



# Why SE Turkey & Basur-Resan makes sense for UKOG's future growth

January 20 2021



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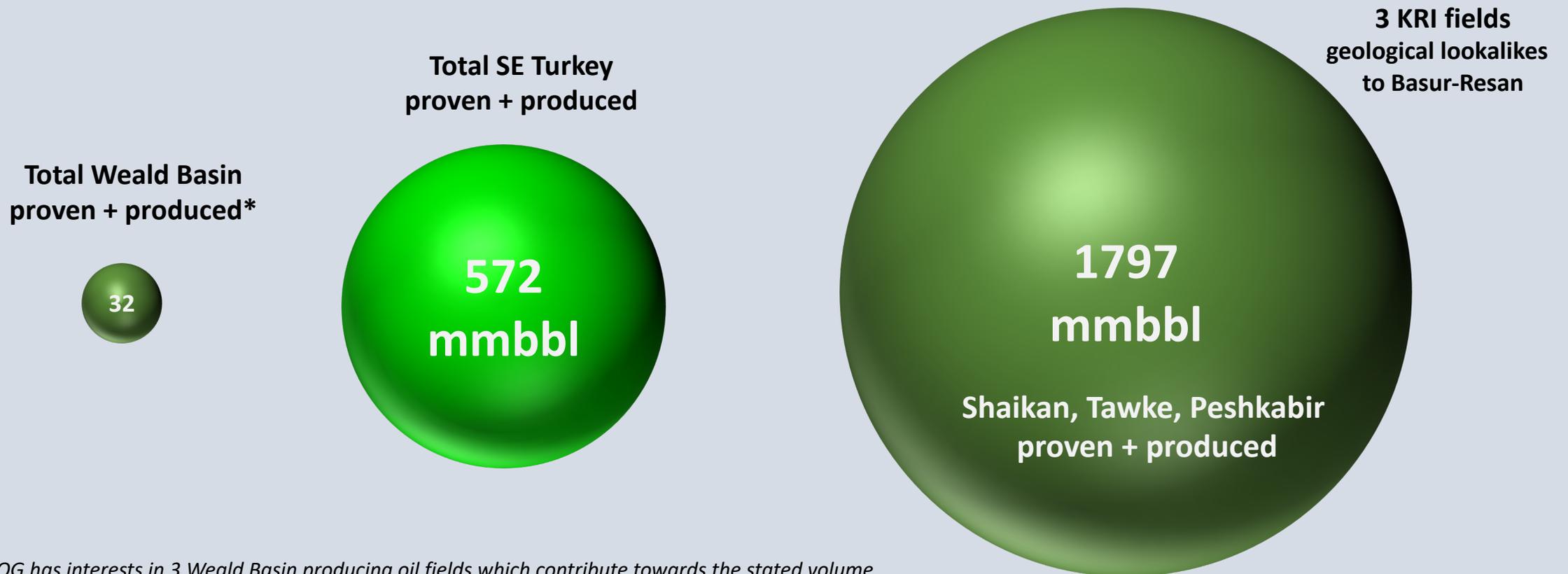
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**“We remain committed to growing our core UK business, but this was an irresistible opportunity to expand our horizons and to expose the company to potentially transformational recoverable oil reserves that can be rapidly monetised. The quality of the geological address and opportunity is undeniable.”**

Stephen Sanderson, Chief Executive, RNS July 23<sup>rd</sup> 2020

# SE Turkey: an “irresistible opportunity”

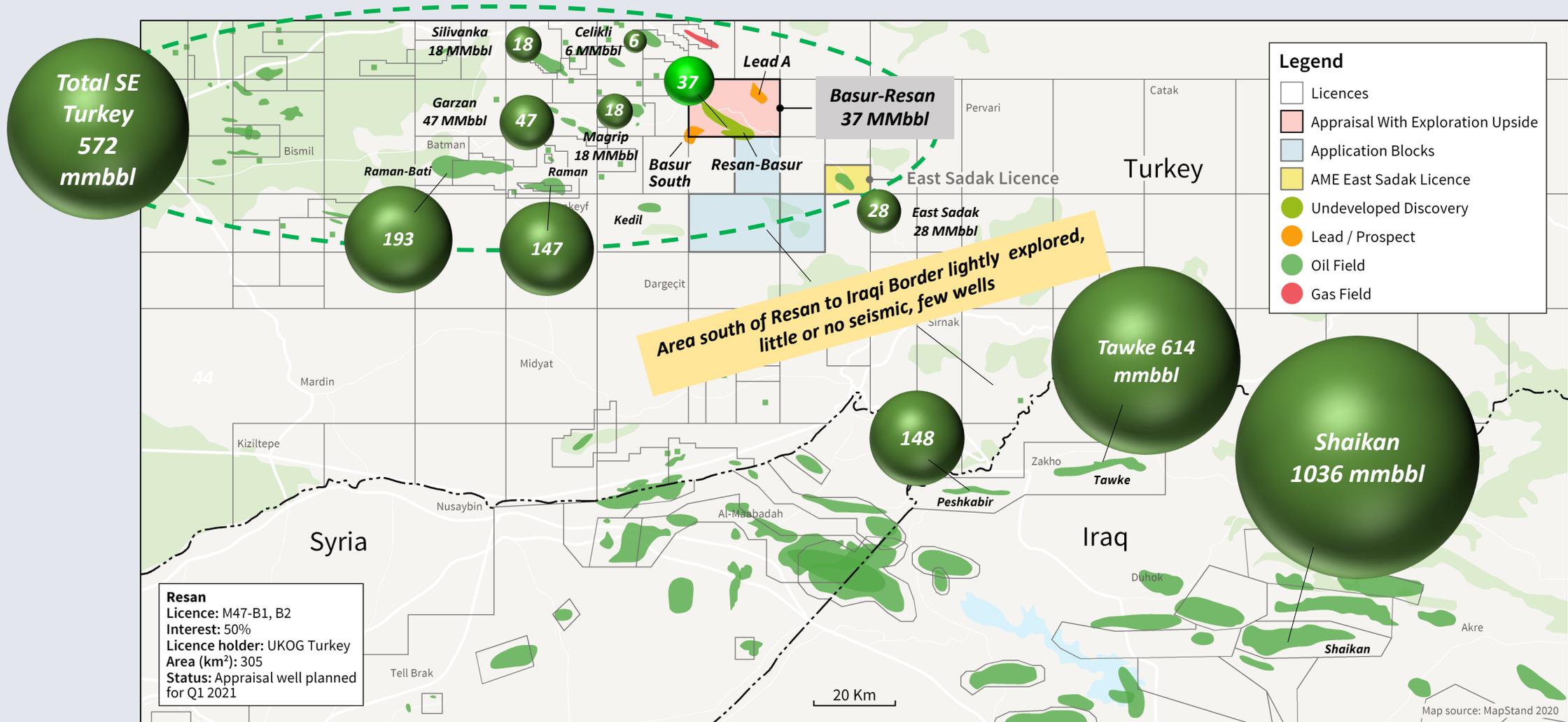
- South East Turkey has 18 times more produced & proven oil than the entire Weald Basin (572 mmbbl vs. 32 mmbbl)
- The area between Resan and the giant Kurdistan Region of Iraq oil fields remains largely unexplored
- South East Turkey has significant upside potential, hence the Resan farmin & our new licence application



Note: \* UKOG has interests in 3 Weald Basin producing oil fields which contribute towards the stated volume

Source: Xodus report 6/2020; JKP website; DNO website; OGA website; UKOG CPR, 2018; ERCE CPR, 2016; IHS Energy.

# SE Turkey & Iraq: UKOG licences, fields, recoverable oil mmbbl

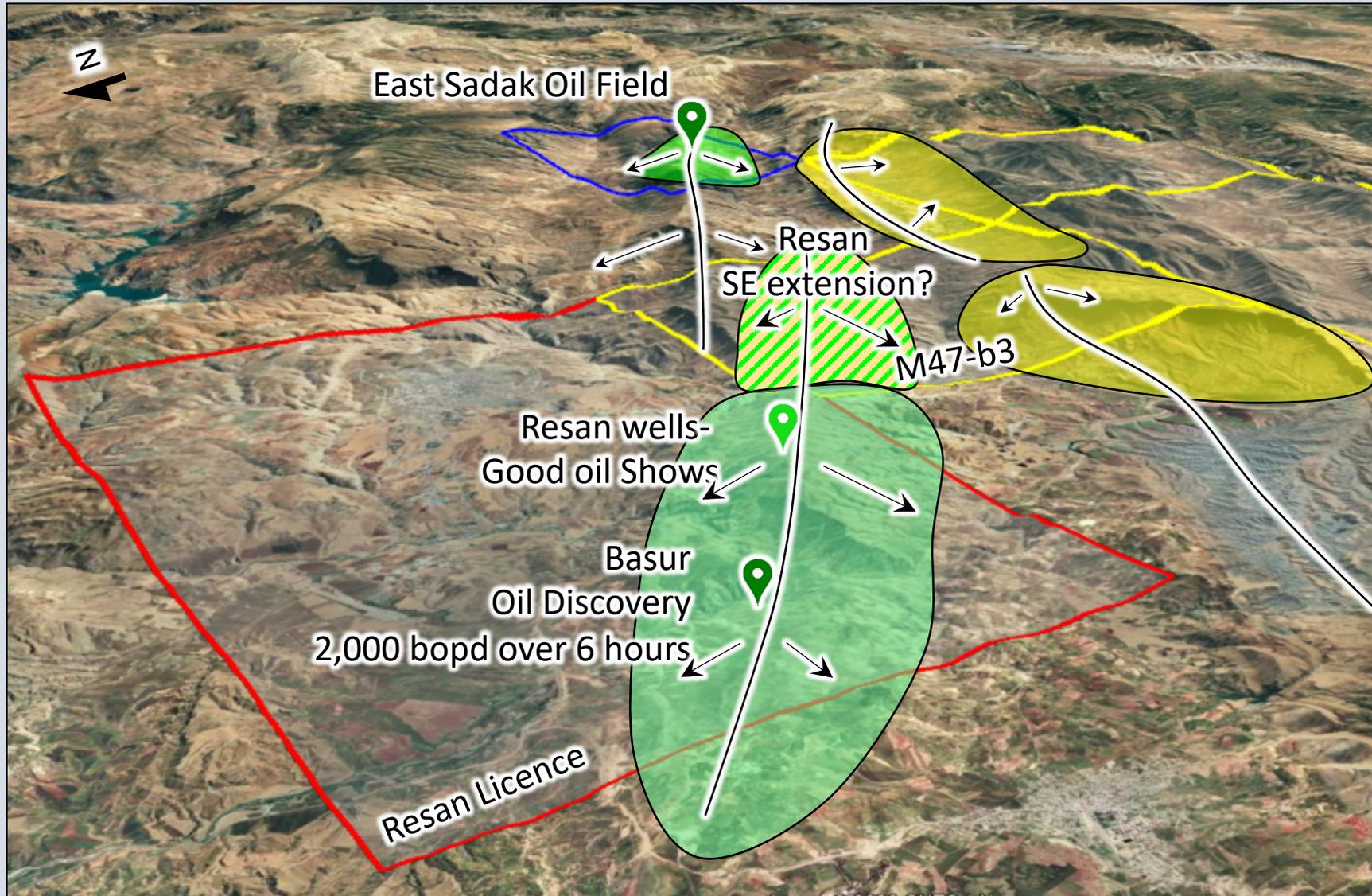


Source: UKOG CPR, 2018; Xodus report 6/2020, 8/2020; IHS Energy; JKP website; DNO website, ERCE CPR, 2016; OGA website

**“It is now evident that, in the success case, the Basur-Resan appraisal project has the potential to surpass the recoverable oil and gas volumes currently assigned by Xodus to our material UK Arreton and Loxley appraisal projects. It also has the advantage of lower drilling and operating costs and, facilitated by Turkish petroleum law, the possibility to rapidly monetise the success case within a year. For these reasons success could be transformational for the Company.”**

Stephen Sanderson, Chief Executive, RNS January 15<sup>th</sup> 2020

# Resan Licence: Basur-Resan oil discovery



- Basur-Resan is a significant anticline with surface expression confirmed by seismic. Proven by wells to cover c. 45 km<sup>2</sup>
- Basur-1 flowed 500 bbl in 6 hours (i.e. equivalent to 2,000 bopd). Resan wells with good oil shows at similar depths.
- Possible significant extension to SE in new application block

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

# A prize even bigger than UKOG's UK quality appraisal projects

- Xodus' Basur-Resan discovered gross mean recoverable volumes exceed all Weald's historic production + reserves
- Oil in ground demonstrated by Basur & Resan wells - need to establish commercial rates and volumes

## Gross mean case:

- 1.2 times larger than total Weald Basin produced + reserves
- 15 times larger than UKOG's Arreton Portland mean case
- 5 times larger than Loxley's mean case in oil equivalent terms

## Gross high case:

- 2.1 times larger than total Weald Basin produced + reserves
- 9 times larger than UKOG's Arreton Portland high case
- 6 times larger than Loxley's high case in oil equivalent terms



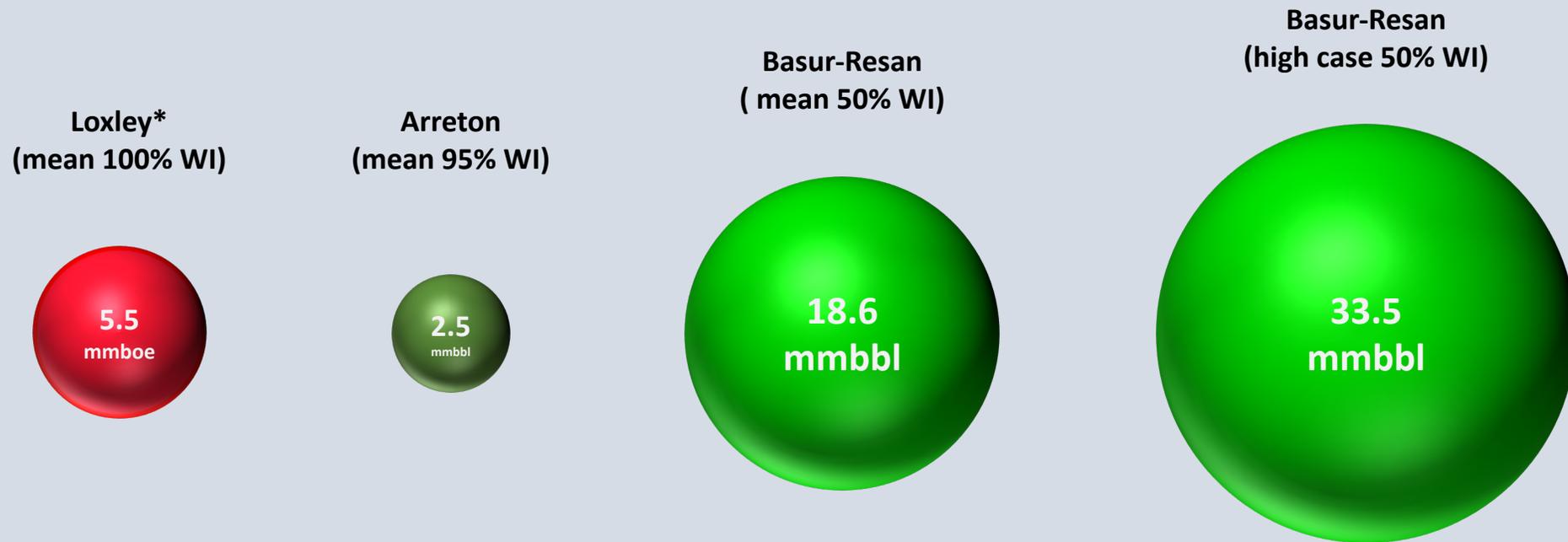
Note: \* UKOG has interests in 3 Weald Basin producing oil fields which contribute towards the stated volume † Total historic oil production plus remaining 2P reserves <sup>2</sup> PEDL234+ PEDL235

Source: UKOG 2018 CPR; Xodus report 6/2020, 8/2020; OGA website, IGas CPR 2019.

# UKOG Appraisal Projects: net discovered recoverable volumes

Basur-Resan UKOG net discovered mean case oil volumes are materially larger than UKOG's Weald Basin projects:

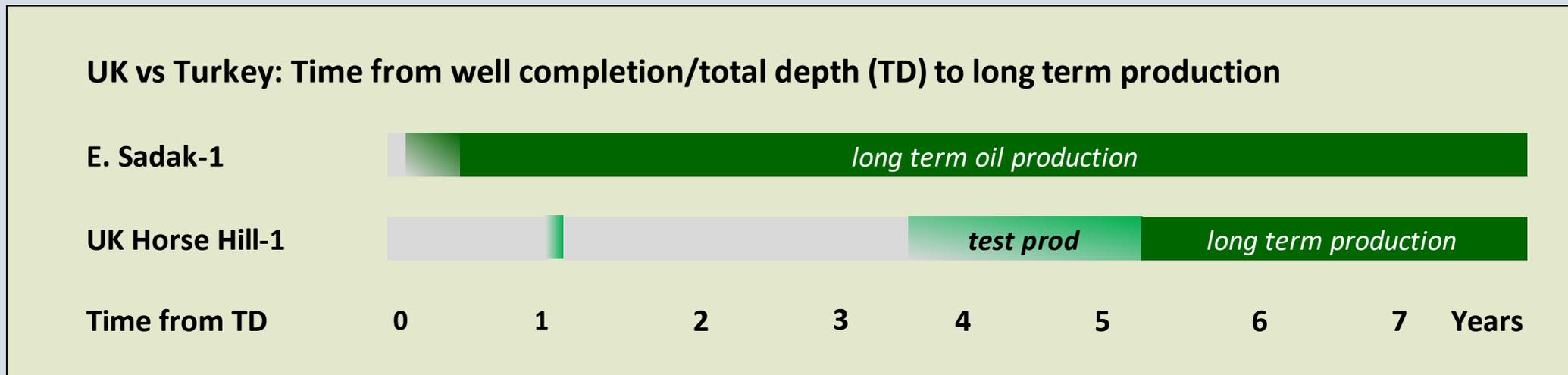
- Over 7 times larger than Arreton Portland
- Over 3 times larger than Loxley Portland (oil equivalent)



Source: UKOG CPR, 2018; Xodus report 6/2020; Xodus report 8/2020 \* PEDL234 only

# Rapid monetisation in under 1 year is possible in Turkey

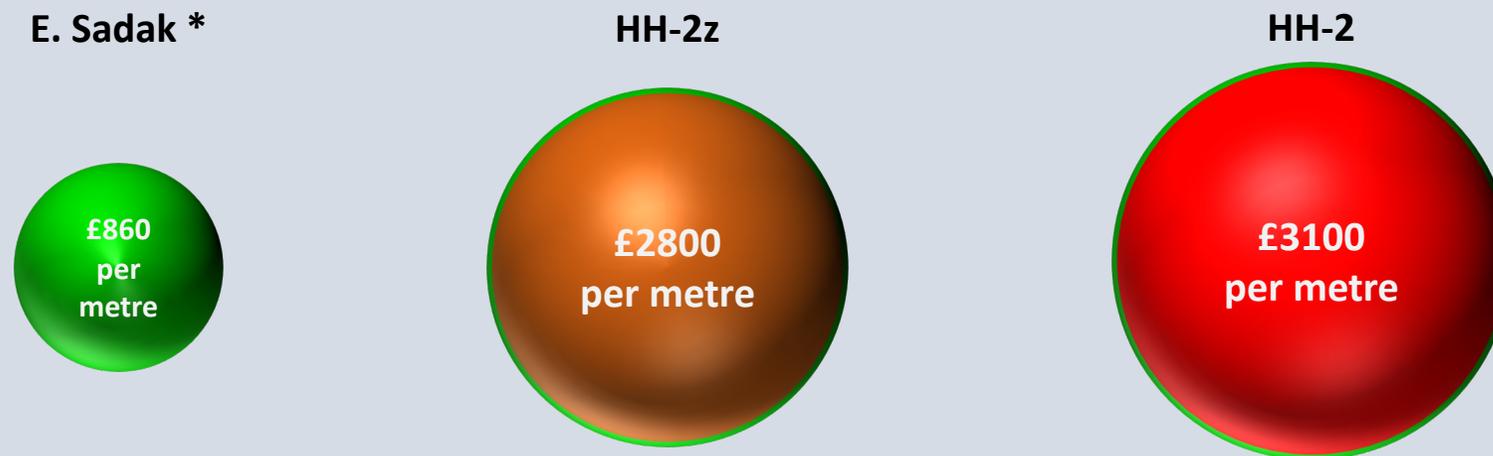
- **Rapid monetisation, months versus years in UK**
  - UK 4-5 year wait to long term production erodes ~40% of project net present value
  - AME's E. Sadak field in production within 1 month of well finish, official production consent in 7 months
  - Right to produce enshrined in Turkish Petroleum Law (Article 6 (10))
  - No lengthy planning or regulatory permission hurdles after commerciality established
  - Turkish 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



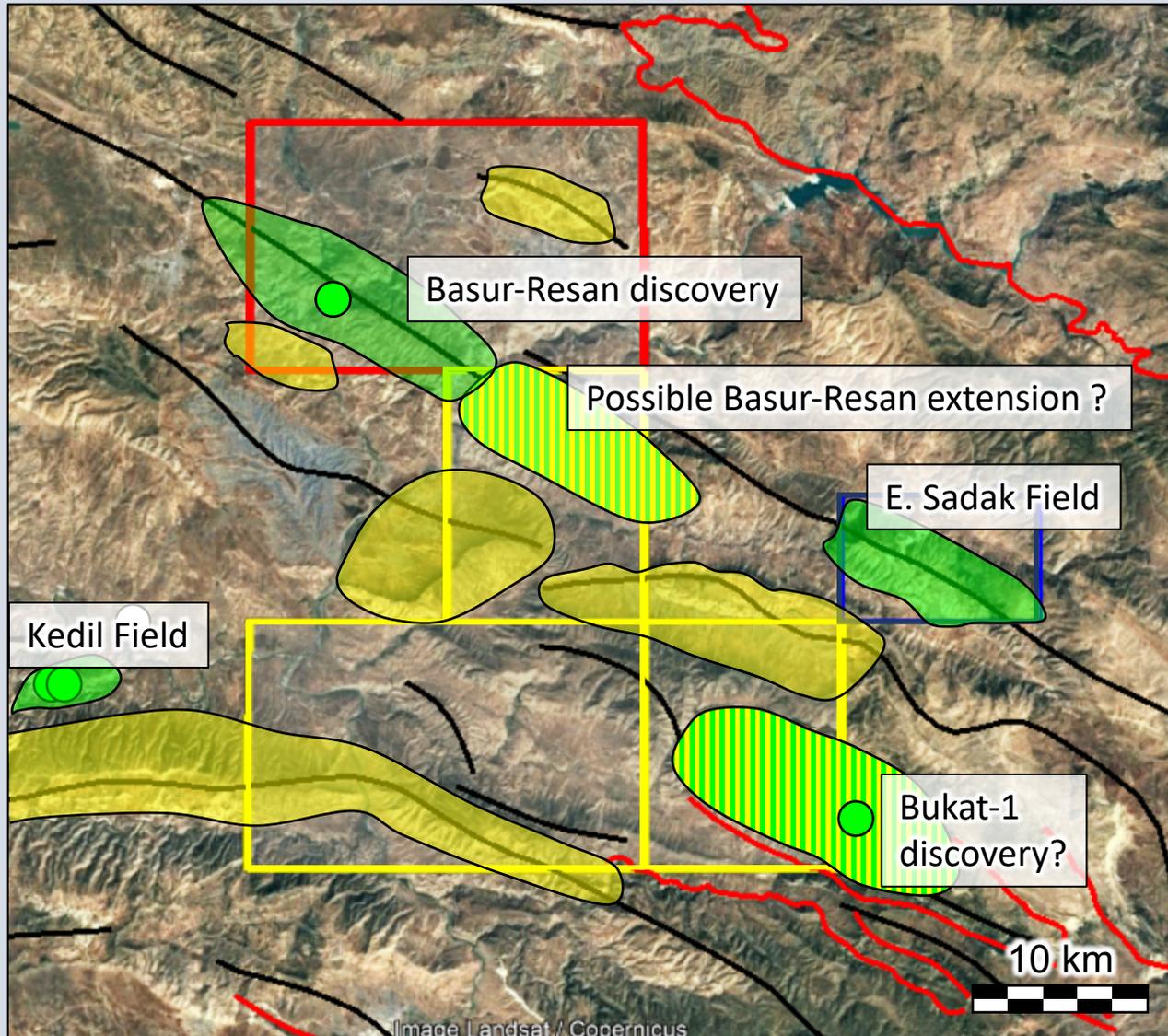
- **Lower cost environment versus UK**

- Drilling cost based upon AME E. Sadak field costs is approx.  $\frac{1}{3}$  of the per metre cost of UKOG's UK wells
- Basur-3 appraisal well AME cost estimate \$3 million drilled & tested
- Lower export, manpower and service costs
- Field operating cost including export & marketing estimated by AME at \$15/bbl
- **Lower costs maximise net UKOG revenues**

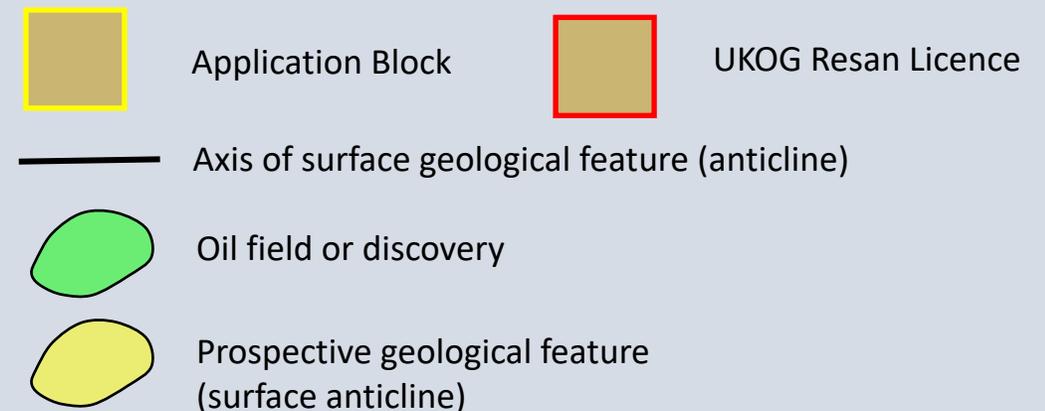
## Drilling cost comparison £/metre



# Resan Licence Area: Significant potential, lightly explored



- New Licence application contains SE extremity of Basur-Resan oil accumulation (light green) plus possible further significant extension (yellow) to SE on geological trend.
- Recent Bukat-1 understood to have brought oil to surface from same reservoir formation as E. Sadak. Bukat geological feature (anticline) extends into application block
- Further undrilled surface geological features (yellow) identified from satellite and surface geological mapping. Geologically similar to UKOG's Basur-Resan discovery, AME producing E. Sadak field and small Kedil field.



# SE Turkey: New UKOG Turkey Licence Application



- **UKOG Turkey and its 50/50 partner Aladdin Middle East (AME) have applied to the Turkish authorities for three further exploration licences in south east Turkey.**
- **The application area covers four blocks (total area 612 km<sup>2</sup>) lying to the south and south east of the Company's 305 km<sup>2</sup> Basur-Resan Licence (see RNS releases of July 23 and October 13, 2020).**
- **This application is on a ground floor basis with UKOG responsible solely for its 50% share of any future costs.**
- **The four blocks straddle multiple large identified undrilled surface geological features (i.e., surface anticlines), each geologically similar to the Company's Basur-Resan oil appraisal project, AME's producing East Sadak oil field and the Kurdistan Region of Iraq's oil fields to the south.**
- **To date, the application blocks have been scantily explored with almost no seismic coverage and few wells.**
- **At this stage, whilst indications are positive, we await formal notification as to which licence or licences, if any, are awarded to AME/UKOG.**