



**Caspian Sunrise PLC  
Investor Presentation**

**Clive Carver – Chairman**

**[www.caspiansunrise.com](http://www.caspiansunrise.com)**

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The technical information contained in this presentation has been reviewed and approved by Nurlybek Ospanov, a member of the SPE.

# Recent developments

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- Baverstock merger
  - Completed 1 June 2017
  - Caspian Sunrise now owns 99% of BNG
  - Dual ownership structure abolished
- Deep well A5
  - Flowed at the rate of 3,500 bopd
  - 90 day well test imminent
- BNG Appraisal Licence
  - Extended until June 2024
  - Individual structures to move to full producing status from July 2018





# Overview

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- AIM quoted oil and gas exploration and production focused on Kazakhstan
- Principal asset BNG
  - From 1 June 2017 Caspian Sunrise holds a 99% interest
  - US\$93.4 million invested to date (\$128 million across all Eragon assets)
  - 4 discoveries – 2 shallow and 2 deep
  - Appraisal and estimation licence extended until June 2024, with opportunity to move individual structures to 29-year full production status from July 2018
  - Structures with 700 mmbbls reserves eligible for a 49-year licence when moving to full production status
  - Independently quantified gross reserves based on 2015 information with P2 29 mmbbls (100%) - derived only from shallow wells
- Other assets
  - Galaz sold for \$100m in 2015 – net proceeds reinvested in BNG
  - Munailly – Chinese JV to re-enter up to 20 wells - 4 done to date
  - Beibars – relinquished at minimal cost after force majeure
- Following Baverstock merger management owns 58% of Caspian Sunrise
  - Low cost & effective operator
  - Focused on shareholder returns
  - Debt free excluding funding from local oil traders
- Further acquisition assets likely to be available
  - In Kazakhstan & elsewhere

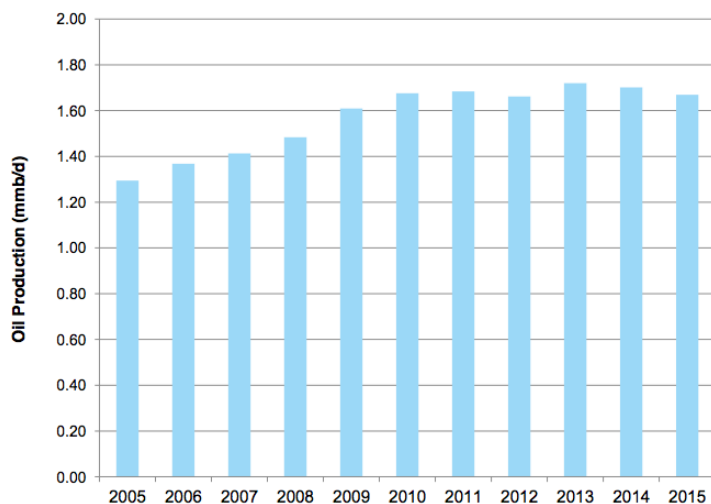


# Kazakhstan

- Population 18.2 million
- Area 2.7 billion sq km – 9<sup>th</sup> largest in world
- Independent since 1991
- GDP \$218 billion. GDP per capita \$10,504
- GDP growth forecasts, 2016 1.2%
- US\$1 = 334 Tenge (US\$1 = 150 Tenge before Feb 2014)
- Inflation 17% (2016)



Kazakh daily oil production



Source: BP Energy Review

- Key sectors - Oil and gas, mining and agriculture
- Oil producing since 1911
- Extensive infrastructure
- Home to 3 of the world's largest oilfields
  - Tengiz – US\$36bn expansion
  - Karachaganak
  - Kashagan – US\$50bn
- Companies active in Kazakhstan – Chevron, Exxon Mobil, ENI, BG Group, BP/Statoil, Shell and Total

# Strategy



## Short term

- To maximise production from the MJF structure
- To bring one or more of the 3 drilled deep wells into production
- To maximise the P1 and P2 reserves at BNG with the minimum dilution to shareholders

## Facilitated by

- Continued low drilling costs
- Dramatic decline in the value of the Kazakh Tenge
- Availability of oil trader funding

## Longer term

- Creation of Kazakh focused, financially strong, dividend paying oil & gas exploration and production company
- Centered on the potentially world class BNG asset

## Facilitated by

- Funding from production and reserve based lending
- Opportunistic acquisitions in Kazakhstan
- Strategic acquisitions outside Kazakhstan

## Valuation underpinned by

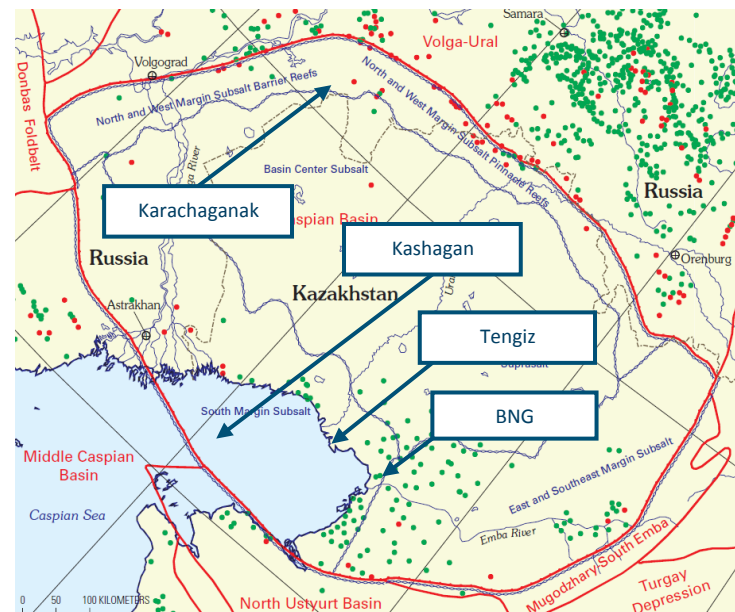
Increasing production and sharply increasing reserve base from drilling

Absence of equivalent projects (M&A)

See <https://www.caspiansunrise.com/investors/analyst-coverage-research/>

# BNG geology – North Caspian basin

- Petroleum rich area
- Home of super giant fields
  - Tengiz
  - Karachaganak
  - Kashagan
- Basin originated by pre-late Devonian rifting
- Prominent layer of Kungurian salt separates deep & shallow structures

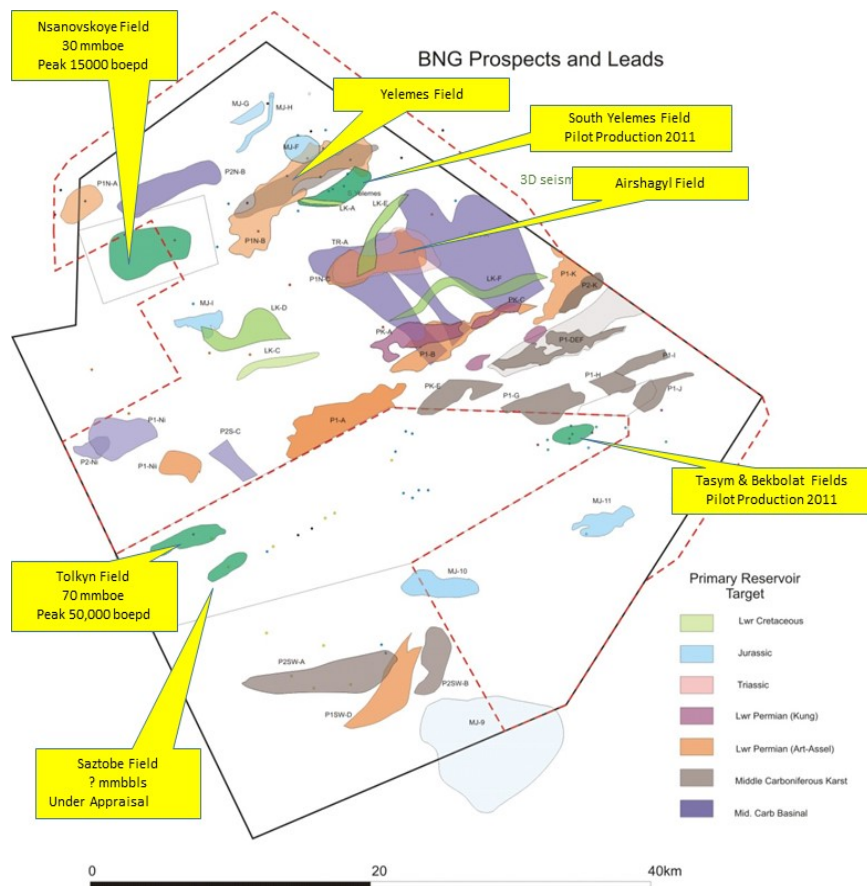


Source: US Geological Survey

- **Deep** (sub salt)
  - Devonian/ lower Permian
  - Reservoirs highly over pressured
  - Oil recovered typically light to medium in grade (API 38° to 46°)
  - Often contains H<sub>2</sub>S – (not present at BNG)
- **Shallow** (above salt)
  - Shallow Jurassic and Cretaceous
  - Less pressure
  - Oil recovered medium to heavy in grade and bio-degraded to various degrees
  - Productive horizons usually thin and typically stacked



# BNG overview



## Ownership

- Caspian Sunrise 99%, local 1%
- Active from Soviet era – 2 previous blowouts

## Area

- Total 1,487 sq km
- 3D seismic 1,376 sq km acquired 2009-2010
- No H<sub>2</sub>S

## Drilling

- Shallow
  - Producing capacity/testing wells 805, 806, 807, 141 142, 143, 144 & 145 3,370 bopd
  - Potential new structure 808
- Deep
  - Deep wells A5, 801, A6 drilled
  - Deep Well A5 successfully side-tracked and flowed at 3,500 bopd
  - Independent 90-day flow test set to commence
  - Further work at A6 and 802 before year end

## Licence

- Appraisal to mid 2024, with the ability to convert structure by structure to full production from June 2018

- Cretaceous and Jurassic
- Independent 4-way dip closed structure
- 3 kms northeast of South Yelemes field
- Extends to a minimum of 10.2 km<sup>2</sup>
- Anticipated depths 2,300m
- Drilling costs circa US\$1.3m per well

- Cretaceous and Jurassic
- Structure is fault and dip bounded as shown on the structural map below
- Potentially extends to 5.8 km<sup>2</sup>
- Anticipated depths 2,300m
- Drilling costs circa US\$1.3m per well

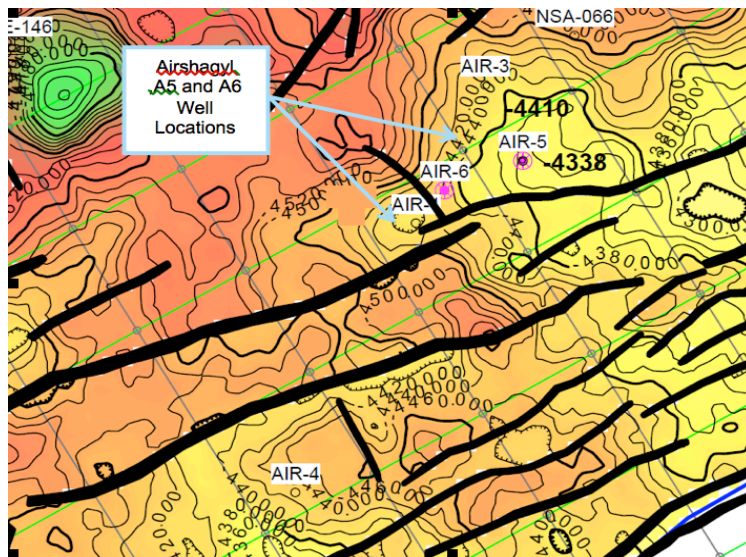
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# BNG geology – Deep

# Airshagyl

- Upper Devonian/lower Permian
- Potentially extends to 25.2 km<sup>2</sup>
- Anticipated depths 5,000m
- Drilling costs circa US\$8-10m per well

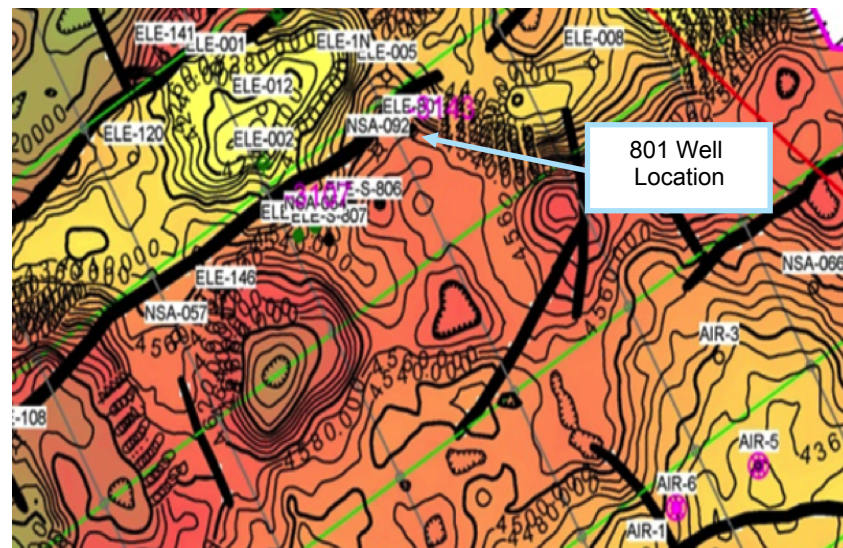
## Airshagyl structure top carboniferous



# Yelemes

- Upper Devonian/lower Permian
- Potentially extends to 18.4 km<sup>2</sup>
- Anticipated depths 5,000m
- Drilling costs circa US\$8-10m per well

## Deep Yelemes Middle Carboniferous





# BNG shallow to date

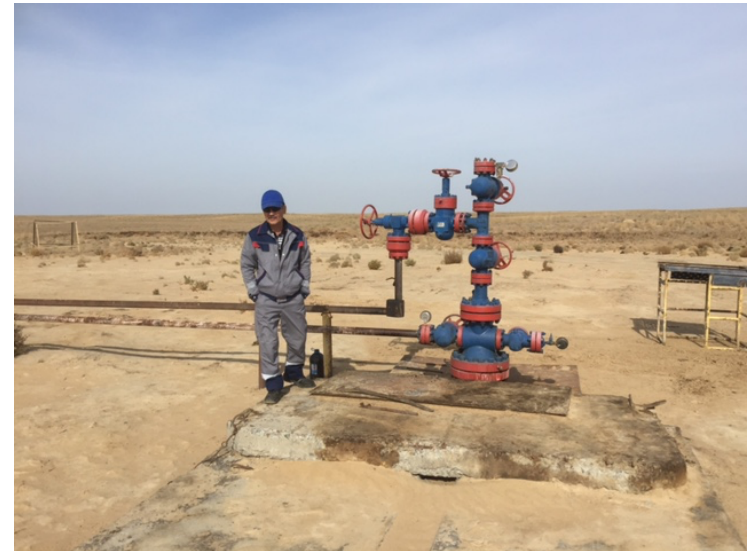
## MJF structure

- Extends to at least 10.2km<sup>2</sup>
- Wells 143, 141, 142, 144 and 145 all commercial
- Well 146 nearing total depth
- 5 intervals/horizons
- Potential 4,000 bopd from existing wells



## South Yelemes

- Extends to at least 5.8 km<sup>2</sup>
- Wells, 805, 806 and 807 production 150 bopd
- Potential 200 bopd from existing wells
- Old well 54 tested at new interval, which may extend over South Yelemes structure



# BNG deep to date

## A5

- Spudded 2013
- Depth of 4,432 meters
- Cost US\$10.9m
- Side track completed
- Flowed at 3,500 bopd
- 90 day flow test imminent



## 801

- Spudded 2014
- Depth of 5,050 meters
- Cost US\$8.7m
- Status – well work-over to remove 80m stuck pipe
- If fails will move to side-track



## A6

- Spudded 2015
- Depth of 4,528 meters
- Cost US\$8.0m
- Status – preparing for completing floor of well to allow flow testing



# BNG development plan

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## **Deep** (5,000 meters)

Drilling costs \$8-10 million per well

### **Airshagyl**

- Currently 2 wells drilled (A5 & A6)
- Deep Well A8 to be spudded Q4 2017
- Base plan for up to 3 more in 2018
- Anticipated flow rates 2-4,000 bopd per well

### **Yelemes**

- Currently 1 well drilled (801)
- Deep Well 802 to be spudded H1 2018
- Base plan for 1 more in 2018
- Anticipated flow rates 2-3,000 bopd per well

## **Shallow** (2,500 – 3,000 meters)

Drilling costs \$1.25 – 1.5 million per well

### **MJF structure**

- Currently 5 wells drilled – all commercial
- Well 146 nearing total depth
- Base plan for up to 9 more
- Anticipated flow rates up to 700 bopd per well

### **New Structure**

- Currently one well 808 drilled
- Still of interest

### **Yelemes**

- Currently 4 wells drilled
- No further wells planned
- Anticipated flow rates 200 bopd



# BNG reserves (100%)

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**2016 Gaffney Cline derived from South Yelemes and MJF structures (with only Well 143 drilled) using information as at 31 December 2015**

■ P1 Proved	18 mbbls
■ P2 Proved + probable	29 mbbls
■ P3 Proved + probable + possible	45 mbbls

## **Ongoing reserve upgrades**

- Shallow reserves
  - After completion & testing of wells 141, 142, 143, 145 & 146
- Deep reserves
  - After testing of each of the deep wells A5, 801, A6

# BNG infrastructure

- Atyrau 4.5 hrs
- Aktau 7 hrs
- Benefits from proximity to Tengiz
- Popular with local staff
  - By truck
  - By pipeline
  - By railway



Source: US EIA

## **Until June 2018 exploration/estimation**

- Oil sales at domestic prices (US\$16-20 per barrel)
- Need to fulfill work programme commitments

## **From July 2018 appraisal and full production**

- BNG Contract Area licence extended to June 2024 on appraisal basis
- From June 2018 ability to bring individual structures to full production status
  - Oil sales 80% at world prices, 20% at domestic prices
  - Licence term 29 years as standard depending on reserves
  - However, if more than 700 mmbls present then 49 years



# Low cost operator

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- Self operator since Q2 2011
  - Company has 92 staff in total
  - Local contractors used on turnkey basis
  - Supported by international expertise (Schlumberger, Baker Hughes, Halliburton) as appropriate
- Single office location in Almaty
- Vast majority of staff Kazakh
- Drilling cost per well now less than 50% of 2014 price
- Income receivable in US\$
- Significant % of expenditure in Kazakh Tenge (*fallen against the US\$ by 55% since Feb 2014*)
- G&A costs

2012	\$7.26 million
2013	\$7.18 million
2014	\$3.37 million
2015	\$2.87 million
2016	\$3.09 million

# Outlook

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- BNG has the potential to be a world class asset
- Shallow drilling has already confirmed 29 million barrels P2 gross reserves at BNG
- Recent shallow drilling success at the MJF structure may materially increase these reserves
- Deep drilling success is expected to lead to very materially increased reserves
  
- After capitalisation of US\$10m loan from CEO, the Company is debt free, except for local oil traders
- Kazakhstan is a low cost operating environment with highly developed oil and gas infrastructure
- Structures under a full producing licence from 2018 80% oil swill be able to sell the majority of oil produced based on world prices
  
- Short term focus is to
  - Develop maximum P2 reserves consistent with minimum shareholder dilution
  - Get the three deep wells drilled to date flowing to allow reserve estimates
- Longer term focus is to
  - Create a Kazakh focused, financially strong, dividend paying oil and gas E&P business centred on our BNG asset

# November/December 2017 Newsflow

## A5

- Commencement of 90 day flow test
- Periodic updates
- Reserve estimates

## A6

- Further attempts to open and test

## 801

- Further attempts to open and test

## 146

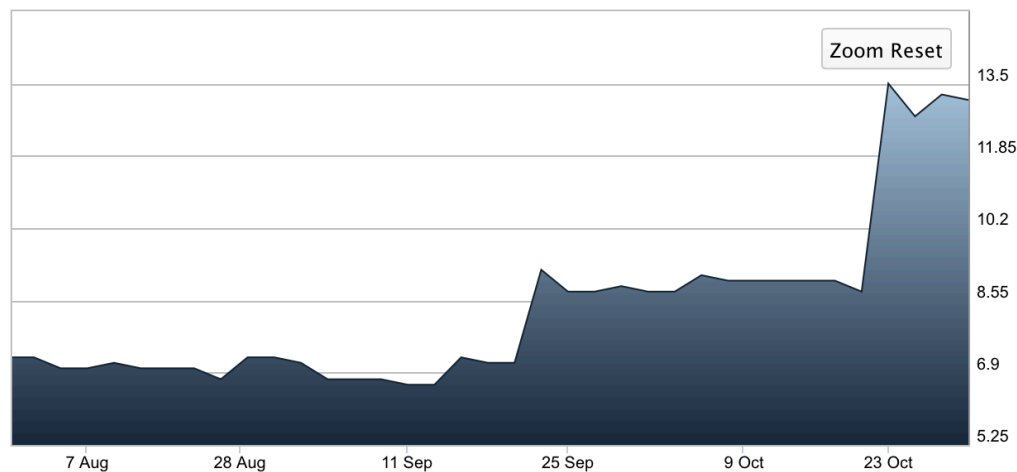
- Reaching total depth
- Testing

## A8

- Spudding Q4
- Periodic updates

## MJF and South Yelemes

- Production volumes
- Reserve updates



# Contacts

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Financial PR/– Tim Thompson

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Lawyers UK

Lawyers Kazakhstan

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BDO

Fladgate

Chadbourn Park

# Appendices

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- A. PLC board
- B. Well summary



# PLC board



**Clive Carver**, *Executive Chairman from 2012 (non executive from 2006)*

- UK based & responsible for UK activities & international financial overview
- Fellow of the ICAEW and Association of Corporate Treasurers
- Ex head of corporate finance at Seymour Pierce, Williams de Broe & finnCap
- Non-executive Ascent Resources Plc, Tax Systems plc, appScatter Group plc and Darwin Strategic Limited



**Kuat Oraziman**, *Chief Executive Officer from 2012 (non-executive director from 2006)*

- Kazakhstan based and responsible for all oil & gas operations
- Leading Kazakh oilman with strong international ties to large oil corporations
- Doctor of Sciences & trained geologist
- Serial entrepreneur, previously successful in brewing / footwear / property sectors



**Kairat Satylganov**, *Chief Financial Officer from 2013*

- Kazakh based & responsible for control of operating companies finances
- Previously Chairman of 2 largest Kazakh banks & Chairman of state controlled investment company
- Invested \$29 million in 2013
- Significant copper interests



**Edmund Limerick**, *Non-executive director from 2010*

- Involved in Central Asia and financing in the oil and gas business for the last 18 years
- Previously investor in the region as manager of the Altima Central Asia Fund
- Previously a project financier and senior oil and gas investment banker for Deutsche Bank in Moscow, London and Dubai
- UK based Russian speaker

# Well summary

Asset	Field	Re	Type	Depth	Status
BNG Deep	Airshagyl	A5	Exploration	4,432	Flowed at 3,500 bopd 90-day flow test soon
BNG Deep	Yelemes	801	Appraisal - Production	5,050	Well blocked by clogged drilling fluid
BNG Deep	Airshagyl	A6	Appraisal - Production	4,528	Preparing for perforation & testing
BNG Deep	Airshagyl	A8	Appraisal - Production	4,700	To be spudded 2017

BNG Shallow	Yelemes	54	Appraisal - Production	3,000	Producing
BNG Shallow	MJF	141	Appraisal - Production	2,500	Producing
BNG Shallow	MJF	142	Appraisal - Production	2,500	Producing
BNG Shallow	MJF	143	Appraisal - Production	2,750	Producing
BNG Shallow	MJF	144	Appraisal - Production	2,750	Producing
BNG Shallow	MJF	145	Appraisal - Production	2,750	Producing
BNG Shallow	MJF	146	Appraisal - Production	2,750	Approaching Total Depth
BNG Shallow	Yelemes	805	Appraisal - Production	2,505	Producing
BNG Shallow	Yelemes	806	Appraisal - Production	2,557	Producing
BNG Shallow	Yelemes	807	Appraisal - Production	2,500	Producing
BNG Shallow	Yelemes	808	Appraisal - Production	3,200	Reached total depth
Munaily	Munaily	H1	Production	1,200	Producing