

# **Solo Oil plc AGM Presentation**

27 AUGUST 2019

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## Building strong foundations for long-term growth

- Highly active and progressive period since last AGM
- Delivered tangible progress in all areas flagged as strategic priorities
- Significant progress towards delivering a material, transformative transaction
- Heavy lifting complete to create new company with sustainable growth path
- Dual strategy in place to acquire assets and realise value from existing portfolio
- Numerous corporate and operational catalysts expected in next 6-12 months

On the cusp of transformation and value creation

## Delivering on all strategic priorities

2018 AGM Stated Objectives	Delivered to Date
Sustainable footing	 <ul style="list-style-type: none"><li>• Paid off debt</li><li>• Employed cost discipline, value through outsourced model</li></ul>
Commercialisation	 <ul style="list-style-type: none"><li>• Progress on divesting non core assets</li><li>• Strengthening balance sheet through divestments</li></ul>
JV Management	 <ul style="list-style-type: none"><li>• Strengthened JV communications</li><li>• Audit on all aspects of JV Management</li><li>• Influence over JV outcomes (He1, KLW)</li></ul>
Governance	 <ul style="list-style-type: none"><li>• Board evolution and strengthened</li><li>• Structures and policies in place to support growth</li></ul>
Strategy	 <ul style="list-style-type: none"><li>• Thorough strategic review completed in March</li><li>• Significant progress towards delivery of new strategy &amp; targets</li></ul>

## Instilling framework to support future growth

- Large focus throughout the year on improving Governance and putting in the appropriate framework to support ambitions to be a significantly larger company
- We have focused on instilling more discipline and rigour and have introduced a rigid governance structure
- Leveraging the large company expertise and deep Board experience to ensure company is in right shape to deliver growth
- Key items of progress in Governance include:
  - New look, strengthened Board with requisite skillset, network and experience
  - New Executive Team with depth and expertise to support transition and future growth
  - Screening candidates for 2<sup>nd</sup> INED to comply with QCA Guidelines regarding Independence
  - Strengthened JV engagement – stronger representation and JV audits
  - Reconstituted Board Committees and refreshed the ToRs, more regular Board Meetings

## A disciplined approach

- In March, set target to achieve net production of 5,000 boepd within 3 years to deliver a balanced portfolio of assets with 50P/30D/20E
- Strategic objective to underpin the business with cash flow from high quality assets with compelling growth drivers – focussing on European gas theme
- Highly active period of screening opportunities (c.20) in line with strategic objectives - taken 5 forward through due diligence and carried 3 into detailed negotiation
- Typical timeframe of 6 months from identifying opportunities through to delivering
- Focus on finding the **RIGHT** transaction(s) that would resonate with market and deliver platform for future growth
- Employed highly disciplined approach with key objectives being:
  - Will not overpay
  - Credible partners/operators
  - Attractive jurisdictions
  - Value accretive funding mechanisms

## Ruvuma

- Commercial and technical validation of the Ntorya project through the pending farmin of the Zubair Corporation – a key catalyst for the project upon completion
- Chikumbi-1 drilling and 3D seismic programmes progressed with drilling rig selection finalised alongside the Chikumbi-1 executive drilling and completions programmes
- Chikumbi-1 is intended to be completed as a producing well in a future development programme – current timing uncertain as reliant on outcome of licence extension but prospect drill ready and planning is progressed
- JV continues to await Tanzanian Government approval to gain Licence extension and transfer of the interest and operatorship of the PSA to ARA Petroleum Tanzania Limited – longstop date for completion extended to 31/10/19

## Kiliwani North

- Kiliwani North-1 initial remediation work completed and gas flowed to plant and data being analysed
- Reprocessing of the select 2D seismic lines over the Kiliwani North Development Licence acreage is has been completed
- Areas for future 3D seismic surveys identified with intent to progress low cost prospects in Kiliwani North
- JV continues to source equipment to perform re-entry and remedial work on Kiliwani North-1 at minimal cost

## Helium One

- The Company expanded its position in its Helium One during the period to 13.8% including participation in a convertible loan note in early 2019.
- Expected to complete a pre-IPO round targeting a raise of up to US\$3.0 million from international investors including existing shareholders
- Company targeting an IPO on the ASX in October 2019, raising further capital of up to US\$5 million
- Company planning to execute drilling programme following IPO – current expectation is early 2020

## Moving core to non-core...and non-core to divestment

- Significant amount of progress in cleaning up the portfolio in line with strategic objectives
- Rationalisation of non-core assets enables BOD to focus on core assets
- Objective of business development strategy is to transition existing “core” investments into “non-core” category

### **Horse Hill, UK**

- Announced in August 2018 that the Company had agreed to dispose of the shareholding in HHDL to UKOG
- Deal was completed in September 2018 – Company has exited its position in UKOG

### **PEDL 331 (IoW), UK**

- Announced in December 2018 that the Company had agreed to dispose of the asset to UKOG – completed in January 2019

### **Reef Resources, Canada**

- Announced the signing of an HoT Levant Exploration and Production Corp. ("Levant") on 21 March 2019 for the divestment of Solo's 28.56% in Reef Resources Limited ("Reef") to Levant.
- Company is awaiting the progress of CPs and completion.

### **Burj Africa, Nigeria**

- Engaged with west African legal firm – Centurion Law Group to extricate ourselves from BA.

## Transparency is key

### Gneiss Energy

- Cost discipline has remained a core focus and we have leveraged the broad consulting, A&D and corporate finance capabilities of Gneiss Energy to reduce gross adviser costs as we navigate through this crucial period of transformation
- Allocation of fees for Gneiss as follows:
  - Retainer fee – 15% - this includes (1) the work from the back end of 2017 on the Tanzania farmout – there was an element of catch up here due to cash constraints pre equity raise (2) the ongoing commercial and operational support and (3) an element of pre-pay for the start of 2019
  - Expenses – 2%
  - Capital raises – 48% - £5.2M raised in 2018 - therefore fees represent 7% success fee on monies raised this also included third party pay away on capital raised
  - Acquisition fees – 26% - value of deals £4.85m (Horse Hill and IoW) plus £450,000 loan offset / repayment to UKOG – 4.5% success fee
  - VAT – 9%

### Helium One

- Thorough Due Diligence carried out by BOD on original investment in Helium One, and all aspects of the business
  - Wholly comfortable appropriate Due Diligence was taken
  - Corporate structure is clean and normal for companies with subsidiary operations in jurisdictions such as Tanzania
  - Solo taking greater influence on He1 Board to deliver beneficial outcomes for investment

## A key juncture for the Company

- Complete delivery of a transformative transaction – a number of discussions underway
- Continue to screen and progress opportunities in parallel which add value for all shareholders
- Ensure Company has access to appropriate funding options on favourable terms to support transactions
- Leverage change in financial profile to better assess value realisation options with regards to existing portfolio – particularly for Ruvuma
- Consider possible rebranding to reflect Company evolution
- Continue to drive JV Engagement to establish firm work programme activity and commitments
- Enhance Executive Team and Board with appointment of CFO and additional INED
- Continue to communicate openly and more frequently with shareholders

## A period of prioritising, preparation and progress

- A wholly successful period in which we have delivered on all key strategic priorities as set at last AGM
- The work done by the new BOD over the past 12 months has created a platform with the resources and capabilities to pursue and deliver the ambitious acquisition led strategy
- BOD believes market will re-rate Solo as it diversifies portfolio and insulates against binary outcomes associated with Tanzanian assets
- The BOD is aligned with shareholders via ~8% shareholding and believes these initiatives stand to deliver long-term, sustainable value growth for all shareholders
- BOD wholly confident of achieving/surpassing 3yr target based on opportunity pipeline and market dynamics
- BOD look forward to implementing the strategy and driving long-term value creation based on the hard work and progress delivered to date