Sequa Petroleum

Company overview
Uniquely positioned to become a successful mid-cap European independent oil and gas company

Leverage current market conditions

- Acquire assets in select geographies at reduced price
- Develop and operate assets at reduced cost

Establish portfolio of material discovered oil and gas assets

- With current or near term production and cash flow
- Pursue upside potential and grow long term value

Active portfolio management to leverage cyclical market

- Continuously review acquired projects against market change
- Pursue further growth robust to latest market outlook

Access to funding

- Key shareholder Sapinda
- Additional strategic investors

Uniquely positioned to become a successful mid-cap European independent oil and gas company
Corporate overview

In summary

Sequa Petroleum is an oil and gas company established in 2013, with a focus on acquiring under-valued, discovered, material oil and gas assets with upside potential that already produce or can be taken quickly to production. The company is:

- A Netherlands registered company (NV)
- Currently listed on Euronext (Marché Libre); market cap: €491m (201.5m shares @ €2.44(1))
- Its Managing Directors and Head Office are in London
- Business Unit Offices in Kazakhstan and Norway, with strong local management teams, operational capability and assets
- Creating a strong delivery culture based on values, capability and teamwork
- Supported by Sapinda, a global investment group

Sequa Petroleum history

In 2013:
- Sequa Petroleum NV incorporated
- Sequa Petroleum Kazakhstan incorporated
- Sapinda joins Sequa Petroleum, significant capital injection

In 2014:
- Sequa Petroleum listed on the Marché Libre in Paris
- Sequa Petroleum Kazakhstan farms into Aksai License (75%)
- Acquisition of Tellus Norway & Wintershall assets SPA signed

In 2015:
- Aksai West-1 drilling
- Capital raising through bond and equity
- SPA signed for 15% of Gina Krog asset

In 2016:
- Wintershall transaction terminated (mkt conditions)
- SPA signed for 0.7% of Ivar Aasen asset

Remarkable achievements in a short timespan during a challenging period for the industry

Note: (1) as of 10th December 2015
Market environment creates investment opportunity

**Market Environment**

- **Current low oil price environment**
  - The short term global oversupply of ca. 1% is caused by shale oil, reduced growth in demand and maximisation of production from available capacity.
  - For the first time in 30 years, there is limited spare production capacity left globally of only ~0.5 mbopd.
  - The resulting major capital investment reductions of ~$200 billion, increasing further over 2016, are creating a medium term supply shortage.

- **Long term oil industry fundamentals support $70+ per bbl**
  - Every year more than 30 bn bbl of oil reserves is consumed, and global installed production capacity declines at 5-7% on average per annum.
  - US shale oil installed capacity declines 10 times faster.
  - Next decade requires development of >100 billion bbl of new oil supply, whereas <5 billion bbl is being developed from current projects and shale oil.
  - Mid and Long term average oil price has to exceed the average marginal cost of new supply ($70+ per barrel).

- **The current downturn in oil price provides an opportunity for Sequa**
  - Monetize top quality assets with potential upsides.
  - Distressed companies and divestment programs of Majors.
  - Reduced acquisition costs.
  - Reduced development and appraisal costs.
  - Reduced competition.

**Capacity replacement global cost curve**

- **Global production decline of producing fields**
  - Decline ~5 mbopd per annum
  - Replacement supply will cost at least $70+ bbl

**Average cost of new global supply**

- Break-even oil price $/bbl (@ NPV=0)

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Current downturn provides opportunities to accelerate portfolio and value growth.
Gina Krog acquisition in Norway

**Acquisition agreement**

- In October 2015, Sequa Petroleum agreed to acquire 15% of the Gina Krog license unit from Total E&P Norge AS, through its wholly owned subsidiary Tellus.
- On completion Tellus will pay c. NOK 1.4 billion pre-tax based on the latest operator cost estimates. Total will retain the tax balances related to Gina Krog investment prior to the effective date.
- Gina Krog is currently being developed by operator Statoil, with production expected to commence in 2017.
- Gina Krog contains reserves of oil, condensate, NGL and gas of in total 224 million boe. Production is expected to reach a peak of about 60,000 boepd.
- The transaction is expected to close in early 2016. The effective date for the transaction is 1st of January 2015.

**Asset in perspective**

- Significant incremental development opportunities and exploration potential. Three appraisal blocks and two prospects have been identified.
- Potential for tariffs from future tie-ins to Gina Krog (e.g. Eirin field).
- Development project is well underway, managed by experienced operator Statoil. Development drilling commenced 2H2015.

**Production profile**

- **Gina Krog Net Production - RNB16**
  - 15% Field - k Boepd
  - **GK 2P**
  - **GK 2C**
  - **GK prospect**

**5 Year Average Finding & Development Costs - Key Peers**

- Gina Krog cost to first production USD$11/boe

A material asset with long term production from 2H 2017.
Norway provides a robust platform for growth

Norway background and growth potential

Acquisitions background
- In June 2015, Sequa Petroleum agreed to acquire 100% of Tellus, which had already agreed to acquire from Wintershall a large asset portfolio on the Norwegian Continental Shelf ("NCS").
- The transaction was expected close in early 2016. However, following discussions, Sequa decided not to proceed with the transaction in light of the current market environment.
- In October 2015 Sequa Petroleum signed and agreement with OMV to purchase their 0.554% stake in the Ivar Aasen field for NOK 21.5m effective 1 January 2015. Tellus are currently evaluating this transaction in light of the Wintershall decision.
- In October 2015, Sequa Petroleum agreed to acquire 15% of the Gina Krog license unit from Total E&P Norge AS, through its wholly owned subsidiary Tellus.

Identified upsides and opportunities
- Sequa Petroleum has identified several areas of upside to the planned acquisition in Norway:
  - Growth opportunities beyond the portfolio
    - Sequa Petroleum is actively pursuing a number of accretive acquisitions
    - Immediate production and cash flow
    - Reserves and value
  - Financial optimisation
    - The portfolio sets up for tax optimisation
    - The purchase will be part financed with low cost debt instruments

Norway E&P investment environment
- An attractive stable investment environment for E&P companies
  - Strong government support for new independent Norwegian E&P companies
  - A tax regime that provides strong investment incentives and significant downside protection
  - Regulation and government participation provides a high degree of transparency in E&P joint venture decision making
- The NCS is an area with huge resource volume potential and low risks
  - The creaming curve of developed resources shows no flattening
  - The majority of large fields have historically out-performed initial development plans by more than 70%

Norwegian Sector Development Projects

Norway provides a robust platform for growth
Norway portfolio includes substantial reserves and resources

Kazakhstan portfolio and growth potential

Current license

- 75% of Aksai license: 2,379 km² surrounding the super-giant Karachaganak gas-condensate-oil field in the Pre-Caspian Basin
- Appraisal activity to prove potential extensions of the Karachaganak field. Each percentage point of Karachaganak is highly valuable. The field has already passed its payback point i.e. historic capex has already been earned back.
- A new independent production system for a field extension would not be required as Karachaganak is already in production. Extensions would through unitisation have a faster timeline to monetisation compared to new developments
- Initial 5,300 metre pre-salt deep well drilled in 2014. Recently acquired seismic data being interpreted to evaluate further key opportunities and options.
- Additional to potential extensions of the Karachaganak field, there is a recognised potential for (unlicensed) deeper reservoir layers with significant hydrocarbon volumes, as well as further exploration potential around Karachaganak
- The licence is extended until July 2018 to continue A&E activity

Additional opportunities

- Sequa Petroleum has identified several additional opportunities in Kazakhstan, currently up to 15,000 bopd, 60m bbl, increasingly available at more attractive acquisition parameters
- Local advantages
  - Team established
  - Track record as operator
  - Strong relationships in place
- Focus
  - Immediate or near term production and cash flow
  - Reserves, upsides and value
  - Attractive for future active portfolio management

Source: NPD
A unique combination of attributes and focus on material discovered assets
Focus on delivery of current and near-term production, cash flow, reserves and value
Strategic focus areas

Strategic Investment Areas

Focus on areas where political / fiscal / commercial stability and geological prospectivity allow for stable high returns and growth. Top picks include:

- Selective NW Europe locations and in particular Norway (current SPNV focus area)
- Caspian Region and in particular Kazakhstan (current SPNV focus area)
- West / East Africa low cost conventional oil (future SPNV focus area)

NW Europe
- Low risk environment
  - Large producing and development area
  - Strong local team
  - Reviewing several opportunities

Sub Saharan Africa
- Low cost oil
  - Local strategic JV partner
  - Target assets for rapid production growth

Kazakhstan
- Material opportunities
  - Local team established
  - Strong relationships in place
  - Track record as operator

Attractive investment areas, combining growth potential and strong local relationships
## Leadership team – unique mix of capability

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<td>Senior management, Corporate governance, JV management, Operations, Exploration, Geoscience</td>
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### World class management team

- Deal track record including price discipline
- Extensive leadership experience in IOCs and Service Industry
- Experienced local management teams

**World class leadership team with proven international capability**
Appendix
Norway License

Gina Krog - 15% (in development)

- Gina Krog is an oil and gas discovery located 250 km west of Stavanger and 30 km northwest of the Sleipner A installation. The water depth is 110-120 m.
- The development solution is a new steel platform and a storage vessel (FSO) for oil with a capacity of 850,000 barrels.
- The field was discovered in 1974 in the Middle Jurassic Hugin reservoir at depths of 3,300-3,900 m. The field's oil rim and gas cap will be produced sequentially, with gas to be exported to the Sleipner facility.
- Partners include Statoil (operator, 58.7%), Total (15%), PGNiG (8%), Det Norske (3.3%)
- Production is expected to commence in 2017 and oil production is expected to reach levels of around 60,000 bopd. After some 7-10 years the field will become a gas producer with peak production of around 8 million m³/d.
- The expected liquid reserves (incl. oil and condensate) is about 17 million m³, and NGL of some 3.3 million tons, whilst expected gas reserves are about 12.4 billion m³ (source: NPD website)
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