



JERSEY OIL&GAS



# Corporate Presentation

## Building Value in the North Sea

26<sup>th</sup> September 2018

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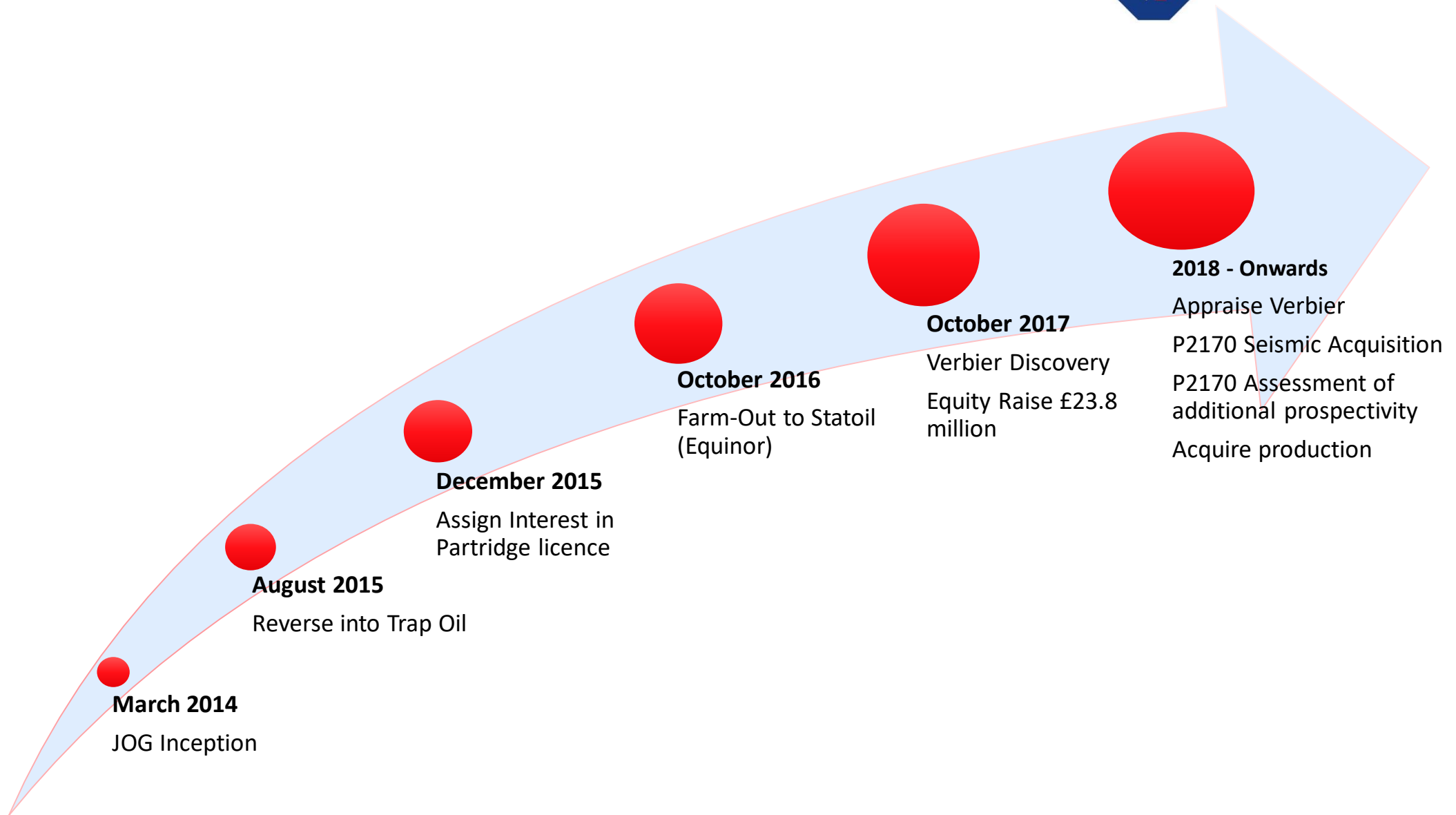
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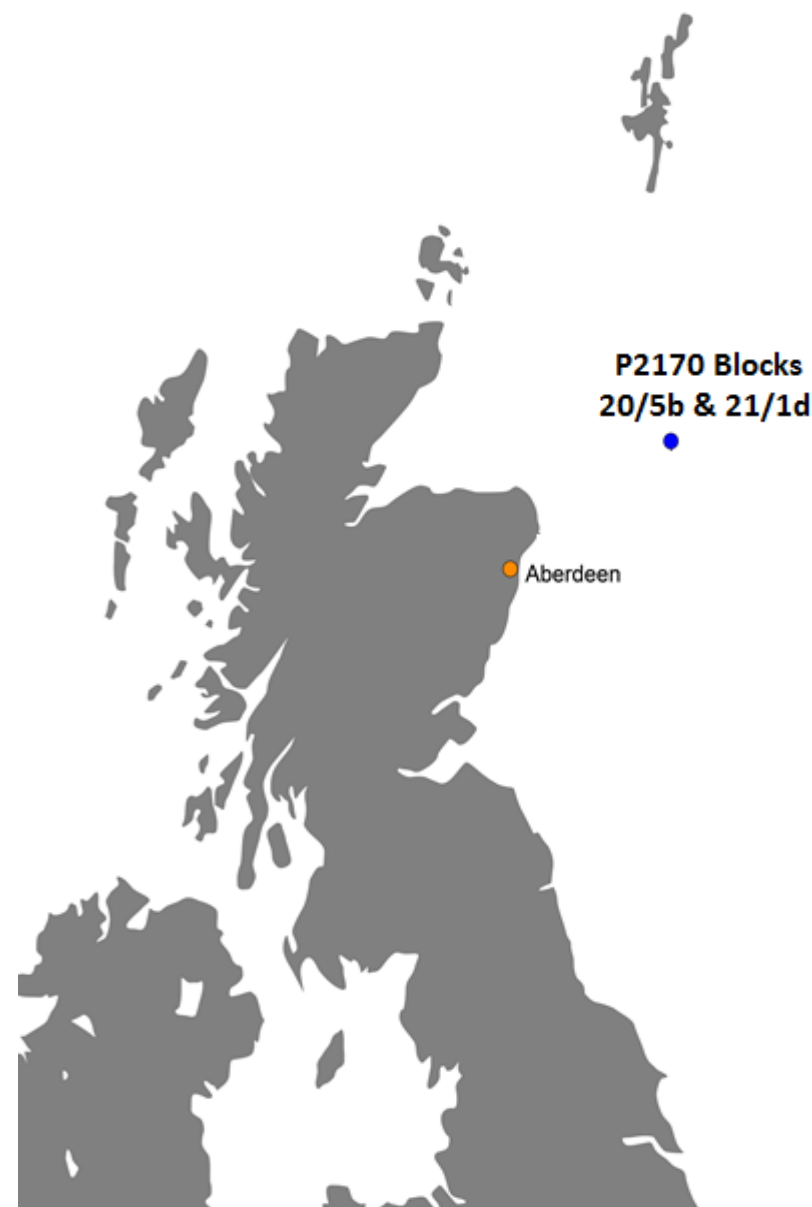


**Strategy: North Sea focused mid cap E&P company within 3 – 5 years**

- AIM quoted company focused on building a low-cost, high value company in UK North Sea
- Experienced management team aligned with shareholders
- Verbier Oil Discovery
  - Up to 130 million barrel discovery
- Fully funded for Verbier appraisal and further exploration
  - Interim 2018 cash : £22.1 million
  - P2170 CAPEX guidance: £9-11 million

| AIM Quoted – LN:JOG* |         |
|----------------------|---------|
| Market Cap           | £38 MM  |
| Share Price          | 174p    |
| Shares Outstanding   | 21.8 MM |

\* Close 24<sup>th</sup> September 2018





## Non-Exec.



**Marcus Stanton, Non Exec. Chairman**  
Strengths: Investment Banking, Finance, Corporate Governance



**Frank Moxon, Non Exec. Director**  
Strengths: Management, Corporate Governance, Capital raising, M&A

## Legal

## Company Secretary



**Sean Rush, Legal Counsel**  
Strengths: Legal, Commercial



**John Church, Company Secretary**  
Strengths: Accounting, Corporate Governance

## Directors



**Andrew Benitz, CEO**  
Strengths: Commercial, Corporate, Team Management



**Ron Lansdell, COO**  
Strengths: Geophysics, Exploration Project Execution, Commercial



**Scott Richardson Brown, CFO**  
Strengths: Finance, Corporate, Investor Relations, Commercial

## Management



**Dr Satinder Purewal, VP Technical**  
Strengths: Petroleum Engineering



**Martin David, Manager Exploration and Licences**  
Strengths: Geology, Exploration Management



**David Larcombe, Engineering & Commercial Manager**  
Strengths: Process Engineering, Field Development, Asset Valuation



**Gary Tootill, Development Manager**  
Strengths: Asset Development & Field Management



**Rebecca Smith, Financial Controller**  
Strengths: Account Management, Finance



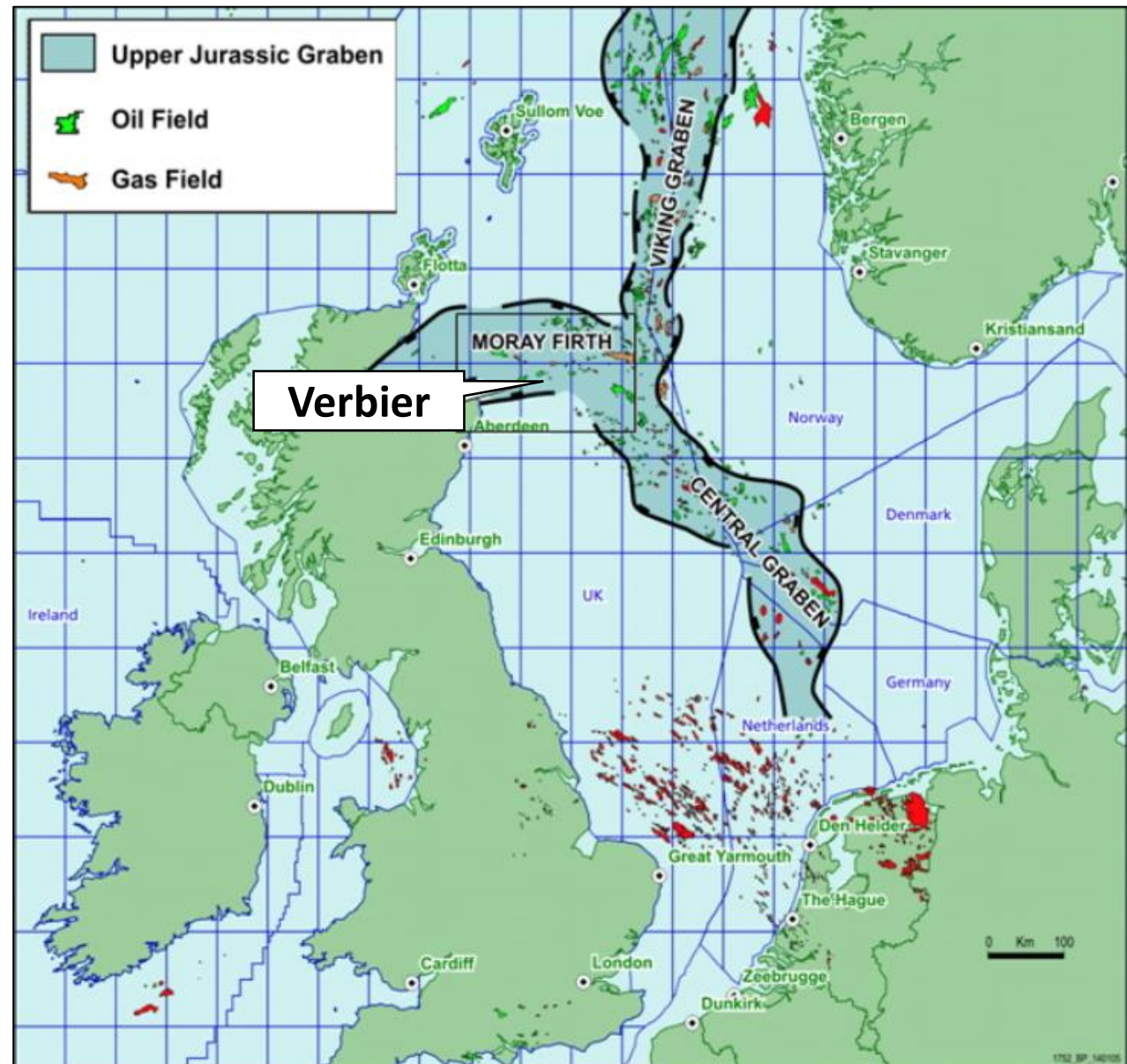
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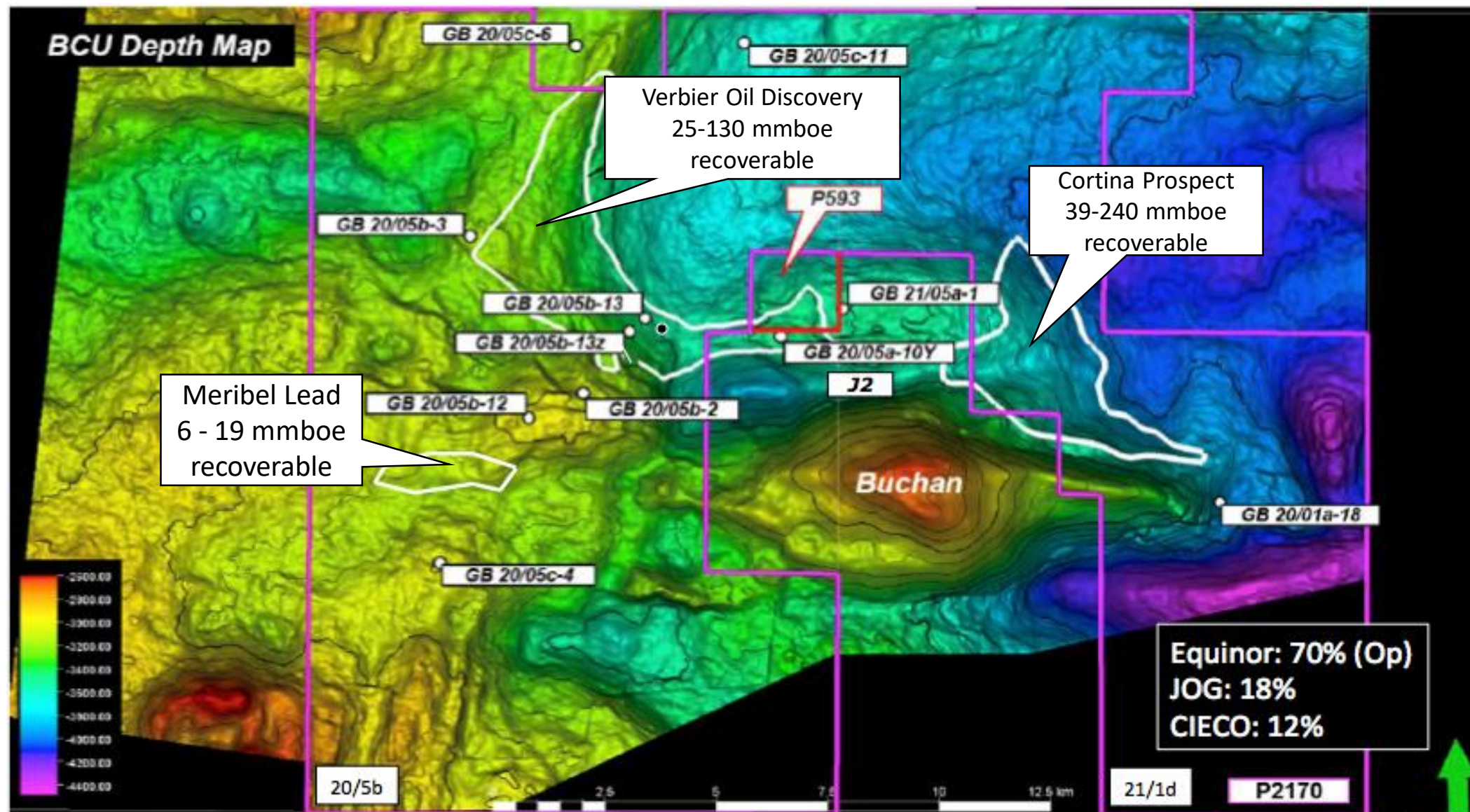
P2170 – Verbier Oil Discovery



- 100 km offshore NE Aberdeen
- Outer Moray Firth
- 55km east of Buzzard
- Close proximity to Forties Pipeline System
- Completed farm out to Equinor: 07.10.16
- Elected to drill: 15.11.16
- Drilled 20/05b-13, 13Z
  - Verbier oil discovery 9<sup>th</sup> October 2017
- Verbier appraisal well programme planned mid to late Q4 2018
  - Verbier appraisal well and optional sidetrack
- Progressing P2170 potential Area Development Plan



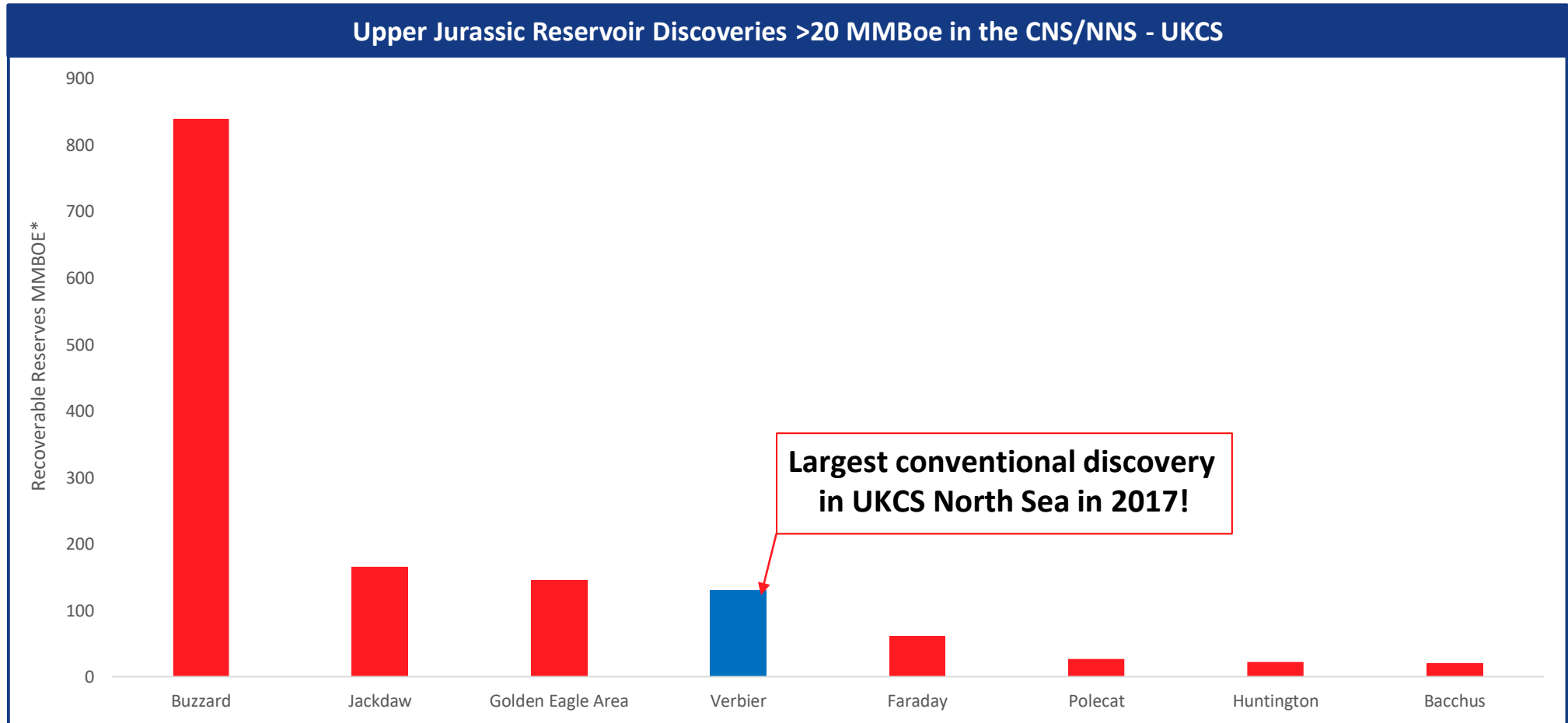




**P2170 potential 25-389 mmboe**

Cortina resources as per ERCE CPR 2017. Meribel resources are management estimates





- Recoverable resource estimates attributed to Verbier make it a significant oil discovery in the past 20 years
- The Late Jurassic turbidite reservoirs in Buzzard are analogous to Verbier, Cortina & Meribel

\* Verbier volume as per RNS 0060T Jersey Oil & Gas



Market Cap  
£70 Billion  
70% Working  
Interest



Market Cap\*  
£24 Billion  
12% Working  
Interest



Market Cap  
£38 Million  
18% Working  
Interest

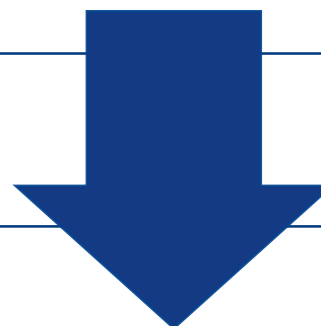
**Potential big oil play with small company upside**

*\*CIECO is a subsidiary of Itochu Market Cap  
Close 24<sup>th</sup> September 2018*



## Discovery - 2017

- Discovery of between 25 and 130 million barrels gross recoverable oil
  - Potential Gross Oil Value - \$1.75 billion<sup>1</sup>
  - Low case potential discounted value net to JOG: £31.2 Million<sup>2</sup>



## Appraisal - 2018

- Analysis of discovery well
- Shot new 3D seismic over P2170 and offset acreage
- Verbier appraisal planned for drilling Q4 2018
  - Determine resource range
- Potential Gross Oil Value - \$9.1 billion<sup>1</sup>
  - High case potential discounted value net to JOG: £196.7 Million<sup>2</sup>



**JOG investing c.£11m to potentially increase proven recoverable volumes 5 fold**

<sup>1</sup> – Brent oil price \$70/bbl multiplied by recoverable volumes

<sup>2</sup> NPV(10) calculation: JOG Management Estimates using Oct 17 Brent strip curve and indicative JOG development and production cost estimates

## Rig Visit 03-05-18



Verbier is part of an Equinor multi-well drilling campaign

- West Phoenix commencement of Equinor drilling campaign now imminent
- Verbier is currently scheduled for mid to late Q4
- Appraisal well + optional sidetrack well
- Estimate Drill time 30-40 days
- JOG fully funded

## West Phoenix Rig



- Sixth generation semi-submersible
- Dual derrick
- Dynamically positioned using 8 thrusters
- Length 82.7m; Breadth 72.7m
- BOP rated to 15,000 PSI
- Accommodation for 128 persons

**Appraisal objective: Prove up more recoverable volumes**



The Sanco Swift Seismic Vessel



- Shot Q2 2018 over P2170 and offset acreage
- Processing is underway
- Fast track volume available in December 2018
- Final data available end Q2 2019

The data will be key to maximising the value of P2170

## Notional Development Scenario

- Wellhead Platform linked to a production platform
- Lifecycle costs under \$35/boe
- Category 5 estimates
- Adding tie backs from other discoveries significantly reduces cost/boe

| Lifecycle Cost \$/boe |              |
|-----------------------|--------------|
| CAPEX                 | 10 – 13      |
| OPEX                  | 14 – 18      |
| ABEX                  | 2 – 4        |
| <b>Total</b>          | <b>26-35</b> |

| Indicative Development Parameters |             |
|-----------------------------------|-------------|
| Recoverable Resources             | 130 MMboe   |
| Daily Peak Production             | 55-65 kbopd |
| Appraisal                         | 2018        |
| First Production                  | 2022        |
| API Gravity <sup>2</sup>          | 39          |

1 JOG Indicative Management Estimates. All costs in this slide are Real 2017 GBP

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

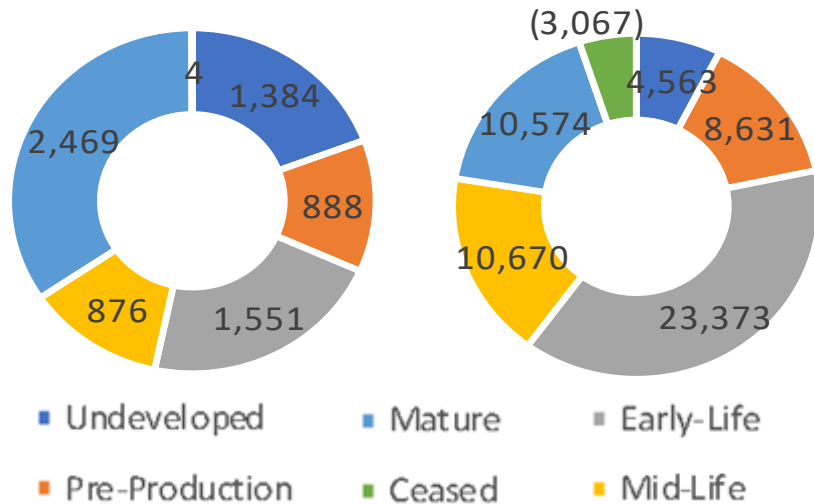
## Illustrative Wellhead Platform linked to a Production Platform





Remaining Reserves (MMboe)<sup>1</sup>

NPV \$MM<sup>1</sup>



## JOG Acquisition Strategy

- Seeking to acquire value-enhancing North Sea production assets in addition to advancing P2170 work programme
- Multiple asset acquisition opportunities in the pipeline under evaluation
- Sensitive about equity dilution ahead of Verbier appraisal
- Optimal financial structure to minimise dilution to the Verbier story

## Key details

### A prolific province

- 330 producing oil and gas fields
- Heavy infrastructure already in place
- Remaining reserves 5-20bn barrels

### Low oil prices driven down costs

- Rig rates remain attractive
- Average operating costs are down 30-40%

### Strong government support

- Headline tax rate 40%
- OGA MER Programme to extend life of fields and infrastructure

<sup>1</sup> Commercial only (i.e. does not include technically economic field potential) NPV is on a post tax basis. Source: Woodmac UDT – Independent peer group, Commercial and Technical volumes

## People

- Highly experienced North Sea management team
- Key management have significant shareholdings
- JOG has a diversified, nimble and tenacious team

## P2170 Core Asset Value

- Verbier – Discovery October 2017
- Upcoming appraisal work programme
- Further de-risking of the Cortina Prospect
- Assessment of additional prospectivity

## Production Asset Acquisition

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

## Creation of Shareholder Value

- Successful deal execution
- Debt free with no material liabilities
- Fully funded for upcoming work programme

**Potential big oil play with small company upside**