



# Corporate Presentation

May 2015

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# Introduction

# Existing Portfolio Significantly Undervalued

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San Leon's portfolio currently contains 3 assets which each have valuations around or in excess of the current market cap of circa £32mm. All figures below are net to SLE:

## Barryroe NPI\*:

- Forecast cashflow : \$10mm (2018), \$23mm (2019), \$19mm (2020), \$>90mm by 2022
- >\$700mm cashflow over field life
- NPV10 (pre tax) to SLE expected to be in excess of \$230mm (net)

## Rawicz\*\*:

- Forecast cashflow: \$13mm (2016), \$20mm (2017), \$17mm (2018)
- NPV10 expected to be in excess of \$40mm (net) on existing 40 bcf reserves

## Siekierki\*\*\*:

- Forecast cashflow: \$7mm (2016), \$11mm (2017), \$15mm (2018)
- NPV10 expected to be in excess of \$148mm (net)
- San Leon has no further financial commitment on Barryroe and is carried for a further well on Rawicz (costs repayable from production) and 3 further wells on Siekierki by its Partner (costs not repayable)
- Sizeable asset base elsewhere with significant additional value
- Value to be unlocked from internally-generated cashflow or farm-outs

# Additional Acquisitions – Time to Buy

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## Macro Environment

- The sharp fall in oil price has offered a large host of investment opportunities for those with access to capital
- A number of SLE's peers and even larger independents are in distressed situations and some are unable to service their existing debt obligations
- These companies will be forced to sell assets at deeply discounted values or go into default
- In addition, cash-constrained companies have stopped acquisitions, creating a heavily-biased buyer's market

## Relevance for San Leon

- During this rare, and perhaps relatively time-constrained opportunity, SLE is positioned to take full advantage
- Several producing company acquisition targets identified

# Capital Structure

## Share Price History



## Key Data

Current Price:	1.3p
52 Week High:	3.45p
52 Week Low:	0.78p
Mkt Cap:	£34M
Shares in Issue:	2,535.6M
Options outstanding:	132M (significantly out of the money)

## Major Shareholders

Toscafund Asset Mmgt	22.03%
Quantum Partners	8.52%
Capital Group	6.12%
Board & Management	5.67%

# Existing Portfolio – Cash Flow Assets

# Cashflow Pipeline (Existing Assets)

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## ***Rawicz (35% Interest):***

- Largest Polish gas field development for 20yrs
- Historic P50 recoverable resources of 40 bcf\* (pre Q1 2015 results)
- SLE carried for a further well by JV partner Palomar Natural Resources
- Well test ~4.5 mmscf/d (Q1 2015), feasibility study complete, pipeline discussions advanced, first production expected in Q1 2016
- Polish gas price remains buoyant

## ***Siekierki (35% Interest):***

- 422 bcf 2C gross resources\*\*
- SLE fully carried for the first 3 wells
- Expected tie-back of wells to local gas network (first gas targeted 2016)

## ***Barryroe (4.5% NPI)***

- 266 mmbbl P50 recoverable resources\*\*\*
- NPI strong cash flow expected to begin in 2018

\* Internal technical work

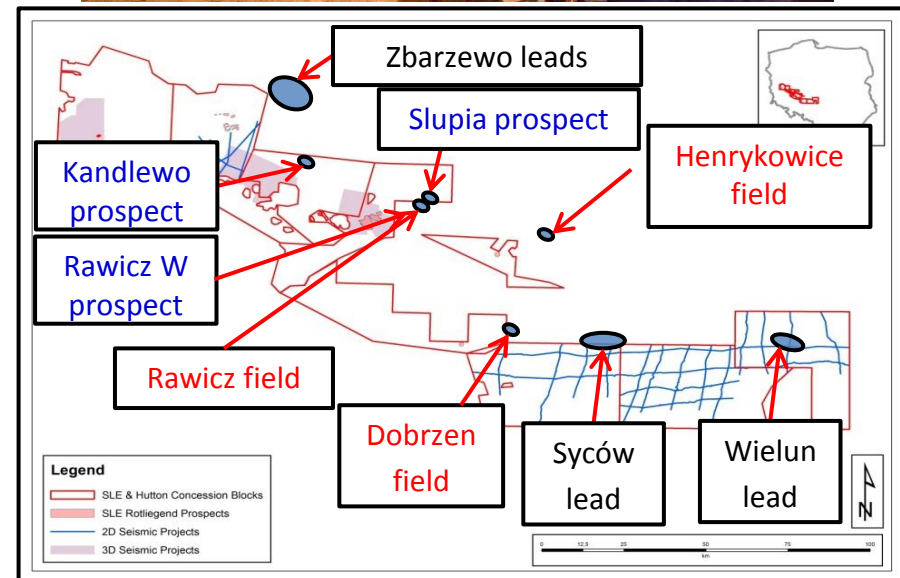
\*\* RPS CPR, 2012

\*\*\* Netherland, Sewell & Associates CPR, 2013

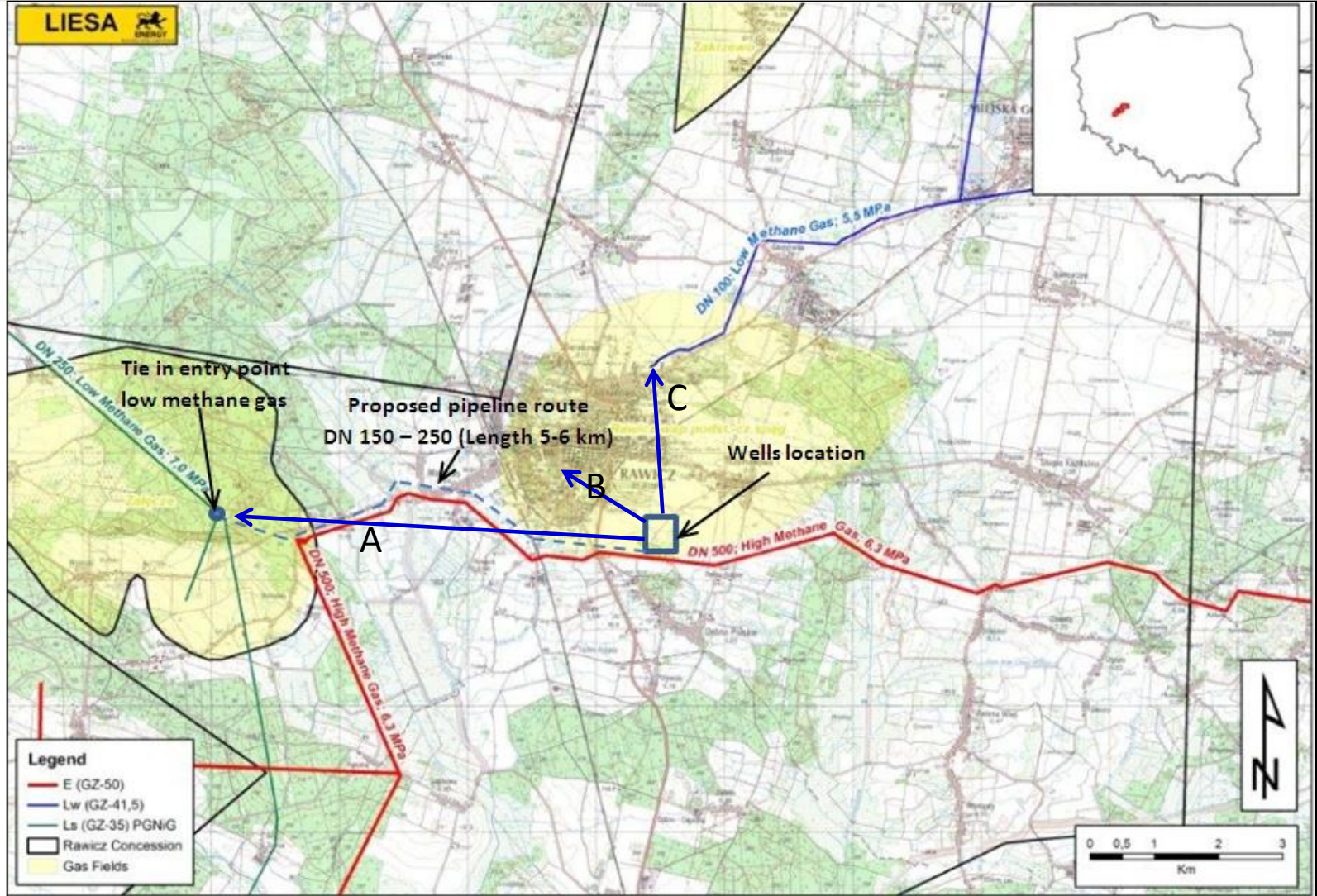


# Rawicz

- Rawicz-12 tested at ~4.5mmscf/d despite significant remaining skin
- Development discussions underway, second well (horizontal or slanted) planned for Q2 2015
- NPV10 to San Leon for full field development should approach current market cap
- Nearby gas tie-in options and excellent infrastructure
- Pre-drill P50 recoverable gas: 40 bcf methane @>\$10/mcf
- Numerous local follow-on targets, including similarly-sized Rawicz W

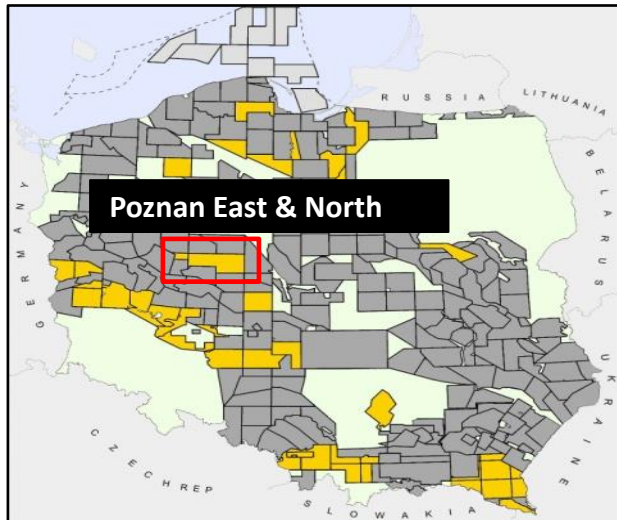


# Rawicz Field – Multiple Tie-In Options

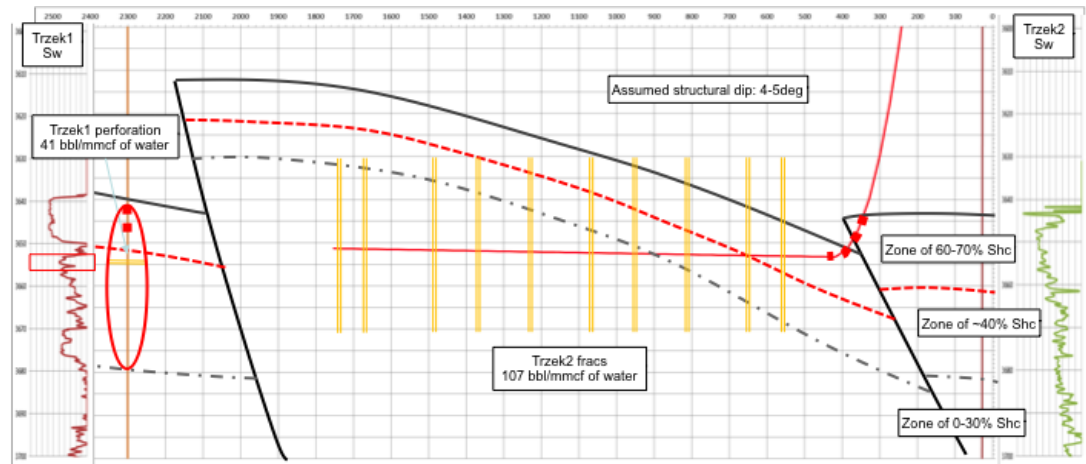


# Siekierki

- Palomar to carry SLE for all activity on first 3 wells
- SLE 35% equity
- Huge Rotliegendes sandstone reservoir, 422 bcf recoverable (P50 from RPS CPR)
- Recent technical work has yielded additional conventional potential
- Existing wells each flowed around 3 mmscf/d



## Siekierki Gas Field Workover Program



### Previous tested rates on Siekierki:

	Max rate MMscf/d	Stable rate MMscf/d	Duration of Main flow	Duration of Main shut in
T-1	7.7	2.5	6 days	15 days
T-2H	6.9	3.1	15 days	34 days
T-3H	7.3	3.5	28 days	43 days

# Siekierki Field – 3 Existing Wells

Huge potential, new insights, wells already drilled



- Recent detailed technical work has identified potential for significant conventional production, previously not exploited
- Additional exploration potential
- Most permissions and landowner agreements in place for pipelines and facility
- 2012 RPS CPR gave 2C gross resources 422 Bcf (before new technical work)

# Barryroe

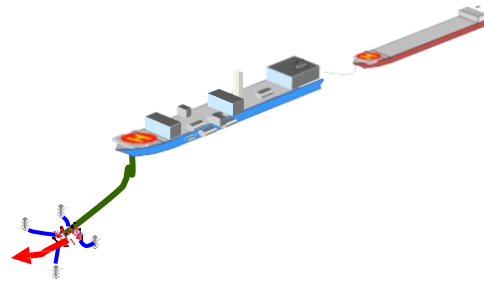
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- SLE have a 4.5% NPI over the Barryroe Field, operated by Providence Resources. No further cash input required for SLE
- P50 Recoverable Resources of 266 mmbo (Basal Wealden) + 45 mmbo (Middle Walden) - Netherland, Sewell & Associates CPR, 2013
- Additional significant appraisal (Lower Wealden, Middle Wealden & Purbeck) and exploration (Jurassic) potential on Barryroe
- Favourable operating environment – comparable to the North Sea 70km from Shore, 100m water depth
- Stable geopolitical and fiscal regime  
25% Corporation Tax, 0 – 15% Petroleum Resource Rent Tax
- NPV10 (pre tax) to SLE expected to be in excess of \$230mm (net)
- Cashflows expected to exceed \$700mm under current internal economic modelling.

# Barryroe – Phased Development Concept

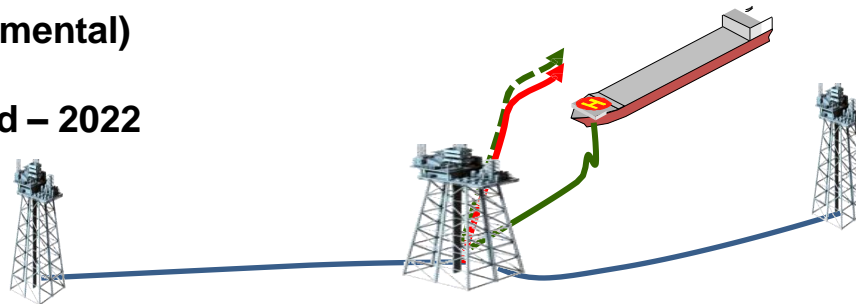
## Phase 1 : First Phase Production System

- Eastern area focused development
- Leased floating solution to get early production
- Reduced CAPEX requirements
- Up to 70 MMBOE REC
- 30,000 BOPD peak rate
- Phase 1 First Oil – 4Q 2017
- Est. production period – 2017 - 2022

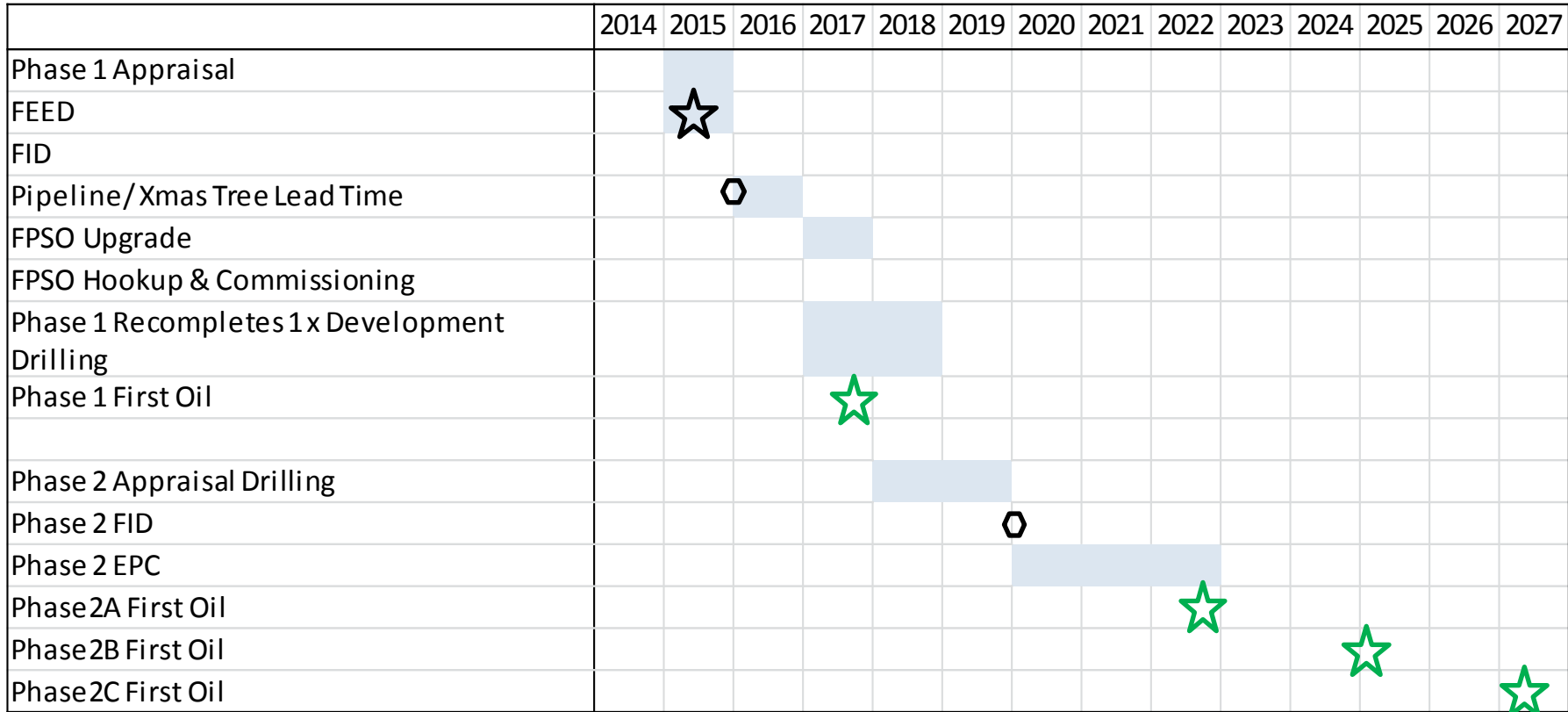


## Phase 2 : Full Field Development

- Full field appraisal and development
- Phased fixed platform solution for long term development & production
- Up to 240 MMBOE REC (incremental)
- 100,000 BOPD peak rate
- Phase 2 est. production period – 2022



# Barryroe – Production Timeline



- Phased programme allows early production (NPI cashflow), together with optimisation of phase 2 drilling

Remaining Assets



# Other Planned Activity On Existing Assets

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## **Poland** - Lewino horizontal multi-frac (Baltic Basin shale)

- Follow-up well to Europe's most successful single frac in a vertical shale well
- Aims to prove commerciality of extensive shale acreage

## **Albania** exploration from onshore well pad to offshore target

- >10mmbbl recoverable oil plus associated gas (mean case)
- close to oil and gas export, avoids non-drill penalty
- success would open up a series of similar targets, and de-risk deeper offshore exploration
- \$7.5mm, spudding Q3 2015

## **Morocco** exploration (Tarfaya onshore), 32 bcf recoverable P50 case

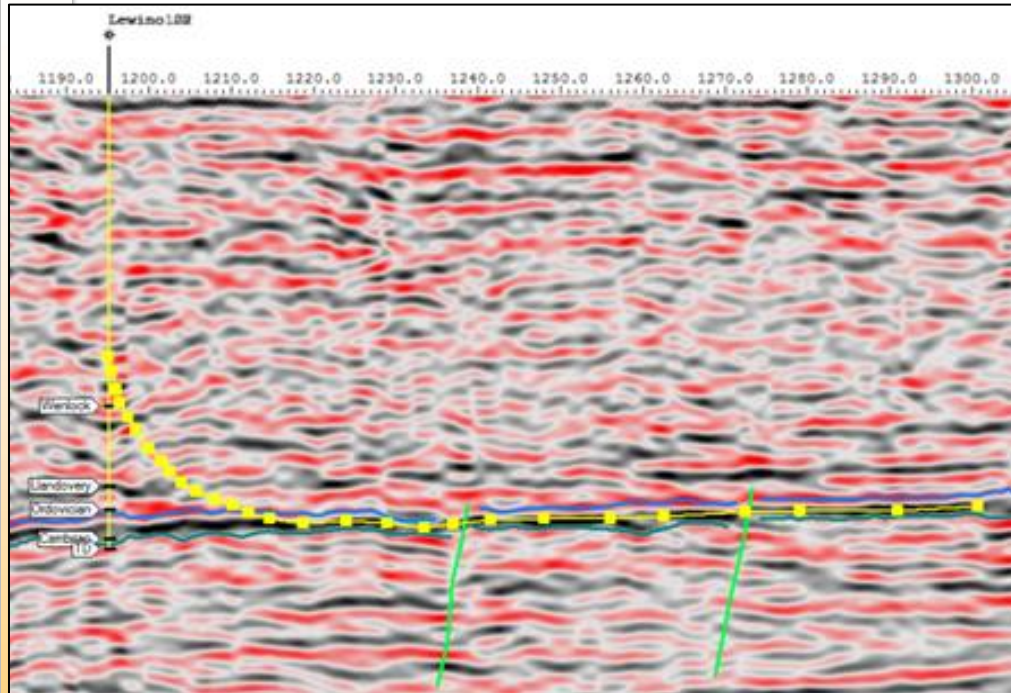
- success should de-risk adjacent sand bodies, total 100 bcf
- up-dip from previous gas-tested well, deeper stacked targets provide upside
- ready industrial gas consumer 14 km away (phosphate processor)
- secures existing bank guarantee
- \$4.5mm, spudding Q2/Q3 2015 (pad constructed)

## **Morocco** exploration (Sidi Moussa offshore), multi-hundred million barrels target

- high quality oil recovered during drilling and testing
- follow-on well expected, yielding monetisation opportunity

# Lewino Horizontal – Baltic Basin, Poland

Builds on success of vertical well (best single vertical shale frac in Europe), seeks to prove shale commerciality



- One of 3 wells drilled by Talisman at no cost to SLE, totalling \$70mm spend
- Horizontal (1500 m+) is now fully engineered, to prove commerciality of 220,000 acres
- Partner sought to execute drill, frac and test in 2015
- Shale acreage in France and Spain (incl. pending) brings net shale acreage to 5.7 million acres
  - by far the largest shale position in Europe (1.2mm acres in Poland), and at low overhead costs

**Horizontal multi-frac well now planned, with a good chance of proving up commerciality of this enormous shale gas resource play**

# Lewino Horizontal – Baltic Basin, Poland

Builds on success of vertical well (best single vertical shale frac in Europe), seeks to prove shale commerciality

- Well tested at 50,000 scf/d from a single frac
  - did not include better half of 49-metre shale interval
  - industry experts, Sigma<sup>3</sup> (Denver), estimated rate would have climbed to 200,000-400,000 scf/d after allowing further clean up of frac fluid
- Future horizontal wells will have 20-30 fracs
  - each should flow from the whole shale interval
  - Typical US analogues show an eventual improvement of 7-30x the rate of a single frac
  - 220,000 acres @ \$2000/acre, for example, (far lower than US multiples) would be worth \$440 million
- Nearby ConocoPhillips horizontal multi-frac well proves the operational ability to execute such a well highly successfully
  - San Leon's Gdansk W acreage is believed to have huge gas production advantages over ConocoPhillips' recently-tested reservoir (far lower liquids content)

**San Leon's Gdansk W shale acreage has the right rock and the right fluid to prove commerciality**

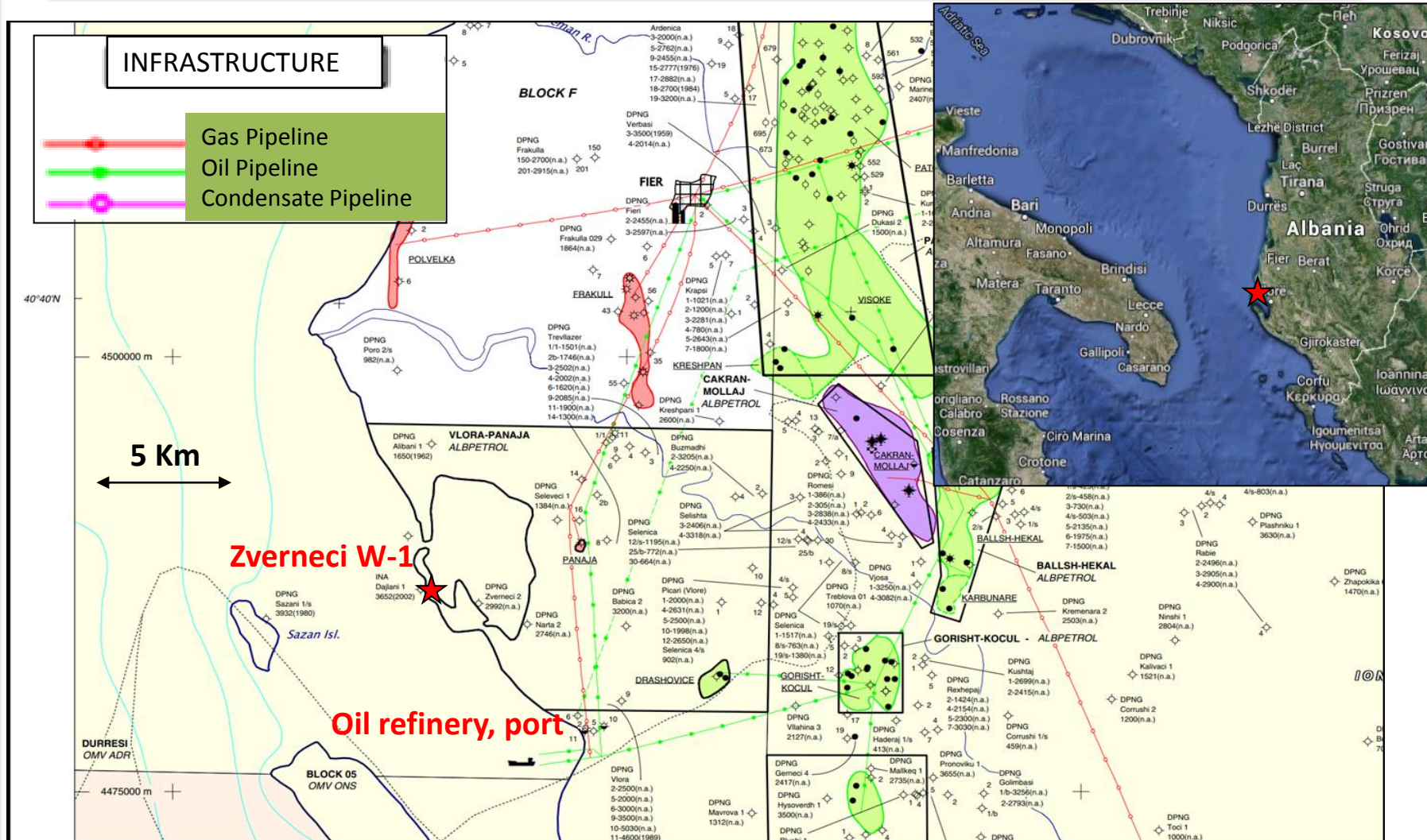


# Albania Nearshore Oil Target



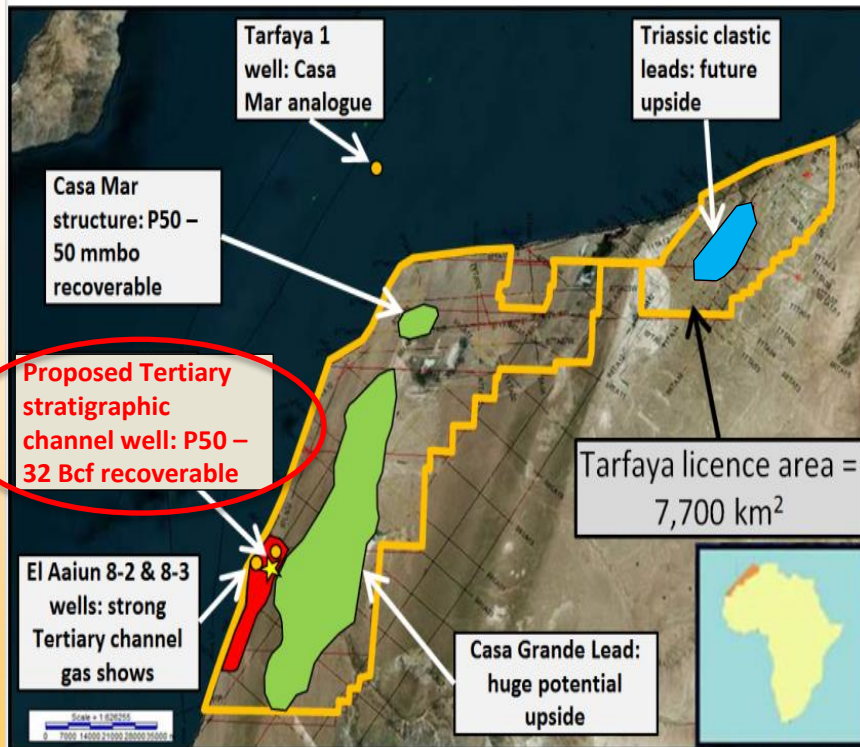
- 11 mmbbl recoverable light oil targeted, plus associated gas. Well cost \$7.5mm
- Nearby oil refinery and access to gas pipelines
- Burdigalian carbonate target success would open up similar local targets, and help de-risk large Durresi offshore exploration

# Albania – Proximity to Oil and Gas Markets



# Tarfaya Onshore – Morocco

Targeting 32 bcf up-dip of existing tested gas



## ■ Total Target Recoverable Reserves – P50:

- Tertiary stratigraphic channel prospect: **32 bcf (100 Bcf play estimate)**
- 165 mmbbl oil and >300 bcf gas upside in deeper targets

## ■ San Leon Energy holds 7,700 km<sup>2</sup> in Tarfaya Basin

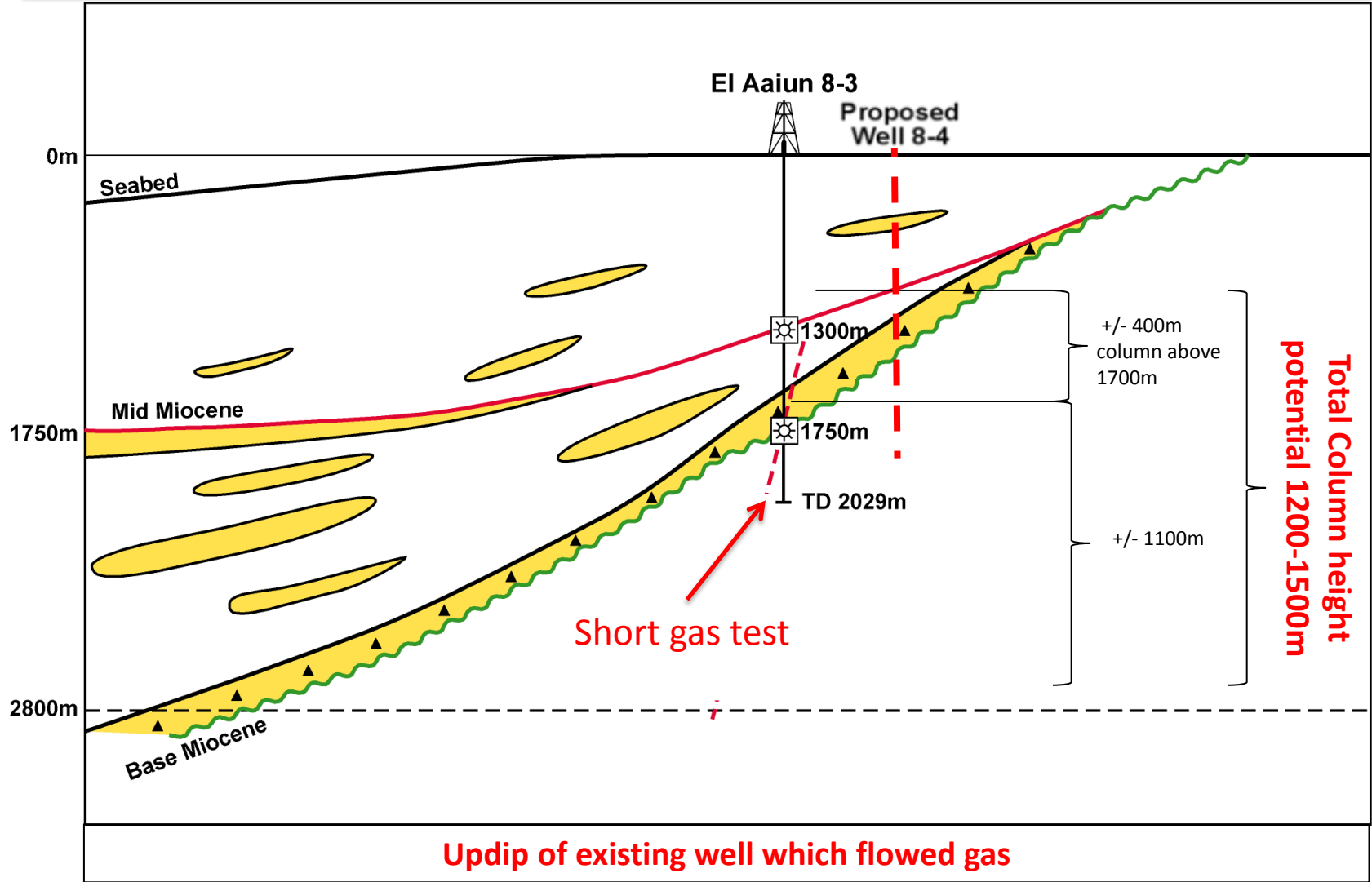
## ■ Net interest: SLE 75%, ONHYM 25% (SLE 100% paying interest)

## ■ 3 main conventional play types:

- Tertiary Channel Play (*being targeted in adjacent licence offshore*)
- Mid Jurassic Oolitic Shoal Play (*trend has offshore discoveries*)
- Triassic “Red Beds” Play

**Shallow Tertiary target will be the first to be drilled, in Q2/Q3 2015.  
Cost \$4.5mm**

# Tarfaya Onshore - Morocco



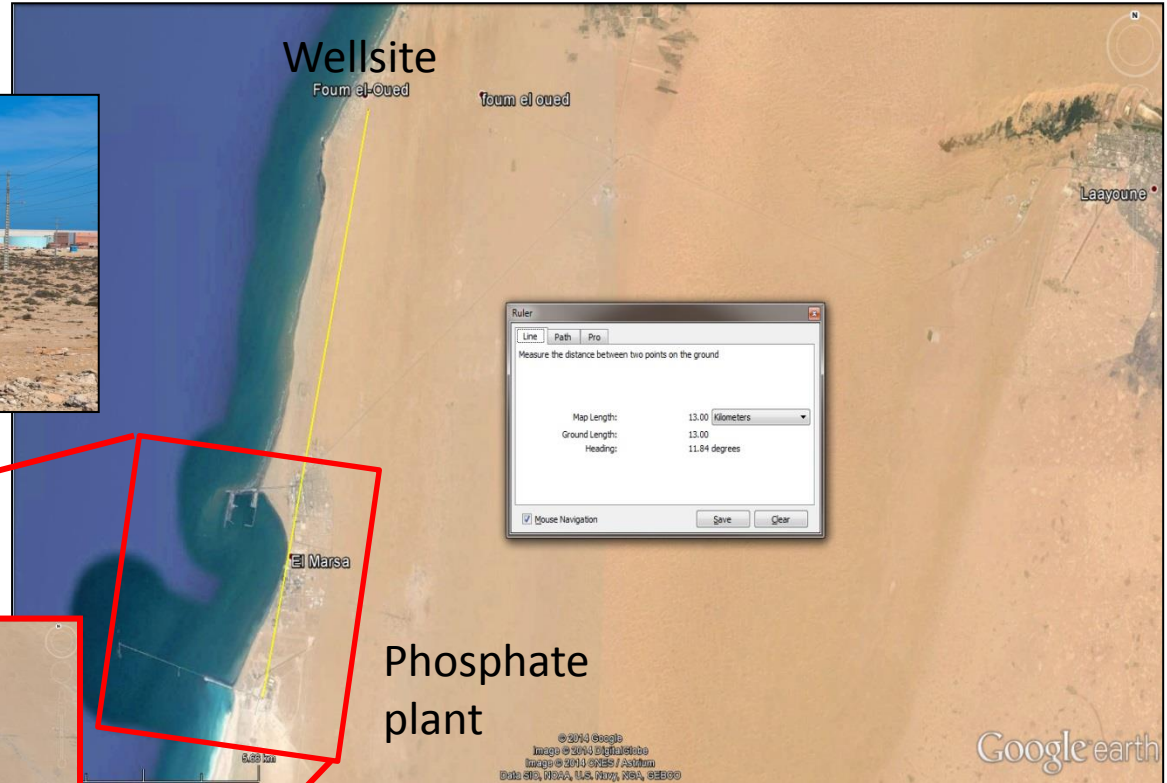
# Tarfaya Onshore – Morocco

Ready existing gas market at a high sales price around \$11/mcf

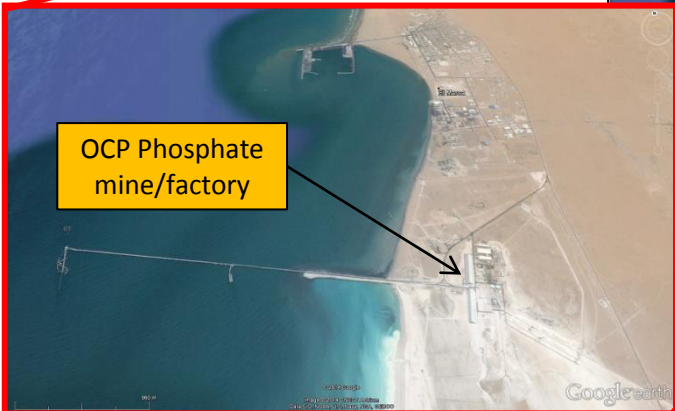
Agreement with Agrekko for gas to power while pipeline being built



The OCP phosphate export centre with Boukraa conveyor belt



Phosphate plant



El Marsa OCP phosphate export centre is ~14 km from the prospective channel target, near Foug el-Oued.



## Summary – Significant Value Disconnect

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- Market cap @ 1.3p is \$55mm (prior to capital raise)
- Barryroe NPI 2C value from CPR is \$238mm (NPV10)
- Rawicz NPV10 for SLE's stake is \$40mm
- Siekierki NPV10 for SLE's stake is \$148mm
- Multiple other assets have significant farm-out and execution value
- Baltic Basin has highly significant monetisation potential
- San Leon's vision for its future is growth into a highly cash-generative E&P company which can exploit its valuable assets unencumbered by the need to raise further funds, and with an enviable opportunity to cherry-pick production assets from distressed companies and through close industry contacts

# Contact details

<b>Oisín Fanning</b>	<b>Executive Chairman</b>	<b>oisin@sanleonenergy.com</b>
<b>Joel Price</b>	<b>Chief Operating Officer</b>	<b>jprice@sanleonenergy.com</b>

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<b>Nominated Advisor</b>	<b>Joint Stockbrokers</b>		
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## Appendix - Key Personnel

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Oisín Fanning, Executive Chairman

Paul Sullivan, Managing Director

Daniel Martin, Non-Executive Director

Ray King, Company Secretary

Joel Price, COO

Walid Sinno, Country Manager (Morocco)

Pawel Chalupka, Managing Director (Poland)

Richard Gray, Drilling Manager

- **Highly-experienced management, technical and operational team, having worked on a wide range of countries and asset types.**
- **Supported by strong subsurface teams in Warsaw and London, and an in-house state-of-the-art onshore 3D seismic company**

# Appendix - Key Personnel (1)

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## **Oisín Fanning, Executive Chairman (London)**

- 30 years in structured/corporate finance, stockbroking , of which 12 years specialising in the oil and gas industry
- Formerly CEO of Astley & Pearce Ltd., MMI Stockbrokers, and Smart Telecom Plc
- Closely involved with the restructuring of Dana Petroleum Plc in the early 1990s
- Major supporter of Tullow Oil Plc in its early growth phase
- Both visionary and deeply practical in pursuing business goals.



## **Paul Sullivan, Managing Director (Dublin)**

- Substantial banking experience over 30 years.
- Extensive senior Corporate Treasury / Operations positions with leading financial institutions: Nordbanken NY, Standard Chartered Bank, and BNP Paribas
- Well-qualified to acquire and integrate San Leon Energy's corporate acquisitions, acquire licences and exploit the potential of all assets



## **Daniel Martin, Non-Executive Director (London)**

- Commercial lawyer and graduate of Cambridge University, the University of South Carolina, and the American University Law School in Washington, DC
- Extensive legal / corporate finance experience with Nissan, Chrysler and Texaco
- Co-founder and Director of Green Corporate Finance
- Member of South Carolina Bar

## Appendix - Key Personnel (2)

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### **Ray King, Company Secretary (London)**

- Qualified Chartered Secretary (40 years with large City bank), Banker, Compliance Officer
- Considerable experience in IT and Finance.
- Company Secretary and in various senior Executive and Non-Executive Director roles for companies which have been brought to the AIM, Nasdaq and Plus.
- Fellow of the Institute of Chartered Secretaries and Administrators, the Chartered Institute of Bankers and the Institute of Financial Accountants
- Chartered Information Technology Professional , Certificate of Regulated Insurance.



### **Joel Price, COO (London)**

- Petroleum engineer with 20 years' experience, rare geological background
- Broad and deep experience across operations, field optimisation, reservoir engineering, business development and technical leadership in a variety of countries
- Experience with large independent (Hess), private (Delta Hydrocarbons) and smaller listed E&P Operators
- Instrumental in the drilling and hydraulic fracturing of the first multi-fracked horizontal wells in Poland. Designed and executed Europe's most successful single vertical shale frac.
- Holds a BA Hons. in Natural Sciences (Geology) from Cambridge University, an MEng in Petroleum Engineering from Heriot-Watt University, and an MBA with distinction from Durham University.

## Appendix - Key Personnel (3)

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### **Walid Sinno, Morocco Country Manager (London)**

- Began engineering career at Electricité de France in 1991, held several new ventures management roles based in Turkey, Azerbaijan and Morocco where he assumed the role of Country Manager for San Leon Energy Plc.
- Graduated in 1991 from Ecole Centrale de Lyon with a degree in Mechanical Engineering, Masters degree in Petroleum Economics from the IFP School in Paris.
- Well-connected in N. Africa and the Middle East with both government and industry
- Fluent in Arabic, Turkish and French
- Having lived in Japan and Kazakhstan, he has language proficiency there.



### **Pawel Chalupka, Managing Director (Poland)**

- Combines broad practical knowledge of exploration operations, with high managerial and commercial skills
- Technical Director at EWE for its operations in Poland, honing his downstream skillset
- Operations Director at Aurelian Oil and Gas.
- Board member of Polish Exploration and Production Industry Organisation (OPPPW).

## Appendix - Key Personnel (4)

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### **Richard Gray, Drilling Manager (London)**

- BSc in Geology from Nottingham in 1978, worked in drilling since
- Drilling Manager (23 years ) for Operators including LASMO in Pakistan, Libya, Canada and Holland. Corporate Drilling Manager for Premier Oil, Burren Energy
- In 1999 Richard Founded own drilling project company (JWE Limited) in 1999 project managing numerous exploration drilling programmes in Myanmar, Palestine, Egypt, Guinea Bissau, Tanzania, Turkmenistan, Egypt, Congo and the Sudan. Big focus on costs
- In 2005 JWE built three 1,500hp land drilling rigs for Imperial Energy in Russia
- Recently Perenco UK Drilling Manager responsible for the Southern North Sea offshore programme and the new drilling campaign at Wytch Farm.



### **Alan Campbell, Commercial & Business Development Director (Dublin)**

- 10 years in E&P commercial and business roles, sourcing, evaluating, executing and farming out assets in diverse geographic areas and disparate fiscal regimes
- Co-ordinates multi-disciplinary technical and commercial teams
- Integral part of four company mergers into San Leon, and several equity fund raises.