

A Full-cycle E&P Business

# COMPLETION OF ROCKHOPPER EGYPT ACQUISITION

February 2020

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#### **United Oil & Gas 2020**



Rapidly-growing full-cycle AIM-listed oil and gas company with the energy and capability to build on our track record of delivery



8 licences 4 countries



3.1 mmboe 2P net reserves<sup>1</sup>



84.9 mmboe net unrisked contingent and prospective resources<sup>2</sup>



17 producing wells



>1,700 boepd net production



>\$10m annual net revenue<sup>3</sup>

 $<sup>^1</sup>$ Based on CPRs contained within the United Oil & Gas Plc Readmission Document dated  $6^{th}$  December 2019

<sup>&</sup>lt;sup>2</sup>Based on CPRs contained within the Readmission Document dated 6<sup>th</sup> December 2019 (57.9mmboe), and for the Zeta prospect, internal company estimates (27mmboe) <sup>3</sup>UOG calculations based on \$55 oil-price and February 2020 production levels

## **Transformational Acquisition of Rockhopper Egypt**



100% of Rockhopper Egypt Pty acquired for US\$16m Includes 22% non-operating interest in the Abu Sennan Concession

#### **ACQUISITION METRICS**



**\$16m**Acquisition Cost



2.66mmboe<sup>1</sup>
2P Working
Interest Reserves



>1,700boepd

Current Net

Production



\$26.6m<sup>2</sup> 2P NPV10

<sup>1</sup>Working Interest Reserves based on 22% of Gross 2P Reserves, Gaffney Cline & Associates CPR, October 2019 <sup>2</sup>Gaffney Cline & Associates CPR, October 2019

#### **FINANCING**



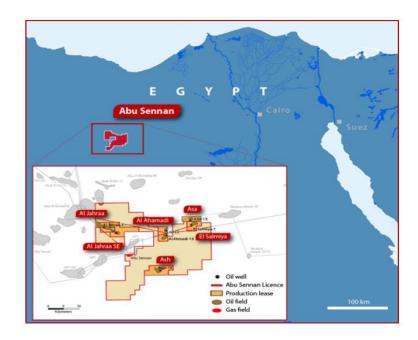
BP provided a senior secured prepayment acquisition financing structure for \$8m based on a floor of \$60/bbl



Rockhopper has taken \$4.5m of Consideration Shares in United



Balance of consideration funded via equity raise and existing cash resources, including funds from Crown divestment



## **Transaction Rationale**



## High quality portfolio

- Consistent with strategy to build a balanced full-cycle portfolio of assets to significantly increase shareholder value potential
- Value creation through active management of production, development and lowrisk exploration/appraisal assets in Europe/Greater Mediterranean region

## Fit with articulated strategy

- Provides the Company's first production of c. 1,700 boepd
- Adds 2.66 million boe of Working Interest 2P Reserves at mid-2019<sup>1</sup>
  - 2P Reserves split of 87% Oil and 13% Gas
- Good quality crude with average discount to Brent of ~\$2/bbl
- Low-risk exploration and appraisal potential to grow reserves and extend field life

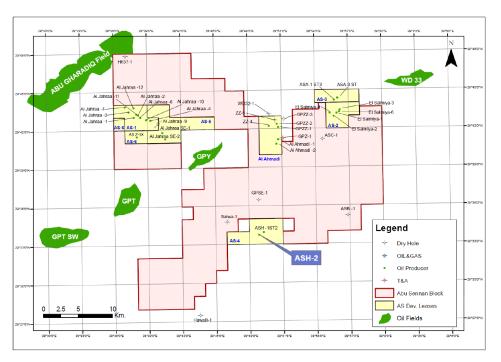
## **Attractive terms**

- Low-cost entry, with implied acquisition cost of \$6 per boe
- Low cash operating costs (\$6.5 per boe in 2018) and limited capital commitments
- PSC terms reduce cash flow impact of lower oil prices
- IRR: 27%<sup>2</sup>

## **Abu Sennan Licence Summary**



Robust production base with exciting infill and development potential



Operator: Kuwait Energy Egypt, a wholly-owned subsidiary of United Energy Group Limited which is listed on the Hong Kong Stock Exchange

#### **KEY LICENCE ELEMENTS**



#### **7 Development Concessions**

20 year concession life (2032-39 expiry) 5 year extensions possible



#### **17 Producing Wells**

Pay typically found in multiple stacked reservoirs within each well



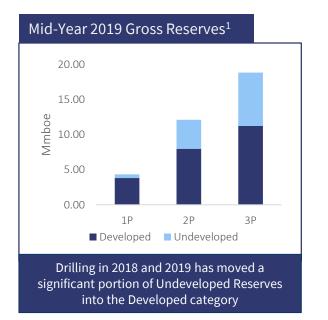
## 644km<sup>2</sup> Exploration Licence

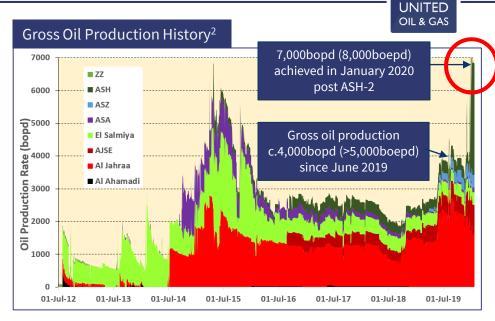
One well to be drilled by Sept 2021 Potential to extend licence to Sept 2023

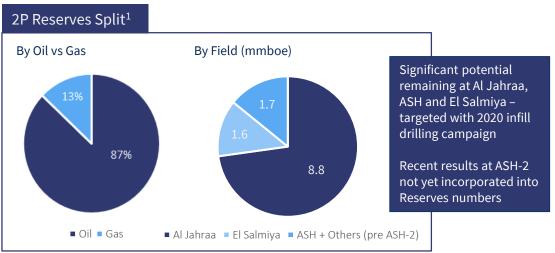
## **Reserves and Production Summary**











Source for figures: <sup>1</sup>Gaffney Cline & Associates CPR, October 2019; <sup>2</sup>Operator's daily production reports

### **Valuation**



#### **NPV CASES**



\$26.6m

\$42.2m

Net 3P NPV<sup>1</sup>

>\$50m

NPVs possible in upside scenarios<sup>3</sup>

#### **FINANCIAL METRICS**



>\$10m

Annual net revenue<sup>4</sup>



\$6.5

Low operating costs / boe<sup>1</sup>



\$3-4m

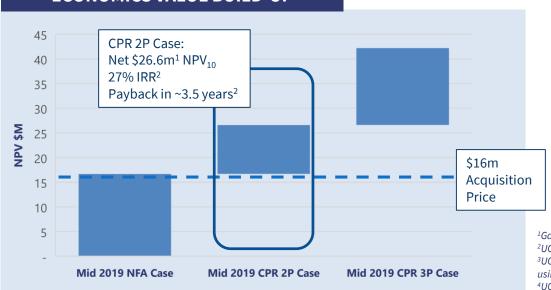
Low drilling costs<sup>1</sup>



<\$30

Break-even oilprice<sup>2</sup>

#### **ECONOMICS VALUE BUILD-UP**



- Model inputs (Production, Capex, Opex, Abex) based on GCA CPR, October 2019
- Oil-price based on GCA Forward Curve with ~\$2 discount. Gas-price fixed at \$3.29/mcf
- Cost pool to recover Capex and Opex at ~\$115.7m on 30<sup>th</sup> June 2019
- Equivalent Government take of 57%

<sup>1</sup>Gaffney Cline & Associates CPR, October 2019

<sup>2</sup>UOG calculations based on 2P Reserves, Gaffney Cline & Associates CPR, October 2019 <sup>3</sup>UOG calculations based on 3P Reserves, Gaffney Cline & Associates CPR, October 2019 using \$90 oil-price

<sup>4</sup>UOG calculations based on \$55 oil-price and February 2020 production levels

## **Upside Potential**



Significant infill potential from bypassed pay and previously untargeted reservoirs; Material exploration upside

#### **KEY FIGURES**

#### 7,900boepd

Gross production. Significant increase from <4,000boepd in Jan 2019<sup>3</sup>

#### >3,000bopd

ASH-2 production levels from the AEB since start of the year<sup>3</sup>

#### 29mmboe

Gross unrisked mean prospective resources assigned by GCA to the 6 prospects reviewed<sup>2</sup>

#### 80%

Historic success rate<sup>1</sup>

#### 4 months

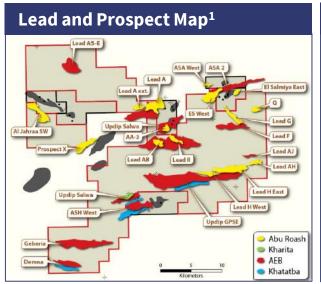
Lead time to bring recent ASZ-1X discovery onstream<sup>2</sup>

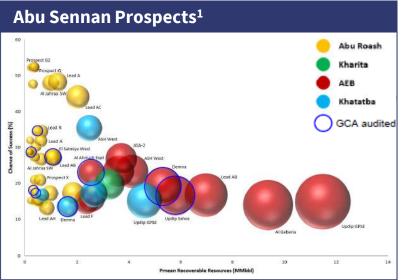
#### <0.5mmboe

Minimum commercial field size<sup>4</sup>

#### >35

Exploration prospects mapped by United<sup>4</sup>

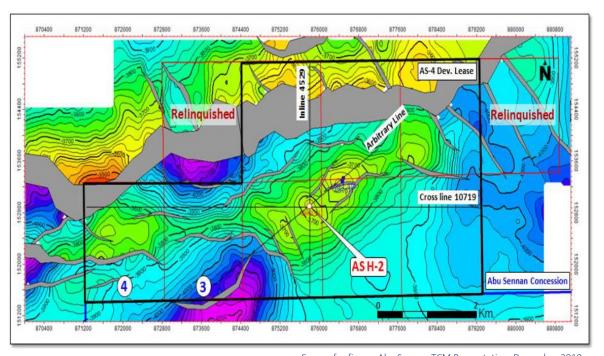




<sup>1</sup>Rockhopper Management Presentation, January 2019; <sup>2</sup>GCA CPR October 2019; <sup>3</sup>Operator production reports; <sup>4</sup>UOG figures

#### **ASH-2 Well**





Source for figure: Abu Sennan TCM Presentation, December 2019  $\,$ 

#### **ASH-2 KEY FACTS**



4,030m

Total depth of the well in the Alem Al Bueib (AEB) Formation



49.5m

Net pay encountered in the well



7,027 bopd

Maximum gross rate achieved on test<sup>1</sup>



>3,000bopd

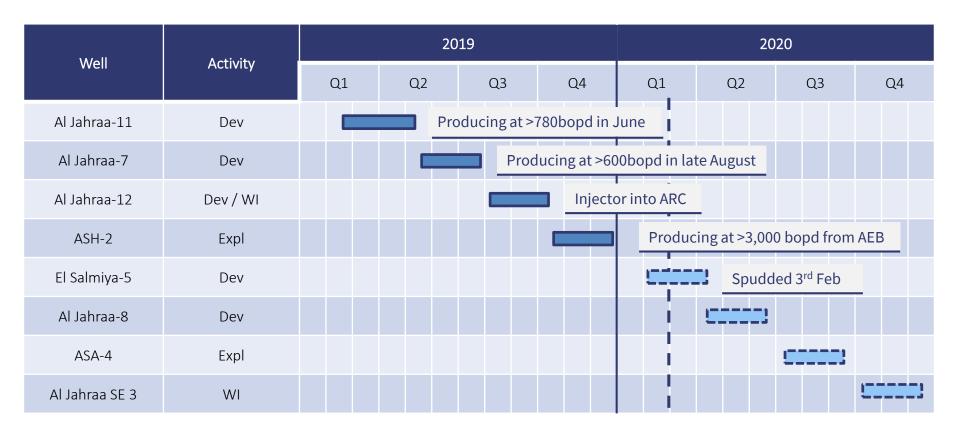
Production rate from the well since 2<sup>nd</sup> Jan 2020

<sup>&</sup>lt;sup>1</sup>As reported in 20<sup>th</sup> December 2019 press release

## **Abu Sennan 2019-20 Drilling and Newsflow**



Robust production base, low-cost operating environment, exciting infill and exploration upside potential, plus significant newsflow from ongoing operations



#### **Additional Activity:**

Construction of a gas pipeline on the Al Jahraa field is expected to be completed in the coming weeks. On a gross basis, this is expected to bring an additional c.1,000boepd of gas onstream

## **Key Commercial Terms**



## **Transaction Funding**



**US\$16m** 

Consideration for the purchase of Rockhopper Egypt Pty Ltd



Combination of prepayment finance and equity funding for the acquisition



US\$8m

BP provided a senior secured prepayment acquisition financing structure based on a floor of \$60/bbl



**US\$4.5m** 

Rockhopper Consideration
Shares



Jan 2019

Effective date of the transaction





## **Investment Case Summary**



**Transformational acquisition** of first producing asset via 22% interest in the Abu Sennan concession



**United is now a full-cycle E&P company** with a portfolio of production, development and low-risk exploration/appraisal assets



**Strong track record** of raising capital in challenging markets and delivering value through portfolio management and targeted acquisitions



United well-placed for further growth



**Blue chip counterparts:** BP, Kuwait Energy, Rockhopper, Hibiscus and Tullow

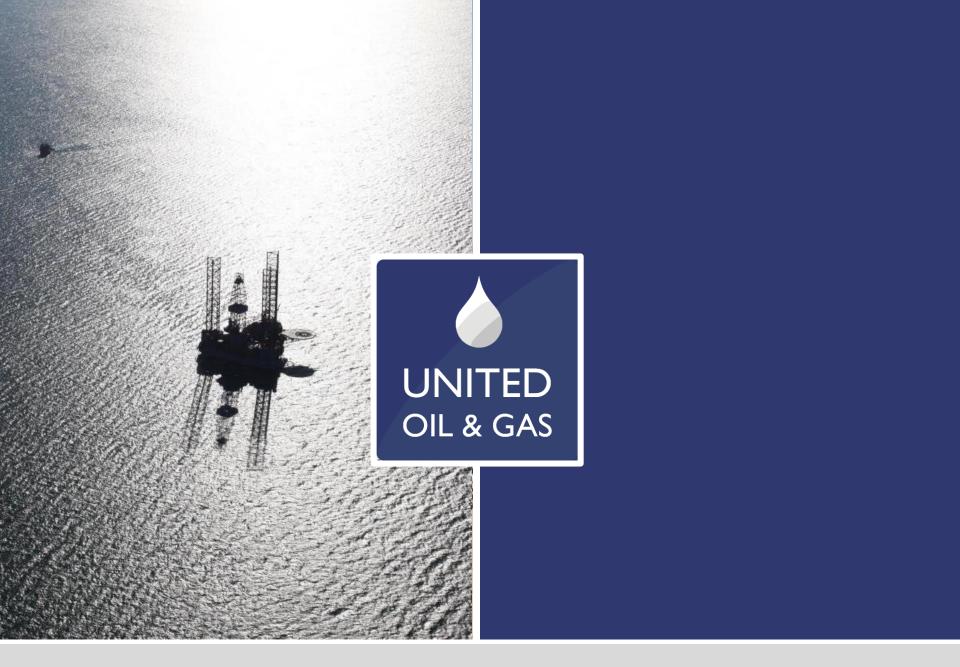


**Multiple near-term value-drivers** across portfolio: production development, and a 4-well drilling campaign



**Entrepreneurial** team with strong technical discipline and established links to industry





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