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# Company overview

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# Company Snapshot



- AIM listed oil & gas explorer focussed on projects in Ireland, Iraq and Ghana
- Experienced management team
- Exciting projects in the right areas with encouraging results
- Marrying geological and political risk

## Corporate Information

Exchanges	AIM (LSE)
Ticker	PET
Share price	7p
Shares in Issue	99.7m
Market Cap	£7m
Cash	\$0.8m

## Share Price – 1 Year



## Significant Shareholders

Shareholders with more than 3% holding	% Holding
Amira International Holdings	16.2
Citibank Nominees	9.4
TD Direct Investing Nominees	3.9
John Teeling	5.4
David Horgan	4.2
Barclayshare Nominees	3.1
HSDL Nominees	3.5

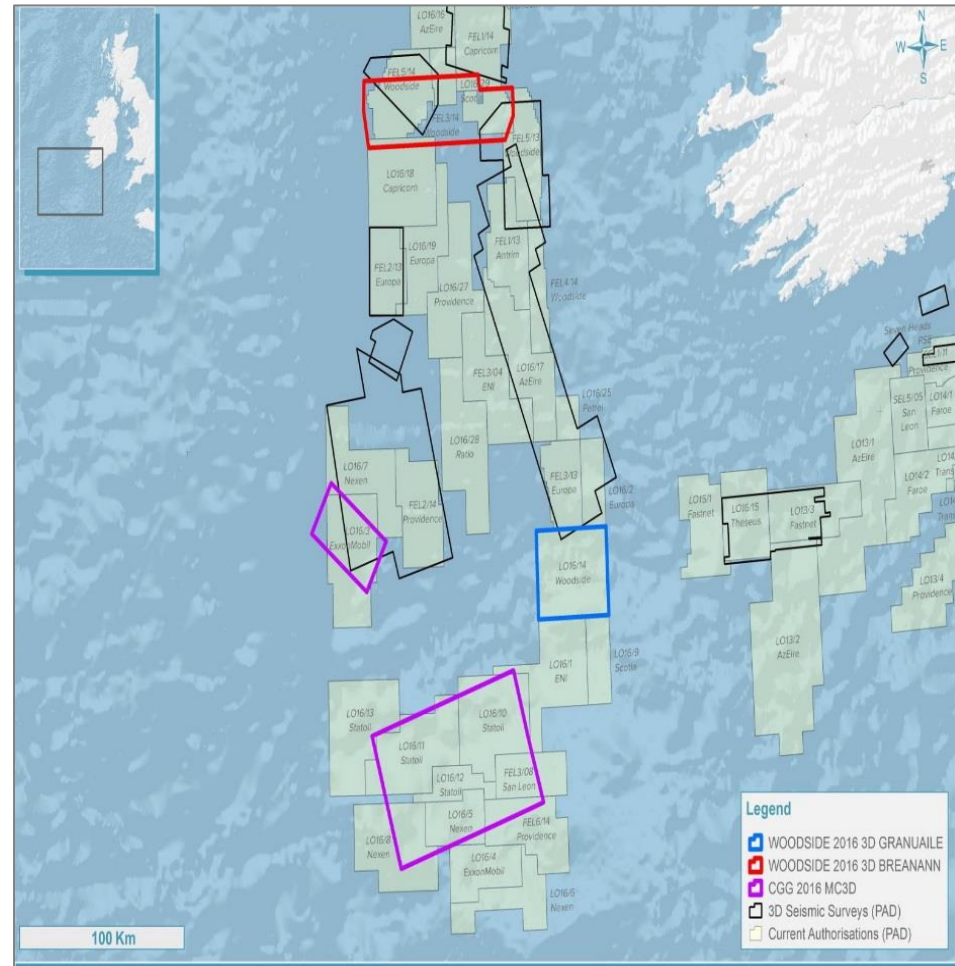
# The right properties...



Location	Licences	Ownership	Operator	Highlights
<b>Ireland</b>	Porcupine Basin Frontier Exploration 3/14 Frontier Exploration 4/14 Licensing Options 16/24 & 16/25	15%	Woodside	<ul style="list-style-type: none"> <li>• Billion barrel potential</li> <li>• Extension of established play into overlooked frontier basin</li> <li>• High value basin – low entry cost, attractive fiscal terms</li> <li>• Carry through exploration and one well on each block</li> <li>• 924 km<sup>2</sup> 100% owned &amp; operated, of which</li> <li>• 664 km<sup>2</sup> borders Connemara oil-field discovered by BP in 1983.</li> </ul>
<b>Iraq</b>	Wasit Province	5%	Oryx Petroleum	<ul style="list-style-type: none"> <li>• Proven and underexplored basin</li> <li>• NSAI estimated 1bn bbl of oil resources</li> <li>• Competitive PSC terms, similar to KRG</li> <li>• Full carry through to drilling</li> </ul>
<b>Iraq</b>	Western Desert Block 6	100%	Petrel	<ul style="list-style-type: none"> <li>• Multi-billion barrel potential</li> <li>• Analysed all available data and ready to drill</li> <li>• Awaiting ratification, ownership status unclear</li> </ul>
<b>Ghana</b>	Tano 2A	30%	Petrel/ Clontarf (60%)	<ul style="list-style-type: none"> <li>• Major petroleum system, including the largest find offshore West Africa in the last decade</li> <li>• Revised co-ordinates agreed. Negotiation / Ratification process underway.</li> </ul>

# Focus on Atlantic Porcupine Basin – carried FELs

- Petrel formed in 1982 to explore offshore Ireland
- The team has long experience and knowledge of Irish offshore
- Why now?
  - Oil is c. \$46 - was \$13 a barrel in 1978
  - New tools in seismic and data
  - Greater knowledge of comparable plays
  - Low entry cost
  - Attractive fiscal terms
- Petrel holds two FE Licences over 1,050km<sup>2</sup> in the Porcupine Basin
- Farmed out 85% stake to Woodside, Australia's leading oil and gas company
- Carried through exploration up to and including one well on each block



# Ireland: Attractive “2007” Fiscal Terms Apply to FELs

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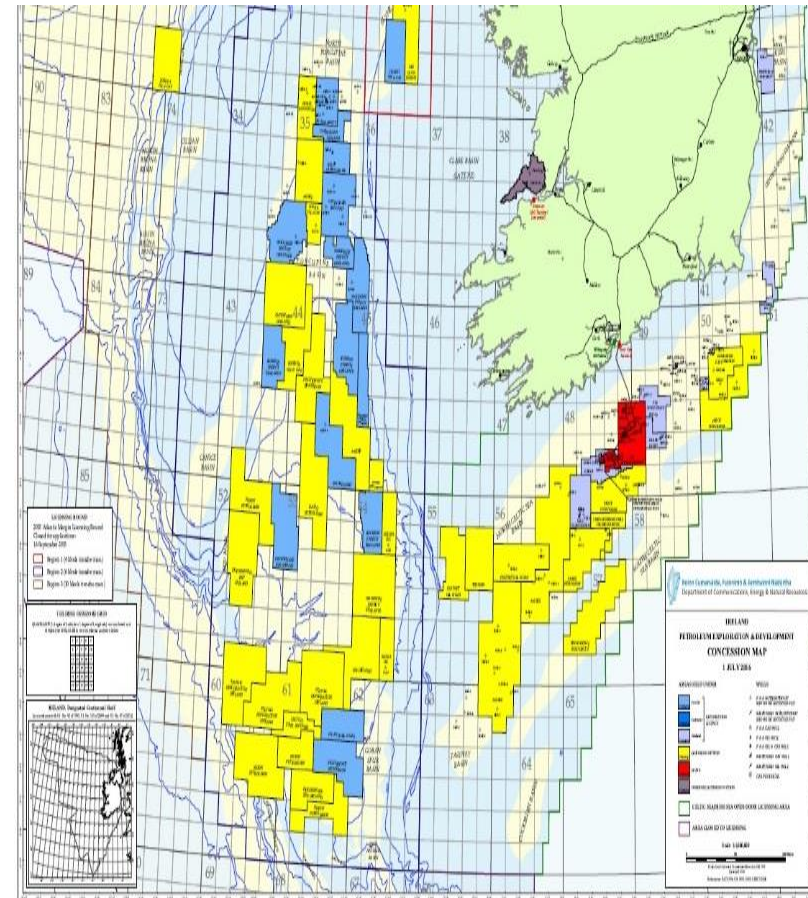


- No royalties, no carry, no bonuses (applicable to our FELs)
- Standard 25% tax rate with free depreciation and standard write-offs
- A ‘bonus tax’ if a bonanza:
  - A total 30% if profit is between 1.5 and 3 times total costs
  - A total 35% if profit is between 3 and 4.5 times total costs
  - A total 40% if profit is over 4.5 times total costs
- Minimal bonding
- Standard VAT, payroll taxes
- No special burdens on extractive industries

# Ireland: additional Licensing Options in 2016

## Exploration

- **2015 Irish Atlantic Bid Round**
- • **Petrel was awarded 924 km<sup>2</sup> of prospective Irish Atlantic Porcupine Basin acreage in June 2016 by way of two Licensing Options.**
- • **The newly awarded Licensing Option 16/24 includes 664 km<sup>2</sup> bordering the Connemara oil-field discovered by BP in 1983.**
- • **Licensing Option 16/24 work programme is now underway with the acquisition of available seismic not already in Petrel's database. These North-Western Porcupine Basin blocks are our current priority, giving the best shot at a quality farm-out. We aim to achieve state-of-the-art interpretation in one phase rather than in incremental steps.**





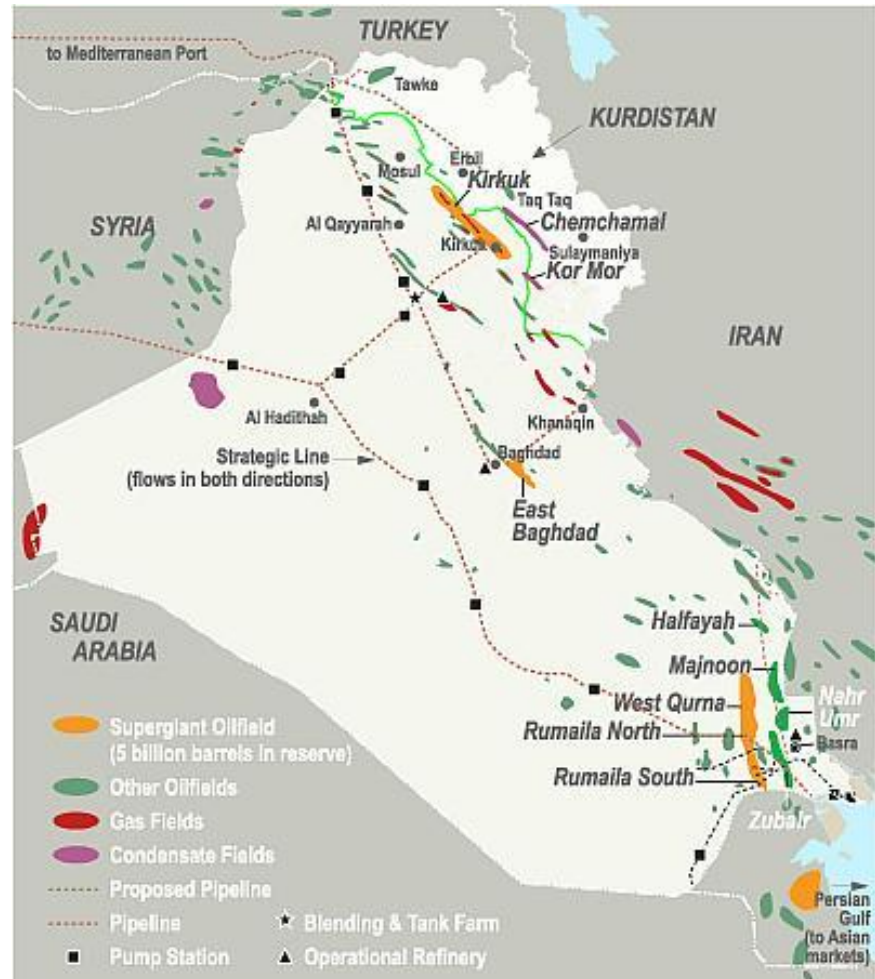
## Irish fiscal terms for LOs higher, though competitive :



- Now **5% royalty**, but no state carry or back-in rights
- Then calculate **field profit** ('R factor' = revenue / costs)
- 'Petroleum Profits Tax', if any, set against royalty :
- **None** if profit is **under 1.5 times** total costs
- **10%** if profit is 1.5 times total costs, then *pro rata* up to
- **Maximum 40%** if profit is > 4.5 times total costs
- Then Standard Corporate 25% resource tax rate applies, with free depreciation and standard write-offs:
- (e.g.  $0.25 \times (1 - .40) = 0.15$  (or  $0.15 + 0.40 = 0.55$  in total))
- But much value added will be in other taxes (income, PRSI, VAT) on producers and their contractors
- In mining the multiplier effect can be 9x
- So the total state take is likely to be > 50%

# Iraq: World's Best Oil Play

- 143 billion barrels of proven reserves; 300 billion barrels of possible reserves
  - Remains one of the least explored of the world's major producing countries
- Post-war production remains at c. 3 million forecast to increase to over 7 million barrel
- Operating costs in Iraq are one of the lowest in the world at about \$2 per barrel
- Petrel has been operational in Iraq since 1999, currently holding a 5% interest in a project with Wasit province, and an interest in the former Block 6 in the Western Desert
- No work is ongoing in the present political situation
- Wasit is Shia controlled, Block 6 is in a disputed area

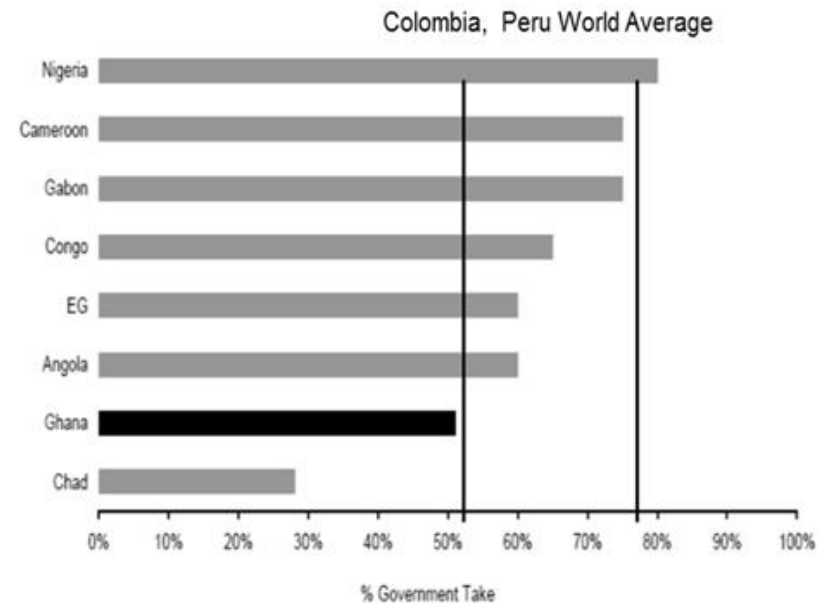


# Ghana: New Oil Province

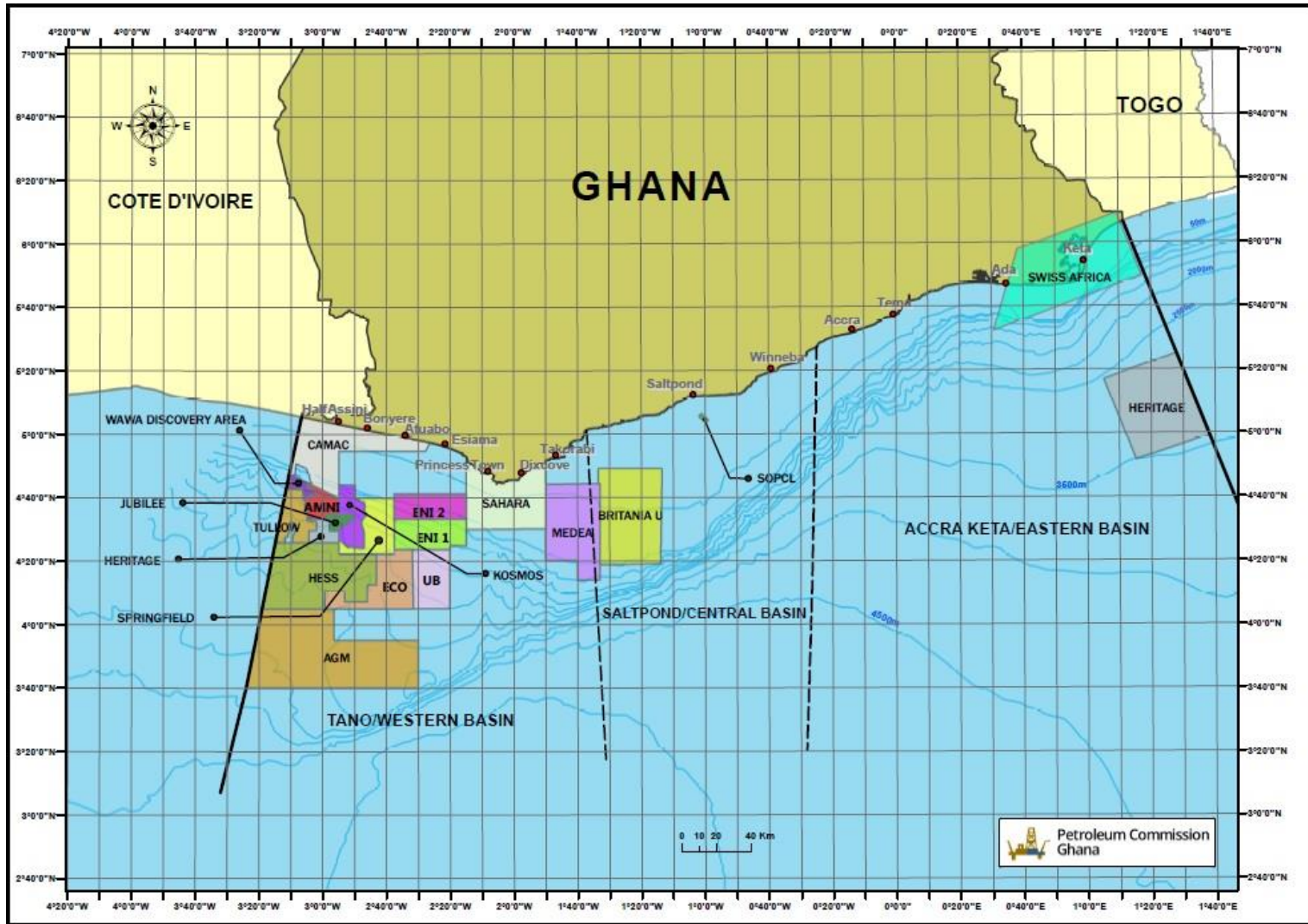


- 2 billion barrels discovered to date
- Production began from Jubilee in 2010
- West Africa attractive due to competitive conditions and large exploration potential
- Ghana fiscal terms extremely attractive:
  - Royalty – 12.5% on oil
  - GNPC carry – 10%
  - Income tax – 35%

## Fiscal terms in Ghana are competitive



# Ghana: offered & agreed open shallow water acreage



# Summary

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- IRELAND** Significant prospects identified.  
World-class operating partner, Woodside. Seismic acquired 2016,  
Seismic processed & Drill target 2017, well possible in 2018.
- IRAQ** Baghdad / provincial authorities' permits needed to acquire seismic  
& drilling.  
No field work is now possible, but future potential.  
Iraqi production at 4.35mmbod.
- GHANA** All technical and financial work completed.  
First phase of geological work completed.  
Petroleum Agreement signed with the GNPC.  
Rapid ratification promised with adjusted coordinates.

# Management Team



- **John Teeling – Executive Chairman**

Established and managed many Stock Exchange listed resource companies in the past 30 years, currently chairs 4 AIM resource companies

- **David Horgan – Director**

Holds directorships in a number of resource companies. Holds an MBA from Harvard & MA from Cambridge

- **Jim Finn – Financial Manager/ Secretary**

Finance director for several publicly listed junior exploration companies. Has listed thirteen companies on AIM. Holds degrees in management and an accounting qualification

- **Arman Kayablian – Non-Executive Director**

Mr Kayablian is the COO of Amira Industries N.V. and has more than 10 years' experience in project finance and development operations in the energy, utilities and telecommunications industries. He holds a B.B.A. in International Business from The George Washington University

- **David Naylor – Geologist**

40 years worldwide experience in the oil industry globally. He worked previously for De Beers, Chevron, Exploration Consultants Ltd, Northgate, and the Geological Survey of Ireland. Dr Naylor is the co-author of five books, including 'Petroleum Geology Of Ireland'.

Management team is highly incentivised to achieve its business objectives