

United Oil & Gas Plc*

22 January 2020

Stock Data

Share Price:	3.95p
Market cap.:	£24.5m*
Shares in issue:	619.2m*
Fully diluted equity:	712.5m*

*Pro forma until mid-February 2020

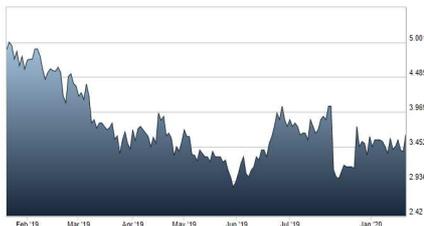
Company Profile

Sector:	Oil & Gas
Exchange:	AIM
Ticker:	UOG

Activities

Oil and gas exploration, development and production company with existing assets in Egypt, UK, Italy and Jamaica. Management strategy is to expand the current portfolio with value accretive acquisitions focused primarily on stable international jurisdictions.

Performance Data



Source: LSE

Directors

Graham Martin:	Non-Exec. Chairman
Brian Larkin:	Chief Executive Officer
Jonathan Leather:	Chief Operating Officer
David Quirke:	Chief Financial Officer
Alberto Cattaruzza:	Non-Exec. Director

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*Optiva Securities acts as joint broker to United Oil & Gas Plc

Egypt update

Since the beginning of January 2020, the ASH-2 well on the Abu Sennan concession onshore Egypt has been producing over 3,000 bopd (660 bopd net to United's 22% interest) on a consistent basis through a half-inch choke. This has exceeded pre-drill expectations significantly and represents very good news for United. Going forward, the operator will monitor the well closely over the coming months in order to manage the reservoir and optimise production volumes from the ASH field development over the longer term.

ASH-2 was spudded on 21 October 2019 and reached a total depth of 4,030 metres one month later. The well was intended to appraise the Alam El Bueib reservoir located WSW of an existing producing well, ASH-1ST2. Following reports in December 2019, issued pursuant to media reports in Egypt that ASH-2 was achieving flow rates in excess of 7,000 boepd, testing was completed in early January 2020 and United confirmed that production tests were conducted on the upper and lower intervals of the reservoir. These were tested separately at maximum gross rates of 7,027 bopd and 3,851 bopd respectively.

Since 2 January 2020, ASH-2 has been consistently producing at a gross rate of over 3,000 bopd on a 32/64" choke. United notes that the well will continue to be monitored over the coming months and during this period, the interpretation of the test data and the longer-term planning for the ASH field development will continue with the company's joint venture partners, Kuwait Energy (operator), Global Connect Limited and Dover Investments Limited in addition to state oil company, Egyptian General Petroleum Corporation (EGPC). The rig is now being mobilised for the first well in the 2020 infill drilling programme (El Salmiya 5) which is expected to spud shortly. We expect that this well will be the first of four commitment wells to be drilled on Abu Sennan over the course of the current year.

We note that average gross production from Abu Sennan was approximately 5,100 boepd in 2019. However, since ASH-2 came on stream in early January 2020, gross production has averaged c.8,000 boepd, which equates to c. 1,760 boepd net to United's 22% interest. As this exceeds our initial assumptions made in December 2019, we have increased our valuation of United's interest in Abu Sennan at this relatively early stage.

The approval of the Deed of Assignment by EGPC and the Minister of Petroleum and Mineral Resources of Egypt is proceeding. This was submitted by Rockhopper and United on 9 January 2020 and we expect United to announce a completion date as soon as approval is received. The original Acquisition Agreement and BP Facility contained backstop dates of 22 January and the Placing Agreements contained a 31 January backstop. We note that United, Rockhopper, BP and Optiva have together extended the backstop dates on all agreements until the end of February 2020 which United believes will provide sufficient time for the approval of the Deed of Assignment and the completion of the Acquisition. The date for the admission of the enlarged share capital of United to AIM, comprising 619.2m shares, has also been deferred and admission is expected to take place in mid-February 2020.

We have increased our valuation of United's interest in Abu Sennan to \$35m from US\$29m on a risked basis as a function of higher than expected initial production from ASH-2 and an upgraded aggregate production profile for Abu Sennan going forward. At a per share valuation of 4.3p for United's interest in Abu Sennan, the company's current market capitalisation is covered by Egypt alone. However, with the balance of United's portfolio lifting the value of the company to 10.4p per share on a fully risked basis, we believe that there is significant upside in the current share price. Indeed, our unrisked assessment of the current value of United exceeds 32p per share suggesting that future exploration success in Jamaica and Italy would be transformational for United's potential valuation.

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