

# Nostra Terra

OIL & GAS COMPANY PLC

## London South East Oil & Gas Investor Briefing

London – 12 November 2019

[WWW.NTOG.CO.UK](http://WWW.NTOG.CO.UK)





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# Opportunity

## Current market cap –

- Circa £3m
- 10.14% – Miton Group PLC
- 5.23% – Directors
- 4.94% – Eridge Capital Ltd

## Foundation – Existing producing assets (Proven)<sup>1</sup>

- 764,030 BO – Net Reserves
- \$14.96 million – Future Net Income
- \$7.54 million – NPV9

## Expansion – Mesquite (Probable)<sup>1</sup>

- 1,665,630 BO – Net reserves
- \$43.69 million – Future Net Income
- \$16.39 million – NPV9

## Total Reserves (2P)<sup>1</sup>

- 2,429,660 BO – Net Reserves
- **\$58.65 million – Future Net Income**
- **\$23.93 million – NPV9**
- 2 new wells being permitted, drilling to follow

1. Per 3<sup>rd</sup>-party Engineered Economics 21 Jan 2019, performed for the bank. See Appendix for commodity price deck.





## Who is **Nostra Terra**

Nostra Terra Oil and Gas (AIM:NTOG) is focused on achieving profitable and sustainable growth within established hydrocarbon provinces, principally the USA.

- Low political risk
- Prolific Permian Basin
- Stacked pay formations
- Availability of service companies

- Foundation of producing assets & long-term cash flow
- US-based operations team
- Growth through acquisitions and organic
- \$5 million Senior Lending Facility @ 5% rate
  - Validation of asset cashflow strength
  - Intent to expand relationship

Nov '16 – First Permian Acquisition & Secured 80% Pine Mills

Feb '17 – Second Permian Acquisition

Sept '17 – Secured 100% Pine Mills

Sept '17 – Secured BP Hedging Facility

Oct '17 – 3rd Permian Acquisition (“Twin Well”)

Nov '17 – Commenced Twin Well drill

Jan '18 – \$5m Senior Facility with Washington Federal (currently 5.0%)

Feb '18 – Twin Well completed & producing

May '18 – Permian G6 Well drilled & producing

Aug '18 – Record H1 Revenue

Oct '18 – Mesquite Acquisition

Jan '19 – Field Development Plan complete, 276% increase in reserves

Oct '19 – Leasing complete on “standalone 160” for 2 additional Hz wells



## People



**Matt Lofgran**  
**CHIEF EXECUTIVE OFFICER**

Matt Lofgran has wide experience of business development in the energy, real estate and communications sectors. Prior to becoming CEO of Nostra Terra, he was with Robson Energy, LLC, latterly as Vice President of International Business Development. In this capacity, he launched the oil and gas, field services and coal divisions, and was responsible for extending Robson Energy's activities into Mexico. Matt holds a Bachelor of Business Management degree from the University of Phoenix and a Global MBA from Thunderbird School of Global Management. He is also a Director of Elephant Oil Limited.



**Ewen Ainsworth**  
**NON-EXECUTIVE CHAIRMAN**

Ewen Ainsworth is a chartered management account and a fellow of the Institute of Petroleum. He has 30 years experience in the industry at various stages of the oil and gas life cycle from exploration to appraisal/development, production and de-commissioning. Beginning his career in the late 1980's at Conoco, Ewen has taken on Financial Controller, Financial Director and CFO roles across various public and private companies, including six years as Financial Director of Gulf Keystone Petroleum Limited, where he worked until 2014.

During his career, Ewen has been involved in companies with assets and operations across the UK, Europe, Russia, Azerbaijan, Iraq and North and West Africa.



**John Stafford**  
**NON-EXECUTIVE DIRECTOR**

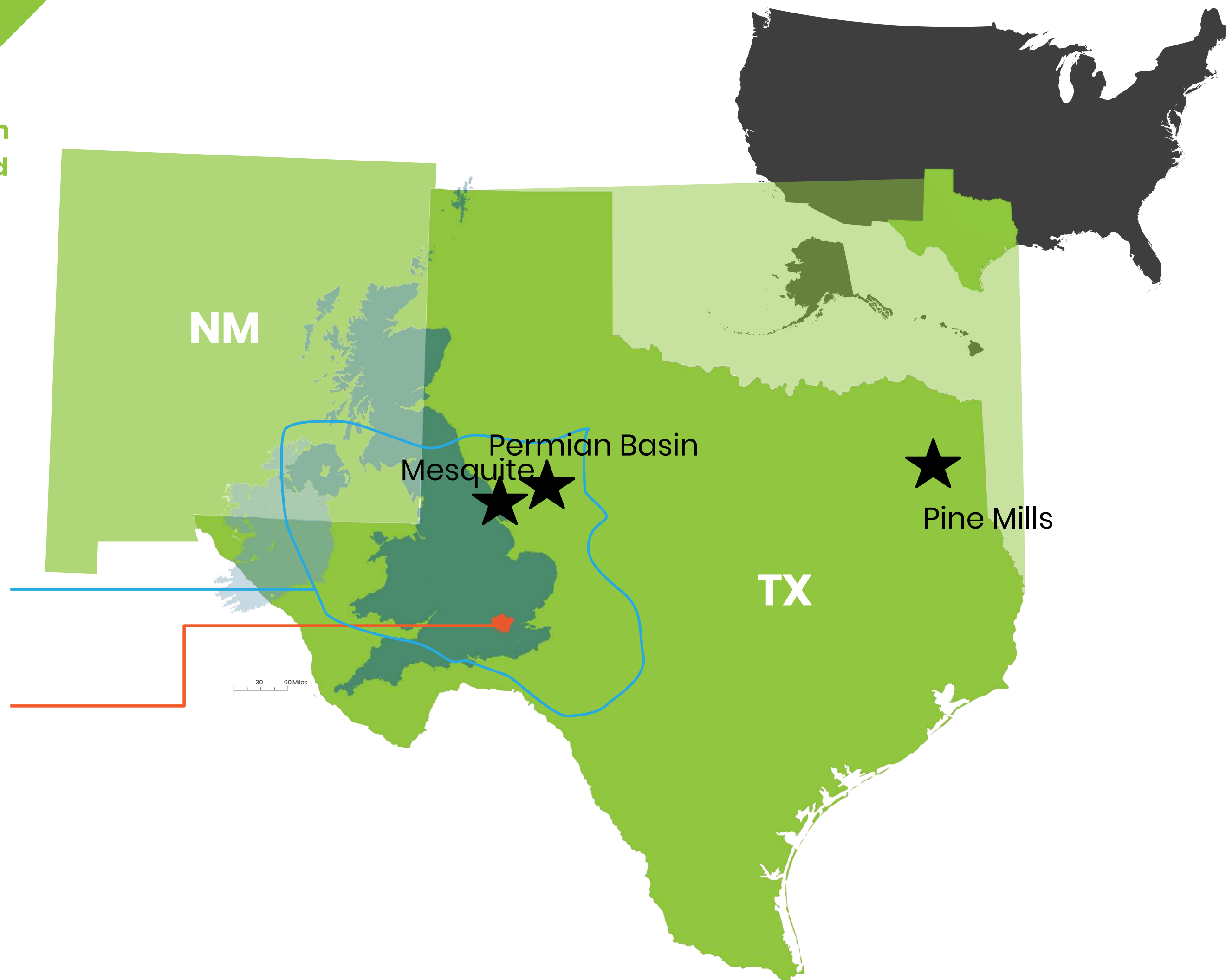
John Stafford has 35 years experience in the oil & gas industry and is a geoscientist, with specialist expertise in oil field development and reserve certification and reporting. Previous roles include Vice President of Operations at Gulf Keystone Petroleum Limited, a position he held from May 2014 to January 2017, having joined that company as Manager, Geology & Geophysics in early 2009. John has worked with well known companies in the oil and gas industry, such as ECL, Schlumberger and PGS, managing projects in integrated field management and all aspects of reserves certification and reporting. This includes the production of Competent Persons Reports. John has further experience of fractured reservoir development and risk management.

## Assets

Established as an operator with full control of portfolio, focused on low-risk exploration and development drilling of the Mid-Continental USA

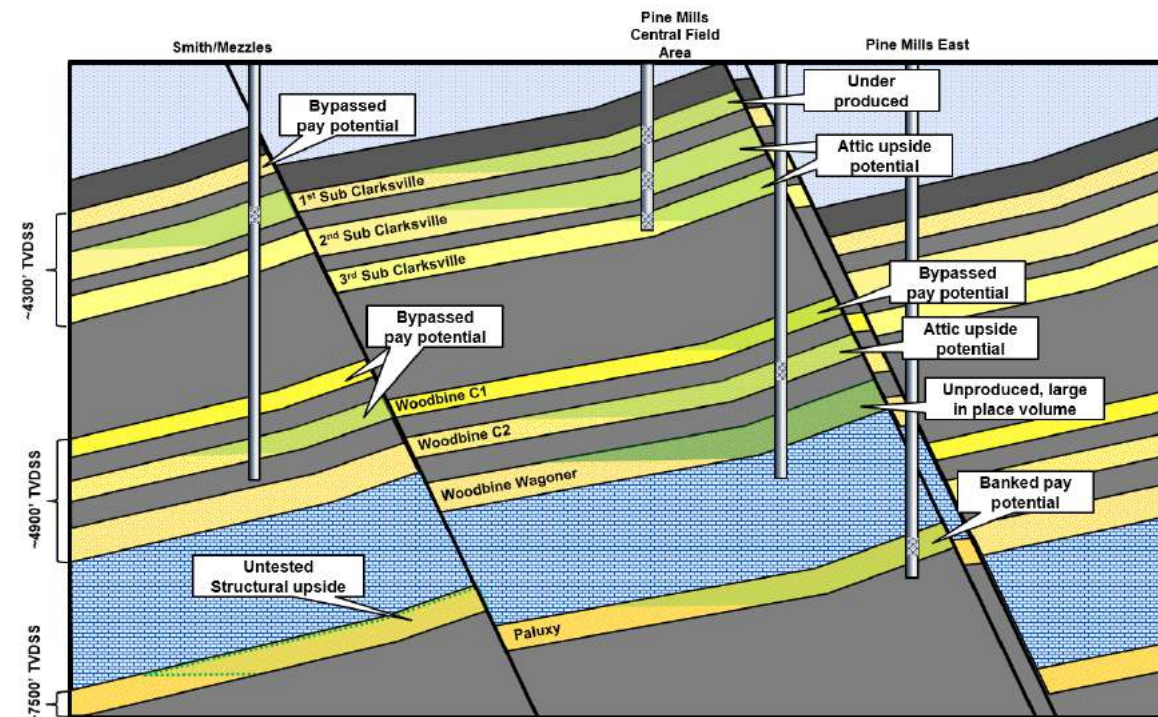
Permian Basin  
Province boundary

Greater London

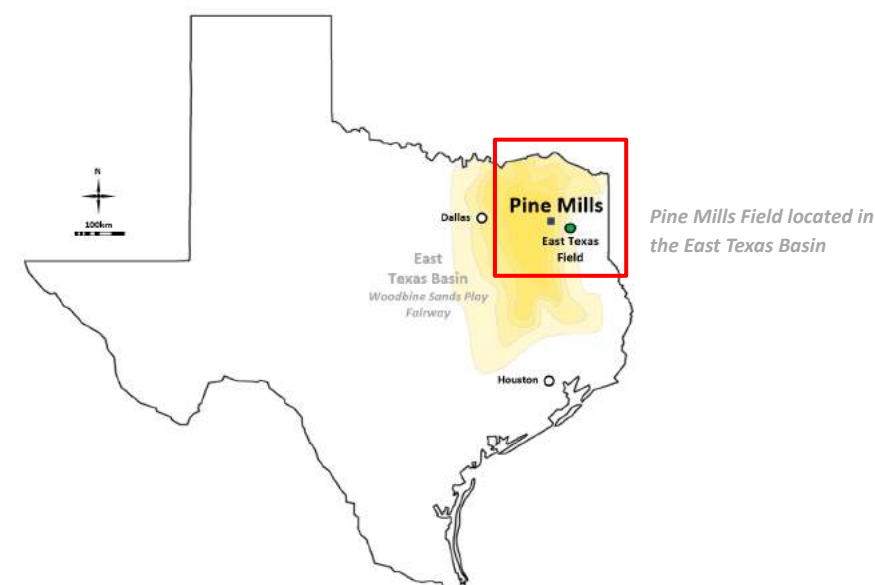




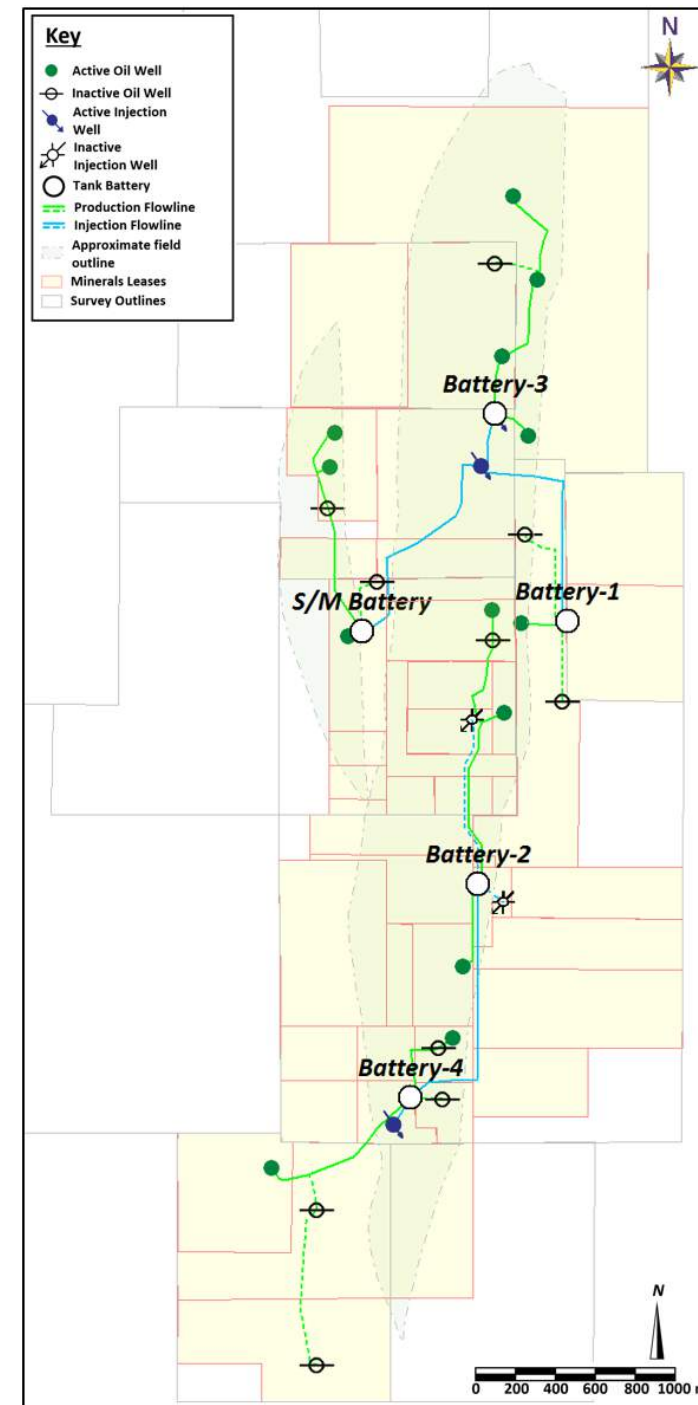
# Pine Mills



Diagrammatic cross section indicating upside potential in the Pine Mills Field



Pine Mills Field located in the East Texas Basin



Pine Mills well and tank battery locations

Pine Mills is a 2,400-acre producing oil field located in Wood County, Texas. All leases are 'Held By Production', giving Nostra Terra full control over the timing of any future capital expenditure decisions.

- Acquired Pine Mills in November 2016
- First operator in 3 years to turn it profitable<sup>1</sup>
  - Profitable production during 2017 full year and 2018 first half, following Nostra Terra taking over operations at Pine Mills.
- Foundation that supports WAFD Sr. Lending and BP Hedging facilities
- 1,500 barrels per month hedged at \$60 to 31 December 2019
- Targeted lower cost workovers and reactivations
  - Additional wells still to be put back into production
- Further upside in bypassed pay and other zones

<sup>1</sup> 2019 Interim



# Pine Mills – valuation



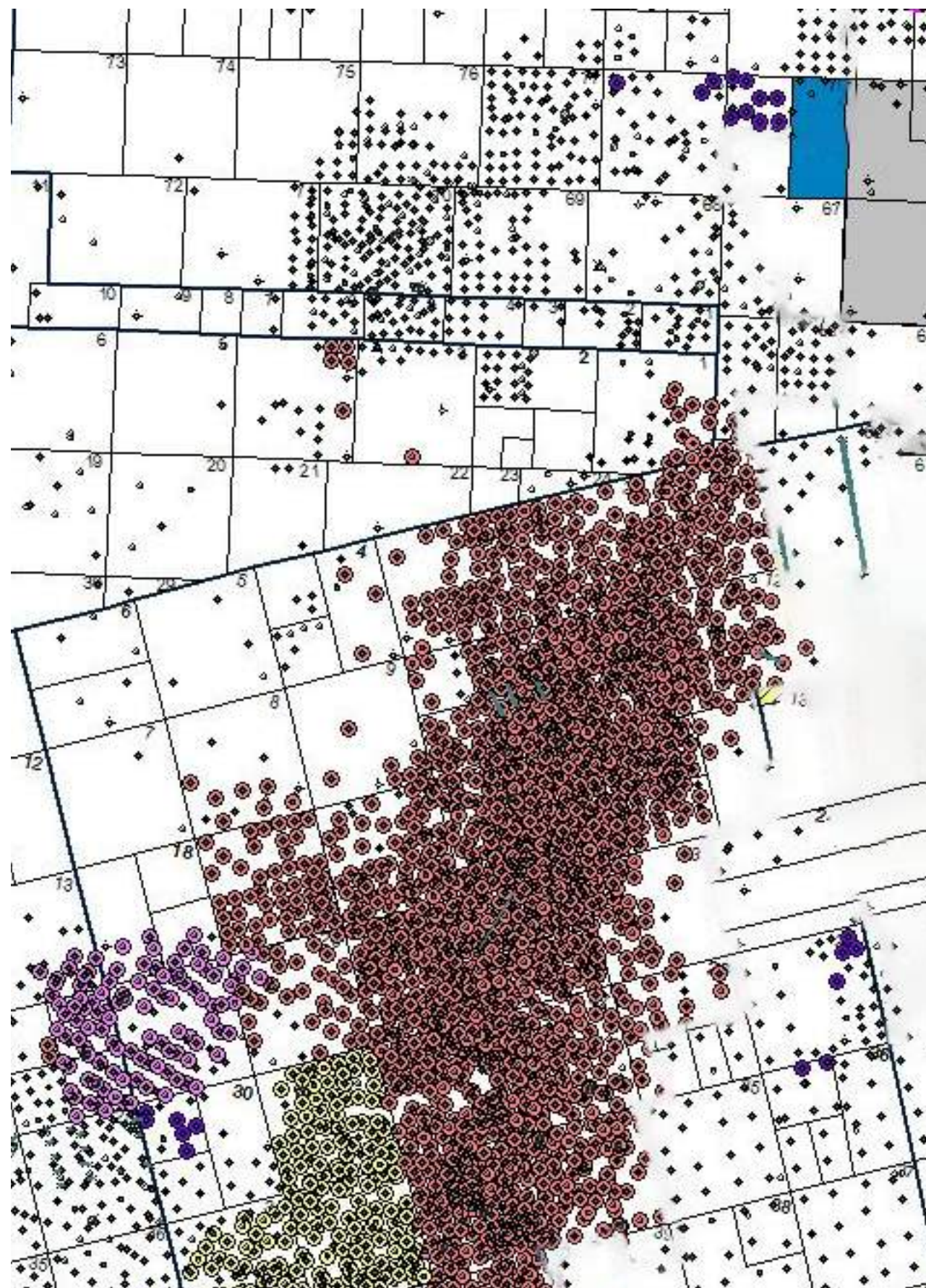
## Reserves <sup>1</sup>

Location	East Texas
Working Interest	100%
Type	Producing
Reserves	431,443 BO Net Proven (1P)
Future Net Income	\$7,204,797
NPV9	\$4,653,849

<sup>1</sup> Per 3<sup>rd</sup>-party Engineered Economics 21 Jan 2019,



## Permian Basin, existing



Straddling New Mexico and Texas, the Permian Basin is approximately 240 miles wide and 300 miles long. In June 2014, the Permian Basin was estimated to be the world's second largest oil field in terms of total recoverable resource, with at least 75 billion barrels of oil equivalent recoverable resources present.

Within the Permian Basin, Nostra Terra is focusing on shallow, conventional reserves.

- Acquired through 3 separate transactions
- On the first well Nostra Terra drilled, we went from permitting to producing and receiving revenues in less than four months.
- The vertical well reached payout in less than 1 year.
- Additional locations “banked” for future drilling



# Permian Basin, existing – valuation



## Reserves <sup>1</sup>

Location	Permian Basin (West Texas)
Working Interest	50-100%
Type	Producing
<b>Reserves</b>	<b>332,600 BO Net Proven (1P)</b>
<b>Future Net Income</b>	<b>\$7,607,081</b>
NPV9	\$2,744,751

1

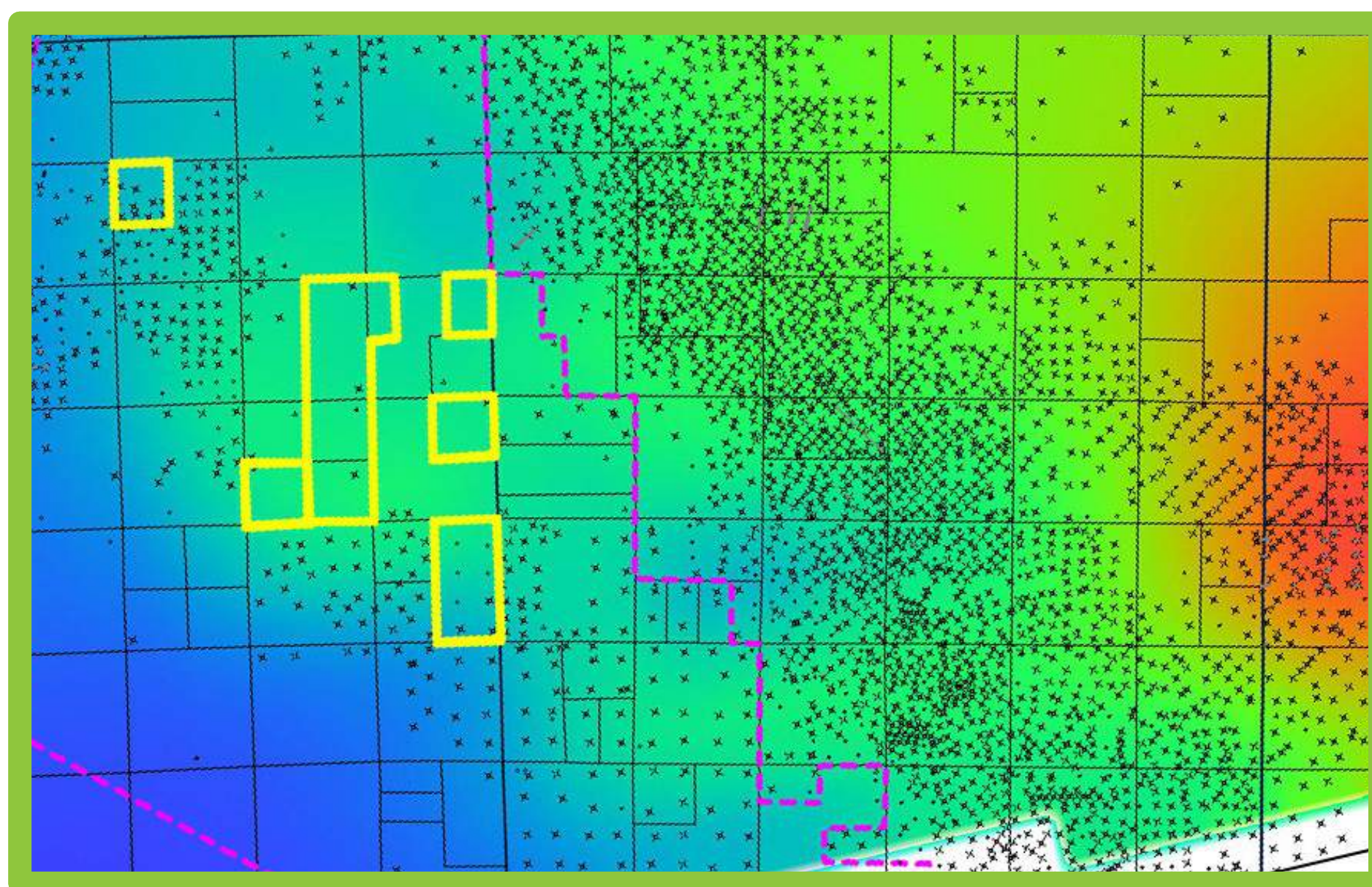
Year End 2017

2

November 2018



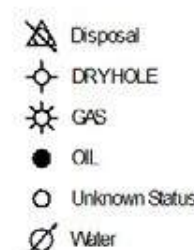
# Mesquite – Low Risk, High Impact in the Permian Basin



Nostra Terra  
Leasehold



Prospect Outline



Mesquite is in the prolific Permian Basin where the surrounding area is proven to produce from multiple, stacked-pay reservoirs.

The area has long-established producing wells that were drilled vertically on 40 acre spacing. In recent years operators have successfully drilled wells with tighter 20 acre spacing.

On this basis, the Mesquite Prospect has the potential to host a minimum 35 potential vertical well locations, by drilling at 40 acre spacing, however, Nostra Terra believes the Mesquite Prospect has much greater development potential if drilled horizontally.

- Prolific oil field
- Proven and developed with vertical wells
- Subsurface control
- Approximately 1,200,000 barrels of oil recoverable per square mile (640 acres)<sup>1</sup>
- ~2,000 net acres currently leased, with scope to expand
- Extent of play estimated to be approximately 30,000 acres

<sup>1</sup> Per Field Development Plan  
Performed by Trey Resources.



# Mesquite – valuation



## Reserves <sup>1</sup>

Location	Mesquite – Permian Basin
Working Interest	100%
Type	Development
<b>Reserves</b>	<b>1,665,630 BO Net Probable</b>
<b>Future Net Income</b>	<b>\$43,690,000</b>
NPV9	\$16,390,000

<sup>1</sup> Per 3<sup>rd</sup>-party Engineered Economics 21 Jan 2019,

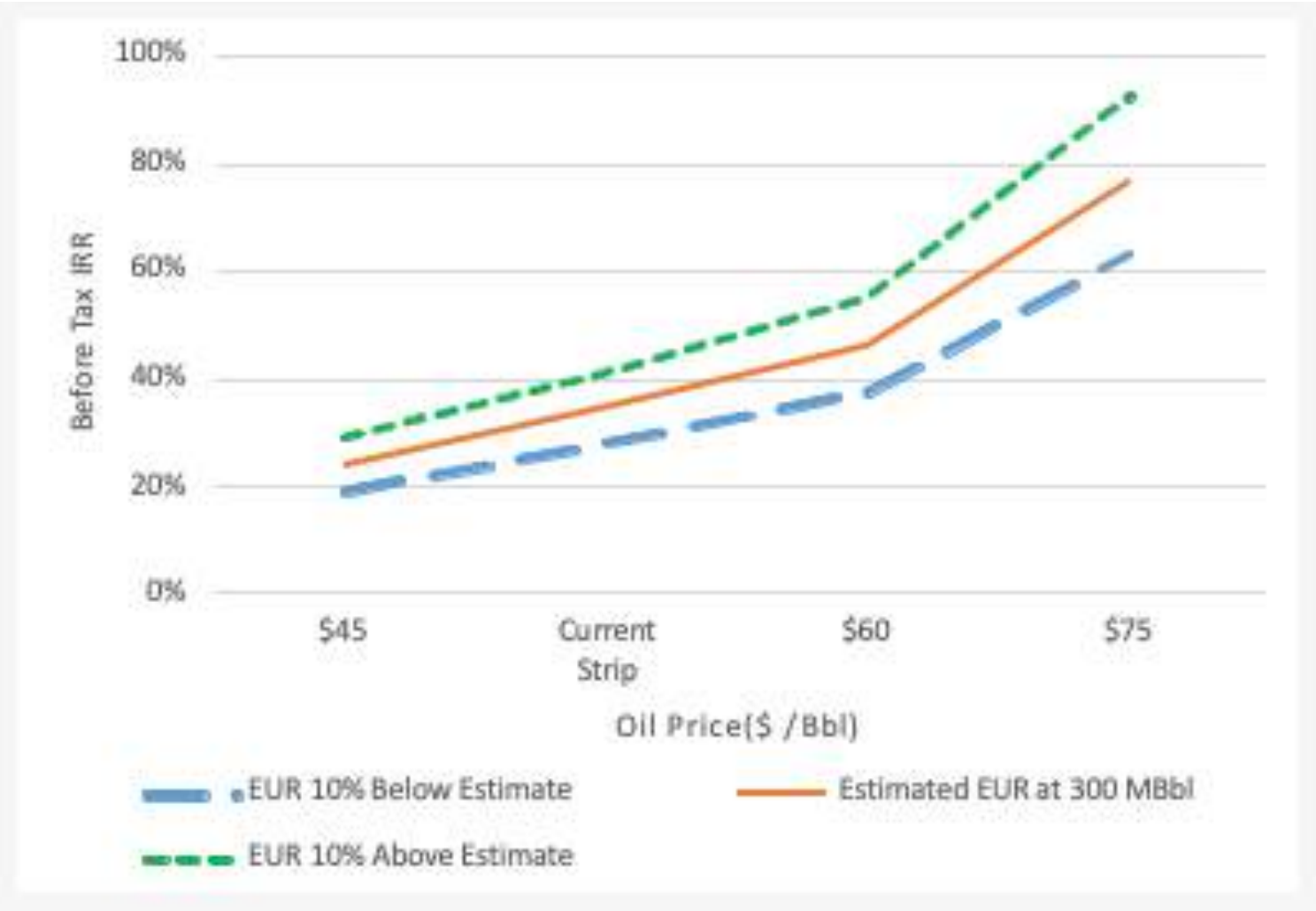


# Mesquite – Economics

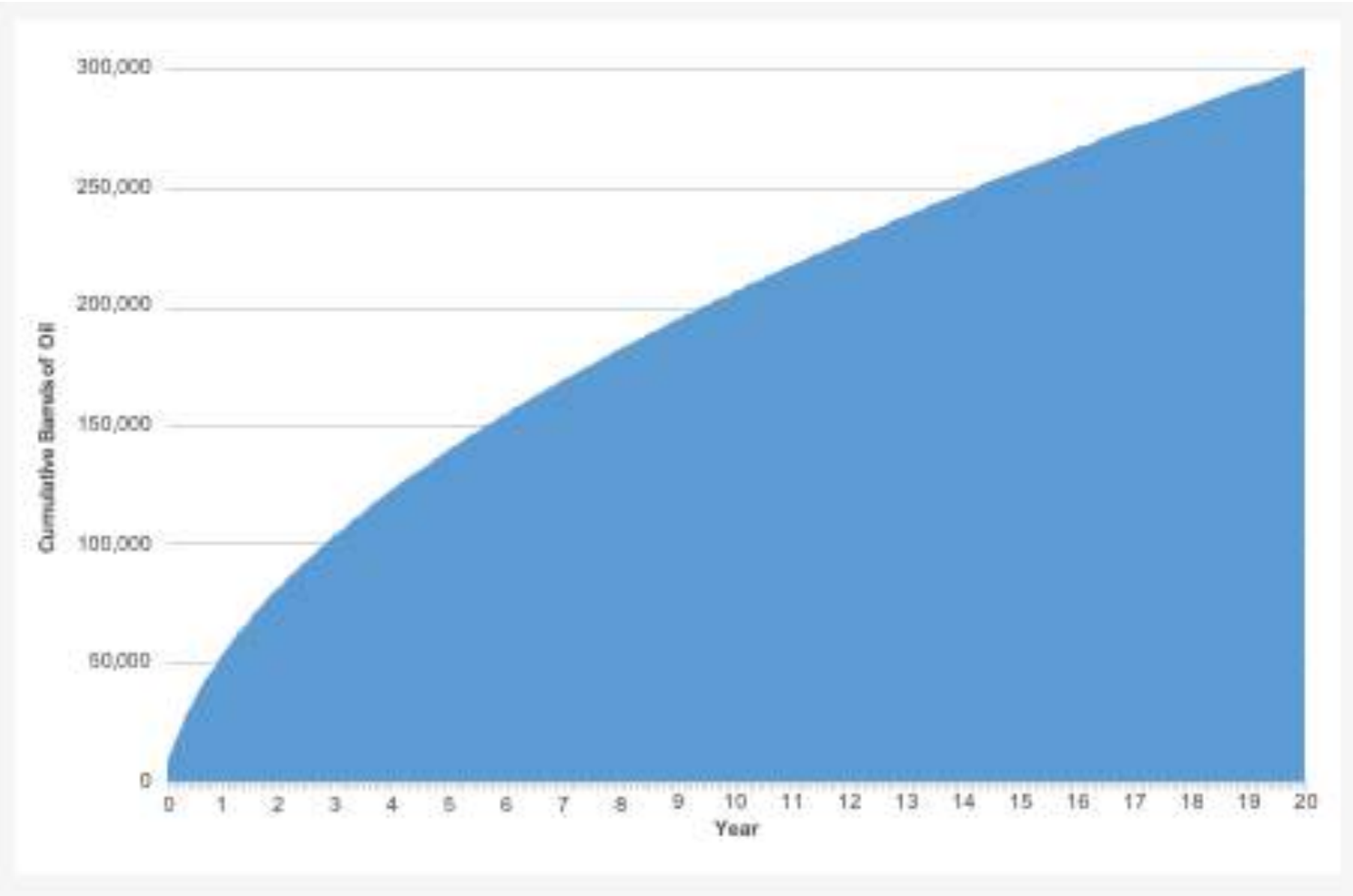
Lateral Length	5,000'
Average EUR	300 MBoe
% Oil	100%
Initial 30-Day Production Average	265 Bopd
Potential Locations with 100% Working Interest on Existing Leasehold	4
PV10 Per Location at \$60 oil	\$3.3 million
Total PV10 for All Four Locations at \$60 oil	\$13.2 million
Remaining Acreage Outside of 100% Working Interest Locations	744 net acres
Pro Forma Value Per Acre at \$60 oil	\$20,669 per acre <sup>1</sup>
Potential Value of Remaining 744 Net Acres	\$15.4 million
<b>Potential Combined Value of 1,384 Net Acres</b>	<b>\$28.6 million</b>

<sup>1</sup> Pro forma values assume remaining 744 net acres achieve the same economic value as acreage where 100% working interest wells are drilled. Per acre value calculated as \$3.3 million divided by 160 acres.

## IRR



## Cumulative Production





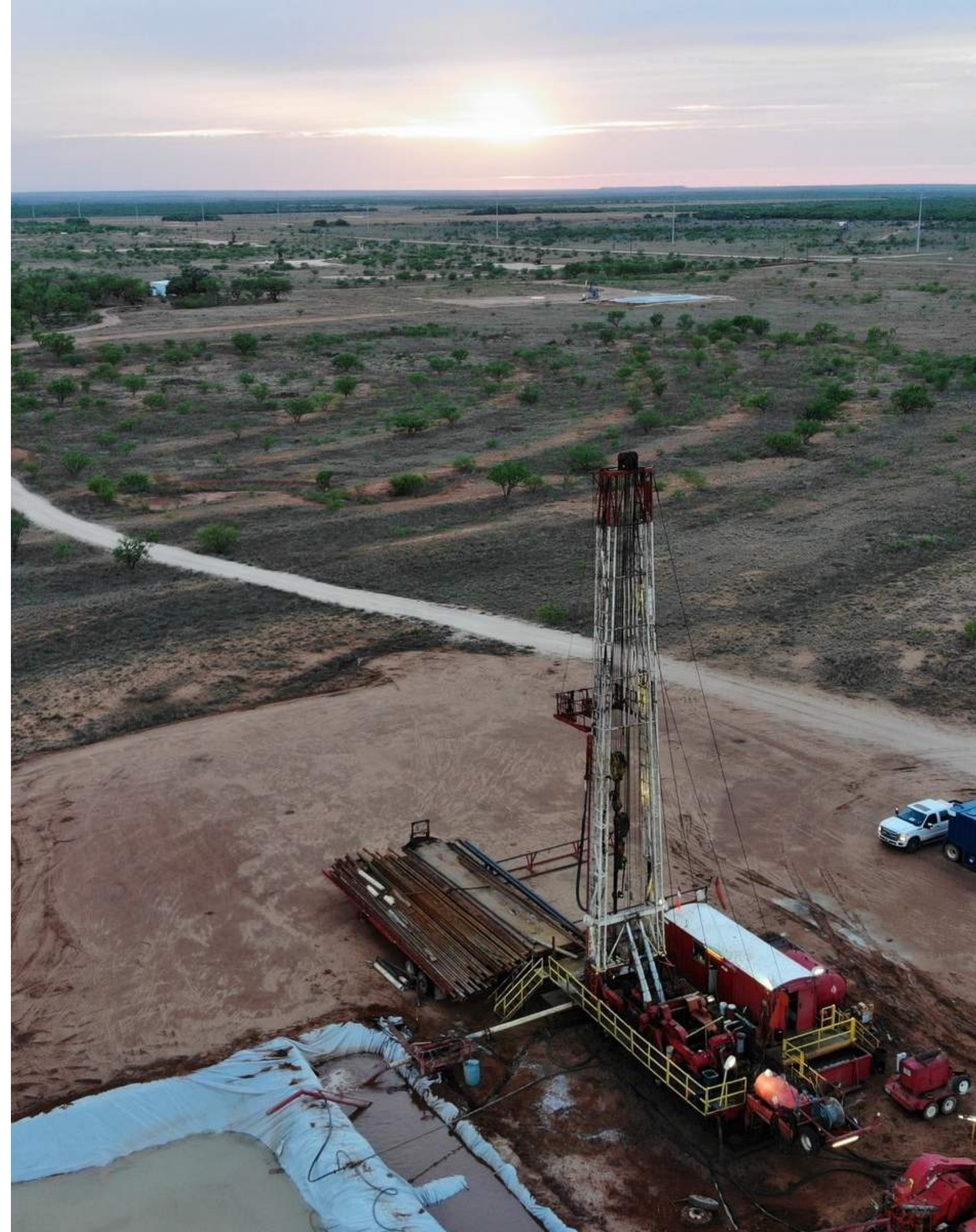
## Looking Forward

### Corporate Goals:

- Achieve a profit which is available to distribute to shareholders
- Balanced approach to use of profit between funds retained for growth and payment of a dividend

### This will be achieved through:

- Organic Growth – Drilling new wells on existing assets
  - Standalone (160) acre leasing completed
  - Two new wells being permitted, drilling to follow
  - Could prove transformational for the Company
- Acquisitions – targeting producing assets using leverage





## Summary

- 2,429,660 barrels oil – Reserves (2P)<sup>1</sup>
- \$58,650,000 – Future Net Income (2P)<sup>1</sup>
- \$23,930,000 – NPV9 (2P)<sup>1</sup>

### **We have a track record that shows we can:**

- Acquire assets that can produce a profit
- Operate assets prudently, safely, & increase returns
- Drill wells that are economic & profitable
- Manage overheads prudently

**Our focus now is to deliver scale through drilling new wells and acquisitions of existing producing assets.**





## Contact

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**CHIEF EXECUTIVE OFFICER**

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Avenue  
Suite 50  
Dallas, TX 75206





# Appendix



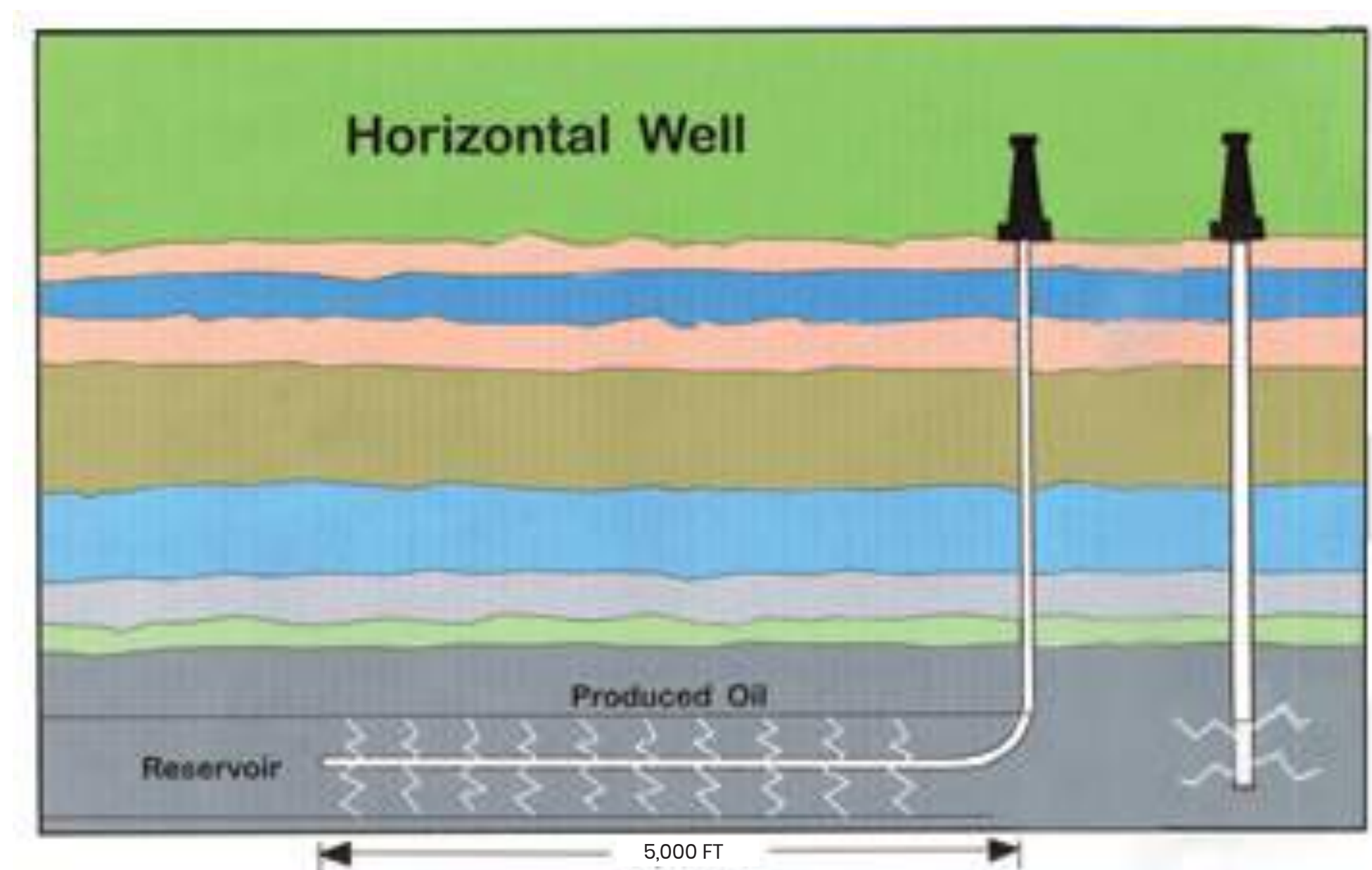
Commodity prices used in Reserve Report as of 1 Jan 2019:

Year	Oil (\$/Bbl)	Gas (\$/MMBtu)
2019	\$51.75	\$2.73
2020	\$51.75	\$2.58
2021	\$50.75	\$2.50
2022	\$50.50	\$2.51
2023	\$50.50	\$2.51
2024	3% escalation per year	



# Horizontal Wells

## Improved recovery from horizontal wells



Horizontal Well Bore

+/- 5,000ft of Oil Payzone

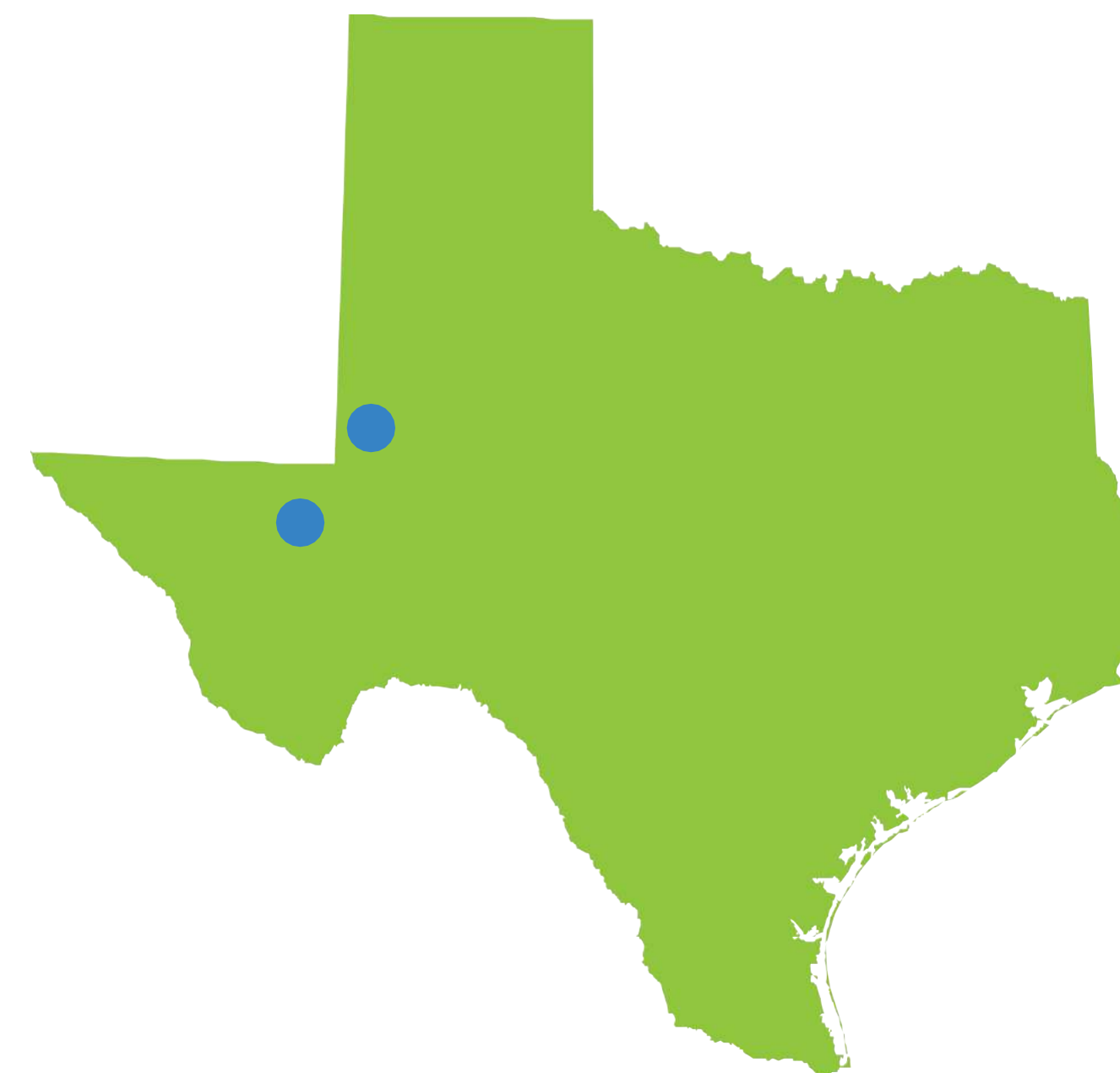
Vertical Well Bore

+/- 60ft of Oil Payzone



## Case Study: Permian Basin Asset

- In 2011, Trey took control of the management of a Permian Basin asset on behalf of two multi-billion dollar investment funds
- Located in the Permian Basin, the asset had experienced years of neglect from the previous operators
  - High well-failure rate and LOE
  - Oil spills and unaddressed regulatory items
  - Unclear land and title issues
- Trey spent the initial three month period addressing immediate issues and preparing a path forward to present to the investors
- Once the path forward was agreed, Trey executed on a horizontal drilling development plan and completed a measured, eight-well program prior to selling the asset in 2014
- Property was originally valued below \$14 million and was sold for \$55 million; IRR of 54% on invested capital



● Project Location



# Permian Basin

One of the most prolific oil and natural gas producing regions in the world.

Markets

## Permian Oil Patch

By Jessica Summer  
24 April 2018, 17:50

- Shale play in Texas
- Oil patch seen over

Bloomberg

2,976 views | Jul 27, 2018, 01:52am

## BP Pays \$10.5B For Permian Basin, A Second Chance At The U.S. Oil Patch

Christopher Helman Forbes Staff Energy



"A transformational acquisition," is what BP CEO Bob Dudley said last week. It's a bold move, especially in Argentina's shale than in the Permian Basin. Situation is precarious. Ratcliffe/Bloomberg)

With its \$10.5 billion acquisition of oil and gas assets, BP is buying itself a second chance at the great American oil patch.

The British supermajor largely missed the shale boom. Reeling from the 2010 Deepwater Horizon disaster, BP had been looking for a way to reinvigorate its U.S. operations.

The New York Times

## \$9.5 Billion Purchase by Concho Is Latest Sign of West Texas Oil Boom



A rig in West Texas, where production is threatening to outstrip the pipeline capacity. The Concho Resources purchase of RSP Permian comes at a precarious moment.

James Durbin/Midland Reporter-Telegram, via Associated Press

By Clifford Krauss

March 28, 2018

HOUSTON — Two Texas oil companies joined forces on Wednesday in the biggest deal yet in the Southwestern oil patch, one that should add momentum to the rush to produce more oil as prices rise.

Oil And Natural Gas

## "Oil And Natural Gas Patch" Is Short-Handed

Oil and natural gas production in the Permian Basin is growing so fast that it is threatening to outstrip the pipeline capacity. The Concho Resources purchase of RSP Permian comes at a precarious moment.



More than \$90 billion of deals were announced in the Permian Basin since 2010, according to a new report.

More than \$90 billion of deals were announced in the Permian Basin since 2010, according to a new report.

Report: More than \$90 billion of deals were announced in the Permian Basin since 2010

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ENERGY

## Diamondback Energy's \$9.2 billion Permian purchase

- Diamondback Energy's Permian purchase is valued at \$9.2 billion.
- The deal gives it an expanded growing oil field.
- Energen had been under consideration for more than a year to sell its Permian assets.
- The deal is Diamondback's largest to date.

Published 6:13 AM ET Wed, 15 Aug 2018

REUTERS

U.S. oil and gas production is growing so fast that it is threatening to outstrip the pipeline capacity. The Concho Resources purchase of RSP Permian comes at a precarious moment.