The Greater Buchan Area Development

Concept Select Update

JERSEY OIL&GAS

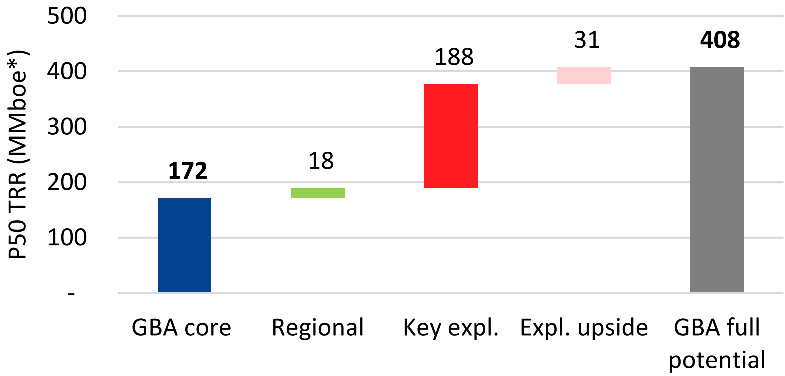
March 2021

Jersey Oil & Gas at a glance

JERSEY OIL&GAS

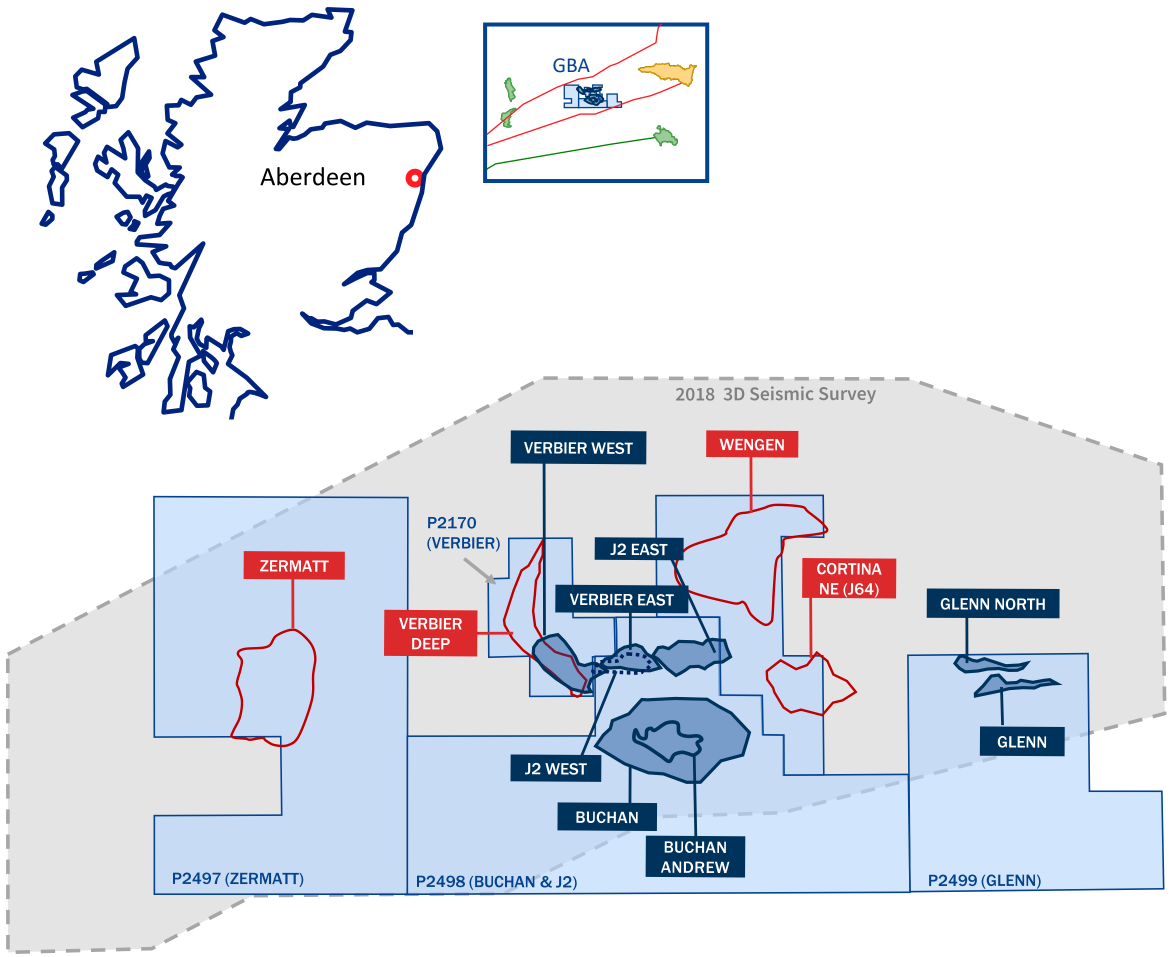
- AIM listed UK independent E&P company
  - Small cap (c.£50m) company with large cap asset base
  - Delivering on a strategy of focused growth

- Key asset is the Greater Buchan Area



- Significant near-term value gates
  - Development concept selected
  - GBA farm out process launching in March 2021
  - FEED entry in Q3 2021
  - FID in H2 2022

The Greater Buchan Area, UK Central North Sea

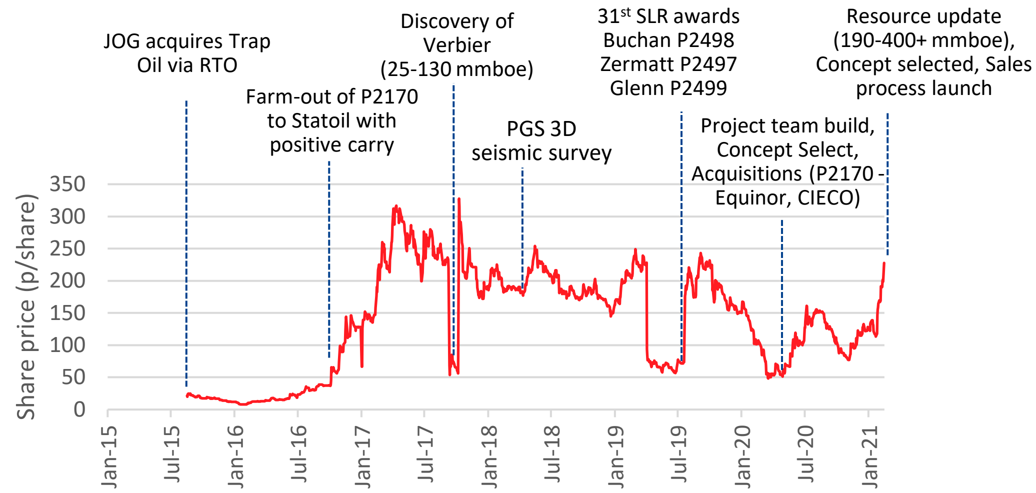


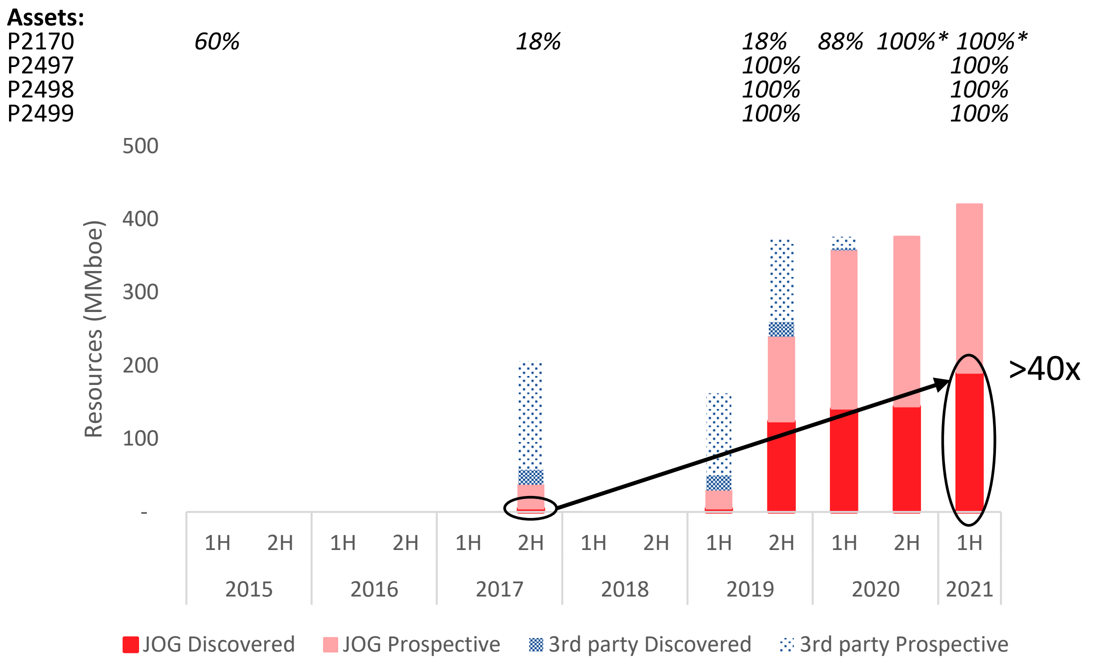
A pure play North Sea development opportunity with material upside

*: P50 TRR volumes are management estimates as at 2 March 2021 and are shown on a barrel of oil equivalent (boe) basis

Our strategy…

- Successfully aggregated a very significant portfolio
  - Successful exploration
  - Astute licensing
  - Targeted acquisitions
  - >40x increase in discovered resources in under 4 years
- Corporate Carbon Policy to be announced shortly
  - Establishing an energy company of the future
- GBA sales process launching imminently to bring in a partner
  - Major funding contribution for capex
  - Industry validation to de-risk equity story
- The GBA is now a major development opportunity in the North Sea
  - Significantly de-risked and material development
  - Multiple high margin, exploration opportunities adjacent to GBA
  - Longevity and scale of cashflows and value
  - Tax synergies for existing North Sea corporates
  - Carbon intensity reduction





…is delivering material growth

*: Subject to completion of CIECO V&C acquisition announced 26 November 2020

Concept Select process

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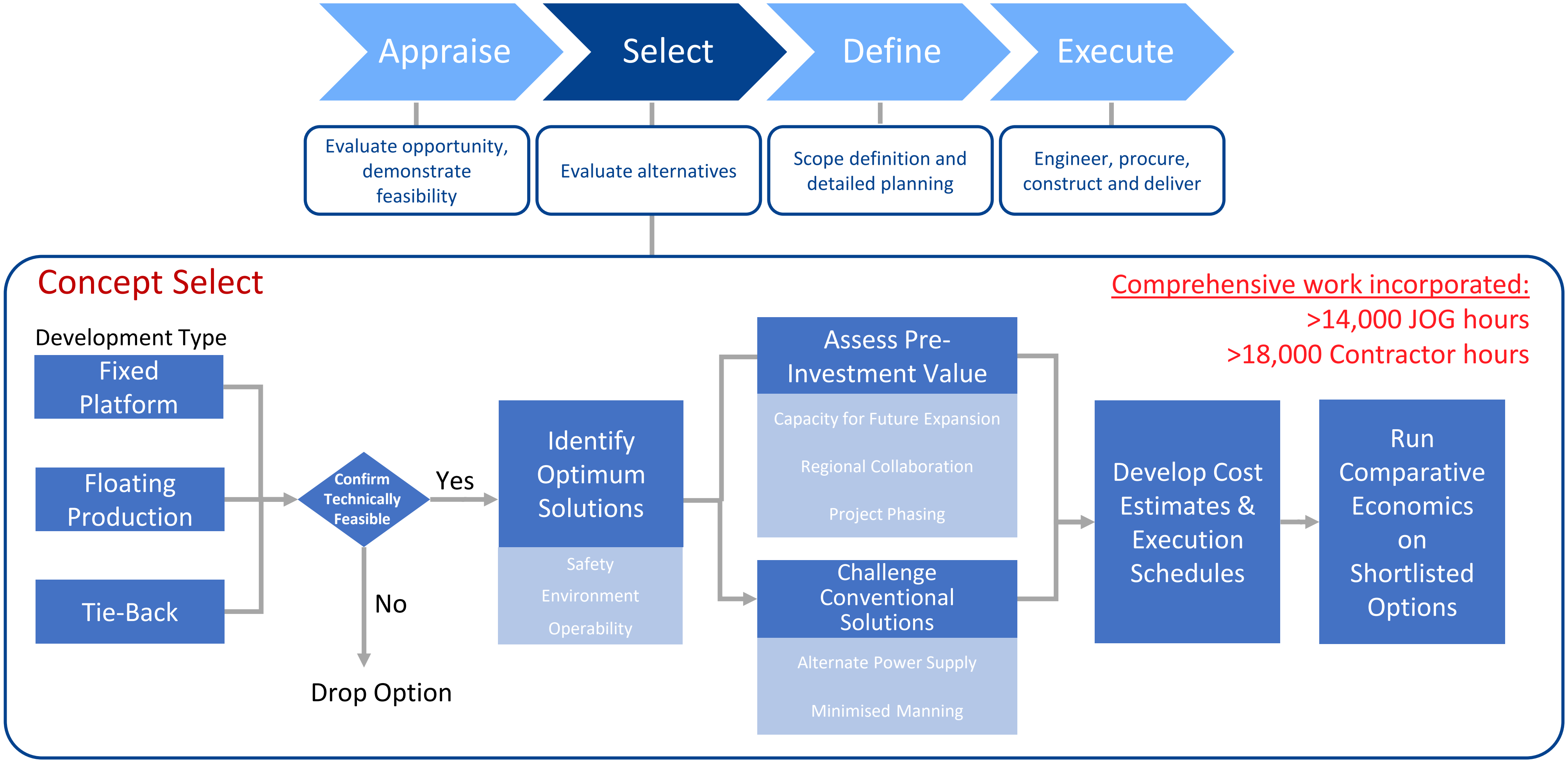
Concept Select is a material milestone in the GBA Development stage gate process



Concept Select has provided a robust, technically de-risked, low carbon and economically attractive development solution for the GBA

Defining and de-risking the subsurface volumes

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Buchan subsurface timeline

<u>Comprehensive dynamic modelling:</u>
>20,000 dynamic model simulation runs

PGS 3D seismic volume delivered 11.07.2019

Licence P2498 Start Date 30.08.2019

Visit to BGS Core Store 06-07.11.2019

Rockflow Buchan static model completed

Schlumberger (SLB) commence Buchan RE/dynamic modelling

Vysus Group Peer review

Subsurface evaluation

Static model build

Schlumberger RE/dynamic modelling

SLB Report

rockflow CPR based on DCA

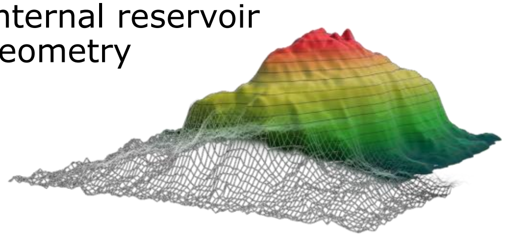
rockflow RE/dynamic modelling

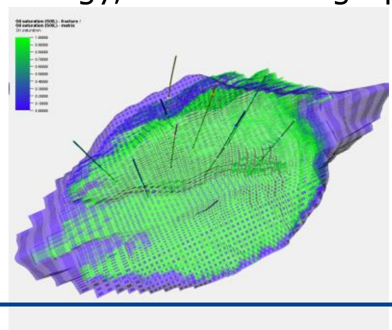
Updated resources disclosed to mkt

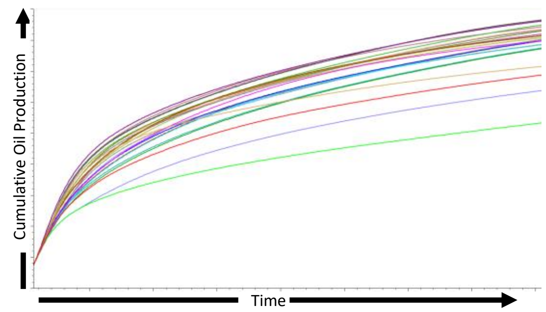
Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021

<u>Buchan subsurface modelling incorporated:</u>

- Petrophysics of all Buchan wells
- Seismic interpretation and depth conversion
- Dipmeter logs
- Image logs
- Structural modelling
- Internal reservoir geometry
- Core analysis – porosity & fractures
- Reservoir correlation
- Sedimentological analysis
- Heavy mineral analysis
- Palynology, Chemostratigraphy
- Fluid and rock properties
- 36 years of historical production data
- Production logging data
- Reservoir pressure data

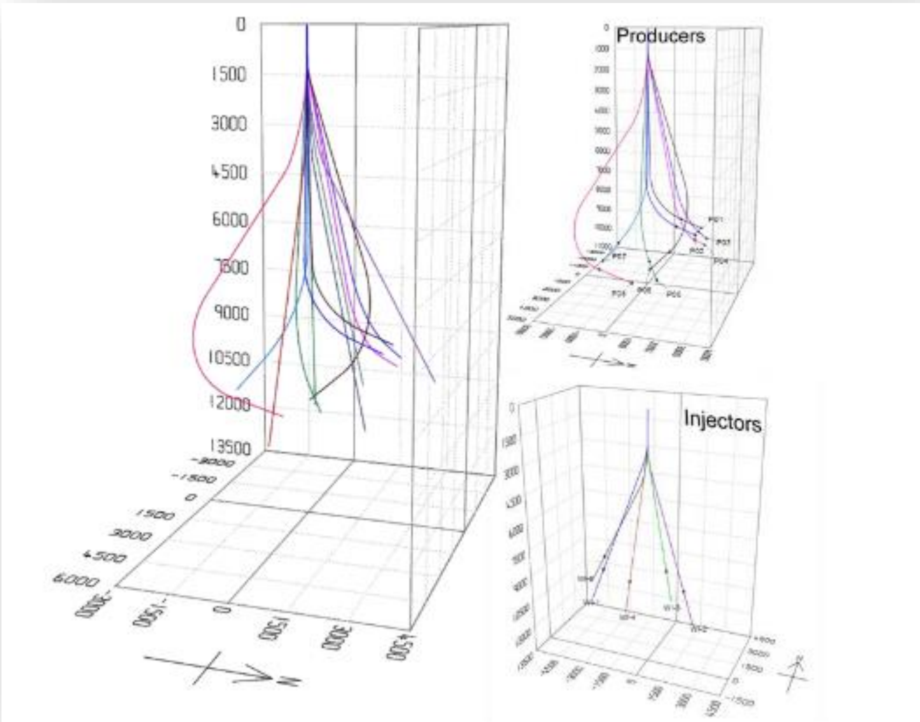


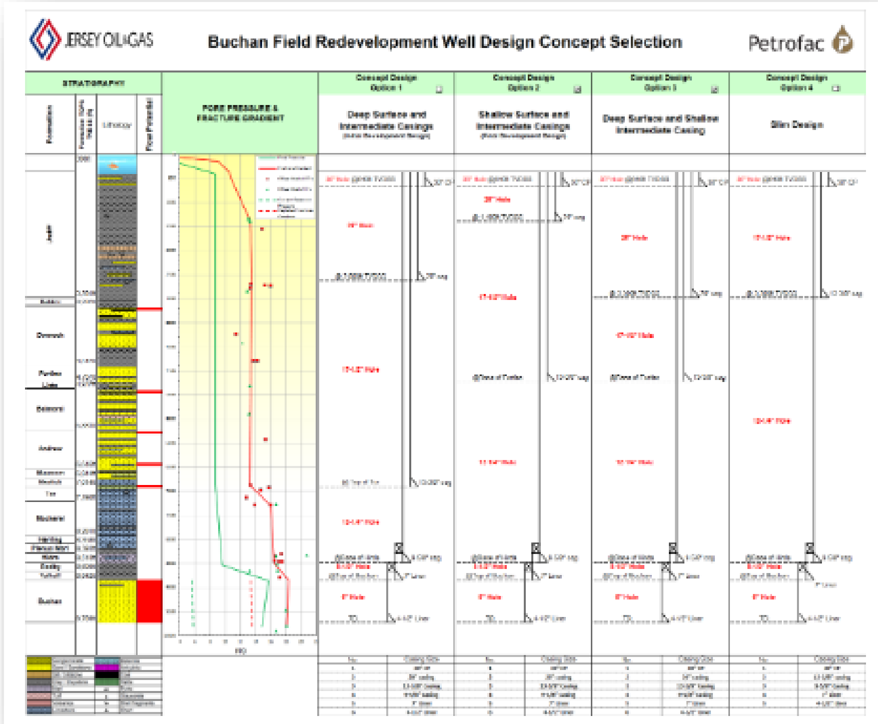




Successful match of 36 year production history provides far higher confidence in production forecasts than is usual for greenfield developments

Well Engineering





- Well trajectories examined for producers & injectors
- Time and cost ranges established
- Completion options developed, risked and costed

Process simulations

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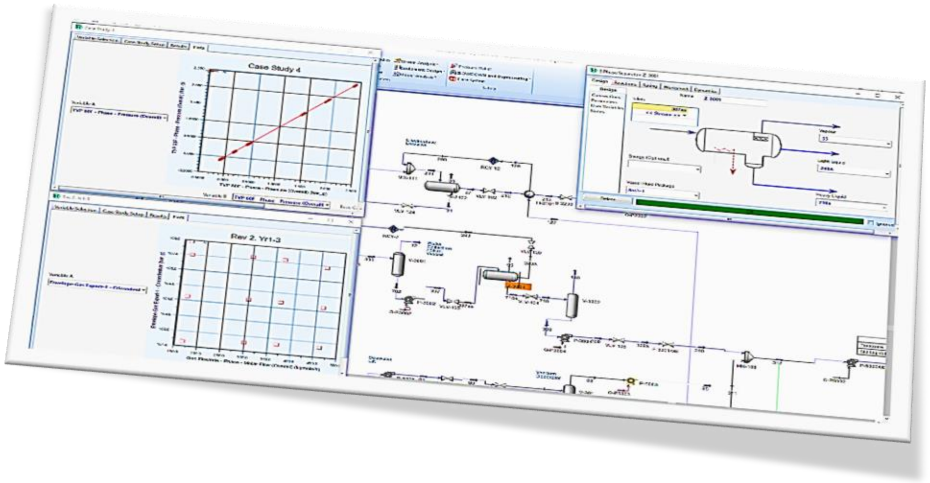
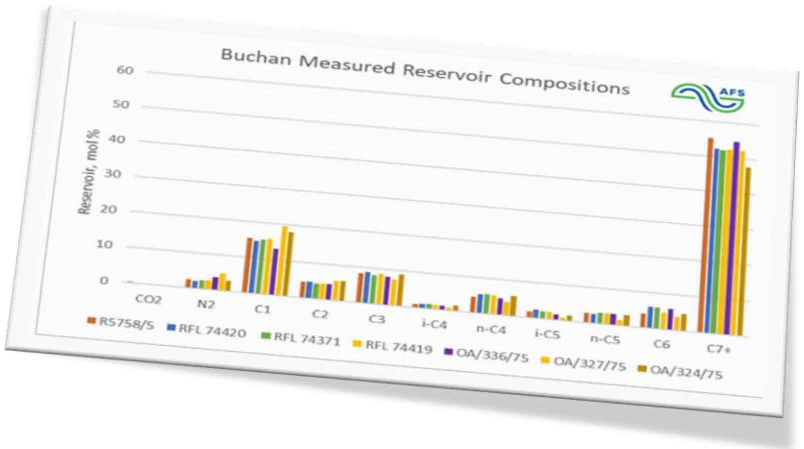
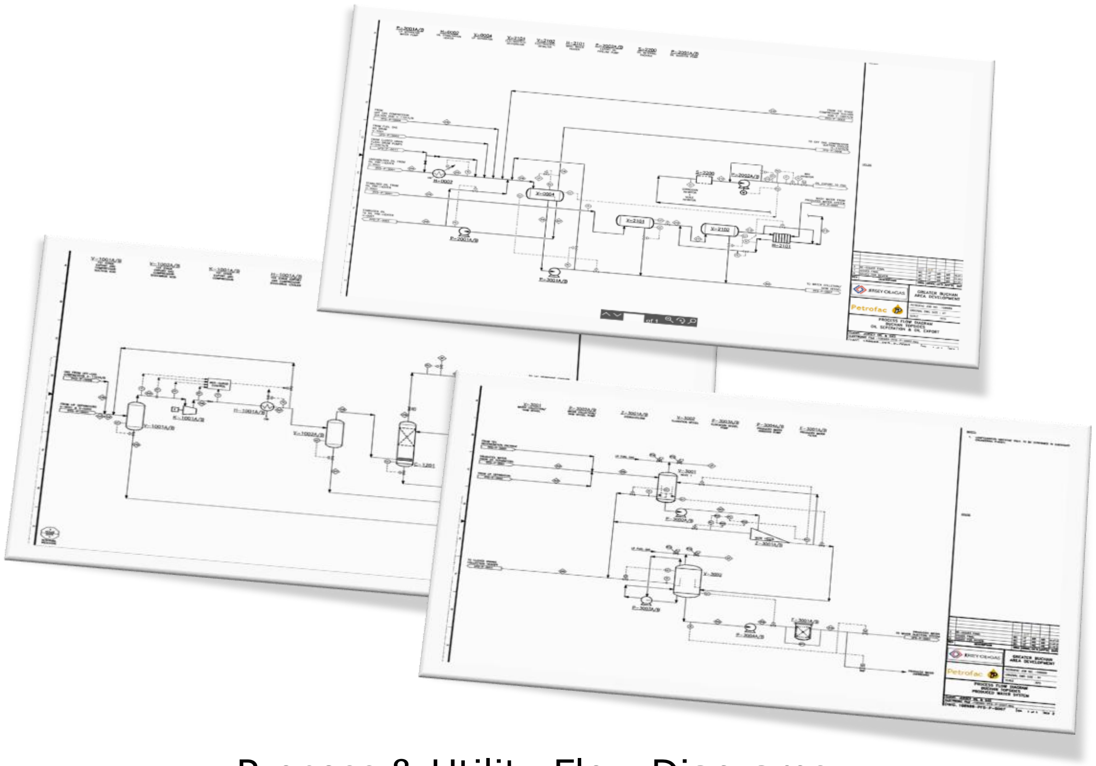


- Process simulations performed to establish production & utility system functional requirements
- Equipment count & sizes established to inform cost estimating





- Buchan, J2 & Verbier hydrocarbon fluid characterisation completed
- Production chemistry assessments undertaken
- Flow assurance examined

- Process & Utility Flow Diagrams developed
- Impact of alternative oil & gas export options evaluated

Facilities layout and substructure design

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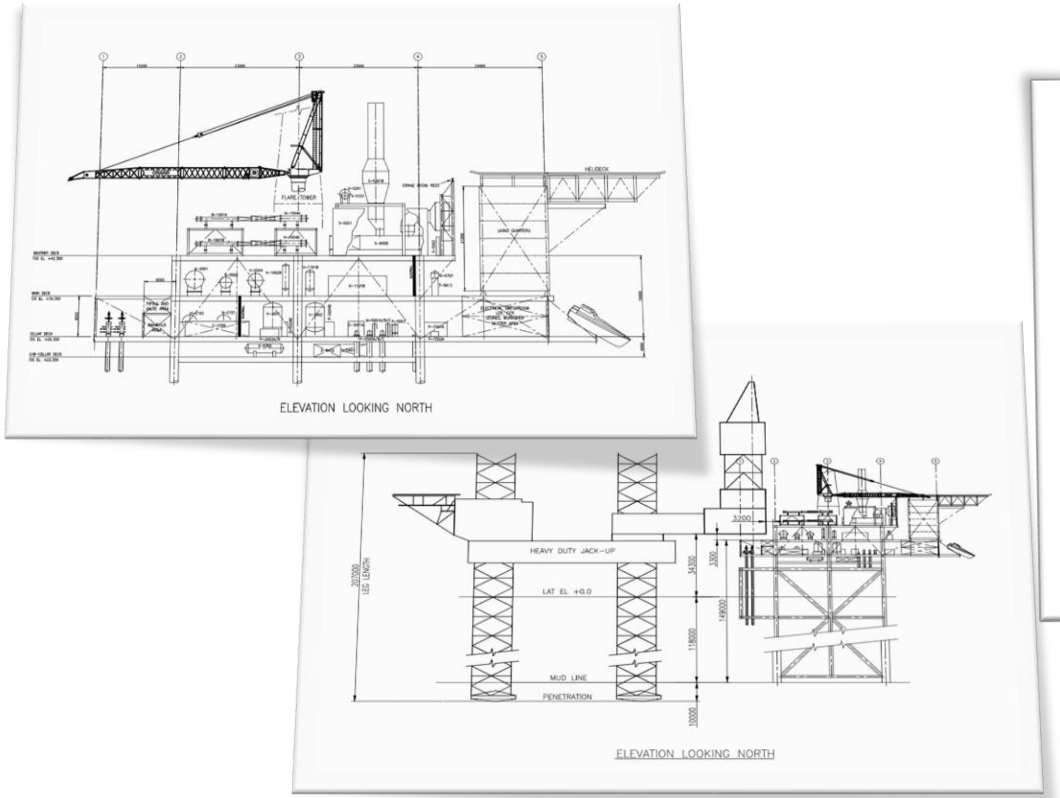
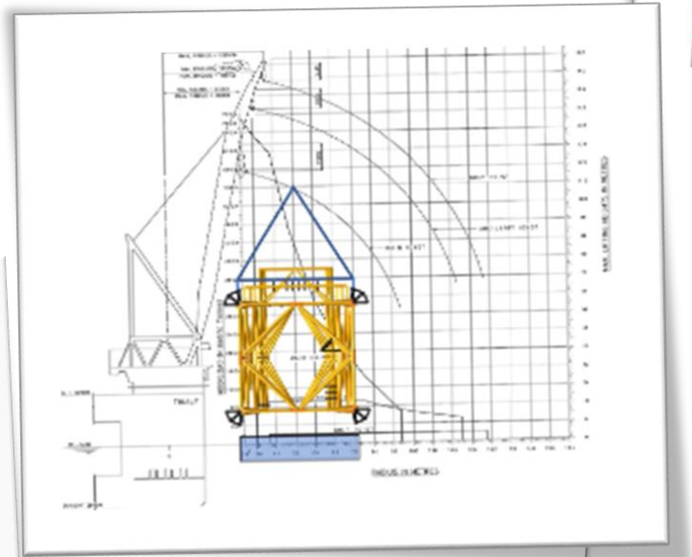
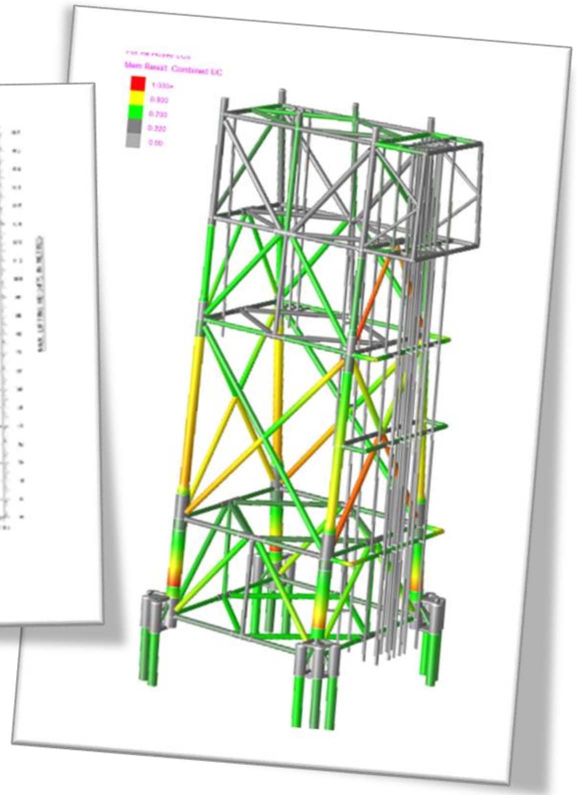






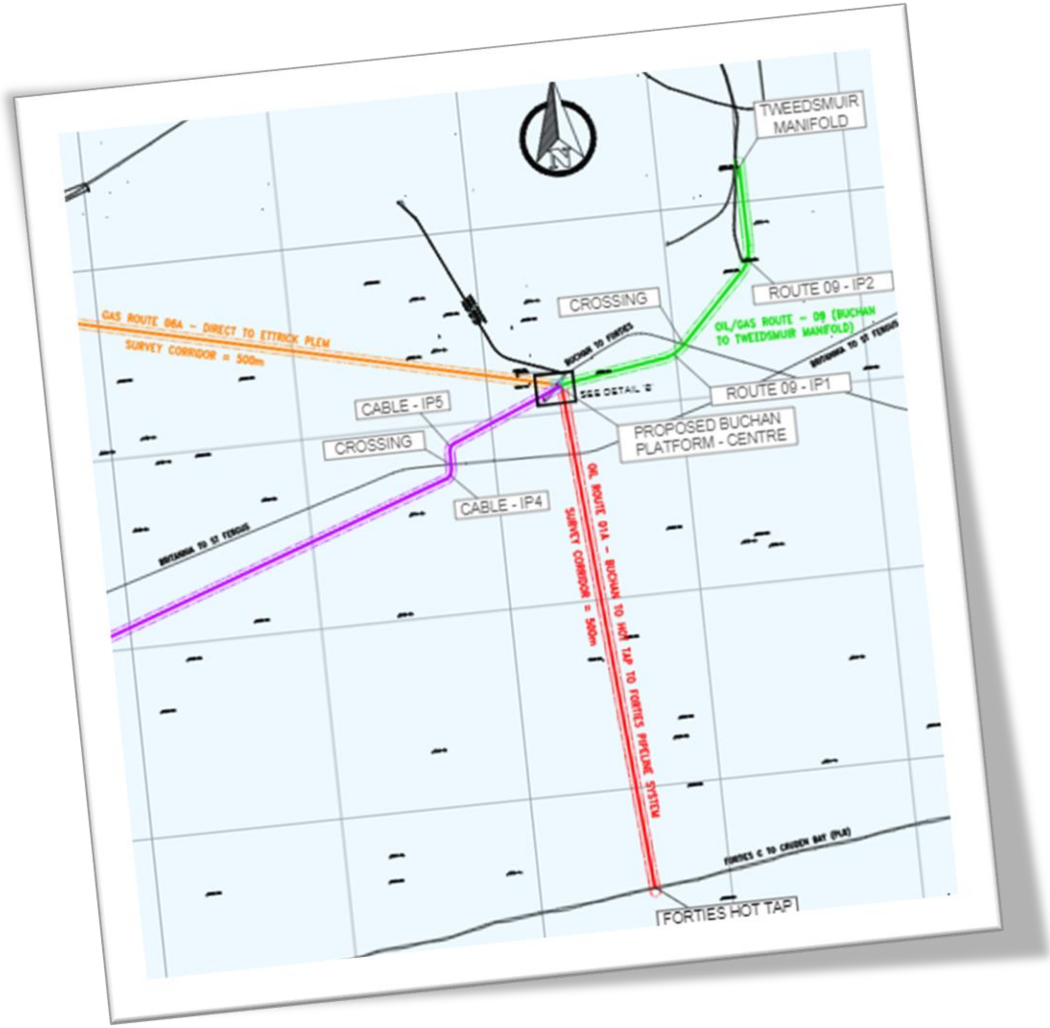
- Topsides layouts developed for conventional & electrified options
- Facility sizing & weight calculated
- Market reviews of drilling rig availability for water depth
- Design interface requirements with platform established

- Substructure design developed
- Installation schemes reviewed
- Piling requirement examined

Single integrated deck, single lift, reducing offshore hook-up and commissioning to de-risk cost and schedule

Export Options

- Multiple options for oil & gas export
- Formal requests for service issued to pipeline operators
- Final selection subject to a detailed economic and risk assessment
- Scheduled to inform FEED engineering

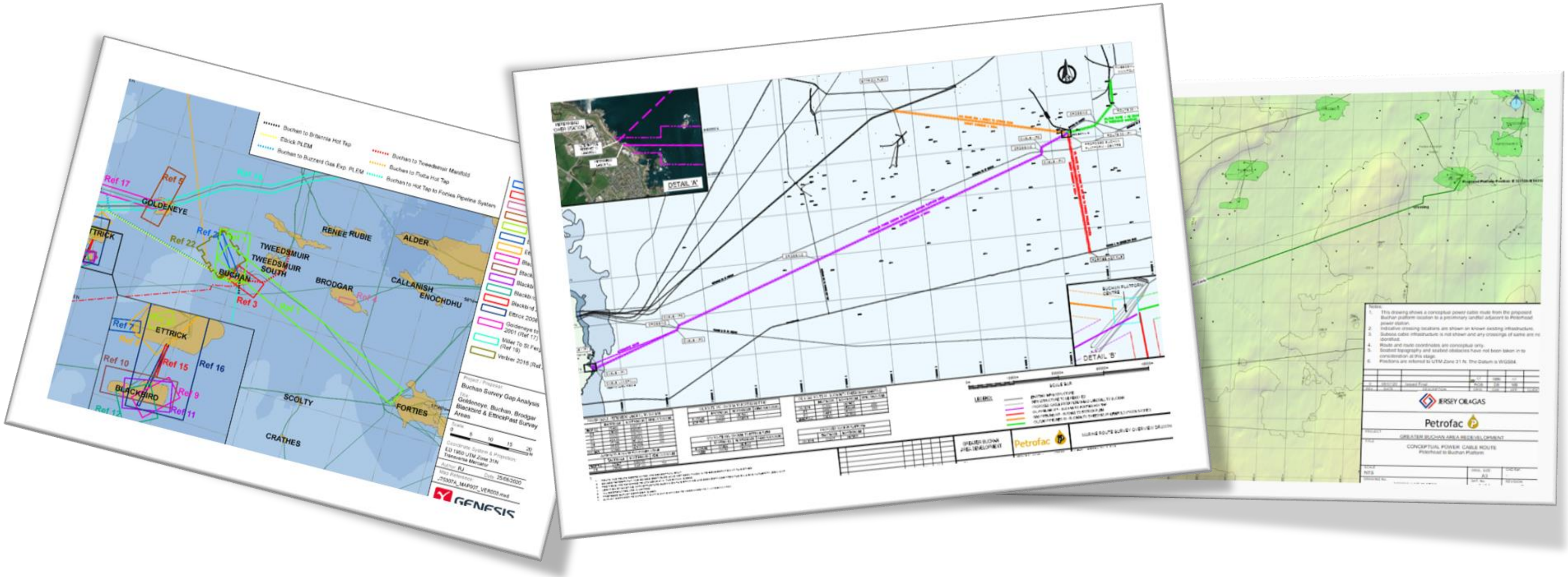


Offshore Surveys

- Pre-FEED offshore survey requirements defined and tendering underway

- Geotechnical soils data acquisition planned:
  - To inform substructure, pipeline & subsea cable design

- Environmental baseline data:
  - To support environmental impact assessments & submission of Environment Statement



The Greater Buchan Area development concept

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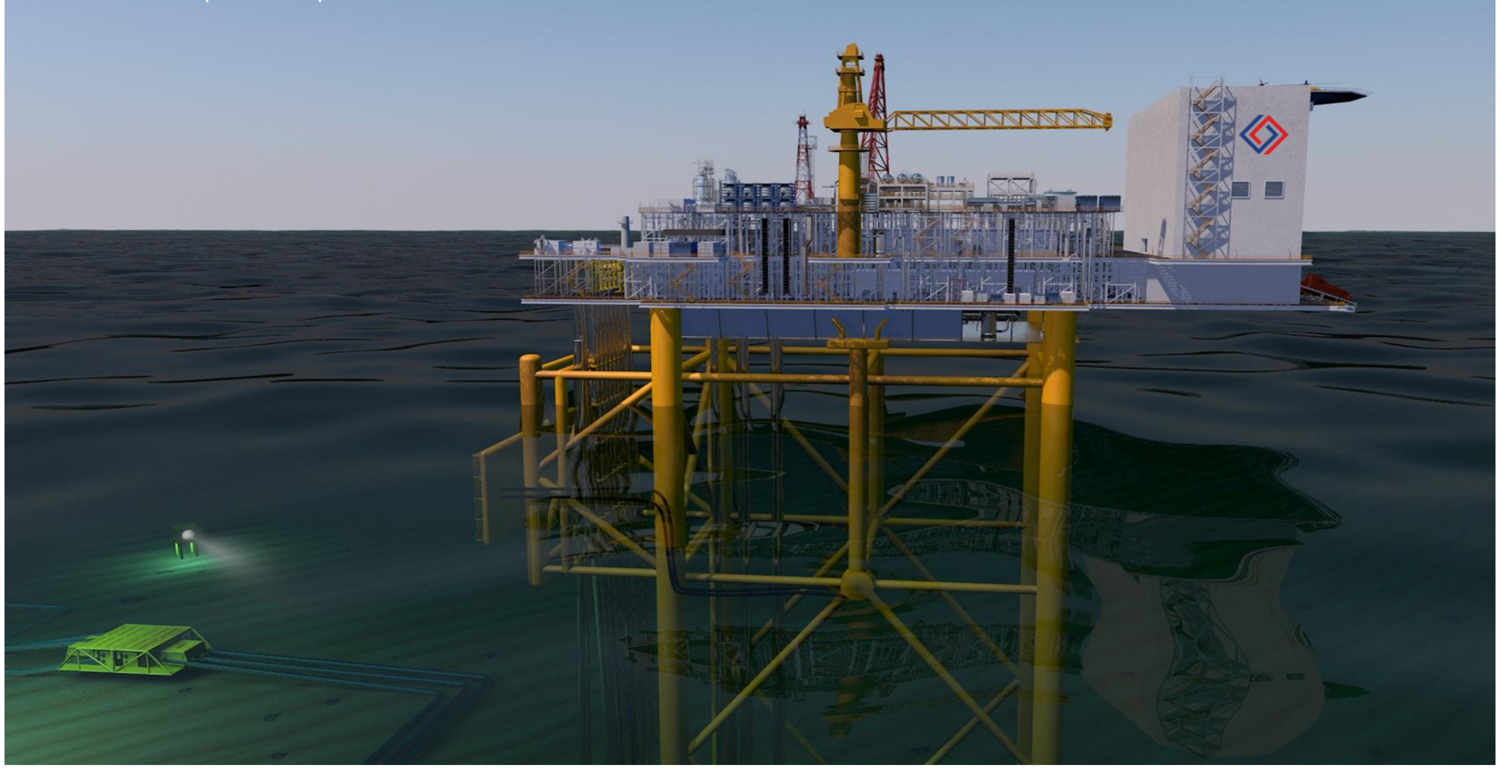
A development centred around a single, normally manned, integrated wellhead, production, utilities and quarters platform to be located at the Buchan field



Core GBA

Phase 1

- GBA platform (host)
- Buchan wells
  - 5 producers
  - 2 injectors
  - ESPs
- Multiple oil and gas export routes*
- Power from shore‡

Phase 2

- Subsea tieback of J2 East, J2 West and Verbier East
  - 3 producers
  - 2 injectors
- Wells to be drilled post Phase 1 first oil

Phase 3

- Subsea tieback of Verbier West
  - 2 producers
  - 1 injectors
- Wells to be drilled post Phase 2 first oil

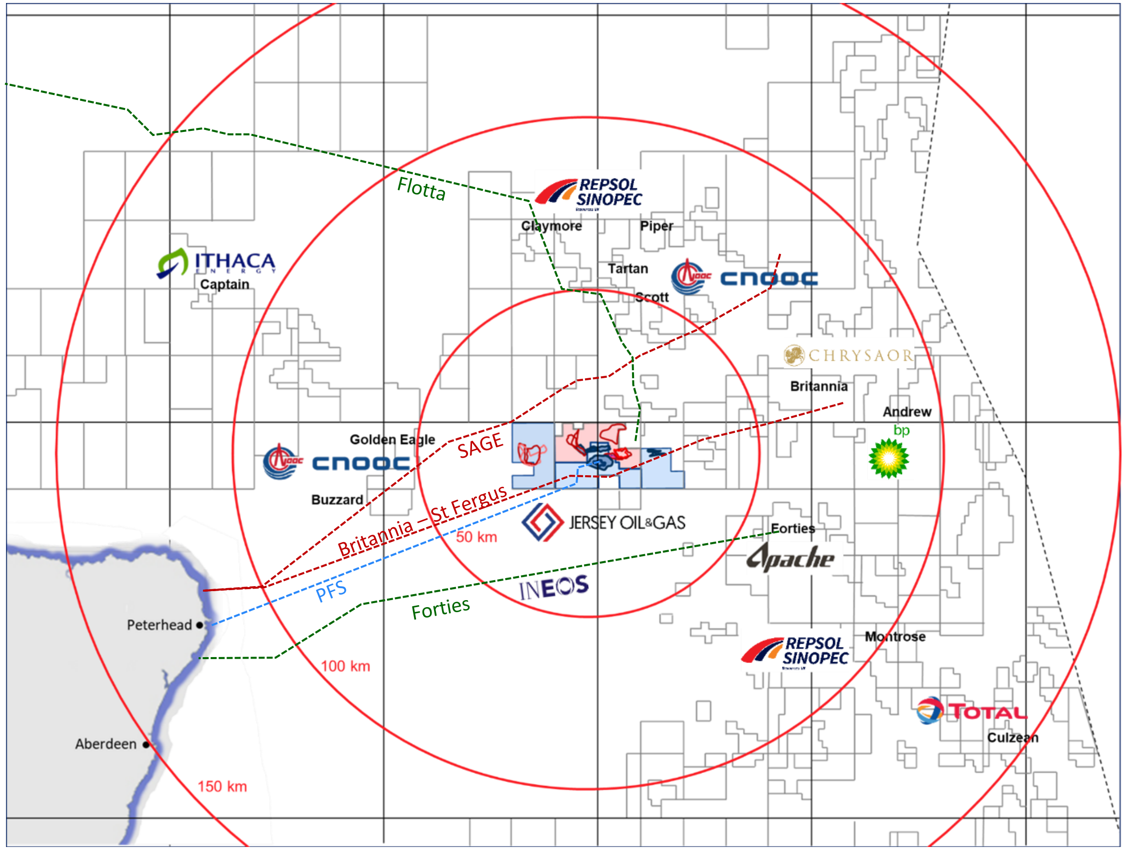
Key stats

- First Oil target dates
  - Phase 1 – Q4 2025
  - Phase 2 – 2027
  - Phase 3 - 2028
- 172 mmboe 2C TRR
  - 30+ year field life §
- Nameplate capacities
  - 40,000 bpd oil
  - 15 mmscfd gas
- Capex (incl. 20% contingency)
  - c.£1bn Phase 1
- Opex†
  - US$8-9/boe at peak production rates
- Power solution
  - Power from shore preferred despite "green premium"
  - Significantly lower carbon emissions from production
  - Subject to commercial agreement and regulatory approvals

*: final choices subject to further technical and commercial discussions
§: subject to prevailing commodity prices and costs
‡: subject to further commercial discussions and regulatory approvals
†: dependant on source of power/carbon tax - source of power is either electrification via power from shore (PFS) or gas turbine generators (GTGs), all scenarios include hydrocarbon export tariffs

GBA Development electrification via power from shore (PFS)

- Proven technology capable of significantly reducing CO_2 emissions
  - Reduction in GBA production emissions from North Sea average of 20kg/boe (gas turbines) to <1kg/boe (PFS)
  - Material reduction in carbon tax exposure
  - Delivers the OGA and Government's strategy of Net Zero
  - Distance to shore technically feasible and economically viable
- Enhances investment attractiveness of the GBA
  - Low carbon barrels strategically important
  - Significantly widens investor pool
  - Opportunity for infrastructure funding
- GBA optimally located in heart of UK CNS to facilitate PFS
  - Potential enabler for regional electrification
  - Partnering with other developments would reduce costs compared to standalone scheme



Aiming to produce the lowest carbon barrels in the UK North Sea

Compelling economics

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		Phase 1			Core GBA		
Commodity Pricing	Brent	$55/bbl	$65/bbl	$75/bbl	$55/bbl	$65/bbl	$75/bbl
Inflation	Real / Nominal (2%)	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
Economic Resources	mmboe	117	122	125	158	162	165
Life of field	year	27	31	34	28	31	34
CO_2 / Production	kg/boe	<1kg	<1kg	<1kg	<1kg	<1kg	<1kg
Pre-Tax cumul. cash flow	$bn	3.2	4.7	6.2	4.4	6.4	8.4
Post-Tax cumul. cash flow	$bn	2.2	3.1	4.0	3.1	4.2	5.3
NPV (Pre-Tax)	$bn	0.9	1.3	1.8	1.1	1.7	2.3
NPV (Post-Tax)	$bn	0.6	0.9	1.1	0.7	1.1	1.5
IRR	%	>20%	>25%	>30%	>20%	>25%	>30%
Payback from 1st oil (yrs)		2.3	1.9	1.6	3.3	2.8	2.4

		Phase 1			Core GBA		
		$55/bbl	$65/bbl	$75/bbl	$55/bbl	$65/bbl	$75/bbl
		Real	Real	Real	Real	Real	Real
CAPEX	$bn	1.4	1.4	1.4	2.1	2.1	2.1
OPEX	$bn	2.3	2.6	2.8	2.5	2.7	3.0
CAPEX / boe	$/boe	11.6	11.1	10.8	13.4	13.1	12.8
OPEX / boe	$/boe	19.4	21.0	22.3	15.9	16.9	17.9
ABEX / boe	$/boe	1.6	1.6	1.5	2.6	2.6	2.5

Key assumptions

- Oil price of US$55/bbl, US$65/bbl or US$75/bbl
- Gas price 46.2p/therm
- US$:GB£ - 1.30
- Economics for all shown cases use power from shore to reduce CO_2 emissions
- Nominal economics run inflation at 2% for both prices and costs
- Discount rates are all at 10%
- Capex and Opex are Class 4 estimates
  - +/- 30% accuracy
  - Include 20% contingency
- Opex includes tariff assumptions
  - Tariff assumptions not disclosed pending outcome of commercial discussions given multiple routes for both oil and gas export

A robust, technically de-risked and low carbon development concept provides highly economic returns

Source: Economic analyses are from the JOG economic model built for Concept Select and represent management estimates.

Path to unlocking the equity value

Current market value

GBA discovered resources (190 mmboe)

US$0.31/boe

Total resources (408 mmboe)

US$0.14/boe

£2.30/share

Post-tax NPV @ US$65/bbl – US$1.1bn

Economic discovered resources (162 mmboe)

US$6.81/boe

Unrisked, pre-farm-out

£38.88/share

Pre-tax NPV @ US$65/bbl – US$1.7bn

Economic resources (162 mmboe)

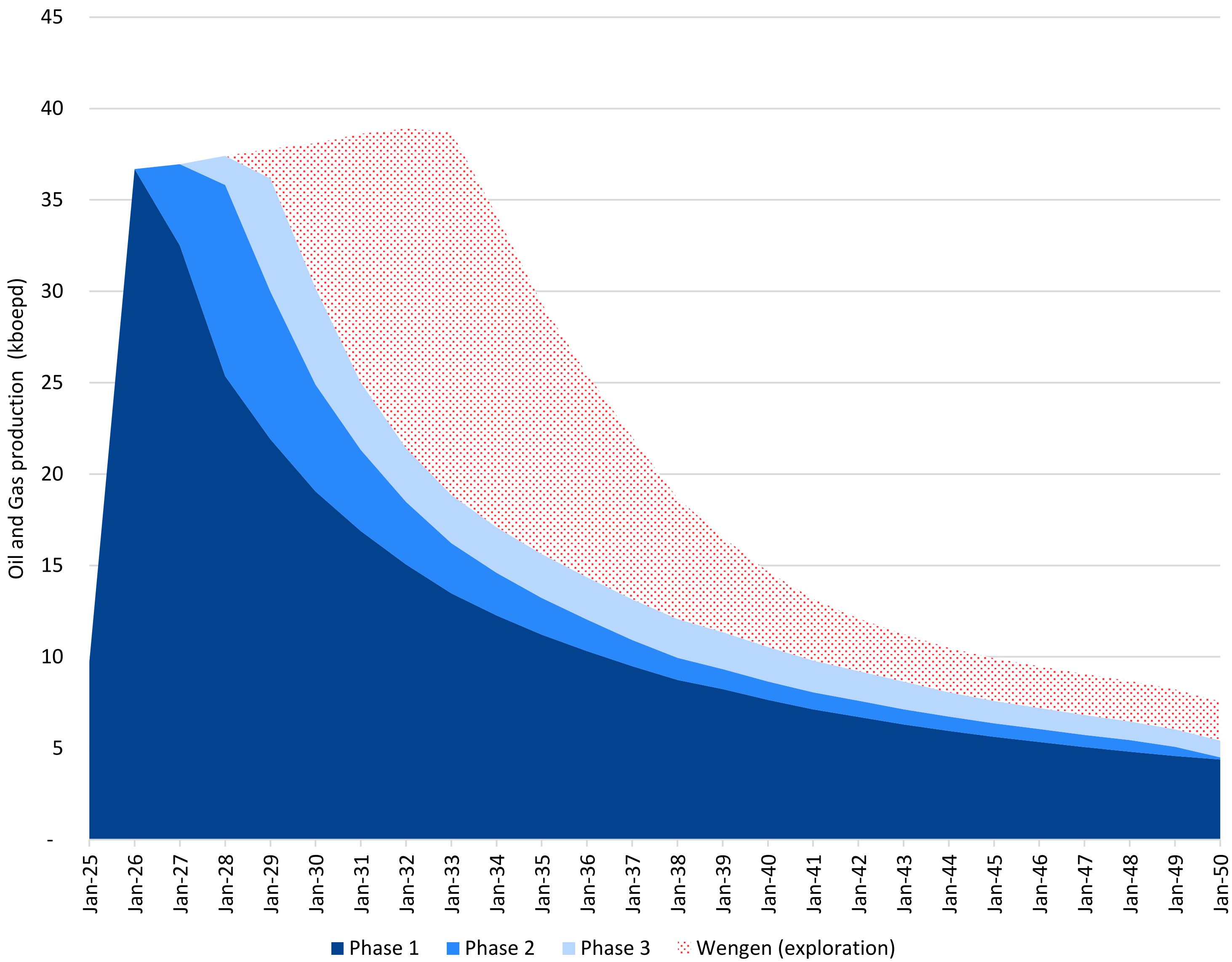
US$10.54/boe

Unrisked, pre-farm-out

£60.15/share

Note: Assumes a US$:GB£ FX rate of 1.30

Illustrating the GBA exploration upside value potential



Exploration success would extend plateau production and add significantly to overall GBA economics

Wengen success case*

Pre-tax cash flow would increase

- **Adds US$3.3bn**

Post tax cash flow would increase

- **Adds US$2.0bn**

Post-tax NPV

- **Adds US$0.5bn**

*: JOG management estimates based on P50 TRR volumes of 61 MMboe run at an oil price of US$65/boe and 46.2p/therm escalated at 2.0% p.a. and all other assumptions as per p13

Value upside drivers/components for JOG and potential farm-in partners

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Drivers

Tax synergies

- Tax shield against decommissioning spend
- Acquirer tax loss monetisation from GBA cash flow
- Capex spend offset against acquirers' current tax paying position

Infrastructure owners/users

- Tariff income
- Opex share reduction
- Opex share delay / life extension

Near field asset owners

- Tieback opportunities
- Life extension opportunities
- Alternative export routes

Carbon intensity reduction

- UKCS CO_2 metrics
- Power from shore

Value

GBA:
£1.6bn of capex
40% tax rate
Acquirer tax losses:
£0-£2bn+

160 mmbbls of oil
60 Bcf of gas

Reserves/Resources*
yet to be produced
within 50km of GBA
>80 mmboe in production
>275 mmboe resources

North Sea
average emissions‡
GTGs: c. 20kg CO2/boe
PFS: < 1kg CO2/boe

* Source: Wood Mackenzie (UDT) >80 MMboe of onstream reserves yet to be produced and >275 MMboe resources (Good Technical/Probable development) all within 50km of Buchan (excludes volumes attributable to the GBA development)
‡ Source: Rystad Energy, Management calculations for Power From Shore solution at $65/bbl

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