

**KISTOS**

ENERGY IN TRANSITION

# Greater Laggan Area acquisition

**31<sup>st</sup> January 2022**

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# Transaction overview

## Key details

- Asset deal with an effective date of 1<sup>st</sup> January 2022
- Includes a 20% interest in the Greater Laggan Area (“GLA”) producing gas fields and associated infrastructure
- Various interests in additional exploration acreage, notably a 25% interest in the Benriach prospect

## Consideration

- \$125mm cash consideration payable at Completion
- 2022 gas price-linked contingent payment of up to \$40mm
- US\$0.25 per MMBtu (US\$1.45/boe) of net 2P reserves associated with any development of Benriach

## Highlights

- Net production of ~6,000 boe/d forecast in 2022
- 2022e emissions intensity of ~13kg CO<sub>2</sub>e/boe
- Mid-life assets with excellent uptime record
- Upside from the Glendronach development and infill drilling
- Highly cash generative assets with a world-class operator



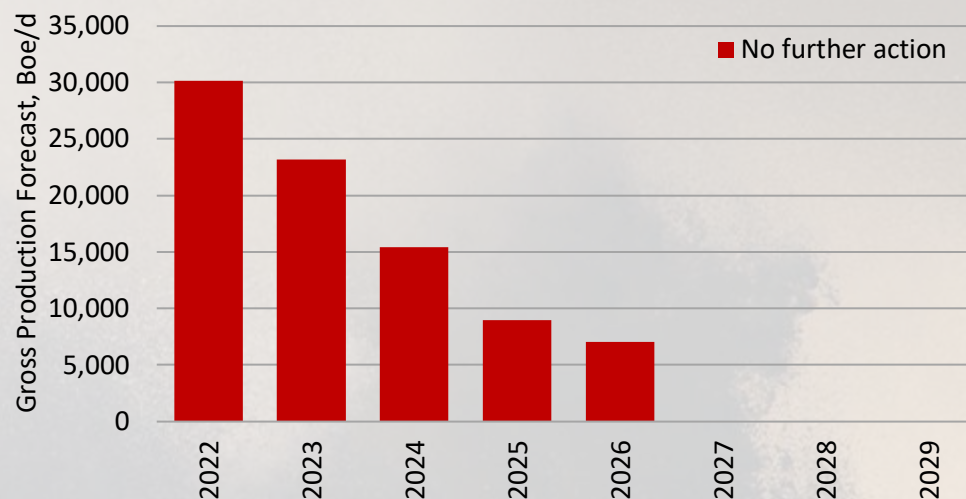
The Shetland Gas Plant  
Source: TotalEnergies

# Producing assets

## Predictable production with upside potential

- The Laggan and Tormore fields were granted development consent in 2010 and achieved first gas during 2016
- The Glenlivet and Edradour fields received development approval in 2015 and came onstream in 2017
- Anticipated production of ~6,000 boe/d net to Kistos in 2022. Decline rates are well defined and understood
- Net 2P Reserves in excess of 6 Mmboe with potential upside >50% through additional drilling
- Onshore processing at the Shetland Gas Plant (“SGP”) allows for highly reliable operations, with uptime >90%

Greater Laggan Area Production Forecast



Field	Interest acquired	Partners	Discovery date	On-stream date	Peak rate, mmscf/d
Laggan	20%	TotalEnergies	1986	Feb-2016	>500
Tormore		RockRose	2007	Aug-2016	120
Edradour			2010	Aug-2017	115
Glenlivet		INEOS	2009	Aug-2017	180

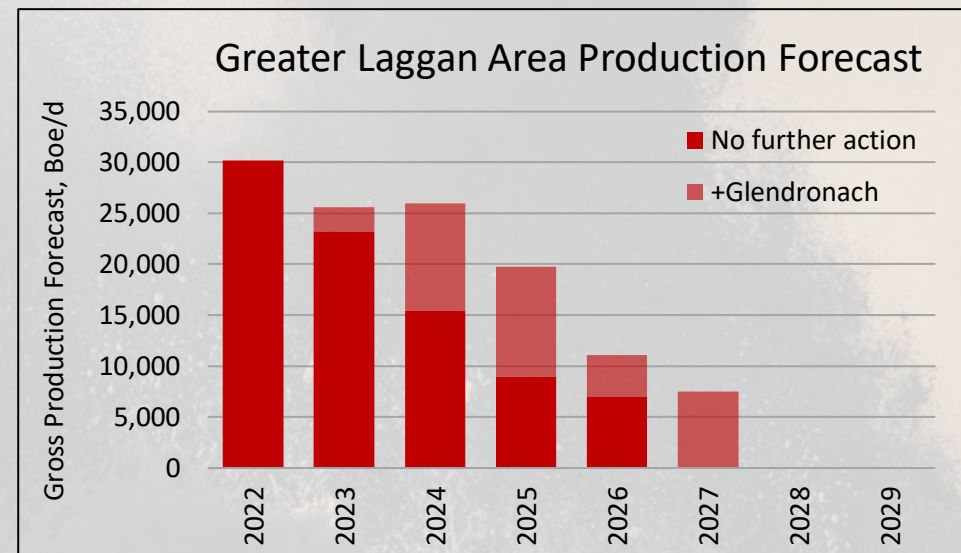
# Future upside - Glendronach

## Extending the life of GLA

- Glendronach was discovered in 2018 by the 206/4a-4 well in 295 metres of water.
- Development concept:
  - Single well tie-back to the nearby Edradour manifold
  - Re-entry of 206/4a-4 ("GD-01") well, for co-mingled completion from Royal Sovereign and Spinnaker formations
- Work is ongoing to mature the project to FID during 2022, with first gas anticipated during 2024
- The development of Glendronach is likely to extend the life of the GLA by at least 1 year

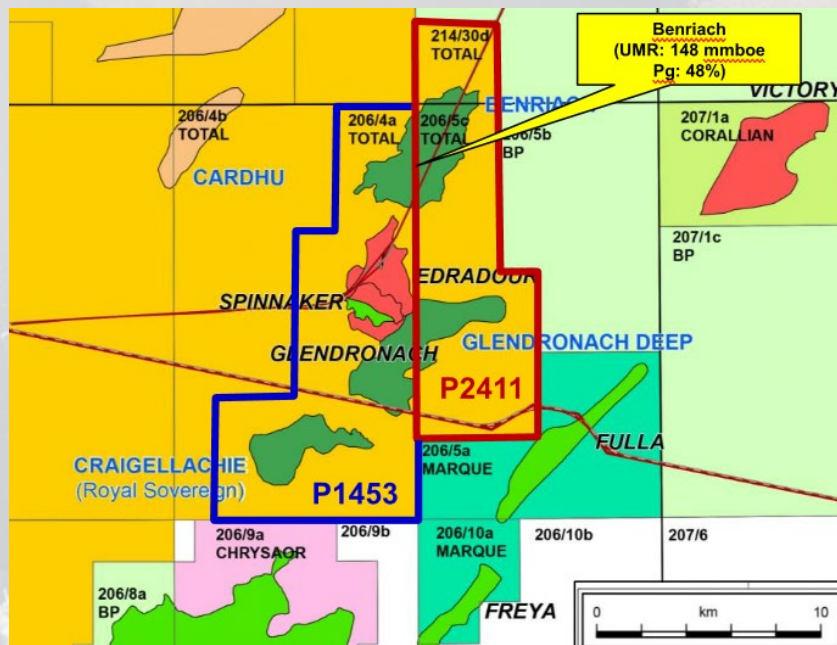


Stena-Don semi-submersible drilling rig during the test of the 206/4a-4 well, September 2018.



# Potential upside - Benriach

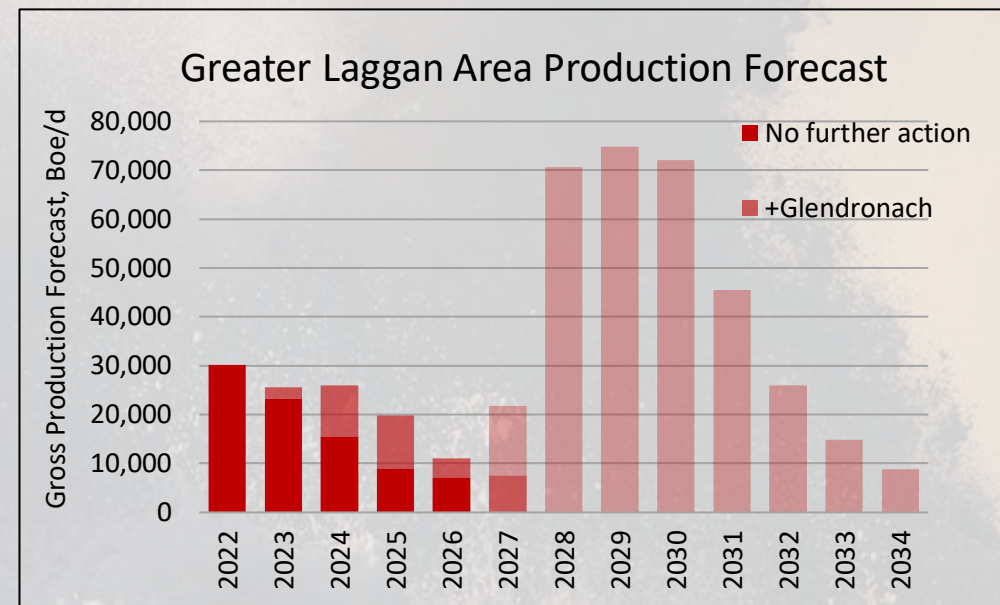
- Lower Cretaceous gas play, close to existing pipeline and infrastructure
- Partially de-risked by Glendronach
- Exploration well to be drilled in the near future
- Success could lead to a multi-well development that is producing gas by the end of the decade



Source: TotalEnergies

Operator estimates	P90	P50	P10	Pg
Gross Resources (Bcf)	110	638	1,638	48%
Net Resources (Bcf)	28	160	410	
Net Resources (boe)*	5	28	71	

\* Converted at 5.8 MMcf per boe



## Field infrastructure

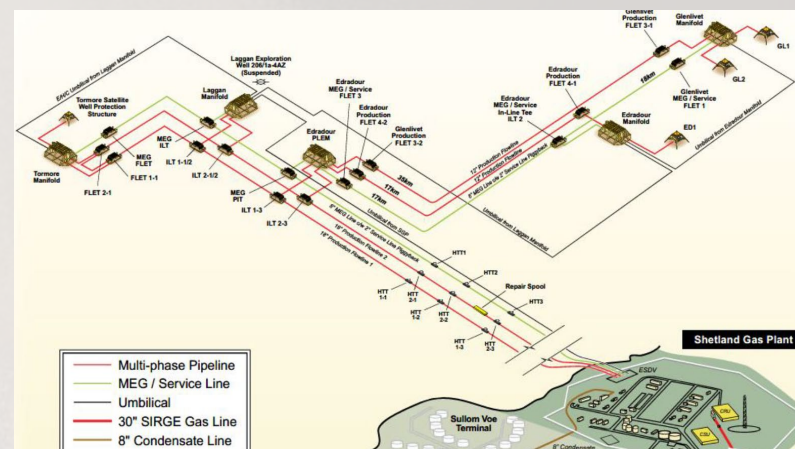
- All fields produce through common, owned infrastructure
- Water depths vary from ~300m to >625m
- Umbilical (power) and dual production pipelines run from SGP
- Up to 125km north-west of the Shetland Islands
- Four subsea manifolds along with subsea wells

## Shetland Gas Plant

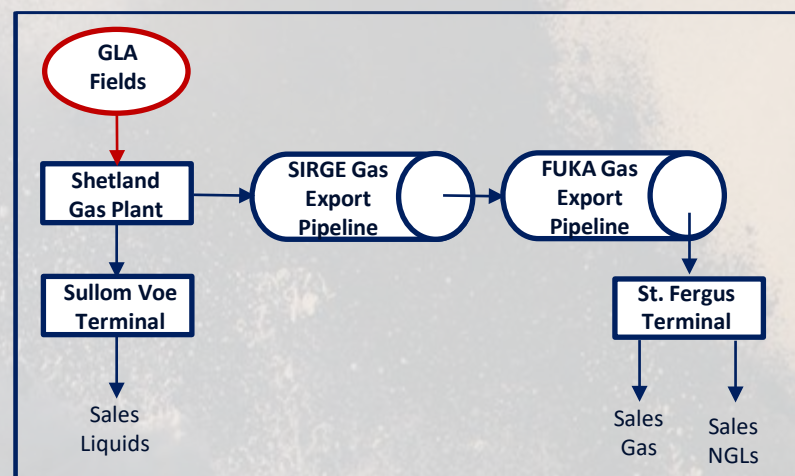
- 20% ownership of SGP included in the transaction
- The plant was designed to process up to 500 MMscf/d
- Low carbon emissions intensity - ~13kg CO<sub>2</sub>e/boe expected in 2022 versus average for UKCS gas fields of 22kg CO<sub>2</sub>e/boe<sup>1</sup>
- Highly reliable, well-managed operations, with uptimes in excess of 97%<sup>2</sup>
- Dehydrated gas is exported to St Fergus Terminal
- Condensate is exported to Sullom Voe Terminal

<sup>1</sup> "UKCS natural gas carbon footprint analysis", published by the OGA, 26<sup>th</sup> May 2020

<sup>2</sup> Operating efficiency of 98% in 18 months to mid-2021. Excludes planned outages.



GLA fields subsea infrastructure, Source: TotalEnergies



GLA fields export schematic, Source: Company

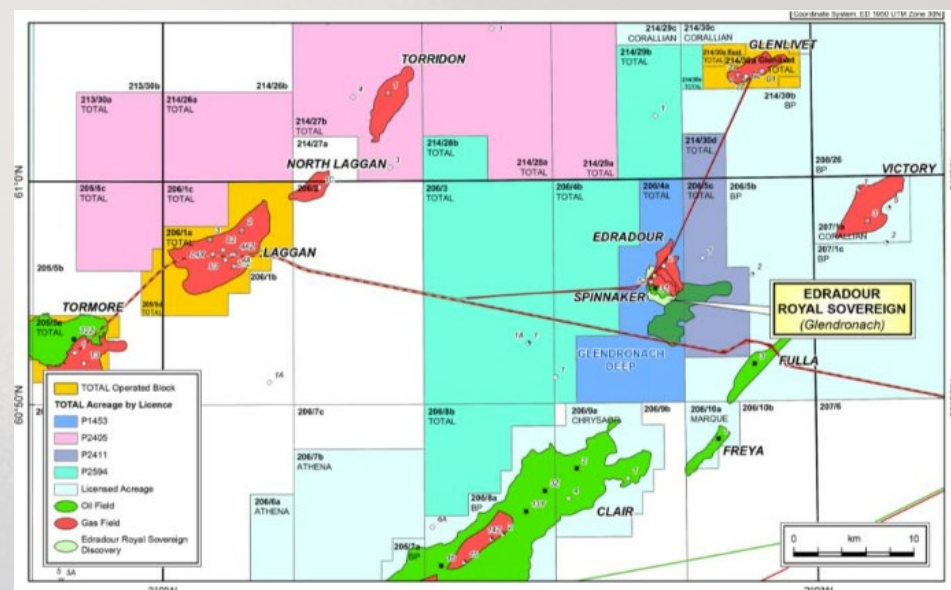
# Financing & summary

## Financing

- The effective date of the transaction is 1<sup>st</sup> January 2022 and completion is expected in the second quarter.
- The US\$125MM initial consideration will be funded by:
  - Existing cash balances of ~€77MM at end-2021
  - Additional cash generated by the low-cost Q10-A field between 1<sup>st</sup> January 2022 and completion
  - Cash flow from the GLA assets between 1<sup>st</sup> January 2022 and completion
- The gas price contingent consideration would be paid out of excess cash flow.
- In the case of exploration success, the Benriach contingent consideration won't be payable for >5 years

## Kistos is acquiring another high quality gas asset

- Kistos is acquiring a stake in one of the largest gas hubs on the UK with a world-class operator
- On a pro forma basis, the GLA assets are expected to approximately double Kistos average daily production in 2022



Source: TotalEnergies

- Forecast 2022 emissions intensity of ~13kg CO<sub>2</sub>e/boe is consistent with Kistos' strategy to be part of the energy transition
- Medium- and long-term upside from the Glendronach development and Benriach exploration projects



# KISTOS

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