



## Corporate Presentation June/July 2022



*Isle of Portland, Dorset, site of UKOG's new Energy Hub*

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# UKOG: Expanding UK & international energy company



## United Kingdom:

- Oil & gas, established portfolio: 2 producing fields, 5 licences, largest licence holder in SE England 488.5 km<sup>2</sup>
- **NEW:** Consent granted for 100% owned Loxley gas appraisal project, 44 bcf mean gross recoverable (UKOG net 34 bcf)
- Actively pursuing further international opportunities in N. America

## NEW: Energy Storage, Hydrogen & Renewables

- Major new hydrogen storage/generation project + transitional gas/LNG at Portland Port, nationally significant infrastructure project qualifying
- Actively pursuing 2 identified geothermal opportunities in Surrey/W. Sussex

**Turkiye:** New appraisal & exploration portfolio in underexplored area. Contains same petroleum system as adjacent Iraqi KRI giant fields:

- Resan M47 b1,b2 licence (305 km<sup>2</sup> 50% interest)
- Basur-Resan oil appraisal project



# Portland: Future material UK energy storage



**“UKOG is delighted to announce the intention to develop an infrastructure project in Dorset, fully in keeping with the government’s new British Energy Security and Hydrogen Strategies, that could both materially strengthen the UK energy system’s resilience to supply and demand shocks, plus provide the foundations for a significant and strategic element of the future green hydrogen economy.”**

**Source: Comment by UKOG Chief Executive Stephen Sanderson, May 2022**

“... hydrogen’s ability to store energy for long periods of time and in large quantities is central to its strategic value to a fully decarbonised energy system and we envisage hydrogen storage being a key part of future network infrastructure. **As such, I warmly welcome UKOG’s project proposal.**”

Source: Cabinet Minister Rt Hon K. Kwarteng MP, Secretary of State, BEIS, letter to Stephen Sanderson, 22<sup>nd</sup> June 2022

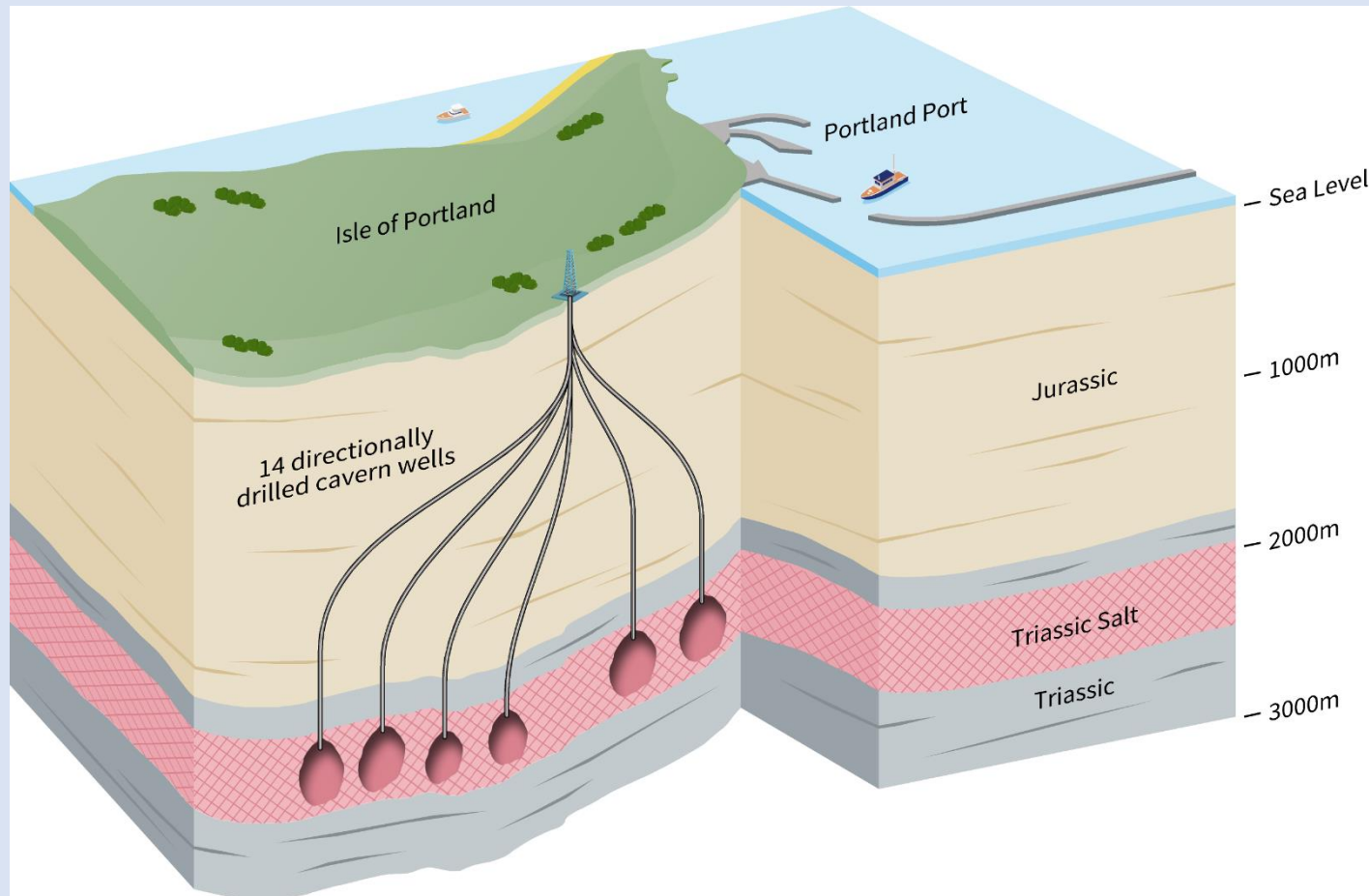
**“It is also good to hear about the future inclusion of green hydrogen production and the Liquefied Natural Gas (LNG) import facility as part of the integrated Energy Hub. Meeting our world leading Net Zero targets will mean major shifts in the way we use natural gas, however we recognise that LNG will form a key component of our energy supply for years to come. It would be useful to receive further information on the scale and ambition for these elements of the project.”**



# Portland: The planned new £1+ billion Energy-Hub<sup>3</sup> for Britain

- **Construction of 43 bcf (1.2 bcm) of hydrogen-ready salt cavern storage<sup>1</sup>**
  - Material 70% increase in UK's reported 61 bcf (1.7 bcm) working underground gas storage capacity<sup>2</sup>
  - Storage could be doubled via additional salt caverns located under immediate offshore area
- **Salt cavern storage to be linked to the national pipeline transmission system via hydrogen-ready pipeline**
  - Initial throughput ambition of 1 bcf/day (28 million m<sup>3</sup>/day), equivalent to c. 14% of UK daily gas demand
  - Possible option of pipeline to Southampton/Fawley for Blue Hydrogen feedstock and storage.
- **Development planned to be 'future-proofed' by engineering designed to transition seamlessly into green hydrogen production and blue/green H<sub>2</sub> storage as the 'hydrogen economy' evolves**
- **Addition of new LNG import facility in the port, designed to be used as a possible feedstock for blue hydrogen within proposed UK Southern Pathway Hydrogen Hub:**
  - Ambition is for LNG to be sourced from UK allies/secure suppliers
- **Potential for hydrogen at the port to directly fuel future hydrogen propelled ships**
- **Local high geothermal heat gradient to be investigated for possible local heat network and/or to power green hydrogen production**

# Portland: Underground energy storage in salt caverns

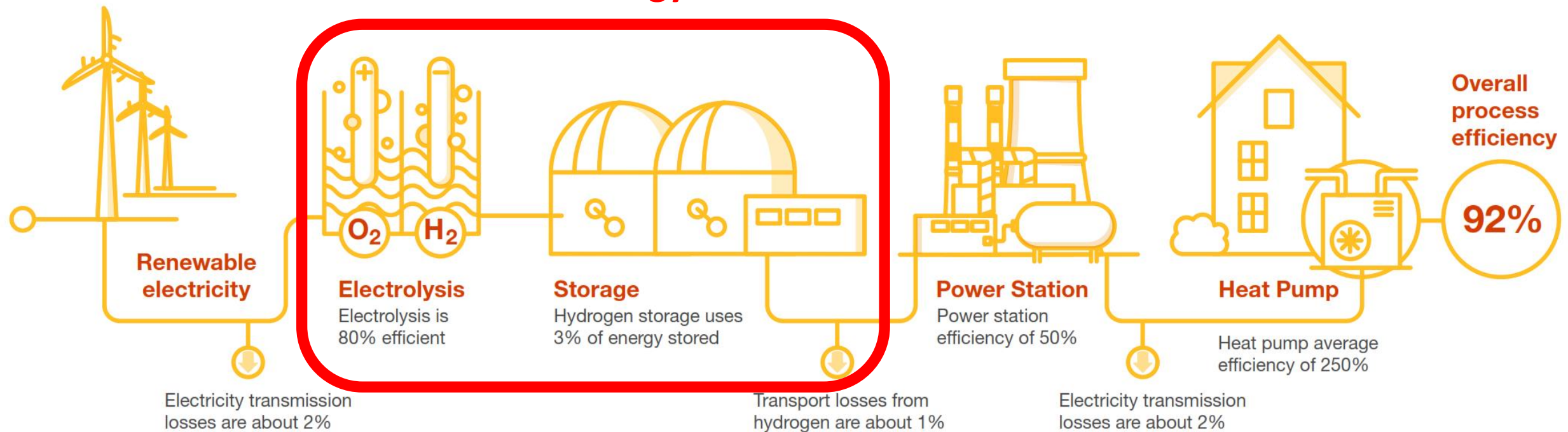


- Salt caverns are artificial cavities which are created in geological salt deposits. Salt is an impermeable rock unit capable of safely containing hydrogen and natural gas. Caverns are created by first drilling into the salt before injecting water into the salt to dissolve it (leaching)
- The resulting brine (water mixed with salt) is extracted and leaves room for a massive, cavern where hydrogen can be safely stored under pressure with no leakage

# Portland: Storage is a key component of UK hydrogen strategy

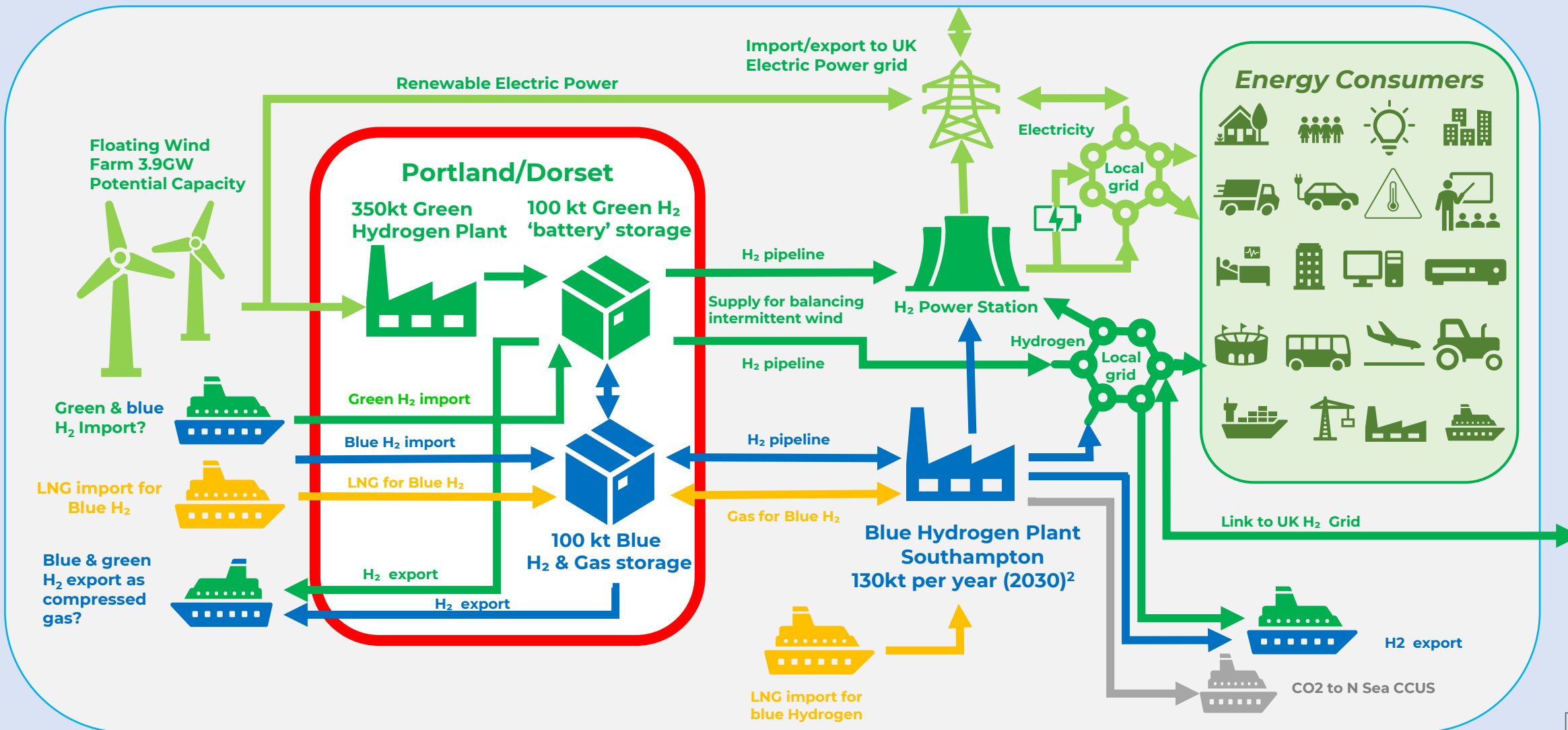
National Grid's 2021 Future Energy Consumer Transformation Scenario; green hydrogen made with renewable electricity via electrolysis, is stored until needed at times of peak demand, to generate power to keep the lights on and for heating via a heat pump. Key element to provide UK energy system resilience.

## Portland Energy Hub

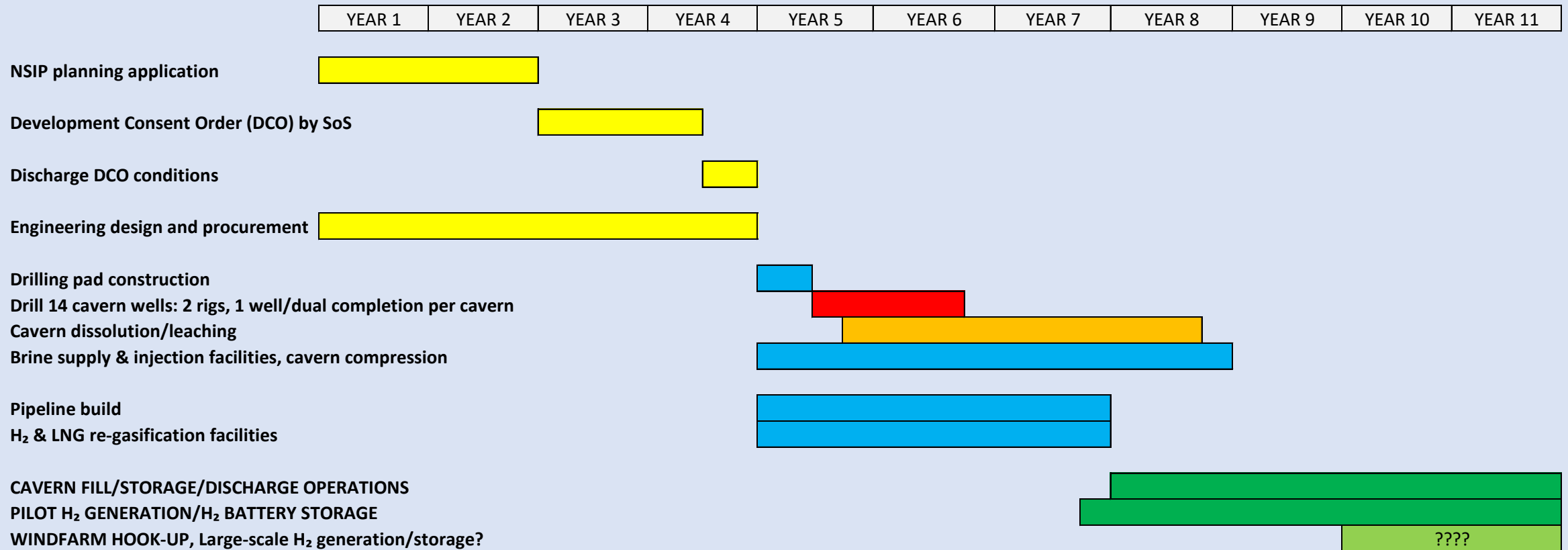


# Portland's envisaged key role in UK Southern Pathway Hydrogen/Energy Hub

S. Pathway + Dorset green H<sub>2</sub> could supply approx. 6.5% of UK Hydrogen need in 2050<sup>1</sup>



# Portland Energy-Hub: Indicative timeline



**NB: Cavern dissolution estimated at c. 2 years**

- **Review and update commercial and economic models for hydrogen storage**
- **Select supporting third party companies**
- **Carry out engineering studies, surface and subsurface, to update the previous 2008 gas storage development for green hydrogen production & storage plus LNG import and regasification**
- **Complete site environmental studies**
- **Carry out stakeholder engagement and consultation**
- **Prepare and submit NSIP planning application and other regulatory applications**
- **First steps in securing strategic partners and project funding**

# Loxley gas field appraisal project



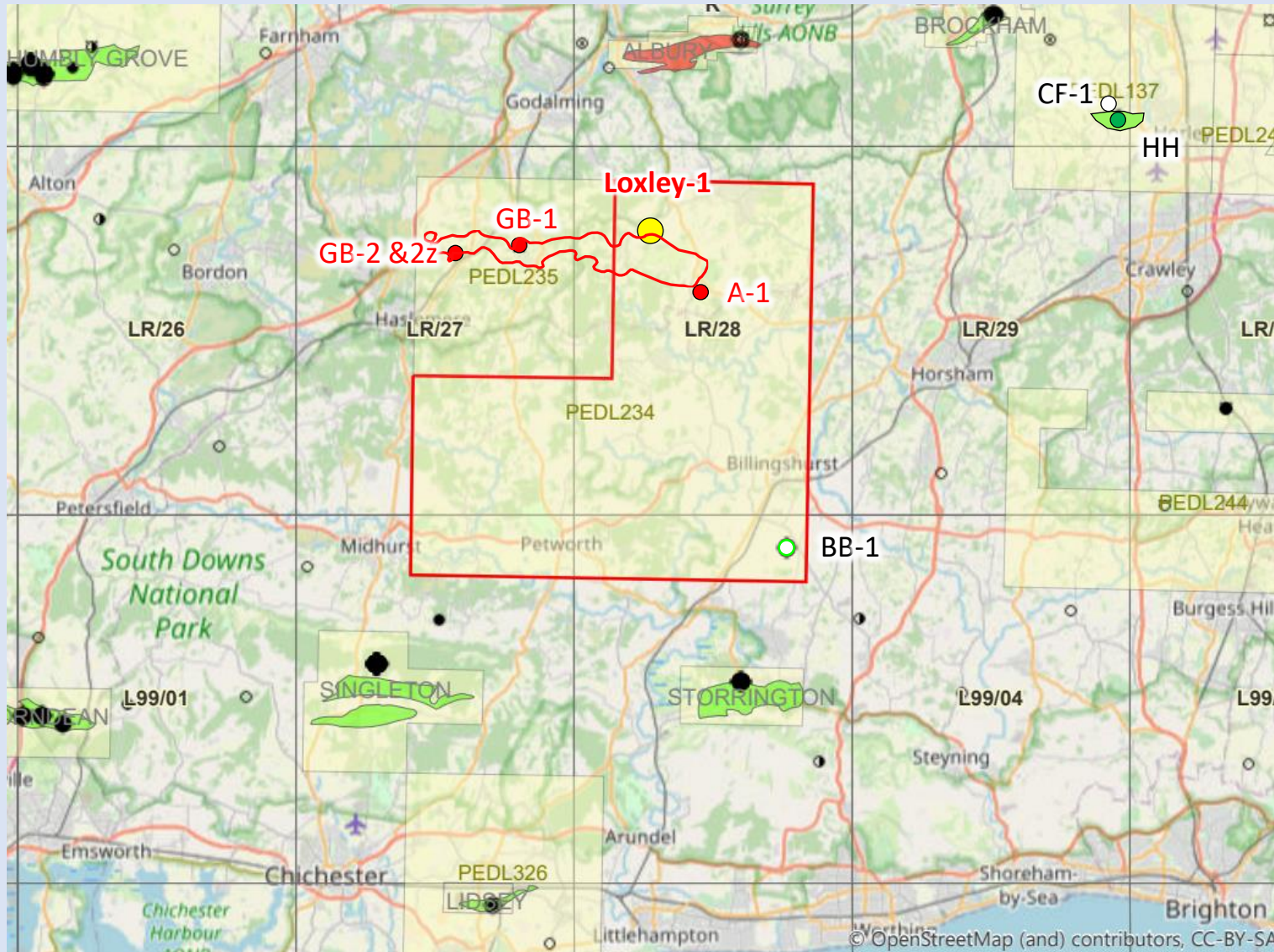
*Drone footage of Loxley site & access track looking westwards*




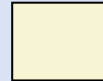
# Loxley gas discovery overview

- **Significant mean case gross gas initially in place 63 billion cubic feet (bcf)<sup>1</sup>**
  - 44 bcf (UKOG net 34 bcf) estimated to be recoverable to surface via future production
  - Ranks in top 3 of UK onshore gas field discoveries<sup>2</sup>
- **Planned to align with the government's stated British Energy Security and Hydrogen Strategies**
- **Supply of gas as feedstock for reformation into clean burning blue hydrogen**
- **3-4 times lower pre-combustion carbon footprint than imported pipeline gas and LNG - could save 600,000 - 1,000,000 tonnes CO<sub>2</sub>e over lifetime vs imported gas<sup>3</sup>**
- **Full Environment Agency permit in place**
  - In June 2020 the EA issued UKOG with the necessary permit to drill and test Loxley, covering all environmental aspects of the proposed scheme of works
- **With both planning and environmental consents in hand the project can now finally proceed**



# Loxley: Location



-  Loxley gas discovery
-  Oil field
-  Gas field
-  NSTA licensed block

GB = Godley Bridge  
A = Alfold  
HH = Horse Hill  
CF = Collendean Farm  
BB = Broadford Bridge

Source: 1. <https://ukogl.org.uk/>, UKOG internal 2020

# Loxley: Significant discovered gas volumes

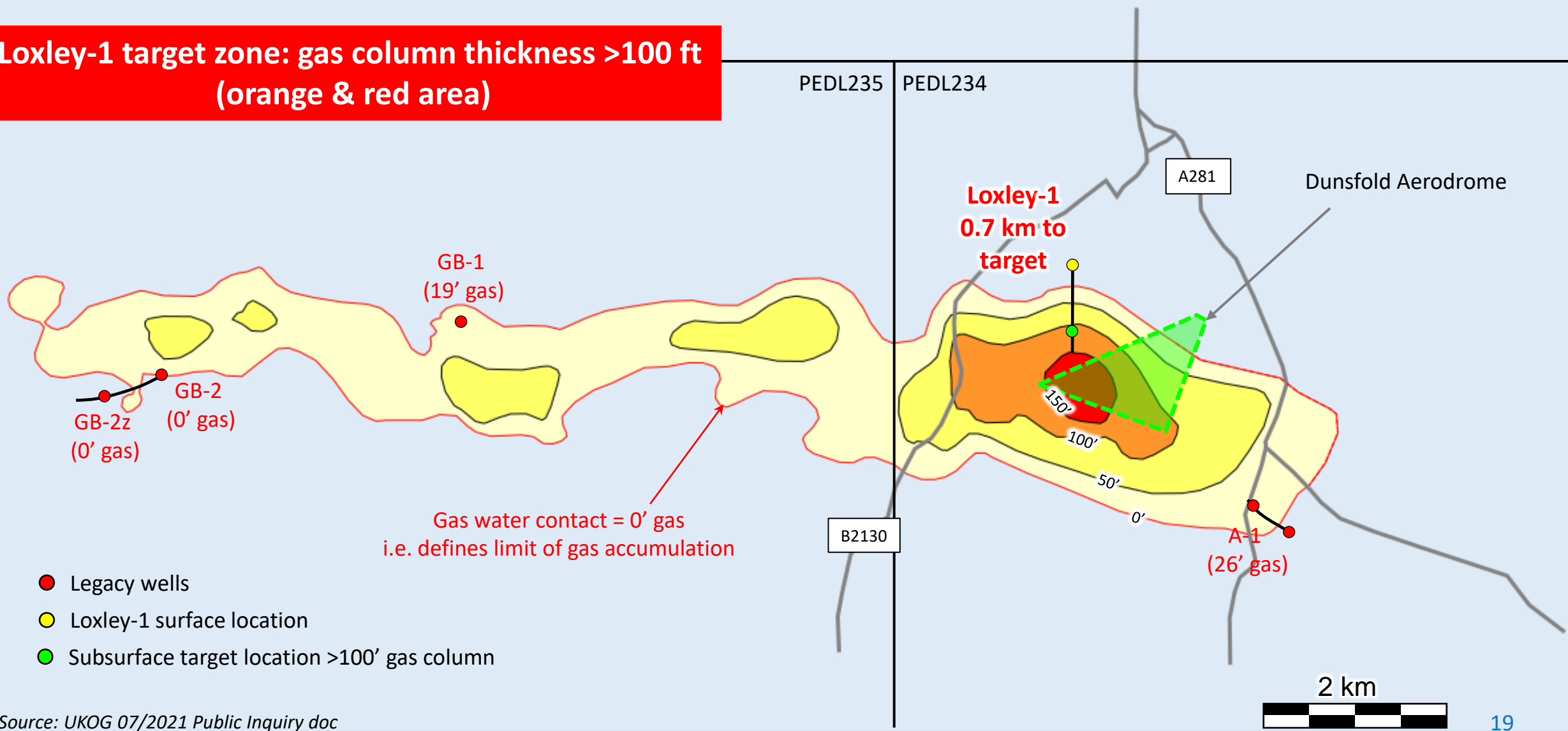
<b>GIIP (bcf)</b>	<b>Low</b>	<b>Mid</b>	<b>Mean</b>	<b>High</b>
Gross Portland Sandstone	33	59	63	98
PEDL234	27	46	49	76

<b>Recoverable resources (bcf)</b>	<b>Low</b>	<b>Mid</b>	<b>Mean</b>	<b>High</b>
Gross Portland Sandstone	23	41	44	70
PEDL234	18	32	34	54

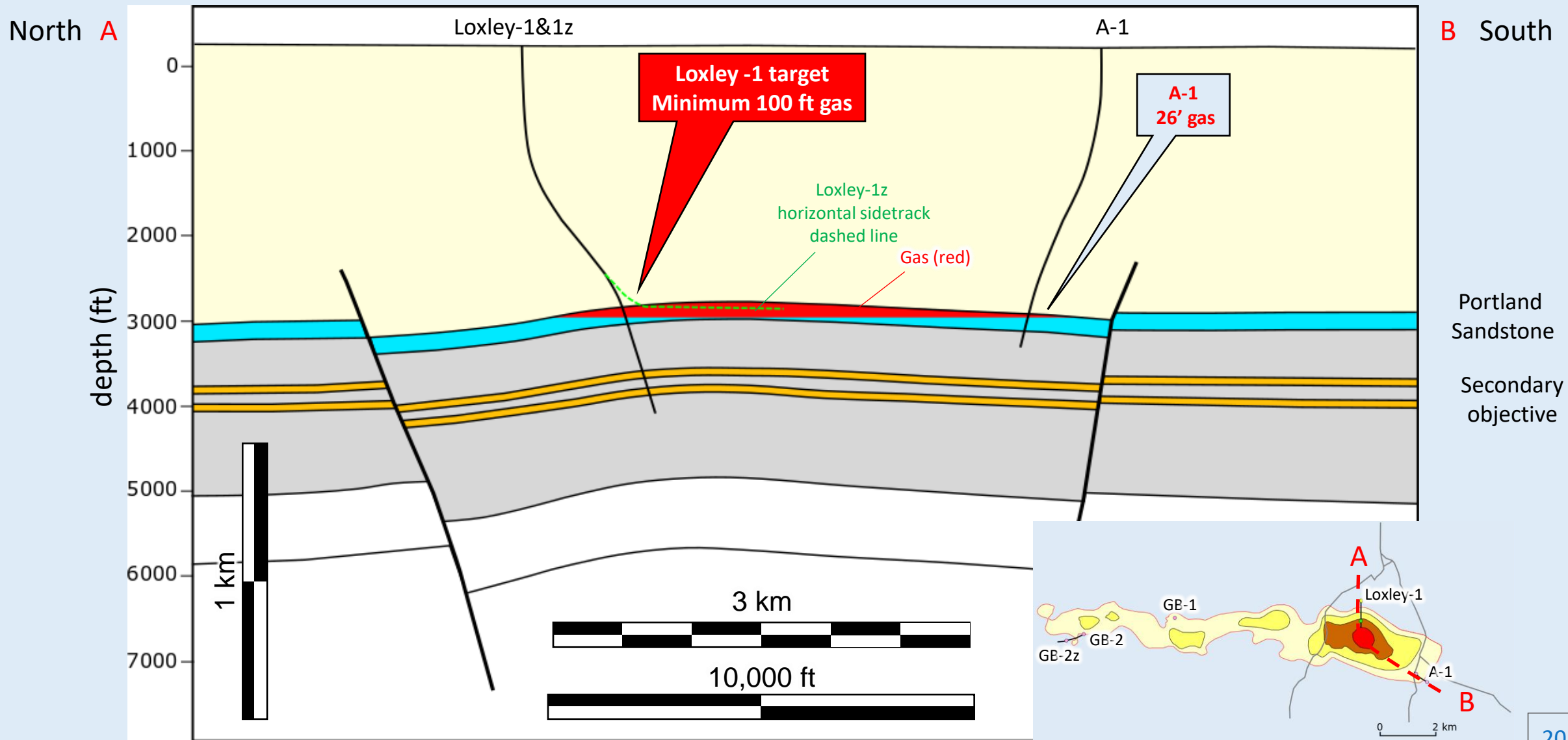
Having confirmed that the inputs used for the assessment of GIIP are consistent with industry standards, Xodus ran a probabilistic volumetric assessment and determined a range of GIIP for the Loxley/Godley Bridge structure as shown in the table above. The Xodus GIIP assessment confirmed the volumes presented by UKOG

# Loxley gas accumulation: gross thickness of gas bearing zone

**Loxley-1 target zone: gas column thickness >100 ft (orange & red area)**

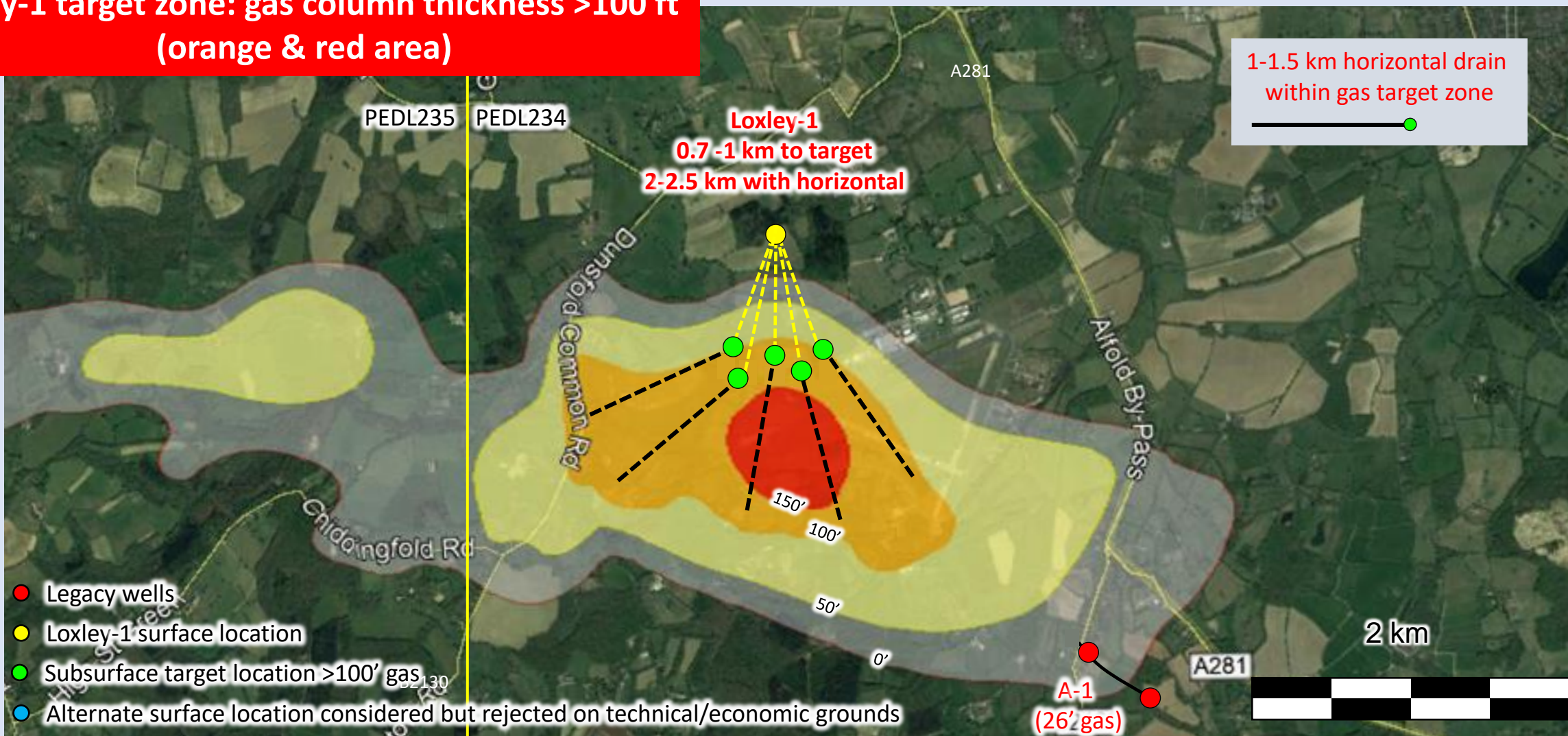


# N-S cross section along Loxley-1 & 1z trajectory



# Loxley site production wells could drain main gas accumulation

**Loxley-1 target zone: gas column thickness >100 ft (orange & red area)**



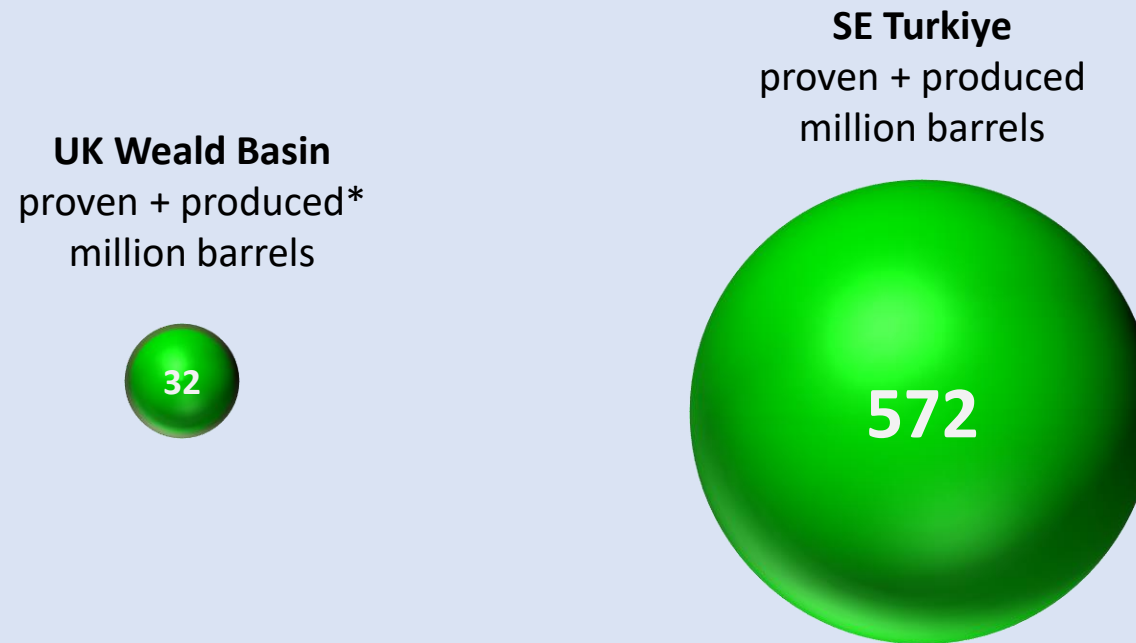
- **Discharge pre-commencement planning conditions**
- **Tender site construction, drilling and related services**
- **Construct well site and access track**
- **Procurement of drilling long lead items**
- **Drill and test Loxley-1 and 1z sidetrack appraisal wells**

# Turkiye: Basur- Resan appraisal project



# SE Turkiye: A far more prolific oil province than UK Weald Basin

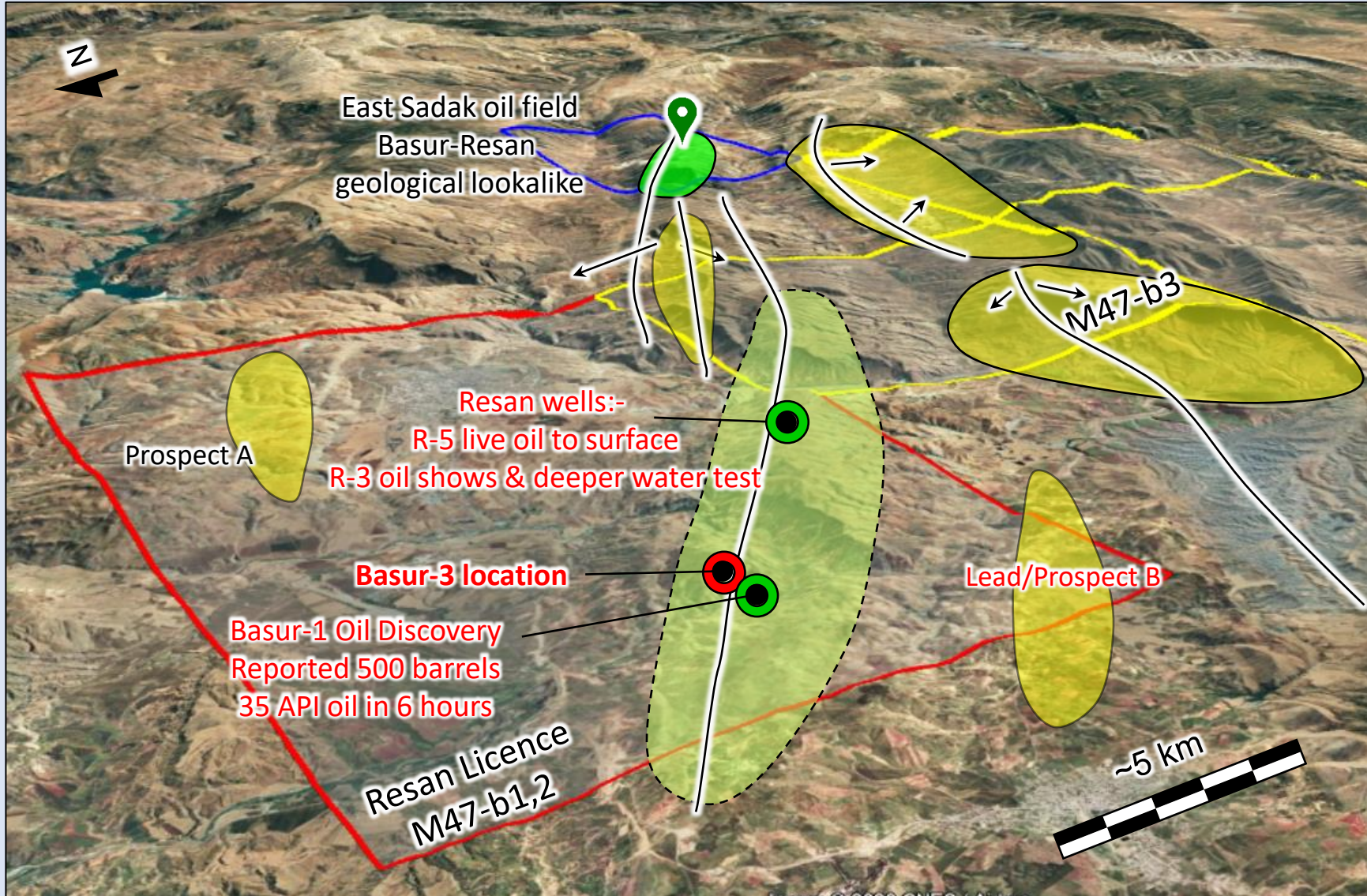
- **SE Turkiye has 18 times more produced & proven oil than the entire UK Weald Basin (572 mmbbl vs. 32 mmbbl)**
- The area between Resan and the giant Kurdistan Region of Iraq oil fields remains largely unexplored
- SE Turkiye has significant upside potential, hence the Resan farmin







*Note: \* UKOG has interests in 2 Weald Basin producing oil fields which contribute towards the stated volume  
Source: Xodus report 6/2020; JKP website; NSTA website; UKOG CPR, 2018; ERCE CPR, 2016; IHS Energy.*



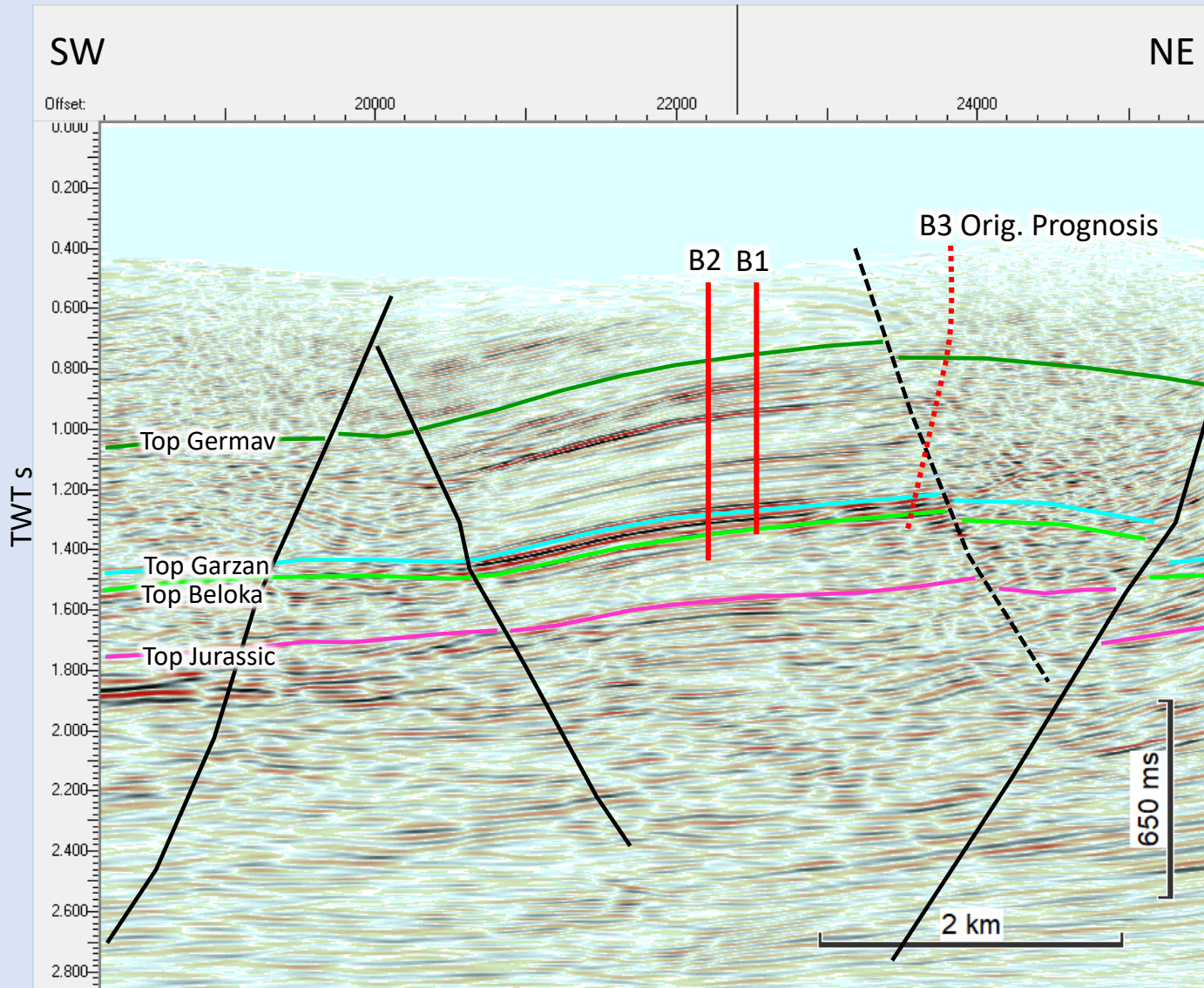
# SE Turkiye: Basur-Resan anticline and oil discovery



- Basur-Resan is a significant asymmetric anticline with surface expression confirmed by seismic. Maximum extent c. 70 km<sup>2</sup>. Updip from lookalike E. Sadak producing field
- Basur-1 is reported to have flowed 500 bbl of light oil in 6 hours (i.e. equivalent to 2,000 bopd). Resan wells have oil shows at similar depths, Resan-5 reported to have recovered light oil to surface
- Basur flowed light oil reported by Turkiye's Ministry as 35° API

-  Resan Licence
-  Basur-Resan anticline
-  Axis of surface geological feature (anticline)
-  Oil field or discovery
-  Prospective geological feature (surface anticline)

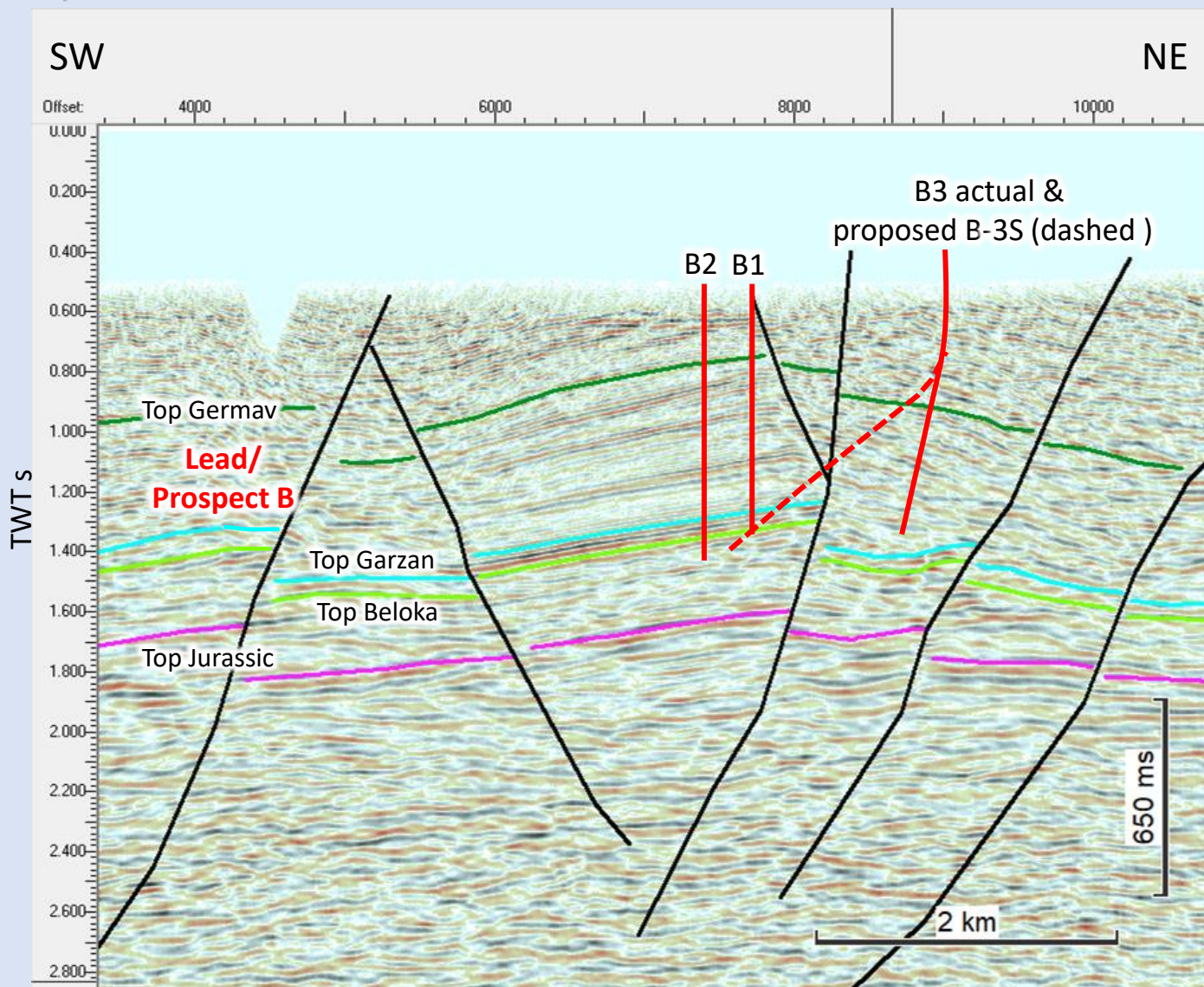
# Basur-3: Pre-drill interpretation on legacy seismic



Source: UKOG internal 2021

- Basur-3 well trajectory planned based on legacy seismic line. The data shows target Garzan/Beloka to be updip of B-1 oil discovery
- The quality of the seismic imaging towards the NE is poor as it lies at the 'end of the line' where complete near and far offset coverage is not possible
- Operator AME interpreted a normal fault at surface north of Basur-1 & 101 which has been inferred in the seismic data

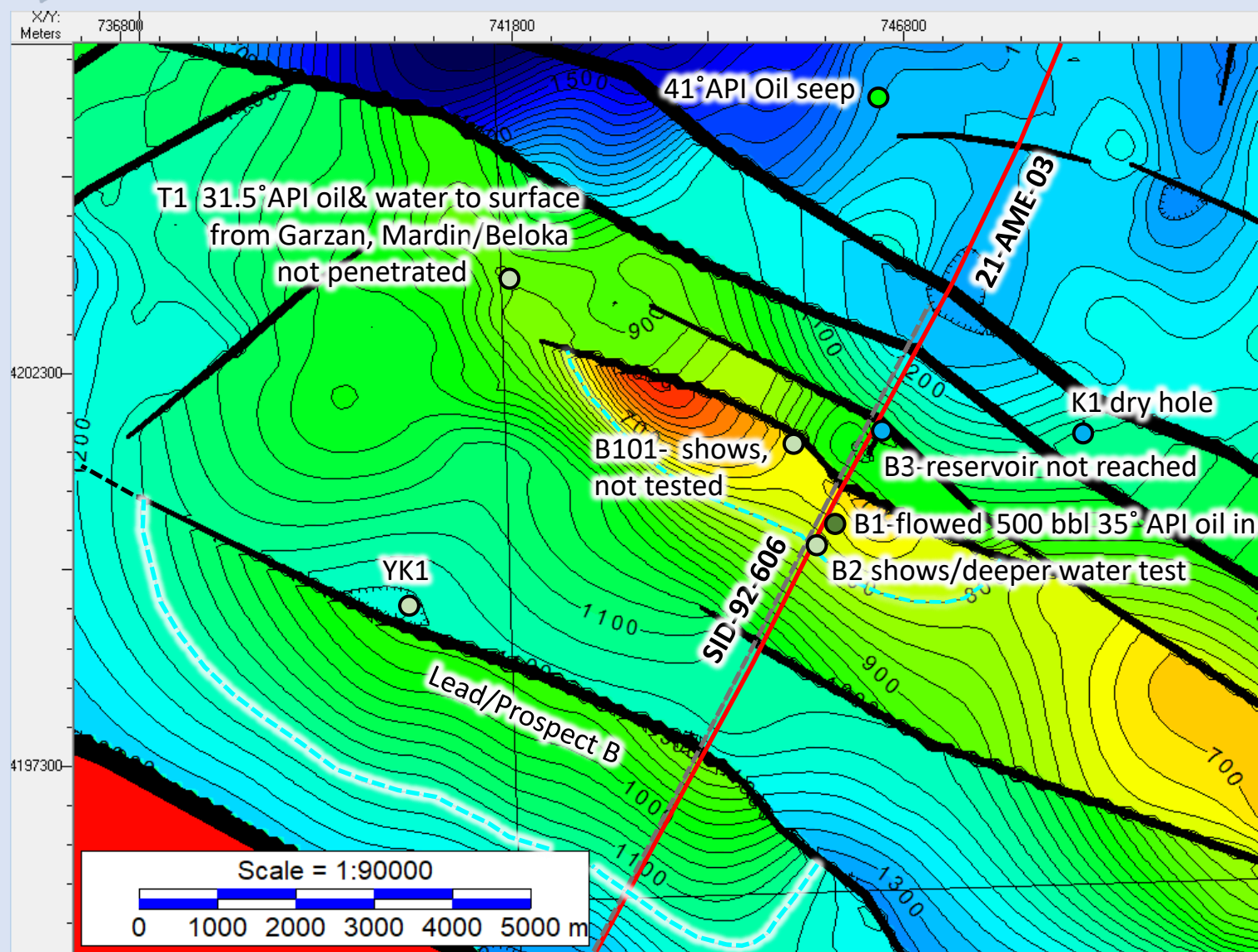
# Basur-3: Post-drill structural interpretation on new seismic



Source: UKOG internal 2022

- New seismic line revealed the presence of a major backthrust fault to the north of Basur-1. Imaging/processing of prior legacy seismic was incorrect
- Fault seen at surface is in fact a high-angle reverse fault/backthrust, not a normal fault
- Basur-3S sidetrack now requires higher inclination to test the reservoir in proximity to Basur-1 oil discovery
- B-3S trajectory presents possible drilling issues. It crosses the major backthrust fault in fractured limestone rocks with possible lost circulation and stuck pipe risks and associated higher costs.

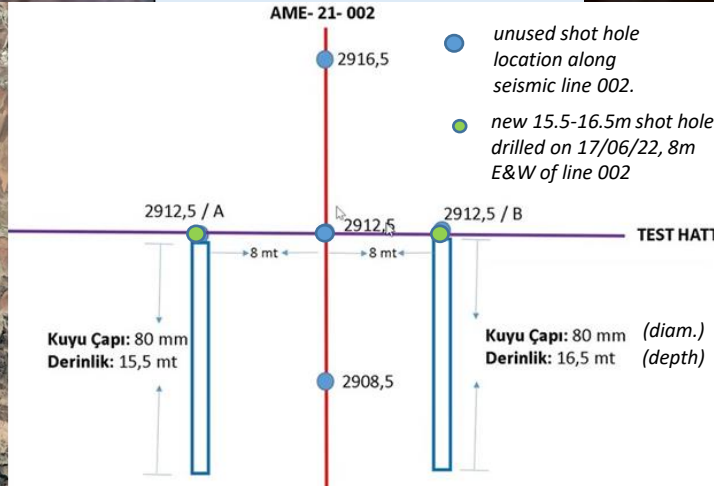
# Basur: Top reservoir depth map (m below mean sea level)



New top reservoir map generated using new phase-1 seismic and legacy data.

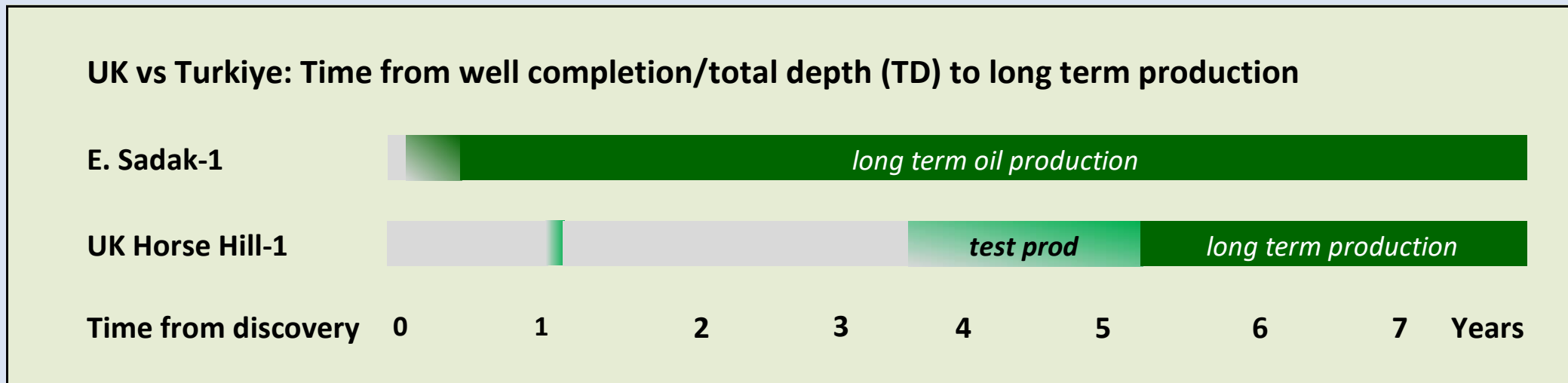
- 2021 seismic lines
- - - Legacy seismic line
- - - Lower closing contour
- B = Basur
- K = Konakli
- T = Tilan
- YK = Yeni Kopru-1

# Basur oil seep: found 15/06-03/07 2022, 4m below surface, 41.7° API gravity



# SE Turkiye: Rapid monetisation in under 1 year possible

- **Rapid monetisation, months versus years in UK**
  - **UK 4-5 year wait to long term production erodes ~40% of project net present value**
  - **AME's E. Sadak field in production within 1 month of well finish, official production consent in 7 months**
  - Right to produce enshrined in Turkiye's Petroleum Law (Article 6 (10))
  - No lengthy planning or regulatory permission hurdles after commerciality established
  - Turkiye's refineries must purchase all produced crude at market price - enshrined in Petroleum Law
  - Export via road to Batman refinery - approximately same distance as Horse Hill to Perenco Hamble



# UK: Horse Hill oil field



# Horse Hill: Unlocking future value

## Convert HH-2z into a water re-injection well

- This will realise water disposal cost savings ~ £20-25k/month and assist in reservoir pressure support and oil recovery
- EA permit and NSTA approval is in place.
- Further upgrades at site planned

## 3D seismic acquisition

- Feasibility study underway to assess the merits and costs of a small 3D seismic programme to enhance geological understanding
- 3D seismic could dramatically reduce the risk of infill Portland drilling and Kimmeridge appraisal drilling as well as high grade key areas of production enhancement opportunity

## Drilling

- UKOG has commenced well planning for a Portland infill and Kimmeridge appraisal well. Horse Hill has planning and permitting permission for a further 4 development wells offering a quick route to future development

## Significant geothermal project

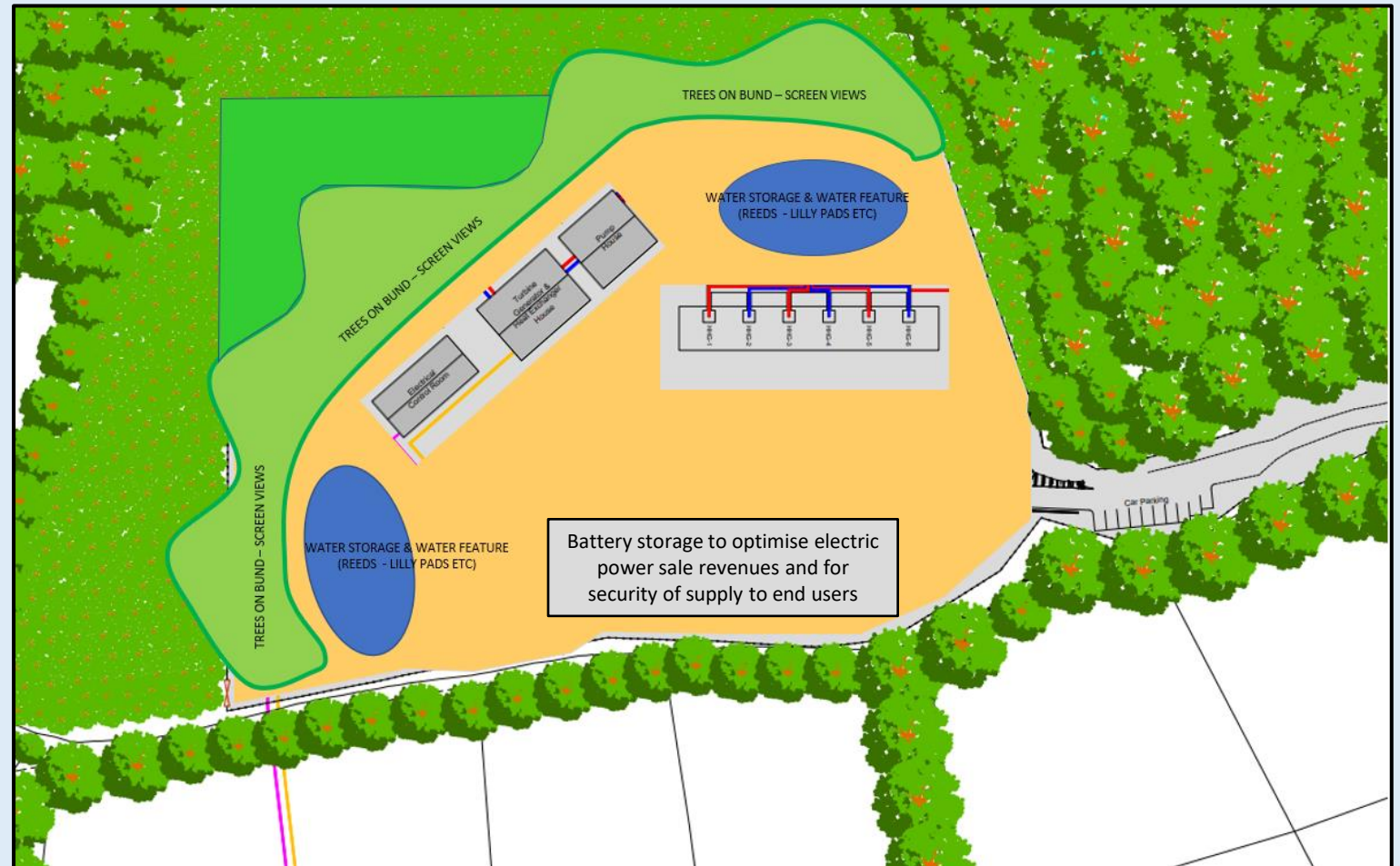
- The GeoHub, currently at a concept stage, is targeted to generate and supply more than 200,000 megawatt hours per year of continuous baseload, primarily as heat energy. The project's first phase would aim to supply identified significant industrial end-users in the locality with 100% green heating and cooling plus ancillary green electricity and/or hydrogen. Initial discussion ongoing with potential significant offtake end-user.



# Horse Hill: Harnessing geothermal heat energy under our feet

Horse Hill site repurposed to include/deliver green geothermal heat @150-200°C to surface via downhole heat exchangers

- 6 x 5,000-7,000m new wells
- Utilising heat exchangers/pumps
- ~25 MW of heat baseload
- Baseload over 8,760 hours/year
- Secondary electrical power generation from unused heat
- In discussions with significant local industrial end-user re heat energy supply for heating/cooling



# Estimated use of funds, corporate structure & management team

Estimated Use of Funds	£ million
Portland (Initial planning & studies, pre-FEED)	1.0
Loxley (Planning related, site lease)	0.3
SE Turkiye Basur Phase 2 seismic	0.5
Other working capital	1.3
<b>Total</b>	<b>3.0</b>

Capital Structure	
Issued Shares	16,239 million
Options (Management & Directors)	139 million
Warrants	163 million

- **Stephen Sanderson (CEO)** - A highly-experienced petroleum geologist, oil industry veteran and upstream energy business leader, with over 30 years operating experience, Stephen is a proven oil finder and has been instrumental in the discovery of more than 10 commercial conventional fields, including the giant Norwegian Smorbuk-Midgaard field complex. Stephen held a variety of senior management roles for ARCO, Wintershall AG and three junior start-ups
- **Kris Bone (Operations Director)** - Kris Bone is a petroleum engineer with 24 years international exploration, appraisal, development and production experience in both conventional and unconventional sectors. Before joining UKOG Kris was Well Engineering Director for IGas Energy Plc, overseeing multiple drilling and well operations projects in the UK. His previous more recent experience includes Providence Resources and Europa Oil & Gas
- **Matt Cartwright (Commercial Director)** - Matt has worked for 39 years in the international oil & gas industry for super-majors and start-ups. He started his career with BP and ARCO in the UK before spending 13 years with Total where he made a significant contribution to Total's growth in the Canadian heavy oil sands, the UK Elgin/Franklin development and in several ultra-deep-water W. Africa projects
- **Matt Gormley (CFO)** - Matt began his career within Grant Thornton's Audit practice before joining Shanta Gold, the London-listed gold producer with operations in East Africa, where he was Group Financial Controller. Whilst at Shanta he was instrumental in a sustained period of operational, financial, and corporate successes. Matt has 11 years' experience in financial roles and senior operational roles in the natural resources space and is a member of the Institute of Chartered Accountants in England and Wales