



# Investor Presentation

April 2019





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# MANAGEMENT & BOARD



**George Lucan**

*Managing Director*



**Cameron Buchanan**

*Non-Executive Director*



**Patrick Clanwilliam**

*Non-Executive Chairman*



**Andrew Hollis**

*Technical Director*



**Carlos Fernandes**

*Finance Director*



**Jonathan Tidswell-  
Pretorius**

*Operations Director (non-Board)*

# SHAREHOLDER STRUCTURE

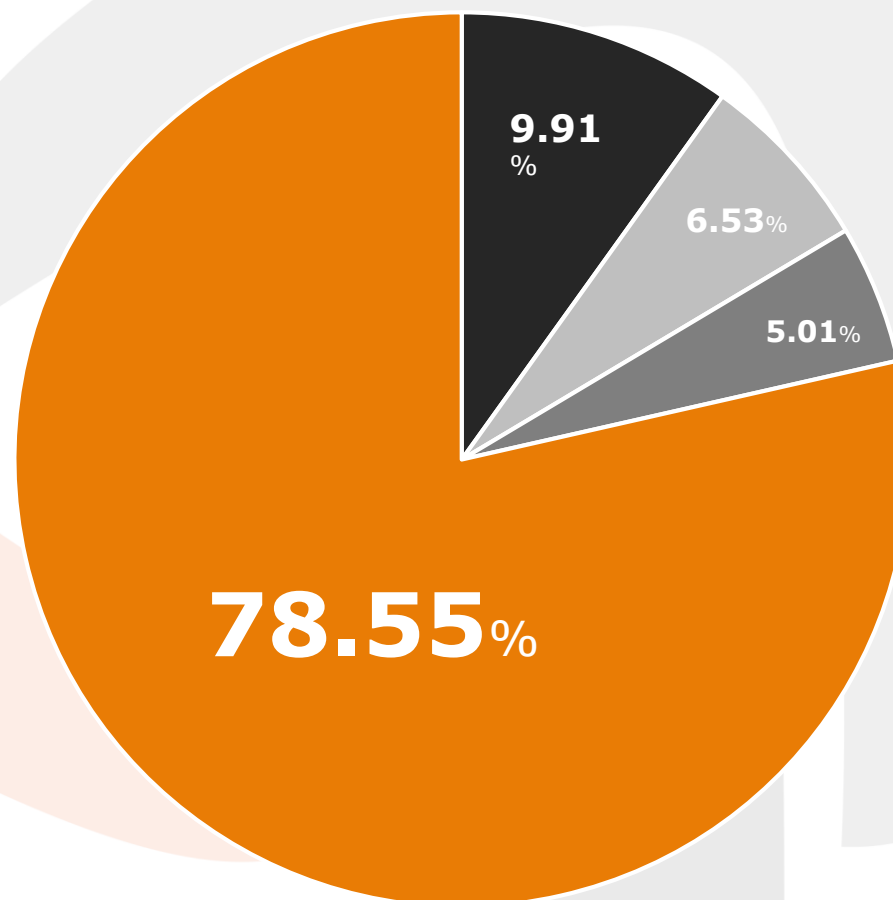
Issued share capital of Angus Energy plc consists of

**458,944,208\***

Ordinary Shares of £0.002 each

## Disclosed Shareholdings in Angus Energy greater than 3%

(as at 11<sup>th</sup> March 2019):



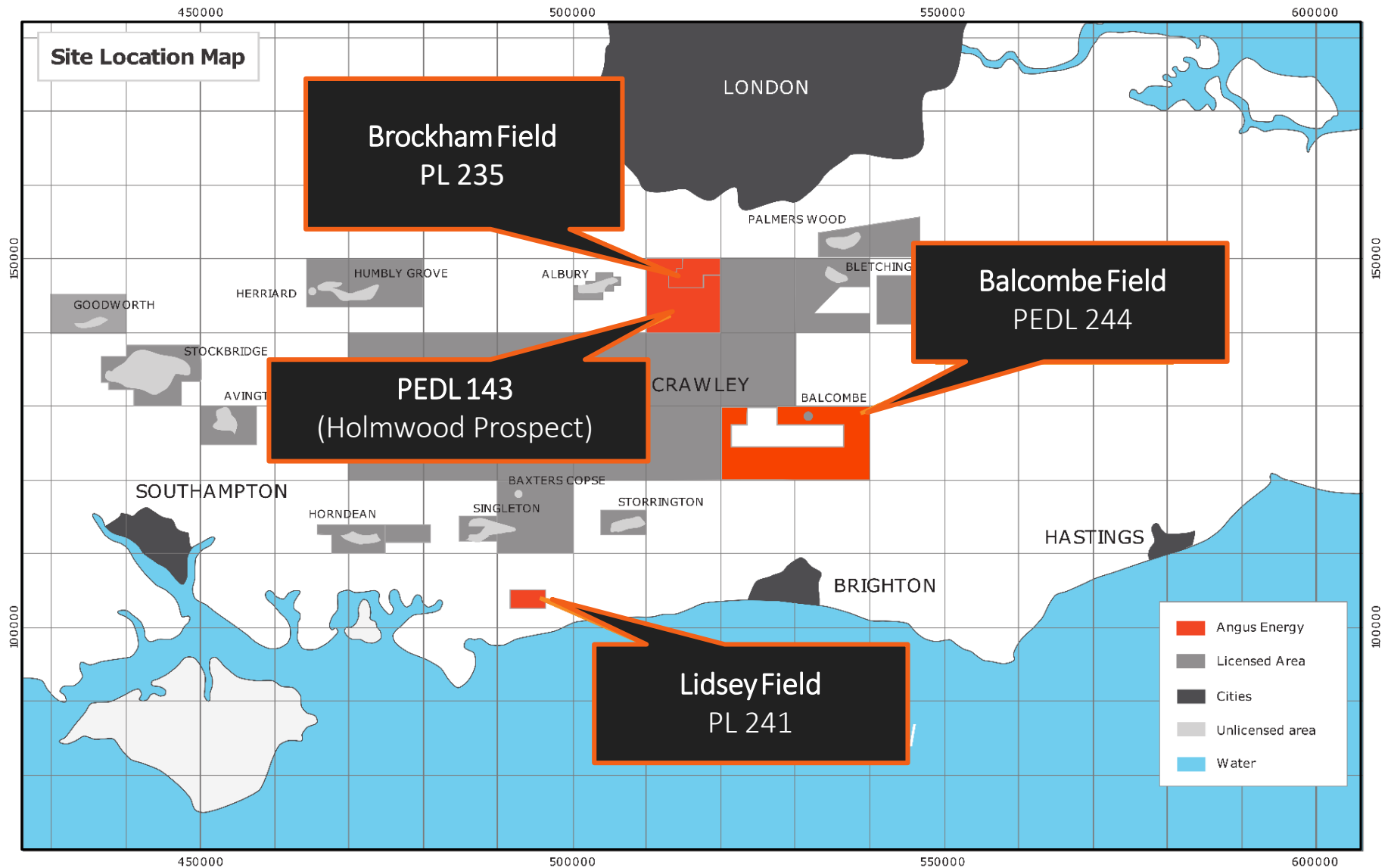
# OUR COMPANY FOCUS

Unlocking Value of Existing Portfolio  
With Simple & Effective **Drilling,**  
**Workover & Production** Campaigns

Selectively **Grow Portfolio** Of  
Onshore Development and Appraisal  
Projects in the Weald Basin & Beyond

Build Sustainable **Long Term Growth**  
to Provide Value to Shareholders  
While Managing Risk Effectively

# PORTFOLIO: COMPLEMENTARY ASSETS





## **Brockham**

65% Majority Interest + Operator

## **Balcombe**

25% Ownership + Operator

## **Holmwood**

12.5% Minority Interest

## **Lidsey**

80% Ownership + Operator



## FOUR PRIMARY OBJECTIVES

### **OBJECTIVE 1 - BROCKHAM**

Isolation of water, re-perforation and recompletion of Brockham X4Z

### **OBJECTIVE 2 - BALCOMBE**

Approval submission & well clean up operation leading to EWT of Balcombe 2Z horizontal

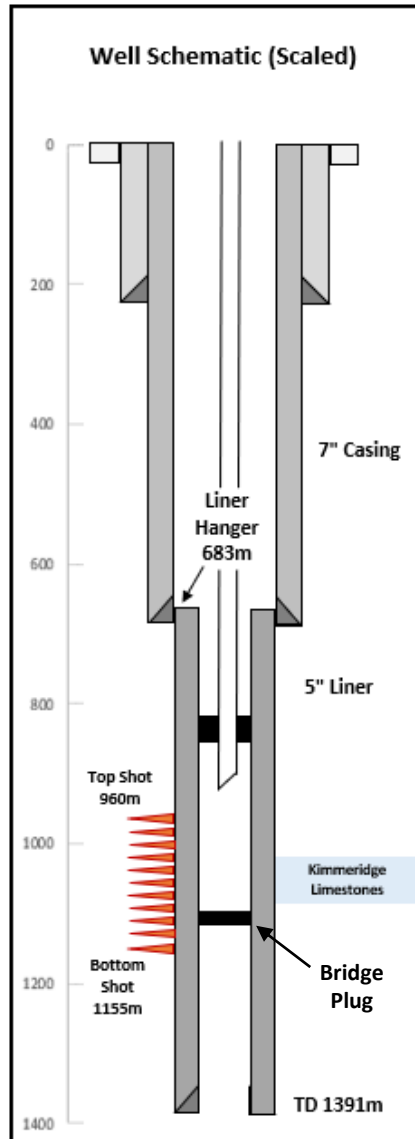
### **OBJECTIVE 3 – BUSINESS DEVELOPMENT**

Heads of terms signed in connection with a significant onshore gas project, designed to add significant reserves to the company, and to be leveraged to lead to stable and consistent cash flows

### **OBJECTIVE 4 – LIDSEY**

Lead identified to west of existing structure offering potentially untapped fault block. Delineation possible with further seismic and subsurface work-up





## Logging

Simple workover program to log the well and locate the water bearing section

## Isolate

Set a bridge plug to isolate the identified water producing zone

## Re-Complete

Re-complete the well ready for production testing

## Work Programme Detailed Breakdown – Stage 1

### **Rig acceptance & mobilisation:**

The delivery of the work-over rig, rigging up and testing rig systems and finally rig acceptance.

### **Isolation of Water:**

Full logging program over perforated section to identify water zone. The isolation of the water zone using hydraulically set plug.

### **Re-perforation of Well:**

Wireline deployed guns to re-shoot the oil section and enable effective communication with the fracture system. Relogging of well to confirm water isolation successful and perforation intervals.

### **Re-completion of Well:**

Running of new completion to allow flexibility whilst well in long term production.

Immediately after the completion of the events above the rig will be demobilised and the well-test kit will be ordered for delivery to the Brockham site. This is expected to take approximately 18 days.

## Work Programme Detailed Breakdown – Stage 2

### **Installation, testing and commission of equipment:**

Following rig demobilisation well testing / production equipment is scheduled within 3 weeks (minimum) due to equipment availability.

Installation and commissioning of production equipment to last a maximum of approximately 10 days.

Primary flow testing is estimated to last 14 to 21 days followed by longer term production testing if applicable.



The two other Brockham Wells – **BRX3** & **BRX2Y** – represent ready made candidates to sidetrack in to the Kimmeridge Clay Formation

- If commercial production can be demonstrated from the Kimmeridge with the present well then the other wells can be **sidetracked** for future production
- **Production licence** for the Brockham site already in place as well as permissions for long term production testing
- Planning Permission for **6 wells** in total on the Brockham Site

**The Kimmeridge at Brockham boasts a 385m TVD section of the Kimmeridge Clay Formation with exposure to the thick micritic limestone units**

**~1700 ft through the Kimmeridge Limestone...**

## **BALCOMBE - 2Z**

Horizontal section through the Upper Kimmeridge Micrite

## **HIGH RATES**

High rates achieved for short periods. Stable production expected following the clean up of excess brine in the hole

## **OIL PROVEN**

Initial short term test has proved that oil is present in the reservoir and that commercial rates could be achievable

A full-page background image showing an oil worker in a red protective suit and yellow hard hat working on a large industrial pipe. The worker is wearing safety glasses and gloves. In the background, there are green storage tanks and a sign for 'The Complete Tank Specialists' with contact information for Springhill Industrial Estate.

## Approvals

Submit new planning application to return to site ~Q3 to work on Balcombe 2Z well

## Well Clean - Up

Remove excess drilling fluid to clean up well

## Extended Well Test (EWT)

Carry out extended well test to test flow rates and for reservoir characterization and optimisation



## OPPORTUNITY TO ACQUIRE 51% OF LICENCE

**Angus has entered into exclusivity arrangements to acquire 51% of the licence together with Operatorship, subject to OGA and regulatory approvals, of a UK Onshore Gas Field.**

The Gas Field presents an opportunity for field rehabilitation and further development. Under heads of terms agreed the 51% share comes with a contribution to abandonment costs which we believe will cover our share of the costs required to re-establish production and reconnect to the National Grid without any immediate further funding required.

***\*Figures quoted in this presentation with regards to the Gas Field represent gross capital requirements and total production. Angus will be liable for 51%.***

### **RISK WARNING:**

**The heads of terms (including exclusivity provisions) agreed note that completion of the acquisition of 51% of the licence is conditional on the prior acquisition of the field and licence by a third party abandonment operator.**

**Therefore, over and above operational risks, there exists the risk that the transaction will not proceed to completion.**

**In addition, considerable due diligence is required prior to completion which is expected to occur within 45 days.**

## Stable gas/condensate production from large onshore field...

Two Existing Sites with Production Facilities Installed

### SIGNIFICANT RESOURCES

Significant contingent gas and associated condensate resources would be acquired. Opportunity for stable cash flow

### STABLE RATES & LOWER COSTS

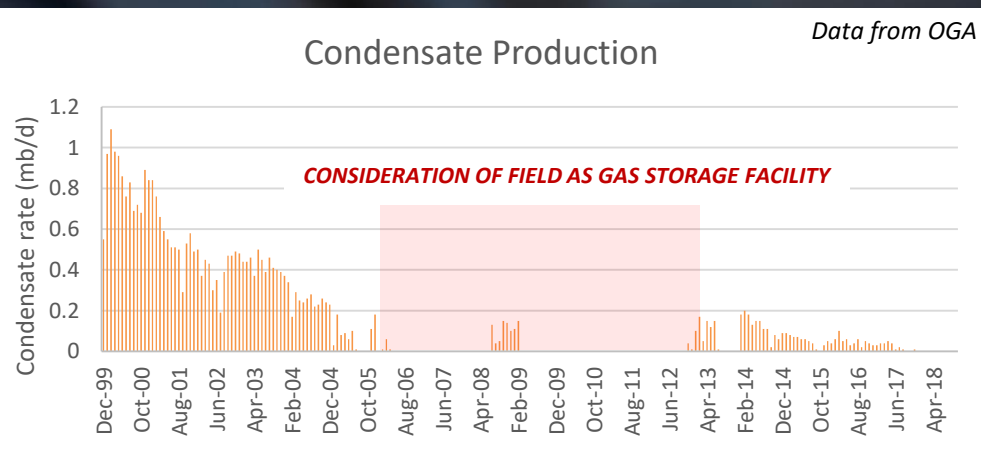
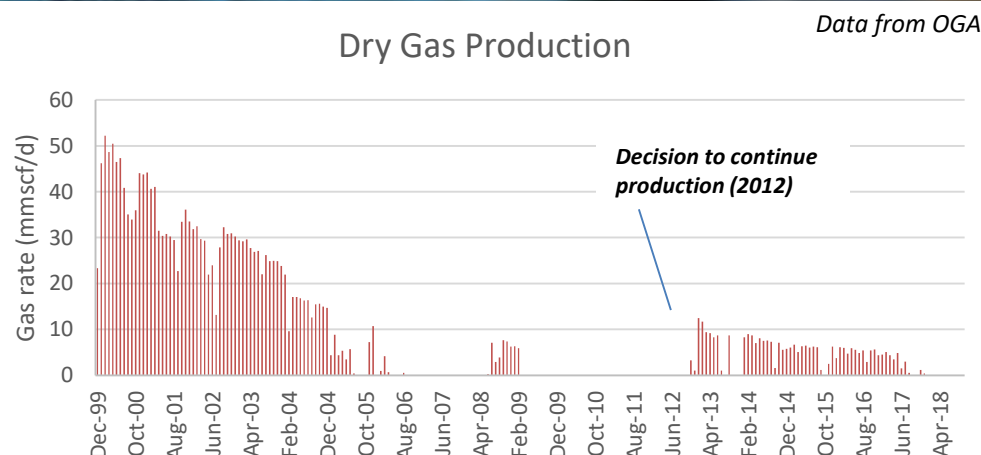
Producing from 2 wells at approximately **5mmscf/d** when production was shut in. High potential for reduced OPEX

### PAST PRODUCTION

**67 BCF** of dry gas already produced from onshore gas field. Additional **1.1mmbbls** of condensate

### REDEVELOPMENT POTENTIAL

Opportunity for low cost workovers and sidetracks to increase rate and resource base – extending field life



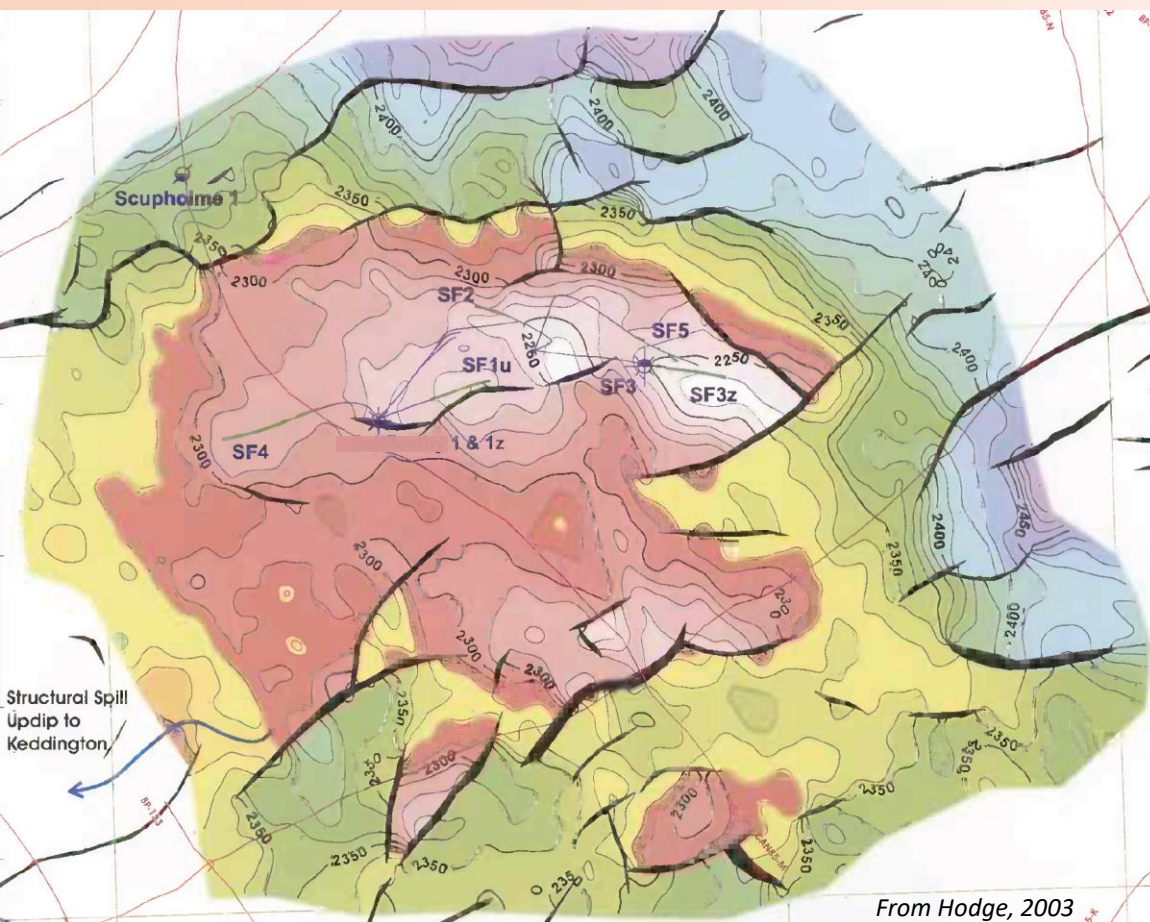


# THE GAS FIELD - *Structure*

## Potential Upside

### Untapped Fault Blocks within structure

- 8 wells already drilled with 7 completed and available for production – near horizontals (2 with full core available)
- Existing pipeline facilities already in place
- 3D seismic block acquired in 1997-99 with reprocessing in 2003 – high degree of confidence in structural mapping of the field
- Faulting evident leaving good chance of further prospectivity in untapped blocks



## Further Prospectivity

Potential further upside in structures to the South and North West – drilling opportunities



# THE GAS FIELD - *Reservoir*

## Proven Petroleum System

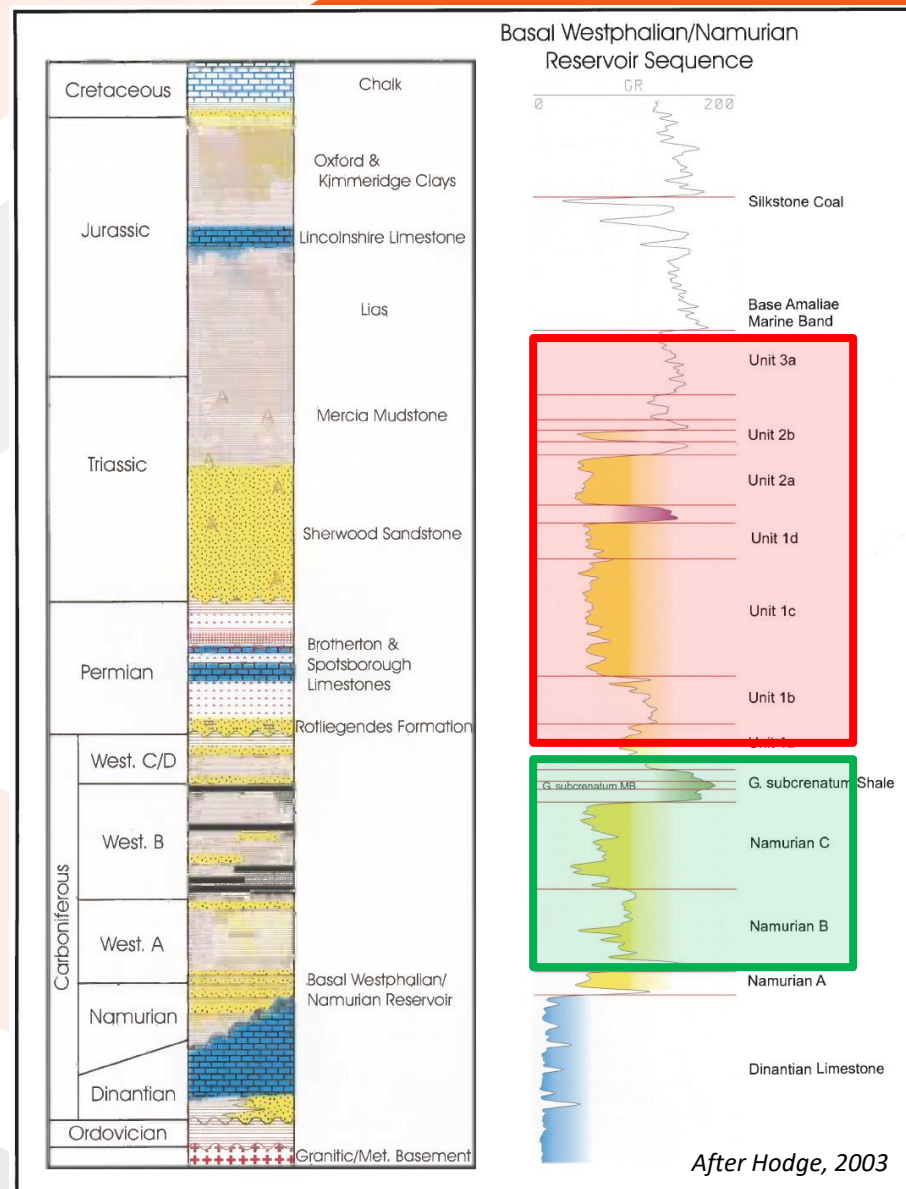
### East Midlands Basin

- **Proven reservoir** comparable with other established oilfields in East Midlands Basin. **Multiple sources of hydrocarbons** including Westphalian coals and organic rich basinal mudstones
- Modest gas:condensate ratio (15bbls/mmscf)
- Redevelopment of the field should enable the continued production of further resources. Final recovery can be expected to be upwards of 75%
- Previous approval for large scale gas storage facility means there is scope for life post-production...

### Reservoir Late Namurian to Early Westphalian Sand Shale Sequence

Prolific Early Westphalian channel sequence with uniform thickness across field

Late Namurian sequence sealed by overlying marine shales



# THE GAS FIELD - *Development*

## Nearby Gas Processing Terminal closed in 2018...

### SELF - CONTAINED

Closure of terminal in August 2018 meant that this project became less attractive for larger companies...

### SMALL -SCALE PROCESSING

In-house processing including compression and dew-point control are estimated to cost **£1million to install**

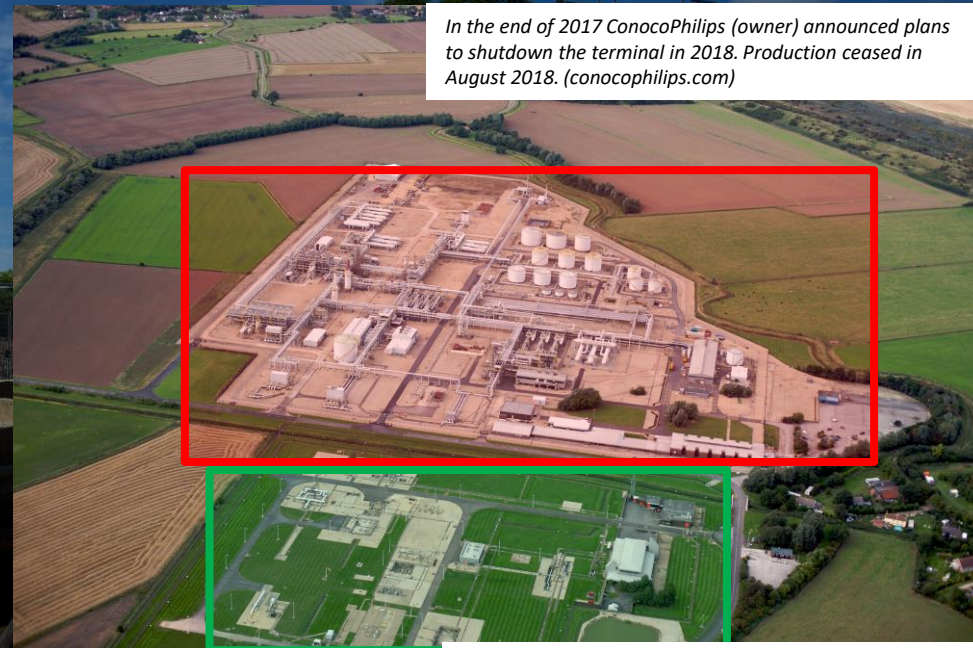
### NEW PIPELINE

New 10 inch flowline (1200m) to divert around current facilities and feed directly into National Grid (£500-700k)

### WELL MAINTAINED FIELD

The Gas Field and associated facilities are seen to be maintained to an excellent standard

*In the end of 2017 ConocoPhillips (owner) announced plans to shutdown the terminal in 2018. Production ceased in August 2018. (conocophilips.com)*

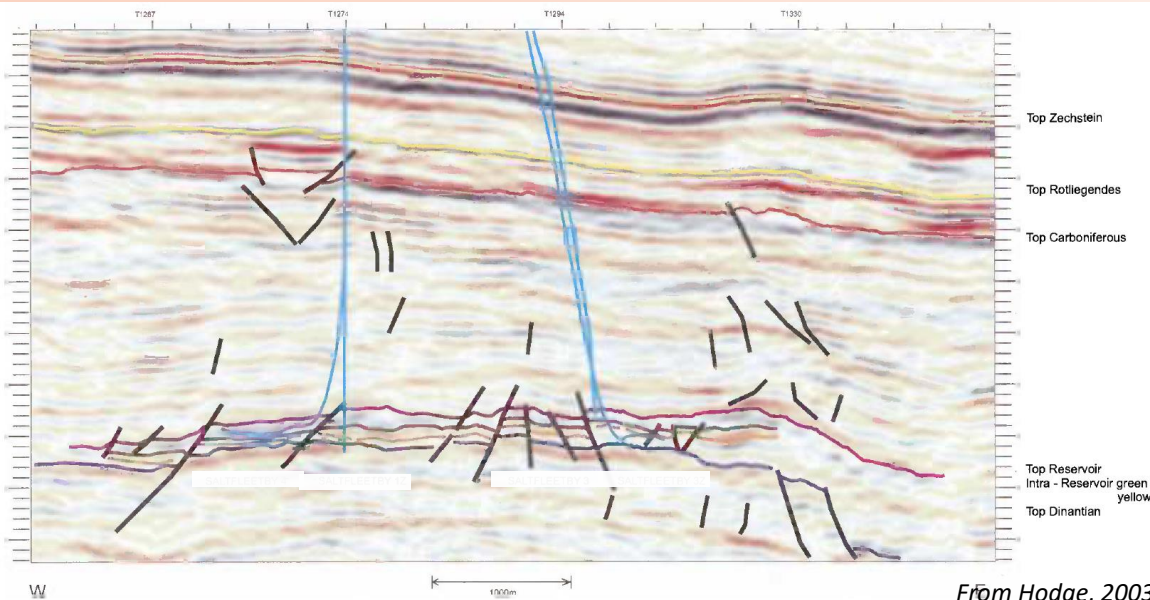


**Processing terminal** closed in 2018, but **National Grid site** still exists as a gas entry zone into the national grid



Current facilities

# THE GAS FIELD – *Drilling Potential*



From Hodge, 2003

## **LOW COST DRILLS** (subject to further funding)

**Workover** of existing wells: **£1 million**

**Two new sidetracks** from existing site: **£3-4 million**

## Further drilling

### Untapped Fault Blocks within structure

- Recent sidetrack was attempted in early 2016 but was unsuccessful because of avoidable operational difficulties
- Scope for increasing existing reserve base by drilling further sidetracks
- Existing industry relationships and expertise in the region within drilling services
- Faulting evident leaving good chance of further prospectivity in untapped blocks

## Low risk drilling opportunities...

With many parts of the field left undrilled – nearby infill drilling is relatively low risk



## UK ONSHORE GAS OPPORTUNITY

**The field was acquired for gas storage and when that did not go ahead production was attempted. Further sidetrack failed so a limited production was continued. When the nearby national gas terminal closed and gas prices were low production ceased...**

The field presents an opportunity for field rehabilitation and further development. To get production going we believe the following would be required:

- A short pipeline extension (1.2km) to bypass the old terminal
- New hydrocarbon and water dewpoint control. Compression to enable export into the national grid
- Agreement of the national transmission system to feed into the grid

Cumulative production is around 60% of gas in place. Recovery of between 70% and 80% should be achievable – leading to production of further resources

Past operating costs are high but would still generate a profit at current gas prices - Reducing operating costs (OPEX) would further extend field life and ultimate recovery

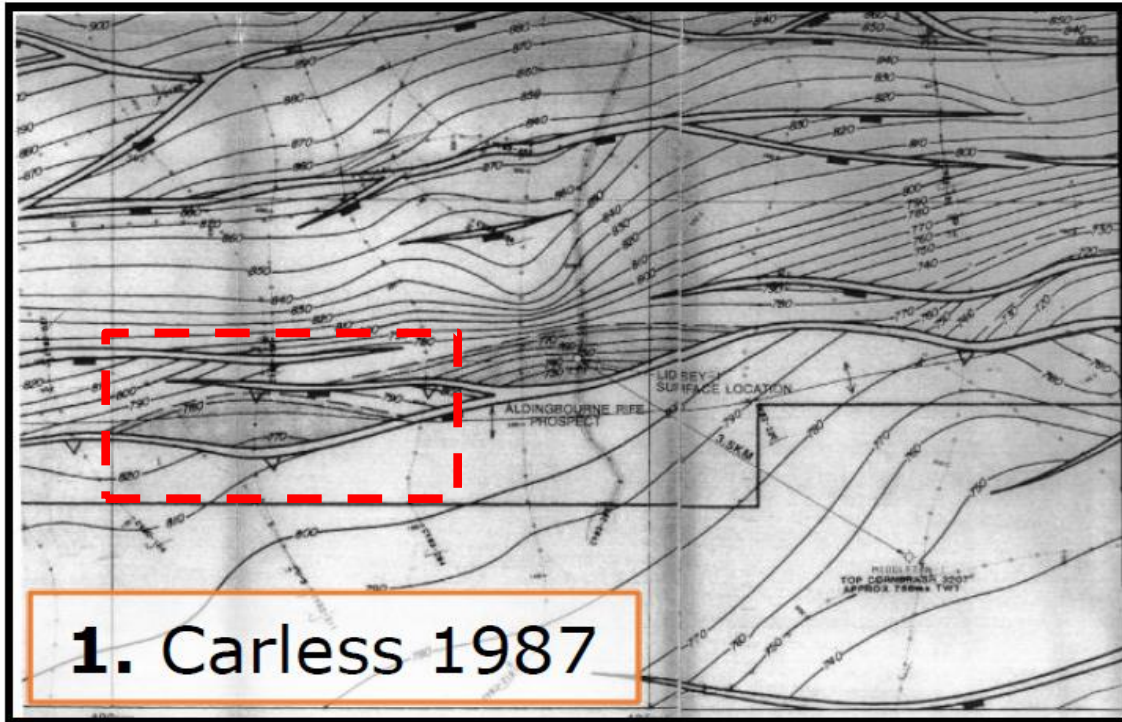
## RISKS AND MITIGATIONS ASSUMED

**A provisional risk register has been compiled and the principle risks identified are;**

- Reservoir risks associated with the remaining reserves and the drilling of new wells however, due to the mature nature of the field these are thought to be limited
- Costs overrun risks for the redevelopment. Some areas are difficult to cost so conservative estimates were used. Some costs have been worked up in more detail so risks are thought to be +or- 30%. Especially drilling risk where detailed information is not available at present
- OPEX risk: Expected to reduce relative to previous operator. Conservative assumptions have been used so far and it is anticipated these can be reduced by minimizing staffing and using modern control systems
- Abandonment liability: This was studied in detail by the previous owner and a maximum cost estimated to current legislation
- Gas market price uncertainty: The UK gas market is volatile but is generally increasing. Long term uncertainty remains with the switch away from fossil fuels but the effects of this are thought to be beyond the field life of 5-10 years...

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## Potential Upside

### Untapped Fault Block

- New structural lead identified to the SW of main structure based on drilling results of Lidsey X2 and detailed review of previous mapping
- Untapped structure would be at virgin reservoir pressure
- Plan in place for low cost seismic acquisition program to delineate structure and extend license westward if successful

## New Prospectivity

Potential upside in untapped western structure



# Low cost program to work-up structure...

## SEISMIC ACQUISITION

Low cost seismic program to acquire further geophysical data across licence

## UNTAPPED BLOCK

Structural lead at original reservoir pressure

## LOW COST PRODUCTION

Incremental production from existing facilities and drilling pad

# USE OF PROCEEDS

Funds required to develop work program and undertake Business Development DD:

**£3.5m** includes **£1.2m GWC**

Equity Placing

## **Brockham**

Logging, Isolation & Recompletion Program

**£0.6m**

## **Balcombe**

Approval submission, well clean up & EWT

**£0.6m**

## **Lidsey**

Acquisition of seismic

**£0.5m**

## **Business Development**

Cost of Due Diligence on Gas Field and A.N.O.

**£0.6m**



George Lucan  
*Managing Director*

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