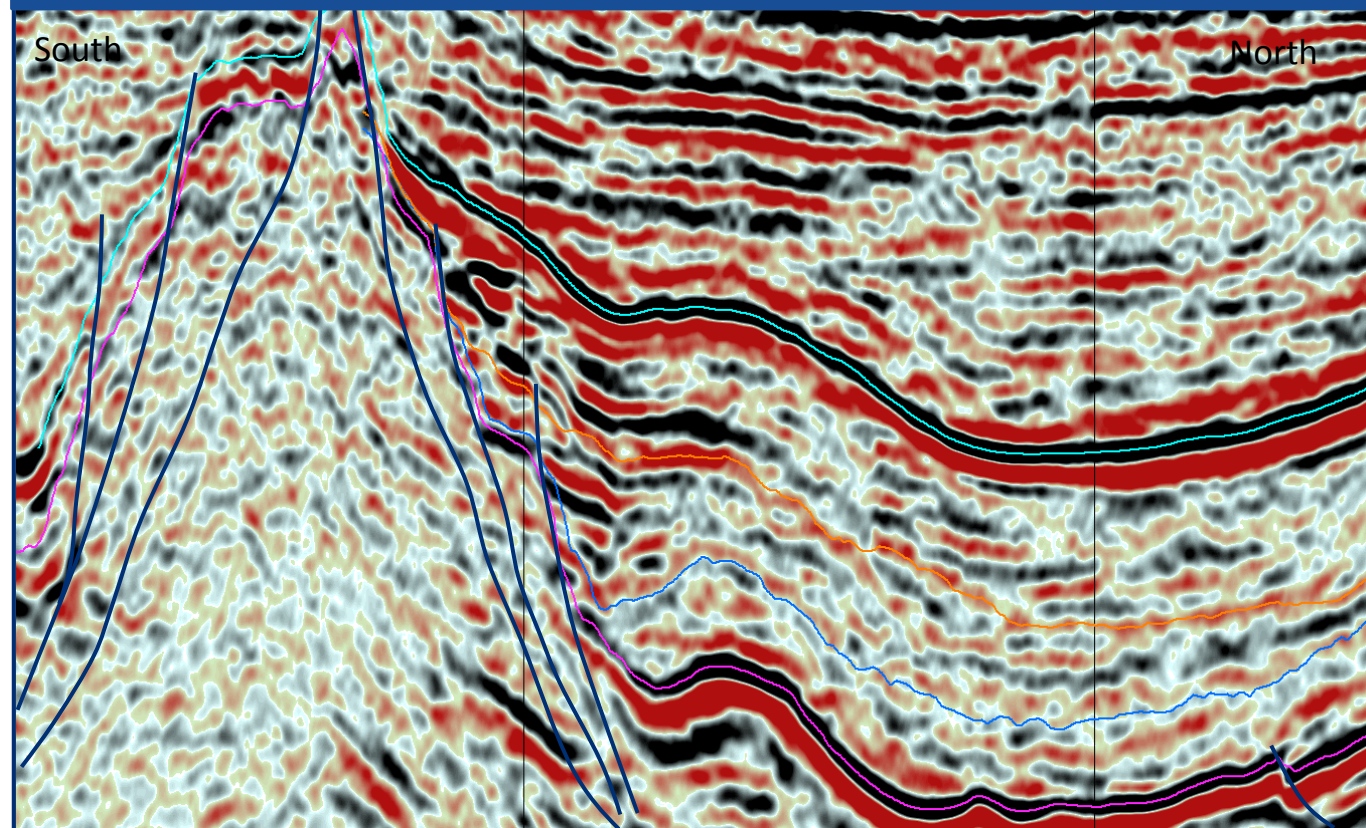




## P2170 Location



## Cortina Prospect



**ERCE Pmean Prospective Resources of 124 MMboe<sup>1</sup>**

**Note seismic character similarity with calibrated Verber seismic character**

<sup>1</sup> CPR report by ERCE 2017

\* All Images Sourced from CGG TOMO ML data 2014

## Appraise & Define

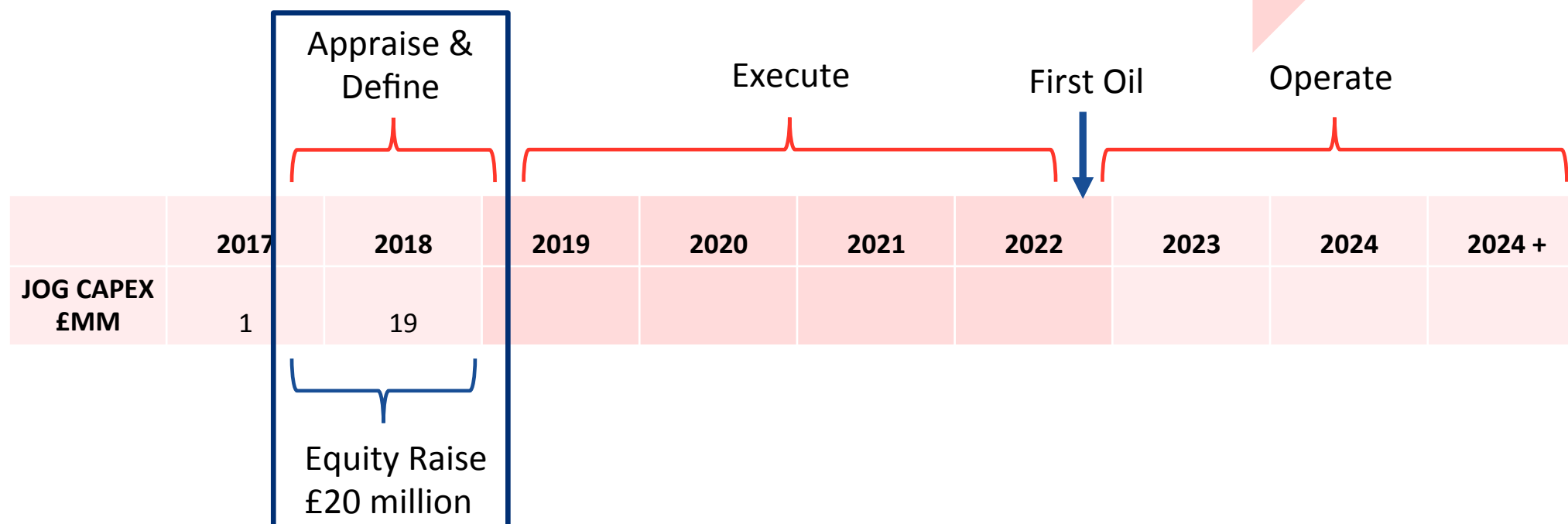
- Mid 2018 – Verbier Appraisal well and Drill Stem Test commences
- Drill Cortina Q1 2019
- Define Development

## Execute

- 2019-2022
- Design Development
- Pre Drilling 2020

## Operate

- First Oil 2022
- Payback – 2 years
- Drilling Continues
- Cessation of Production 2040

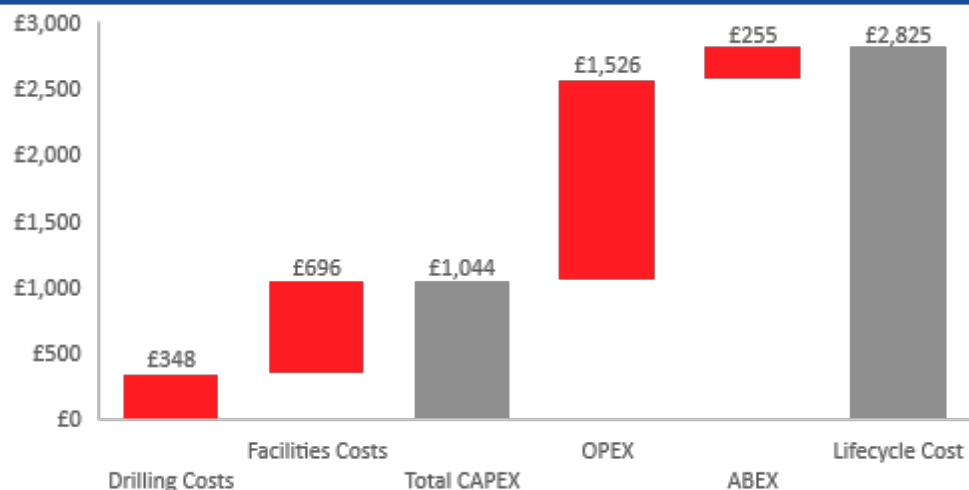


Indicative Timetable based solely on JOG Management Estimates



The values and parameter on this slide are based on a stand alone development concept

**Verbier Gross Development Costs – Upside Case<sup>1</sup>**



- Lifecycle costs is just under £22 /boe. This is the total CAPEX, OPEX and ABEX for the development
- In absolute terms this is circa £1 billion of CAPEX
- Note that these costs are real 2017 numbers and reflect today's market for labour, equipment and services

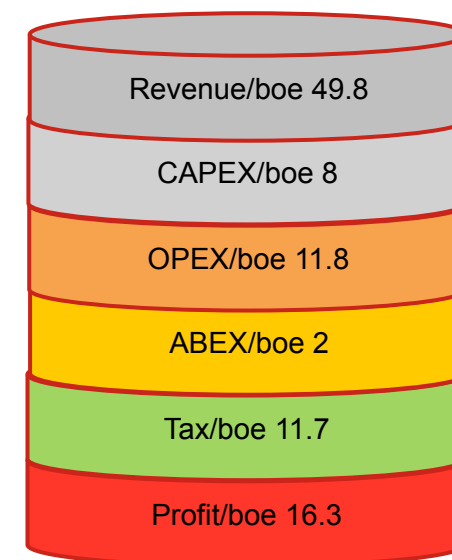
**Physical Parameters**

|                               |             |
|-------------------------------|-------------|
| Recoverable Oil MMbbls        | 117         |
| Recoverable Gas Bcf           | 55          |
| Prospective Resources (MMboe) | 130         |
| Goas Oil Ratio <sup>2</sup>   | 470 scf/stb |
| H2S ppm <sup>2</sup>          | 10-15       |
| C02 mol% <sup>2</sup>         | 3           |
| API Gravity <sup>2</sup>      | 39          |

**Production Parameters<sup>1</sup>**

|                             |                         |
|-----------------------------|-------------------------|
| Plateau rate bbl/d          | 56,000                  |
| Production Plateau Duration | 1 years                 |
| Field Life                  | 19                      |
| Fuel Gas Usage MMscfd       | 4-6                     |
| No of Production Wells      | Circa 12                |
| No of Water Injection Wells | 50% of production wells |

£/boe



<sup>1</sup> JOG Management Estimates. All costs in this slide are Real 2017 GBP.

<sup>2</sup> Inferred from the Drill Stem Test performed on the 20/5a-10Y well 29.09.06



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# Production Asset Acquisition Strategy

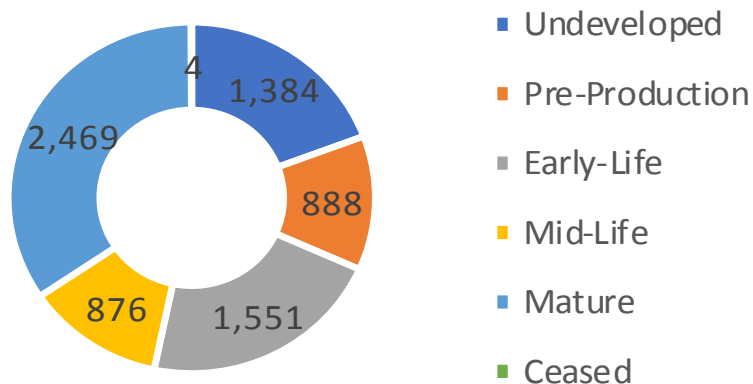
- **JOG is a public alternative to private equity**
- Excellent technical and commercial knowledge of the UKCS
  - Decades of management experience
  - JOG has reviewed and evaluated in excess of 50 production field interests in the UKCS
  - Ongoing strong pipeline of asset opportunities
- The North 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

## **JOG presents an attractive investment proposition**

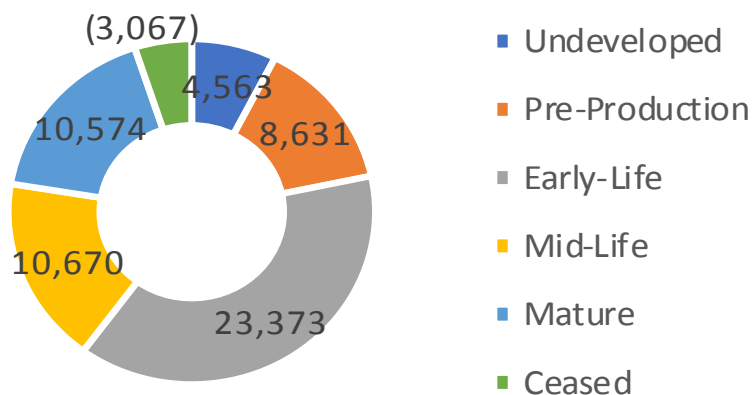
- Exposure to Verbier Appraisal Programme
- Potential for exposure to UKCS production assets
- Combined with near-term exploration well with significant potential



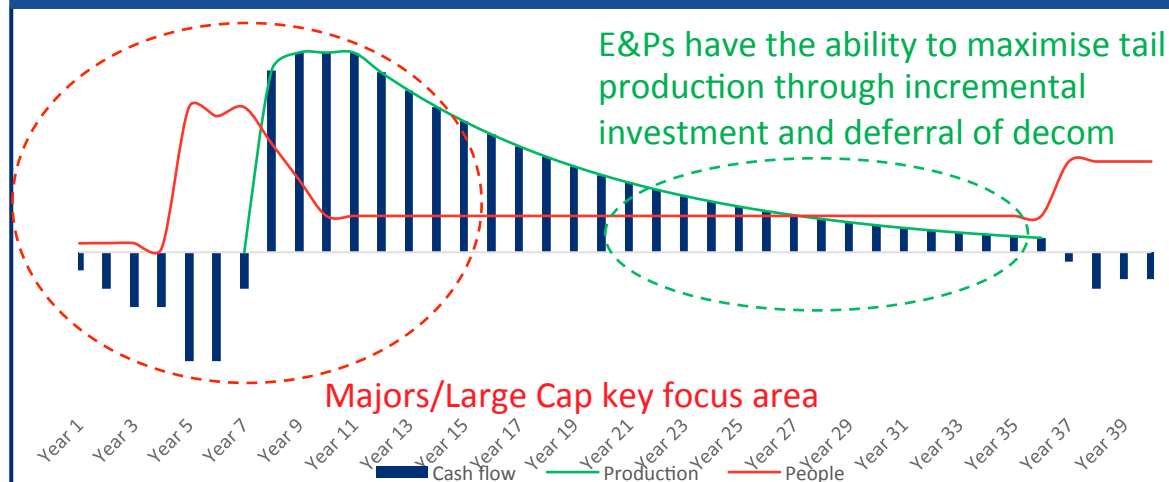
Total Remaining Reserves by Maturity (MMboe)<sup>1</sup>



Total NPV Remaining Post Tax and Synergies(US\$M)<sup>1</sup>



Illustrative Project Lifecycle



- The low oil price period has drive down costs. Rig rates down as much as 65%, and OPEX down 30-40%
- Fiscal improvements with strong government support
- OGA MER UK strategy to extend field life
- DECC clarity provided on decommissioning tax relief
- Seller & bidder alignment on ABEX retention

**A very opportune time to pursue a production-led acquisition strategy within the UKCS**

<sup>1</sup> Commercial only (i.e. does not include technically economic field potential)

- JOG has numerous live acquisition targets it is evaluating
  - They range in reserves from 2 to 24 MMboe
  - The 2018 daily production for each target ranges from 1,000 to 3,800 boe/d
  - The production system of the targets is a mixture of subsea tie-backs, production platforms and FPSOs
  - All targets have upside potential from unswept pockets of oil or further development activities
  - The majority of the assets being pursued involve the abandonment liability being retained by the vendor
- JOG's recent experience is that being contingent on funding is disadvantageous
  - Secured finance would provide confidence to sellers
  - Would give JOG a competitive advantage in negotiations

**North Sea deal flow is very active, sellers and buyers are aligning on value**

*\* All values are JOG's estimates of economic recoverable reserves based on seller data*

## Bank RBL Facility

### Reserve Based Lending

- Excellent relationship with a major bank for RBL facilities for production asset acquisitions
- Contingent on:
  - Deal size
  - Asset diversification

## Oil Major Pre-Payment Agreements

### Pre-Payment Agreements

- Strong working relationship with Major trading division keen to fund JOG using pre-pay agreements and other structured derivative products, in return for a future off take agreement
- We have been in advanced talks on various production acquisition targets regarding this type of financing structure
- Requires entering into offtake agreements for hydrocarbon product

JOG view that RBL and/or pre pay agreements can support up to 60% of our funding requirements on production acquisition targets

**Good relationship with major finance providers who are keen to back JOG**



## Appraise & Define Stage Indicative Funding Requirements

- JOG technical studies £0.5 million
- Verbier 2 well appraisal programme £11 million
- Cortina P2170 exploration programme £6 million

## Production Acquisition Strategy indicative Funding Requirements

- Working Capital £2.5 million
- Production acquisition £5 million

**Gross Proceeds of £25 million for Licence P2170 activities and fulfilment of its asset acquisition strategy**

## People

- Management team with over 100 years combined experience in the North Sea
- Key management have significant shareholdings (17.2%)
- JOG has diversified and has a nimble and tenacious team

## Valuable Exploration Assets

- Licence P2170 - Verbier – Discovery October 2017
- Licence P2170- Further de-risking of the Cortina Prospect
- Meribel lead and potential to evaluate additional acreage using knowledge for similar concept plays

## Production Asset Acquisition

- Significant ongoing deal flow
- £25 million of tax losses to enable competitive bids
- Indicative bank funding support and oil major financial support

## Creation of Shareholder Value

- Successful deal execution
- Debt free with no material liabilities

**Let's not let private equity firms have all the fun in the North Sea!**