



# UKOG: Corporate Presentation, February 2017

# Future Onshore Energy for Britain



Horse Hill flow testing, 1,688 bopd: Courtesy CNN 2016

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# Corporate Snapshot



## Corporate Information

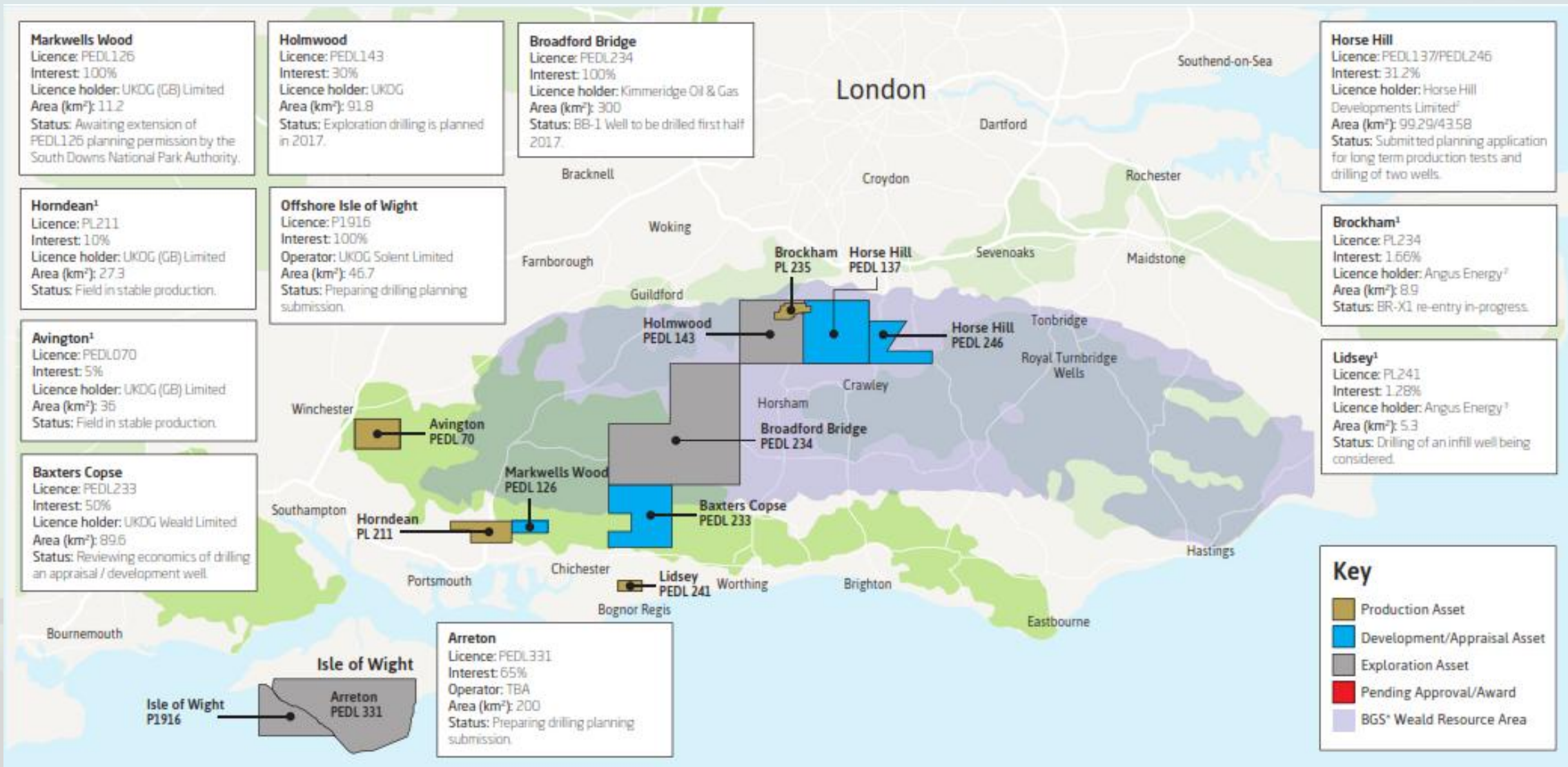
<b>Exchange Listing Details</b>	<b>Exchange</b>	<b>AIM:UKOG</b>
<b>Ordinary Shares on issue</b>	<b>Millions</b>	<b>2,597</b>
<b>Last Share Price</b>	<b>GBP/share</b>	<b>1.5</b>
<b>Market Capitalisation</b>	<b>£ Millions</b>	<b>39</b>
<b>Options and Warrants Outstanding</b>	<b>Millions</b>	<b>181</b>
<b>Directors and Management Options</b>	<b>Millions</b>	<b>80</b>

## Share Price / Volume History (GB pence, millions)



- **Vanguard Player in new Kimmeridge Limestone (KL) oil play**
  - Largest acreage holding in Weald and KL sweet-spot
  - HH-1 test: record rate for UK onshore discovery ~1700 bopd dry oil
  - 100 MMbbl net UKOG reserve potential within existing licences
- **Well-defined plan to prove KL resource play viability by Q4 2018**
  - Show commerciality via early stable production @ HH-1 and HH-1z
  - Replicate HH in 3 new locations across the basin centre by Q4 2018
  - Approvals in place for 2 exploration wells in 2017
  - Massive hydraulic fracking not required
- **Low drillex and devex costs, rapid payback**
- **5 conventional discoveries add ~14 MMbbl net recoverable 2C, robust economics**
- UKOG (AIM & ISDX) MCAP ~£40MM, zero debt, good daily traded volumes

# UKOG Weald Basin Acreage Portfolio 1000 Km<sup>2</sup>



# KL and Portland Plan to Q4 2018

- **Develop and control the KL oil play**
- **Demonstrate KL commerciality: Move Horse Hill-1 KL into production by end 2018**
  - - HH-1 production tests in 2017
  - - HH-1/1z production wellbores in 2018
  - - KL production target >1000 bopd by end 2018
- **Replicate HH-1 within wider basin “sweet-spot”**
  - - BB-1 in 2017, approvals granted
  - - H-1 in 2017, approvals granted
  - - GB-3 in 2018, site selected
- **Consolidate and increase licence holdings**
- **Bring HH Portland to production by end 2018**



# What is the Kimmeridge Limestone Play?

- **Four brittle, naturally-fractured, Kimmeridge Limestone reservoirs (KL1-KL4)**
  - Regionally continuous over 1500+ sq miles
  - Encased in oil generative naturally-fractured, brittle Kimmeridge shale (KCF)
  - Shallow c.1000 m below ground surface
- **Demonstrated by:**
  - **HH-1 flow tests: record stabilised rate of ~1365 bopd dry oil** (2 zones: KL3, KL4)
  - Balcombe-1: 1986, 48 bbl of oil in 24 hours (1 zone: KL4)
  - Oil typed to KCF shale source, abundant wet gas and oil shows in legacy wells
- **First “Resource Play” or “Continuous Oil Deposit” demonstrated in UK**
  - Zero water production on test, no free water or oil water contacts seen on logs
  - 1000-1800ft of near continuous oil saturated rock over ~1000 sq miles
- **Scale-ability: multiple wells per 3-6 acre site, multiple pads per licence**
- **Low drillex and devex costs, potential for rapid investment payback**



# Kimmeridge Geology 1.01 at Kimmeridge Bay, Dorset

Horse Hill KL 3 & 4 Oil



Kimmeridge Clay Oil Shale



# Kimmeridge known to be fractured for 50+ years



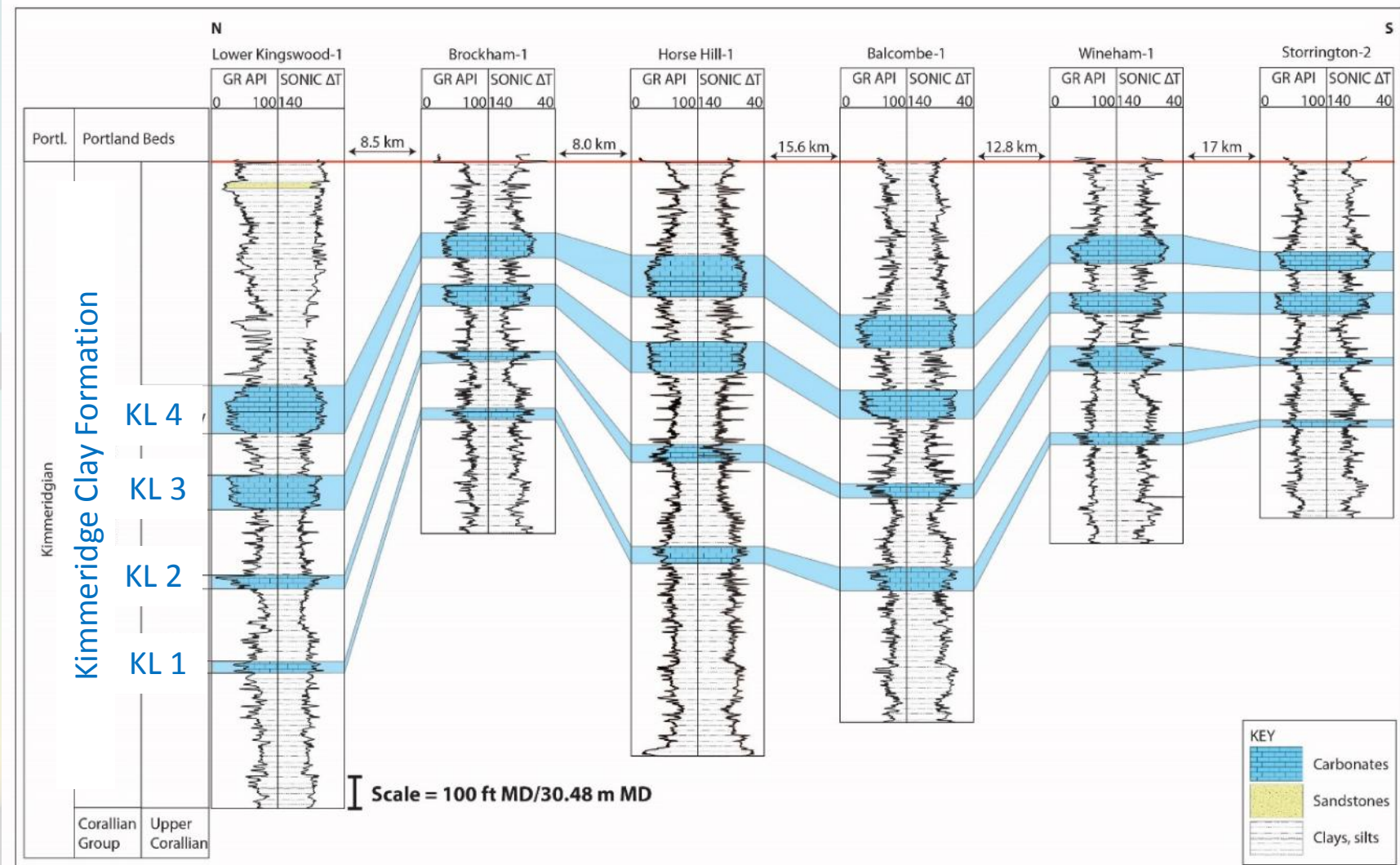
Natural Fractures within  
Kimmeridge Limestones  
at Kimmeridge Bay,  
Dorset

Courtesy of Dr Ian West  
University of  
Southampton

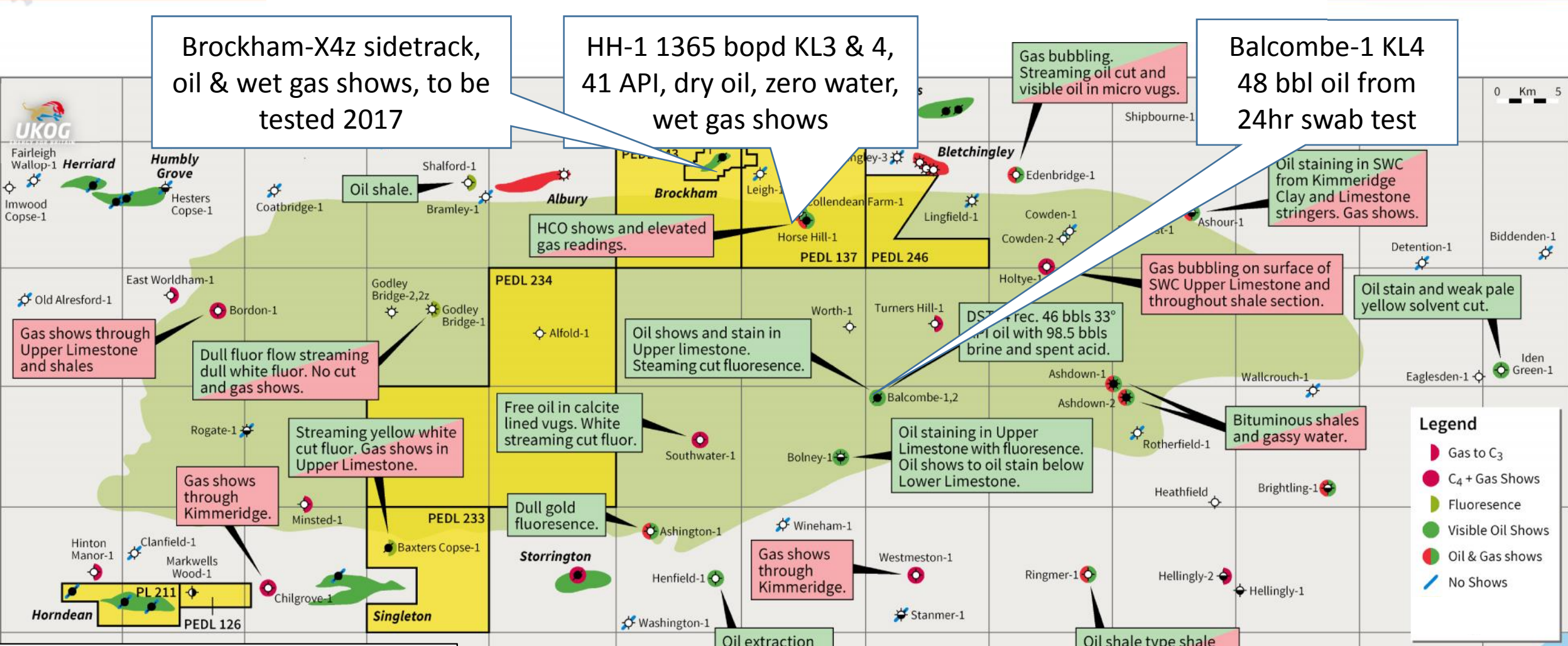


# Kimmeridge Limestones are regionally extensive

- 4 Main Limestone members (KL1-4) 20-100 ft thick
- Limestones & shale naturally fractured
- KL are coccolithic micritic limestones (shaley chalk) contain up to ~2% TOC
- KL 3 & 4, Flowed ~1400 bopd at Horse Hill
- KL 4, 48 bbl Oil Balcombe-1
- KL 2-4 to be tested in 2017 @ HH-1, BB-1, H-1, & Brockham X-1z

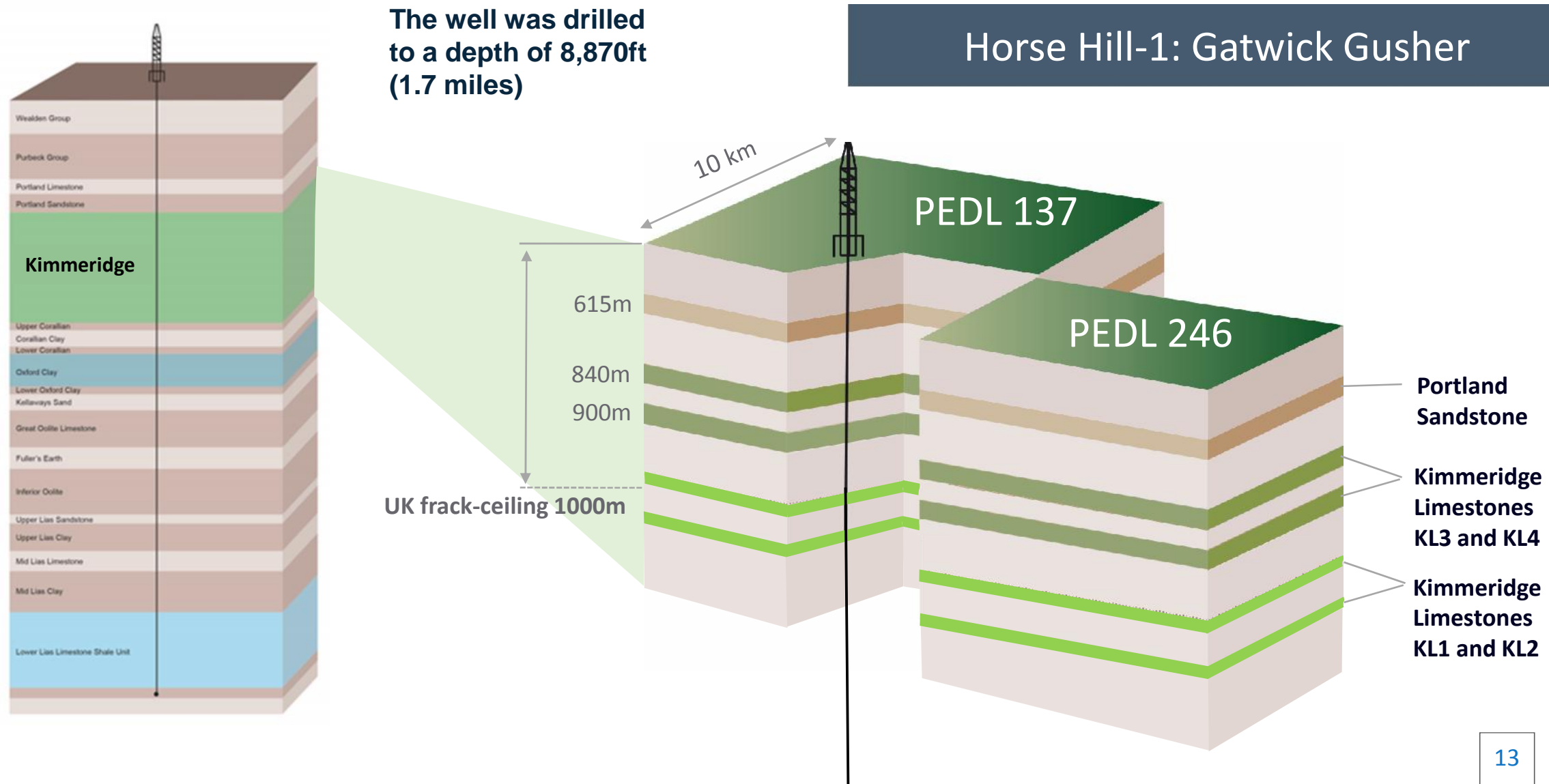


# Significant Shows throughout Kimmeridge pre-date HH-1

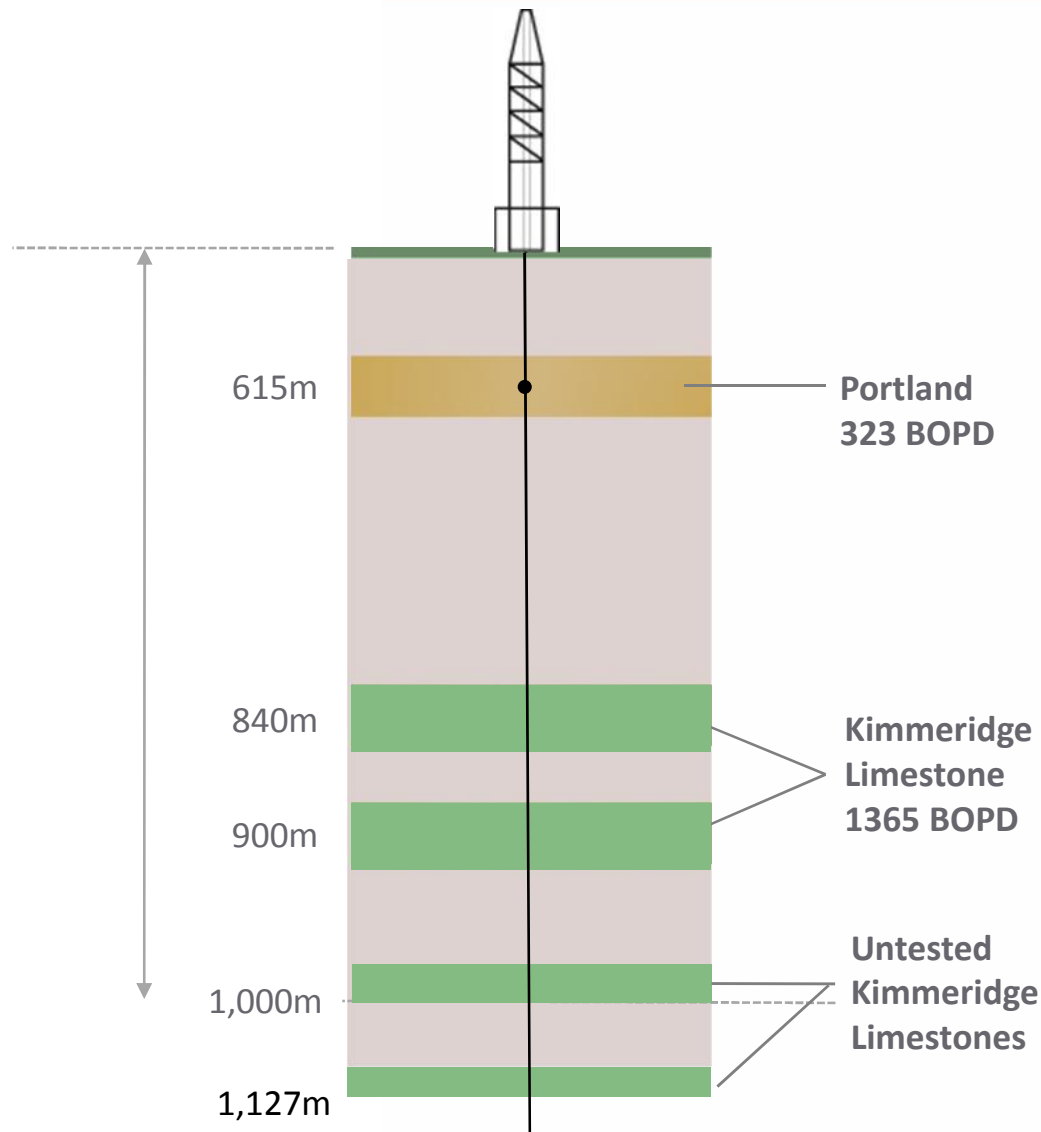


Wet gas shows are indicative of oil generation in Kimmeridge shales

# Horse Hill -1 Oil Discovery, KL and Portland



# Horse Hill -1 2016 Flow Tests

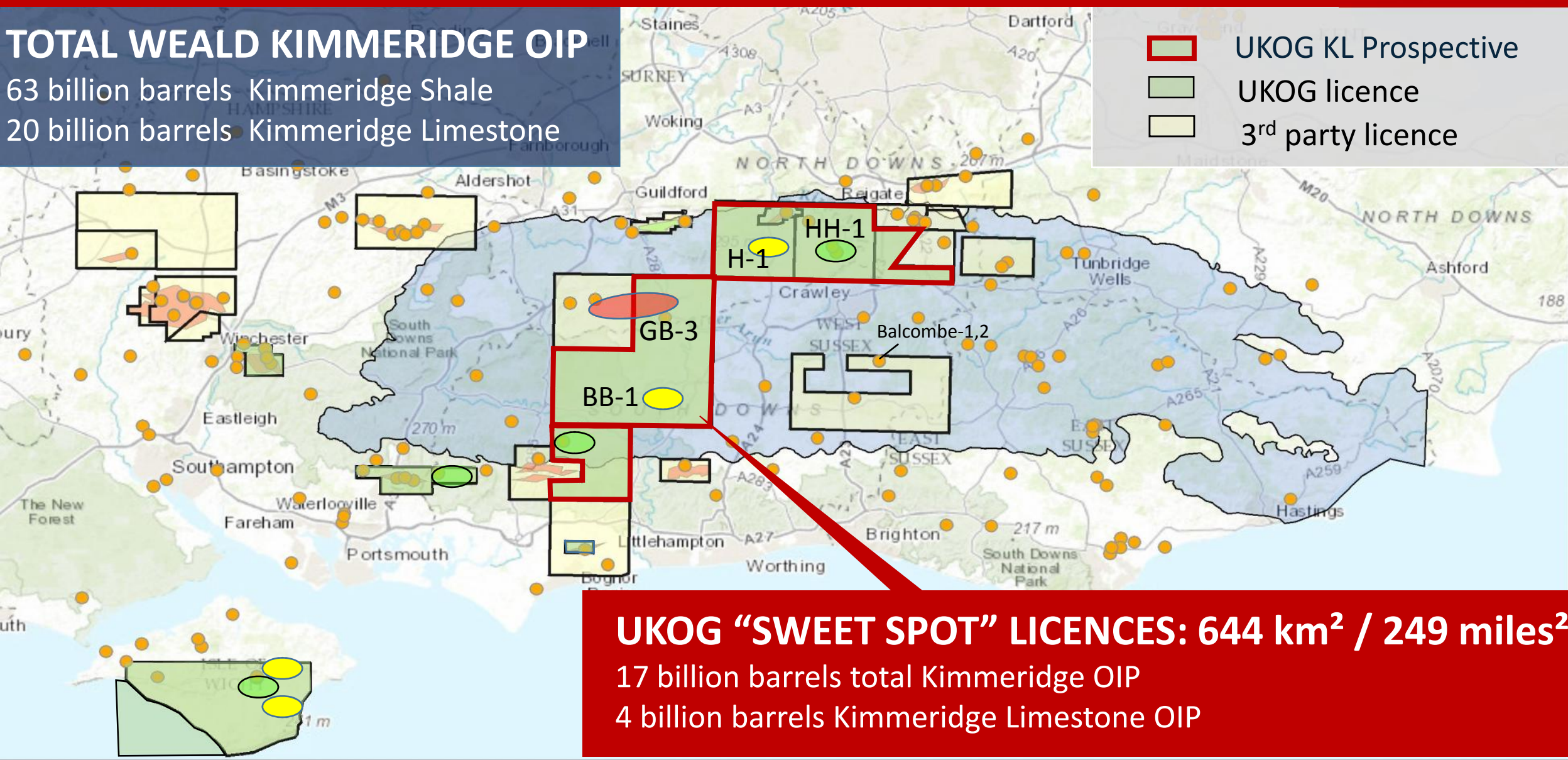


- **1365 bopd aggregate dry stable flow from Kimmeridge**
- **Natural flow, natural fractures, dual porosity, no depletion**
- 1688 bopd aggregate Kimmeridge + Portland, stable, dry oil rate
- Highest stable dry oil rate of any UK onshore discovery well
- KL3 and KL4 tests may drain same overall reservoir “tank”

# Abundant KL OIP underlying UKOG licence interests

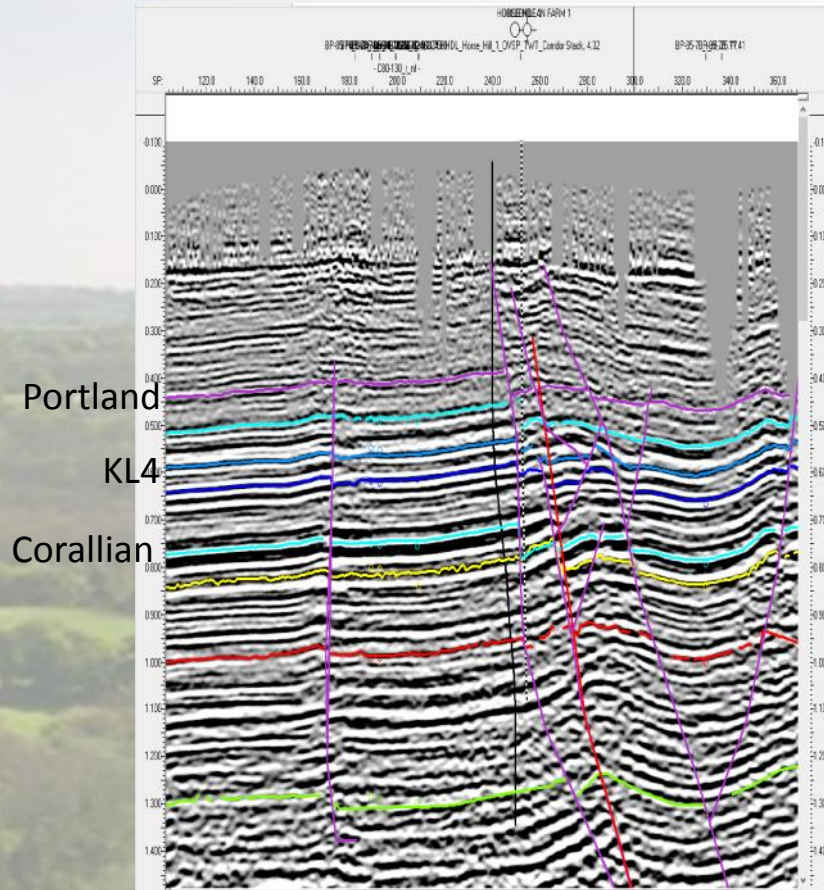
**TOTAL WEALD KIMMERIDGE OIP**  
 63 billion barrels Kimmeridge Shale  
 20 billion barrels Kimmeridge Limestone

- UKOG KL Prospective
- UKOG licence
- 3<sup>rd</sup> party licence

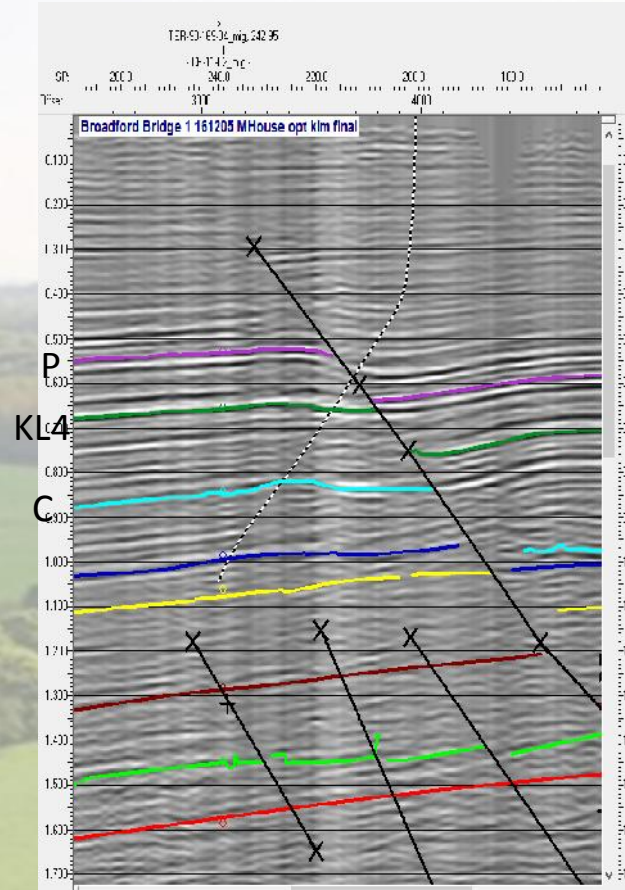


**UKOG "SWEET SPOT" LICENCES: 644 km<sup>2</sup> / 249 miles<sup>2</sup>**  
 17 billion barrels total Kimmeridge OIP  
 4 billion barrels Kimmeridge Limestone OIP

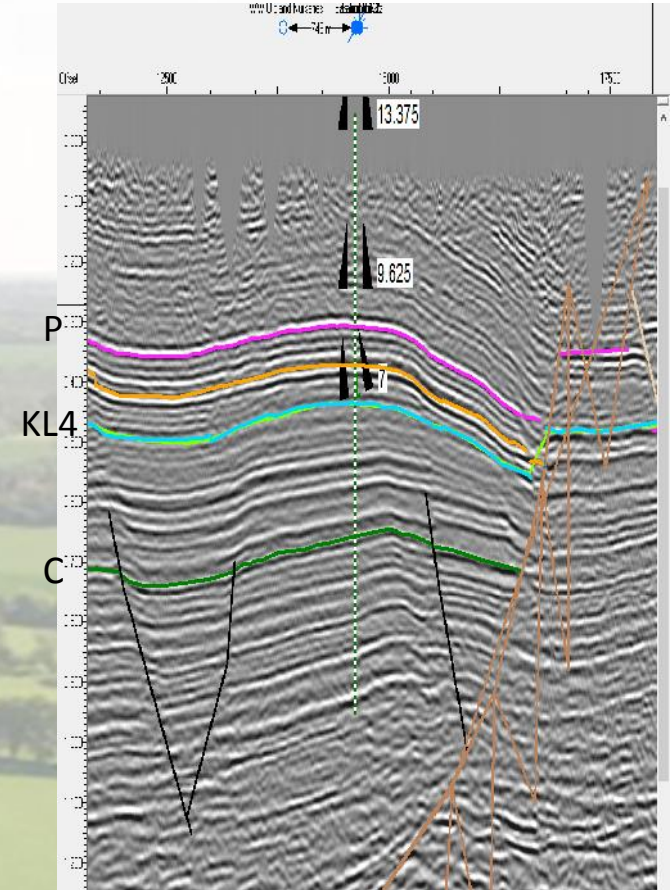
# Next Step: Broadford Bridge-1, Look-alike to HH-1



Horse Hill -1



Broadford Bridge -1



Balcombe -1

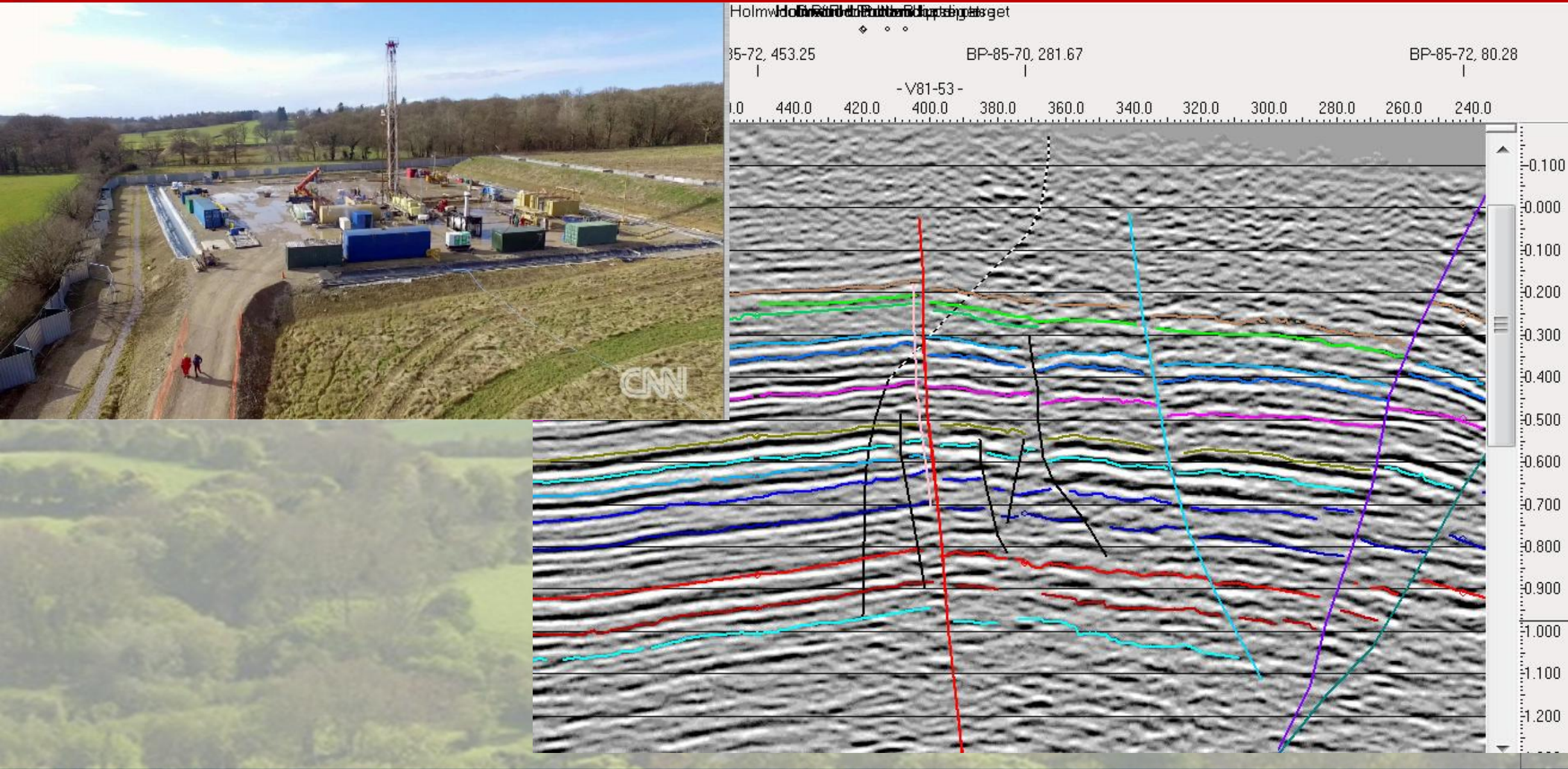


# Broadford Bridge-1 Ready to Drill



- Mature tree screen means site cannot be seen from roads or nearby fields
- very low population density around site

Step 2: 2017 HH-1, 6 months production testing  
Step 3: 2017 Holmwood-1, HH look-alike



# Low Impact Multiple-well KL Production Site Concept

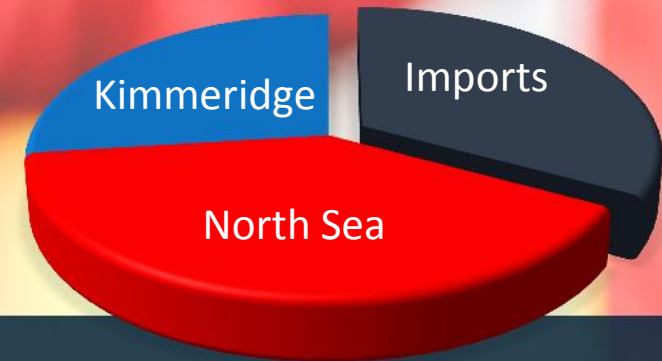


## Low visual impact oil production

- Multiple producing wells in 3-6 acre sites
- Initial production target 1000 bopd/well, resources target 1 MMbbl/well
- Use biodegradable 'plant-starch' drilling mud
- Wells and pumps below ground level
- Low-rise storage tanks - lower profile than rural grain-silos
- Control production to reduce peak oil road tanker impact (~200 bbl/tanker)
- Select brown field sites and locations near A-roads/rail-links that avoid villages, houses, small roads, AONB and SDNP



# Potential Weald-wide KL Oil Impact on UK Economy: EY Report



Future peak oil production could provide approximately 4% - 27% of UK daily oil demand over the life of the project

Gross Value Added to the UK economy could range from £7.1 billion to £52.6 billion

Generates a peak of 8,000 to 49,000 jobs in the UK

Lifetime tax revenues of between £2.1 billion to £18.1 billion



<http://www.ukogplc.com>