

EXECUTIVE SUMMARY OF FIELD-K

Field-K (this is a nominal name used in place of the real name)

Field-K is one of the fields the Federal Government of Nigeria earmarked for the 2020 Marginal Field Bid Round which is now concluded.

A client is seeking funding for the development of the field to produce first oil and/or gas.

The preferred funding option is debt capital. Structured finance is also in consideration.

- 100% Finance Required - \$38M
- Client's Share: 45%

- The field is located in the coastal swamp depo-belt of the south-eastern Niger Delta.
- 2C Contingent resource estimated at 246.37 BSCF of gas and unrisksed STOIIP of 17.71 MMBO.
- The notional development plan involves the re-entry of the well and the drilling of one new deviated well.
- The evacuation strategy involves constructing flowlines from wellheads to a gas plant where it can be processed and easily exported.
- There are 3 marginal field companies in the SPV.

Extract from the Competent Persons Report (CPR)

Field-K is located within the northern part of Oil Mining Lease ("OML") 29 in the coastal swamp depobelt of the south-eastern Niger Delta. The block was formerly operated by Shell Petroleum and Development Company (SPDC) as a JV.

OML 29 contains 11 oil and gas fields, four of which are currently producing.

The field was discovered in 1980 by SPDC with the drilling of well-1 in 1980 as a vertical well encountering six hydrocarbon bearing sands.

Based on log evaluation of the well-1, the fluid type was inferred to be gas and has a 2C Contingent resource estimated at 246.37 BSCF of gas with unrisksed STOIIP of 17.71 MMBO.

Table A1 and A2 shows the resource estimate for the prospect resources and contingent resources.

Table A1: Summary of Reserves

CASE	Unrisked GIIP (BScf)	Unrisked STOIP (MMBO)	Unrisked Resource (MMBOE)	Risked Resource (MMBOE)
LOW CASE	14.53	6.35	8.86	3.37
MID CASE	39.05	17.71	24.44	9.29
HIGH CASE	79.54	36.25	49.97	18.99

Table A2: Summary of Contingent

CASE	GIIP (BScf)	Gas Resource (BScf)
1C	296.81	222.61
2C	328.49	246.37
3C	447.74	335.80

The notional development plan involves the re-entry of well-1 and the drilling of one new deviated well-2.

The evacuation strategy involves the construction flowlines from Field-K to a gas plant (approximately 18km away), where it can be processed and easily exported via NLNG.

The NPV @ 12.5% discount rate and base case gas price of US\$ 2.3/Mscf yielded US\$ 52.95 Million. Table A3 below shows a summary of discount rates and oil prices.

Table A3: Economic Indices Sensitivity Analysis

Gas Price US\$ /Mscf	NPV at Discount Factors %		
	10	12.5	15
1.8	30.51	22.57	16.29
2.0	44.90	34.73	26.67
2.3	66.47	52.95	42.23
3.0	116.79	95.48	78.53

This valuation considers that the CAPEX required to fully develop Field-K gas-field is US \$32.1million and an expected OPEX of US\$ 0.9/Mscf.

Dr Leesi Gborogbosi, CEO of Gabriel Domale Consulting is the Commercial Advisor mandated to raise the funds and he is supporting this process as an Ex-Shell Manager with deep knowledge of the oil and gas industry from 26 years working with Shell Nigeria.

Dr Leesi Gborogbosi
CEO
Gabriel Domale Consulting
Nigeria
info@gabrieldomale.com
+2347034604152

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