



Transitioning with Conventional Resources Toward a More Sustainable Future

June 2021

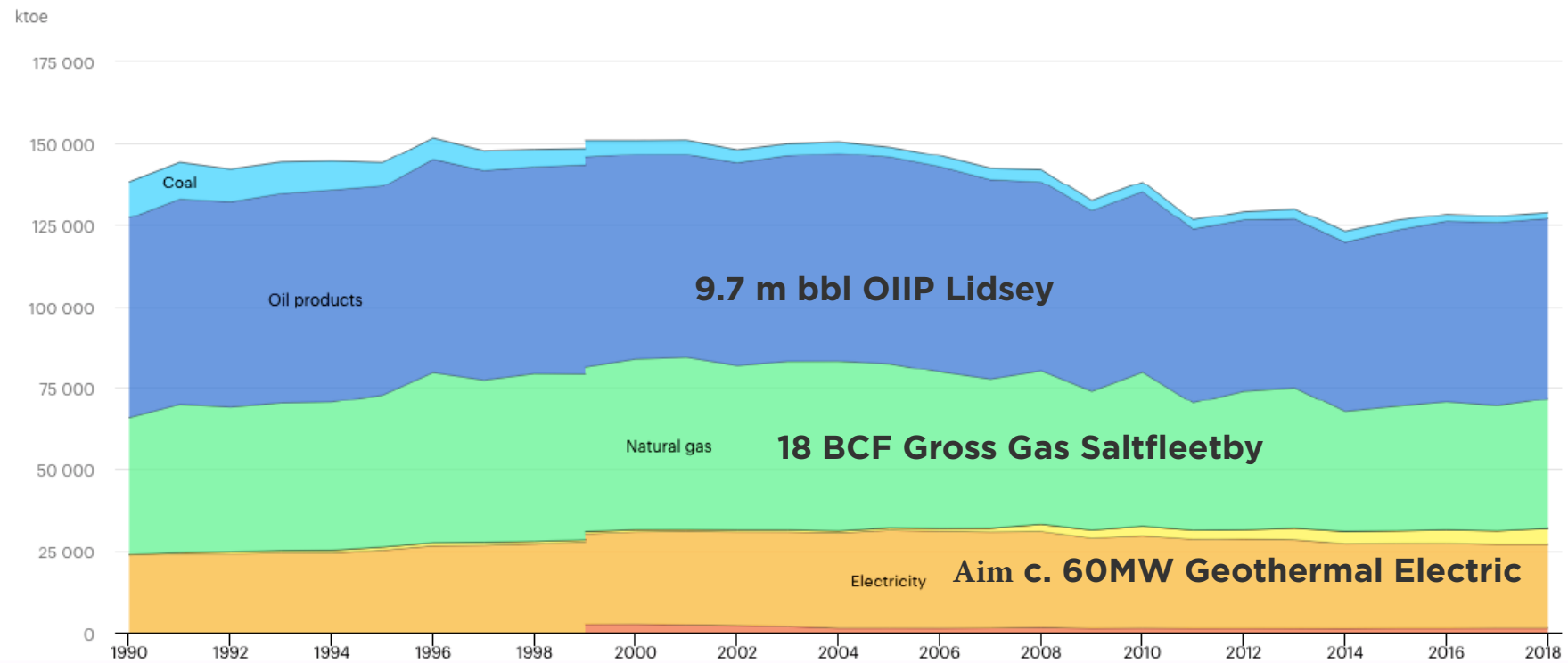
Challenges and Sum of Parts



- Saltfleetby £20m low risk,
- Lidsey £15m moderate risk
- Geothermal £8m higher risk
- Management view of SoTP: £43m vs Market Cap of £7.75m
- Key challenges:
 - Ever tougher licensing, planning and permitting environment
 - Access to finance for O&G difficult particularly small caps
 - Improving perceptions amongst stakeholders and broadening equity reach and access to alternative funding sources

Transition Strategy

Total final consumption (TFC) by source, United Kingdom 1990-2018



Data Sourced From IEA

Saltfleetby Gas Field



**(net 2P Post Tax
NPV10 £25m)**

Low Risk
Development
plan with £12m
funding in place



The Asset Valued Feb 2020

Mid-Year Nominal Net Present Values			
as at 01-Jan-20 (GB£ m)			
Disc Rate	Gross Pre-Tax	AEWB Pre-Tax	AEWB Post-Tax
0%	£49.8	£26.0	£21.5
5%	£42.9	£22.5	£18.9
10%	£37.2	£19.6	£16.7
12.5%	£34.7	£18.3	£15.8
15%	£32.5	£17.2	£14.9
20%	£28.6	£15.2	£13.3

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Mid-Year Nominal Net Present Values			
as at 01-Jan-20 (GB£ m)			
Disc Rate	Gross Pre-Tax	AEWB Pre-Tax	AEWB Post-Tax
0%	£96.7	£50.5	£36.3
5%	£76.6	£40.2	£29.9
10%	£62.3	£32.9	£25.2
12.5%	£56.6	£30.0	£23.3
15%	£51.7	£27.5	£21.6
20%	£43.7	£23.4	£18.8

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Mid-Year Nominal Net Present Values			
as at 01-Jan-20 (GB£ m)			
Disc Rate	Gross Pre-Tax	AEWB Pre-Tax	AEWB Post-Tax
0%	£188.7	£97.5	£64.4
5%	£128.2	£66.6	£45.9
10%	£93.3	£48.8	£34.9
12.5%	£81.2	£42.7	£31.0
15%	£71.5	£37.7	£27.9
20%	£57.1	£30.4	£23.1

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Current State of Play



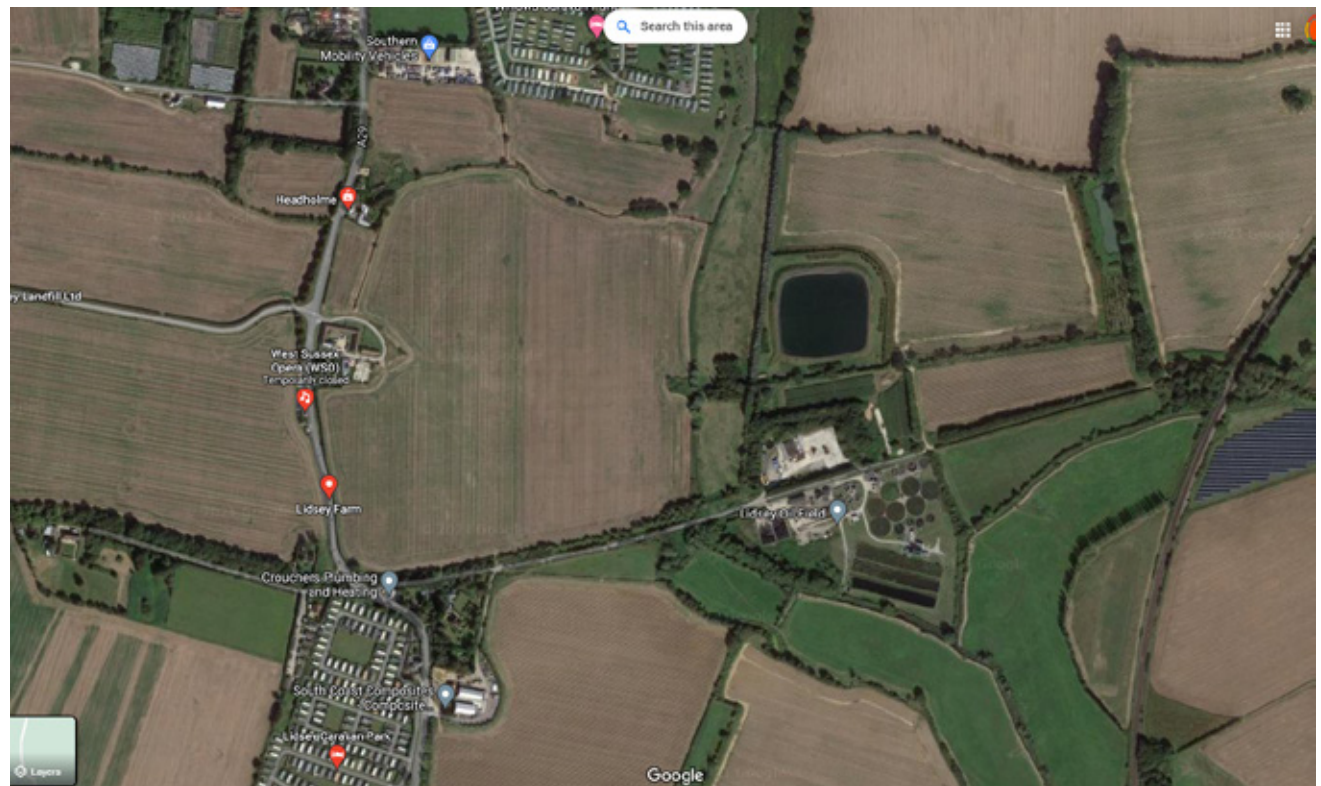
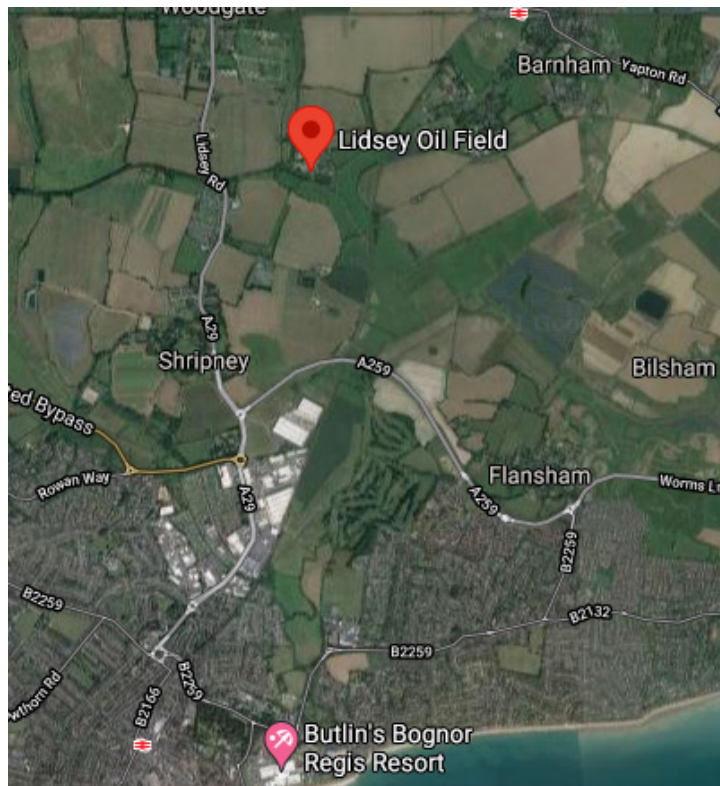
- Original CPR worked on c. 39p/therm. Presently gains from mix of hedged (43p) and unhedged (average forward 48p) prices offsets higher capex and associated funding costs
- All items of process and analysis plant under construction/detailed design
- Core item of 2 compressor/engines ordered: first service (5mmscf/d) delivery date fixed for 15 November = sufficient compression for resumption of production from SF04 and 02 around year end
- Application for planning and EA permitting consent for further sidetrack from one of two existing wells
- **Management see embedded value on 1P basis of c £20 m with large upside in 2P**

Oil Assets



Low Impact Site + A27 Links

Lidsey 9.7mmbbl OOIP



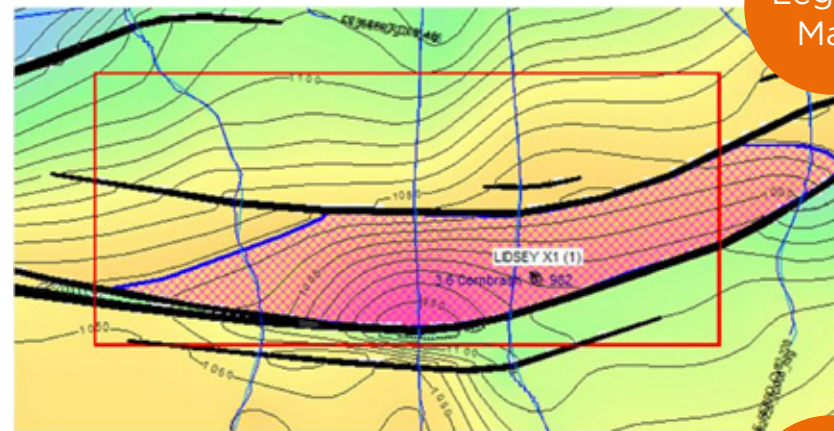
Lidsey: 9.7mbbl+ OOIP

Previous operators never performed depth conversion on the original seismic in the early 1980s.

With depth conversion, the revised structure indicates a substantially larger reservoir area than that which gave rise to 9.7m bbl OOIP

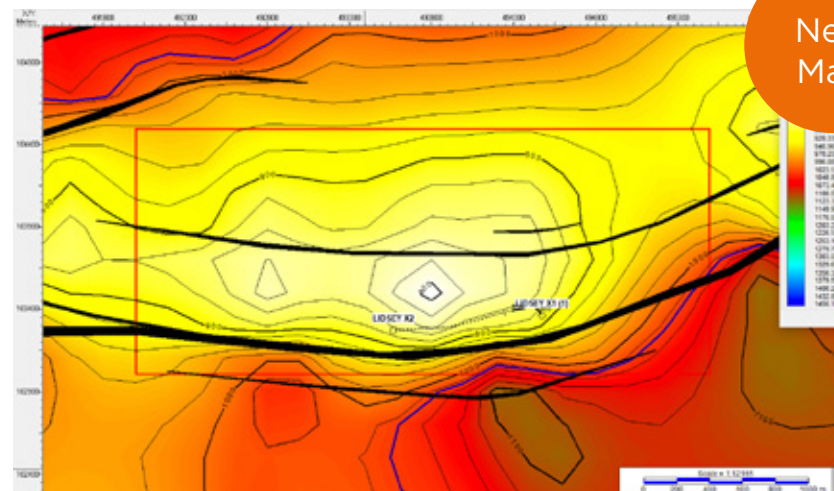
Note a very conventional Oolite reservoir - the backbone of much of the success in this area in the 1980s/1990s

Sister site at Brockham 30 m away with application for resumption of water injection being processed



Legacy Map

Licence area boxed in red



New Map

Licence area boxed in red

Next Steps



- Further seismic lines acquired and to be reprocessed alongside original lines
- Reinterpretation of existing lines indicates larger reservoir area. Consideration of further competent person update.
- Application for planning and EA permitting consent for further sidetrack from one of two existing wells
- Potential either of farmout of some of 80% or internally generated cash to fund shallow sidetrack
- On a modest recovery rate of 33% of an upwardly revised OOIP figure
- **Management see embedded value of £15m (adjusted a prudential discount of 80%)**

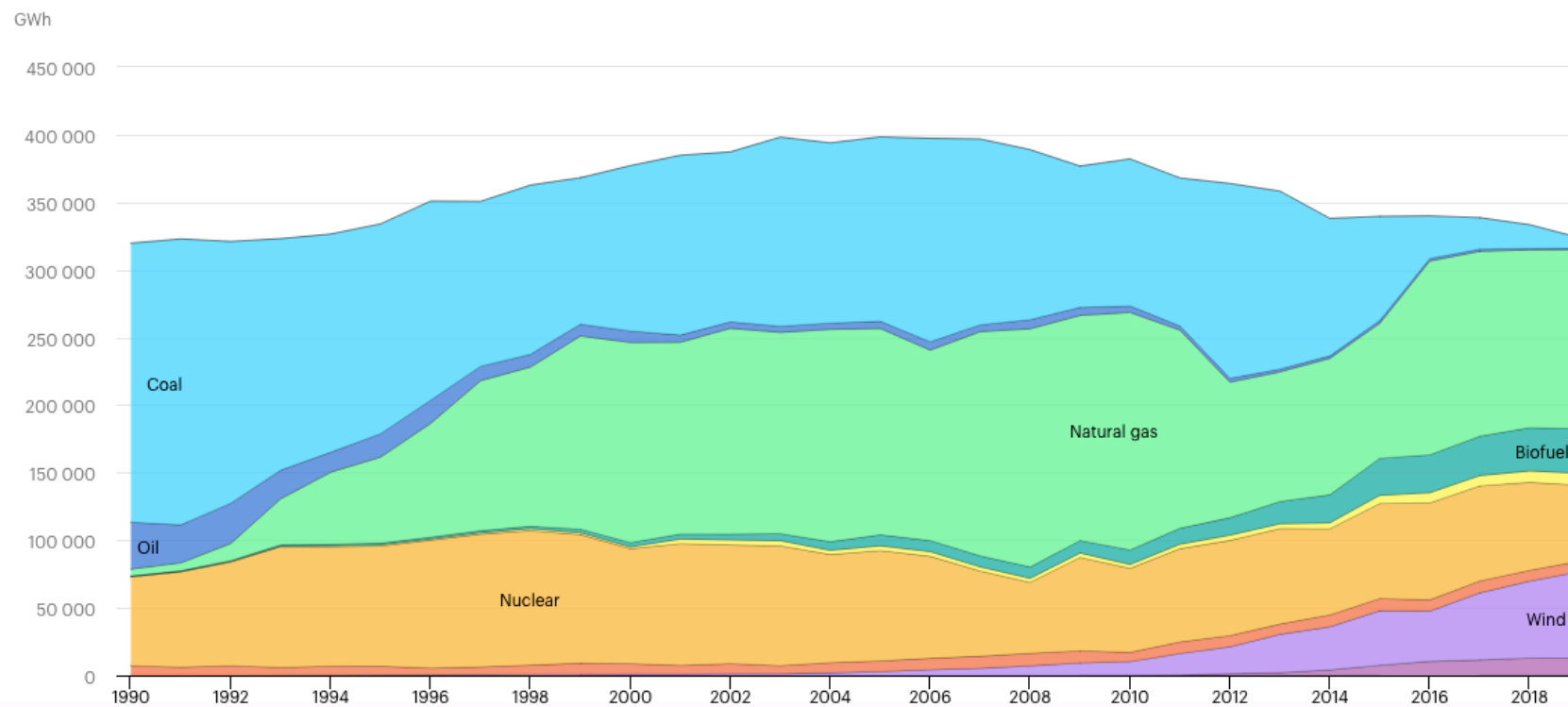
Geothermal

Target to deliver
60 MW by 2028



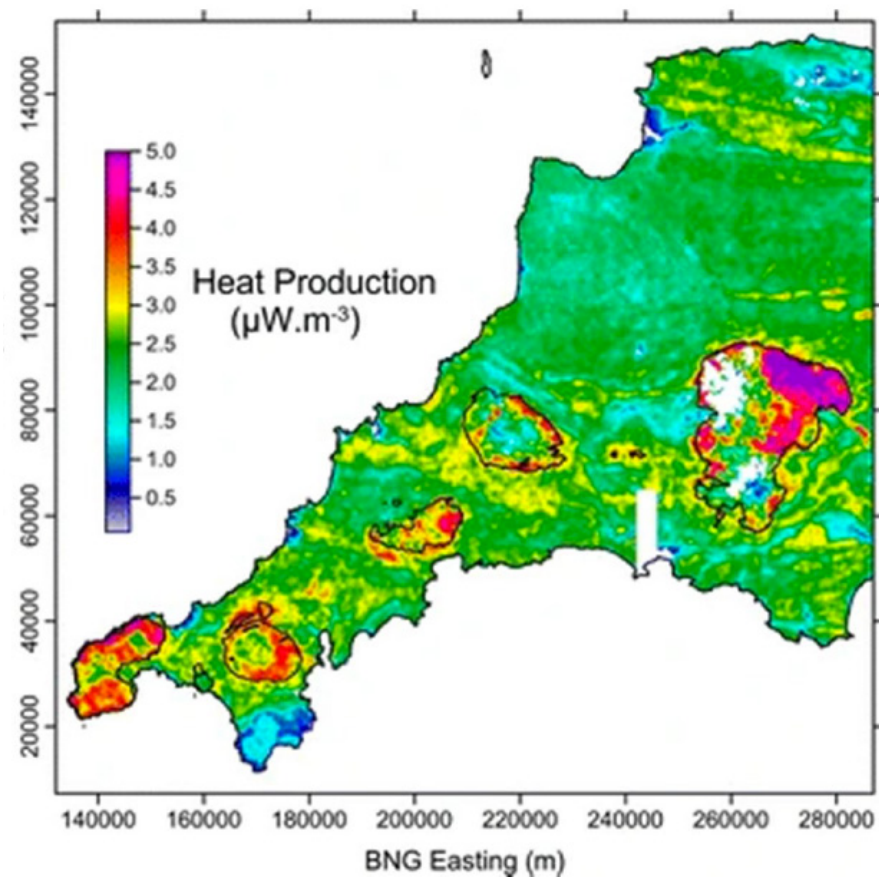
Deep Geothermal Potential in UK up to 8,000 GWhr baseload

Electricity generation by source, United Kingdom 1990-2019

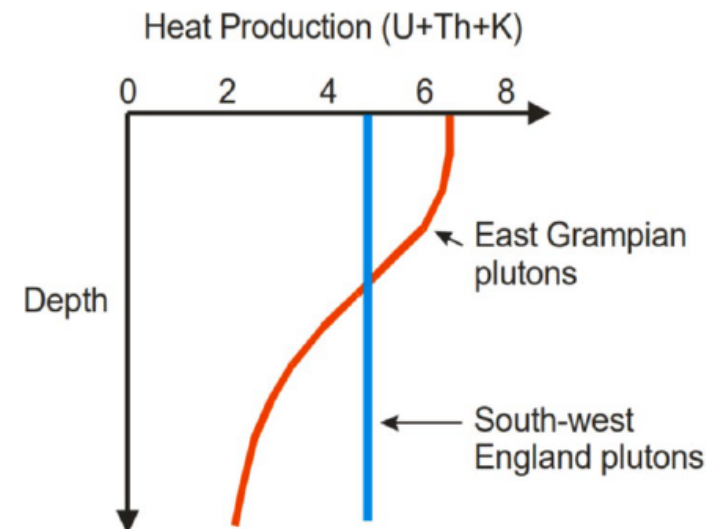


Data Sourced From IEA

What, where and how?

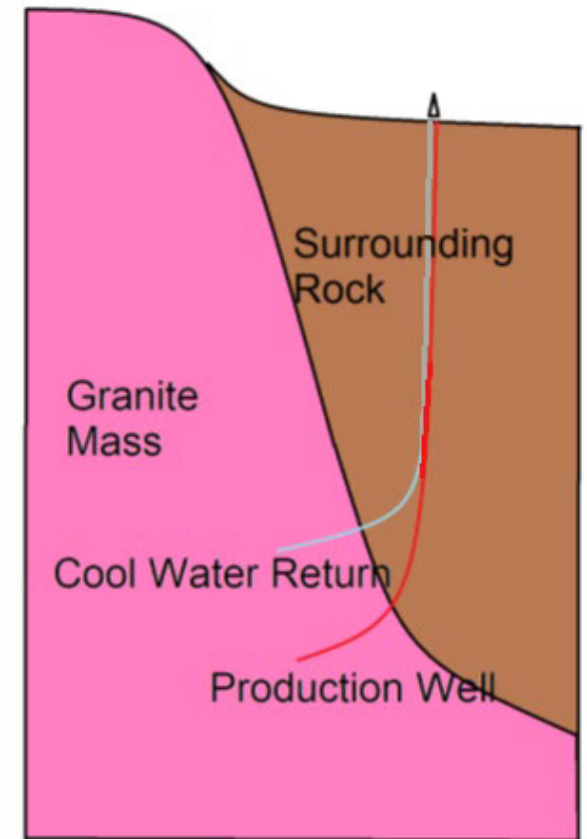


Region	Heat production ($\mu\text{W}/\text{m}^3$)	Heat flow (mW/m^2)
East Grampians	6.5	68.9
Northern England	4.1	84.8
South-west England	4.7	119.6



How will it work?

- Initial aim is to develop 3 sites with c 20MW each
- Total of 60MW over six years - potential £300m revenue stream over 20 years
- The key is to derisk the drilling and subsurface challenges
 - o Multilateral wells
 - o Improved drilling programme
 - o Downhole technology and well design
 - o Surface capture
- Grants/preferential projects key to attracting capital



Next Steps



- 8 sites identified, 3 probable, heads of terms advanced with one
- Engagement begun with Environment Agency and local authorities
- Engagement with REA and other bodies on joint lobbying
- Establishing partnerships with two universities
- Outline feasibility study on surface heat conversion
- Identified, with our partners, range of capital providers
- **Management see presently embedded value of £8m (after a prudential discount of 90%)**



Contact

Angus Energy Plc

www.angusenergy.co.uk

Managing Director:

George Lucan

T: 0208 899 6380

info@angusenergy.co.uk