

Longboat Energy

Creating a full-cycle North Sea E&P company

Corporate Presentation, December 2019



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Introduction

Longboat Energy launched by the successful former Faroe Petroleum management team

<p>1 Experienced Management Team with Proven Track Record</p>	<ul style="list-style-type: none"> Team has delivered significant value for shareholders at Faroe Petroleum A proven ability to execute transformational asset deals including swapping discovered resource (2C) for flowing barrels (1P) An exceptional exploration record and reputation as a highly competent operator Strong relationships with UK and Norwegian authorities and operating companies 	<p>Faroe realised 129% TSR at sale vs 2016 equity raise</p>	
<p>2 Attractive Market Opportunity</p>	<ul style="list-style-type: none"> Very large undrilled resource to target North Sea exit by established larger companies Portfolio rationalisation by Private Equity backed larger independents Very limited competition from smaller players who are capital constrained Access to a large pool of high quality people 	<p>Over 60bn boe of remaining resources</p>	
<p>3 Creating a Full-Cycle North Sea E&P</p>	<p>i Delivering the Right Assets into the Right Hands</p>	<ul style="list-style-type: none"> Excellent relationships provide access to bilateral deal opportunities Value creation through focus on and investment in acquired assets Focus on 'easy-wins' such as in-fill drilling and reducing operating costs 	<p>Faroe / DONG full pay back in 11 months</p>
<p>ii Value Creation through the Drill-Bit</p>	<ul style="list-style-type: none"> Aim to deliver value through the drill bit replicating the Faroe model Focus on 'near-field' exploration with access to infrastructure and de-risked by local discoveries 	<p>74 mmboe organic growth in 2P reserves²</p>	
<p>4 Longboat – a Vehicle to Deliver Value to Investors</p>	<ul style="list-style-type: none"> Initial listing on AIM to maximise deliverability of acquisition opportunities Additional capital to be raised to fund first acquisition Management fully aligned with shareholders 	<p>Fast tracking the creation of a new mid-cap independent</p>	

1. Excluding Johan Sverdrup. Wittemann E&P Consulting (September 2018)
 2. Between 2013 and 2018

1 Experienced Board with a Proven Track Record

A team that has delivered significant value for shareholders

Executives



Helge Hammer
Chief Executive Officer

- COO of Faroe Petroleum since entry into Norway in 2006 until 2019 sale
- Over 30 years' technical & business experience, incl. Shell (Norway, Oman, Australia and Holland)
- Previously Asset Manager and Deputy Managing Director at Paladin Resources
- Economics degree (Institut Français du Pétrole, Paris)
- Petroleum Engineering degree (NTH Uni. of Trondheim)



Jonathan Cooper
Chief Financial Officer

- CFO of Faroe Petroleum from July 2013 until 2019 sale
- Former Finance Director of Gulf Keystone Petroleum and Sterling Energy and CFO of Lamprell plc
- Former Director of the Oil and Gas Corporate Finance Team of Dresdner Kleinwort Wasserstein
- Broad range of experience from mergers and acquisitions, public offerings and financing
- PhD Mechanical Engineering (Uni. of Leeds)

Non-Executives



Graham Stewart
Non-Executive Chairman



Brent Cheshire CBE
Senior Independent Non-Executive Director



Jorunn Saetre
Independent Non-Executive Director



Katherine Roe
Independent Non-Executive Director



1 Faroe Petroleum Created Significant Shareholder Value

Proven model, value created for shareholders through a combination of M&A, exploration and operational excellence

Delivering value to shareholders

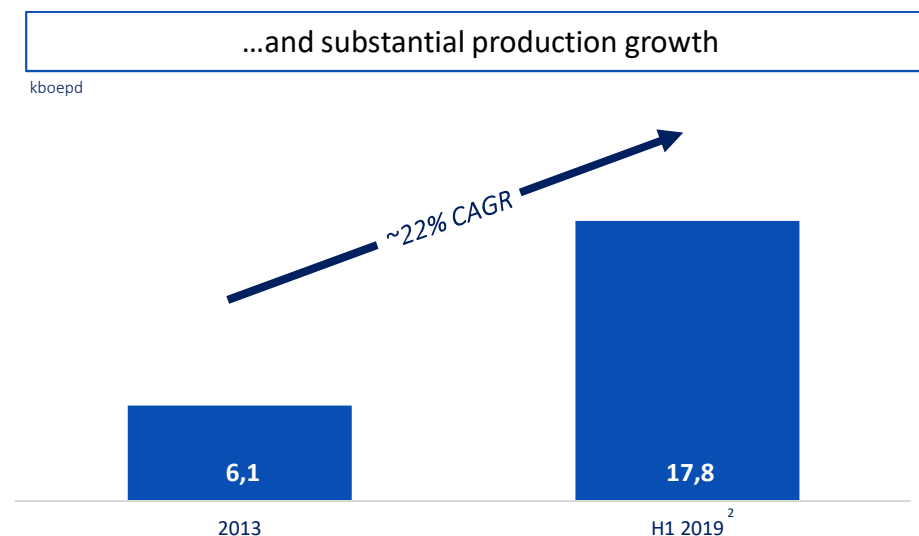
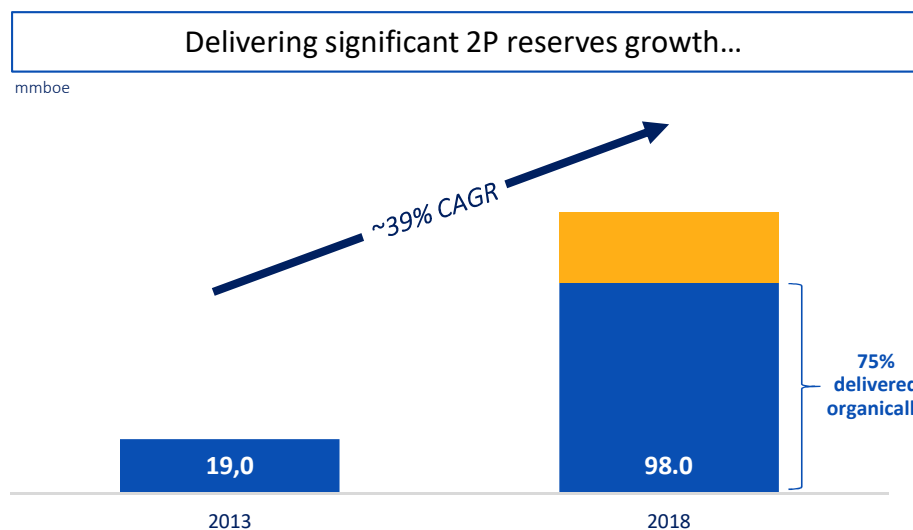
- Sold for £642m to DNO in January 2019
- Substantial uplift in value for shareholders with sale price of 160p/share vs final equity raise in 2016 at 70p/share, +129% TSR

Successful M&A strategy

- Excellent track record of value creation through active portfolio management and M&A – Equinor asset swap, DONG acquisition, Maria asset swap and Fenja partial sell-down

Leading exploration track record

- Consistently drilled 4-5 exploration wells per year with at least one discovery in 7 of the past 8 years¹



1. Prior to takeover by DNO in January 2019
 2. As reported by DNO in H1 2019 financial results

1 Longboat Energy: Replicating the Success of Faroe

Building a full-cycle E&P

Exploration

- 74 mmboe discovered between 2013-2018 with at least one top 5 discovery in 7 out of 8 years
- World class finding costs of \$1.1/boe (post-tax) – 20% below the NCS average

Significant discoveries: Iris/Hades, Brasse, Fenja, Oda, Bauge, Maria

Acquisitions / Farm-Ins

- Grew production to 17.8 kboepd in H1-19, from 6.1 kboepd in 2013, with growth driven by value accretive acquisitions and swaps

NCS portfolio acquisition (2016): boosted production base and created a new strategic hub around the Ula platform – 11 month full payback and 90% reserve increase in three years

Blane additional interest acquisition (2017): further exposure to a low cost, high quality and long life asset

Agar farm-in (2018): 25% stake acquired for \$3.75m (one well drilling costs), quickly followed by a commercial discovery of up to 12.5 MMboe net to Faroe

Asset Swaps

- Delivered transformational swap transactions converting discoveries and reserves under development to production, near term cash flow and significantly reduce capex requirements

Maria asset swap (2011): swapped interest in Maria 18 months from discovery adding net production of 7,600 boepd and 14.2 MMboe of 2P reserves

Equinor asset swap (2018): accelerating growth, rebalancing reserves, and unlocking tax synergies whilst adding \$96m of cash flow over two years

Portfolio Management / Sell Downs

- Targeted portfolio management to 'right size' assets delivering free cash and reduced capex exposure

Fenja partial divestment (2018): sold 17.5% stake to Suncor in 2018 for \$54.5m (including tax), reducing capex by \$225m¹

1. Consideration of \$54.5m (including tax balances) and a reduced capex bill \$225m (converted at an exchange rate of 1.3824)

2 Norwegian Oil and Gas Industry is Thriving

Opportunity to establish and grow a new independent

Exploration success lifts Norway to top tier in discovered resources



Huge remaining resources

- 27 billion boe of reserves and contingent resources estimated
- 25 billion boe of yet-to-find resource estimated

Technology keeps delivering resource growth

- Ambitious 2014 reserve growth target exceeded
- Significant additional reserves are being added to existing fields

Activity level close to a record high

- 43 exploration wells spudded in 2019 to date
- 16 discoveries reported, with total discovered volume of c.394 MMboe
- 16.3% increase in total investment level from 2018 to 2019
- 78% exploration tax rebate resulting in world-class finding costs, exploration finance facility giving ability utilise funds early

Production over 4 million boepd

- Five new fields expected on stream in 2019 including Johan Sverdrup

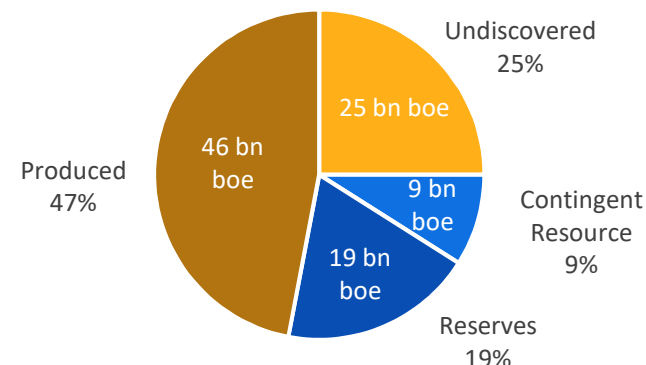
High environmental standards

- NPD focus on emissions, discharges and the environment
- Seen as integral part of managing Norway's oil and gas resources

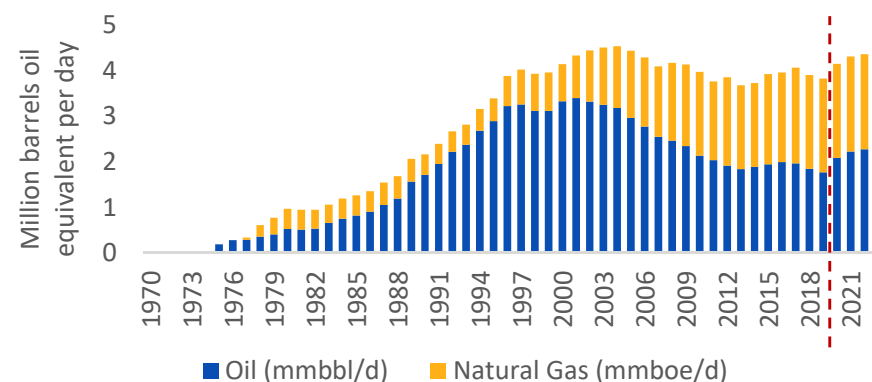
Norway will be at the heart of the uptick, with drilling expected to reach pre-downturn levels



Total Resources: More than Half of Potential Remains



With Production Almost Back at Record Levels



2 Activity Levels in the UK Remain High

Successful exploration and significant development activity

UK performs favourably – Leading on returns, payback, break-evens and value



Exploration is back in the UK... We expect the UK sector to see between 10-15 wells this year



Very significant remaining resources

- 10 – 20 billion boe of remaining potential

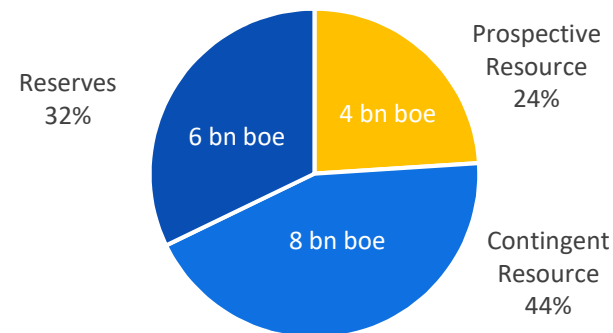
Exploration come back

- 115% reserves replacement in 2018 (600 MMboe produced and 680 MMboe added with exploration)
- New large “stand-alone” discoveries include world class Glengorm and Glendronach fields
- Multiple “tie-back” discoveries include Faroe’s Agar-Plantain well

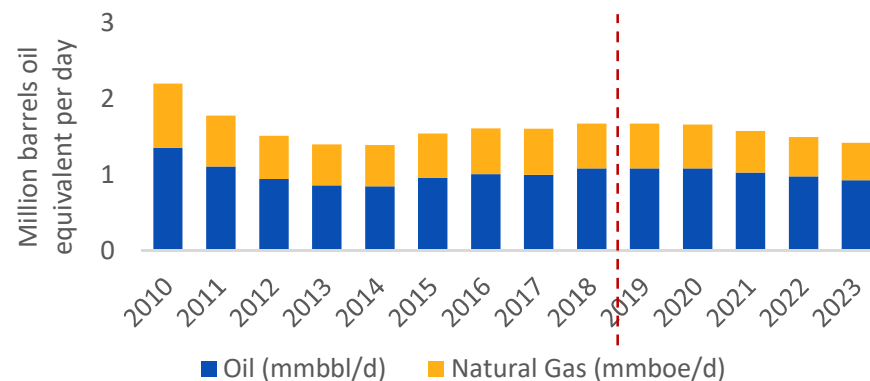
Significant contingent resources moving into development

- Six new field developments on stream in the UK in 2018-19
- Culzean – new large stand-alone gas field
- Mariner – huge heavy oil development
- Lancaster – significant unconventional fractured oil field West of Shetland
- Utgard, Orlando, Ballindrich - new tie-back field developments

Resources: Estimated 18 Billion Boe Remaining



2019 Production Set to Hit 8 Year High



2 Market Opportunity

A gap in the market for LBE following recent market consolidation

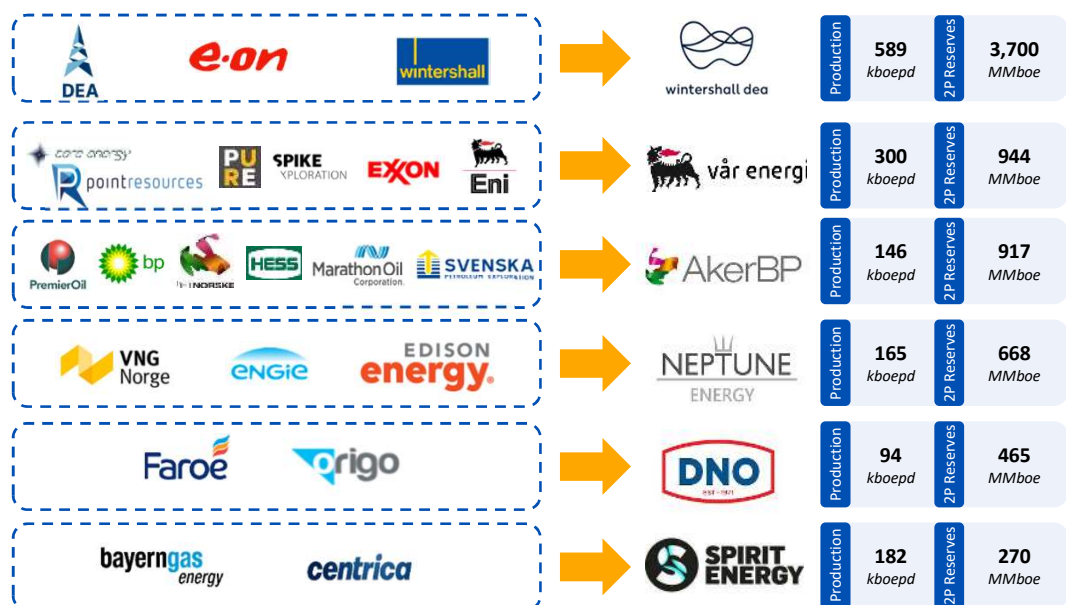
Significant (and ongoing) exits from the North Sea by established players, with assets largely picked up by PE-backed vehicles

- North Sea PE capital is primarily focused on producing assets of scale and major developments
- Acquisitions of 'packages' have led to portfolios with a long tail of non-core assets
- Large number of companies hold assets that are non-core and not receiving the attention and investment they need

Following a wave of acquisitions and large scale consolidation, typically PE backed, portfolio streamlining is likely to follow

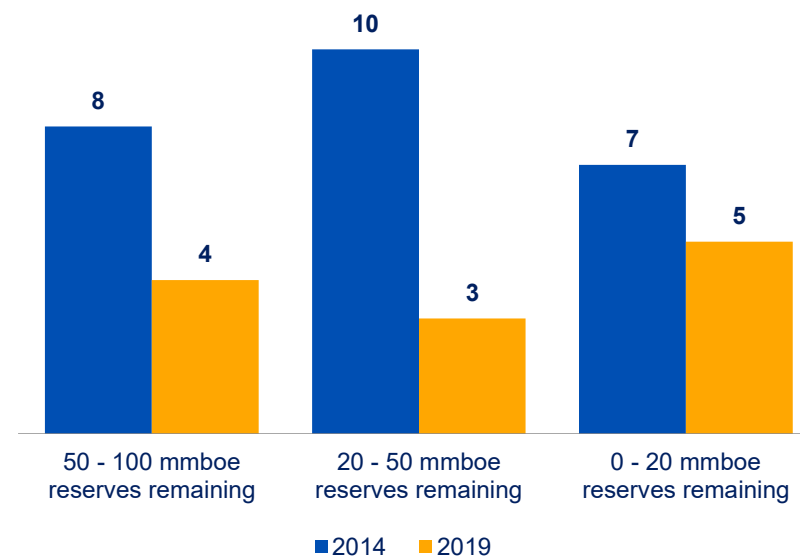
- Companies will look to rationalise portfolios to remove assets that are non-core to their central investment thesis and are not receiving sufficient focus and investment
- These assets hold significant value and can be acquired at attractive valuations for an appropriate owner, to the benefit of all parties

Recent North Sea consolidation . . .



. . . has reduced competition for target assets

Number of companies in Norwegian North Sea and reserves:



Source: Company reports (where acquisitions made in 2019, press releases used to arrive at combined figures), Wood Mackenzie

3i Positioned to Access Attractive Deals

Longboat's excellent relationships across the industry provide access to deal opportunities

Respected and experienced management team with a track record of adding value

- Excellent relationships with industry players, governments and regulatory authorities (e.g. NPD, OGA)
- History of value creation (Faroe, Dana & Paladin)
- Ability to access capital a key differentiating factor

Excellent industry relationships provide a pipeline of high quality opportunities

- Management able to utilise deep industry network to identify opportunities for bilateral transactions
- Access to principal-to-principal opportunities with limited competition and ability to execute at attractive valuation
- Ongoing bilateral discussions being held with counterparties

3i Creating Value from Acquired Assets



Longboat will leverage its operational and geological expertise to extract incremental value from acquisitions

Right assets right hands

- Target assets are likely to be non-core to existing owners, providing opportunities to an experienced and focused team
- Geological expertise and technical understanding, and deep experience across the E&P life cycle mean Longboat will be able to identify value not seen by the current owners
- Longboat will unlock significant value through:
 - More efficient operations
 - Cost reductions
 - Targeted investments

Focus on deals with ability to have material impact on operations

- Operatorship not required to influence operations and create value
- Longboat's reputation, experience, technical capabilities and track record are valued by authorities and partners, as demonstrated at Faroe
- Reputation, ability and Norwegian regime provides Longboat opportunity to influence licence activity regardless of investment size or interest

	Case Study	
Acquisition of NCS assets from		
Field optimisation delivered rapid payback and significant value creation in non-operated stakes		
Full pay-back achieved 11 months from acquisition		
<ul style="list-style-type: none"> ▪ Acquired non-operated and operated stakes in Ula, Tambar, Oselvar and Trym fields from DONG Energy for \$70m 		
90% increase in 2P reserves in 3 years		
<ul style="list-style-type: none"> ▪ 2P reserves of 20 MMboe at acquisition ▪ c.90% increase in 2P reserves in 3 years ▪ 3x increase in 2C resource also achieved 		
Ongoing development will deliver significant value and extend field lives		
<ul style="list-style-type: none"> ▪ Ula field life expected to be significantly extended ▪ Oselvar being considered for appraisal and redevelopment ▪ Trym to be brought back on stream alongside Tyra 		

3i Indicative Target Assets

Approach to Acquisitions

- Use team's industry knowledge and relationships to take a focused approach to identify specific target acquisitions
- Initial acquisitions to create a sustainable and scalable platform
- Possibility of funding initial acquisitions through a combination of debt and equity

Target Assets

- North Sea: Norway and the UK
- Aligned partnerships with ability to influence and optimise operations
- Targeting immediate production, providing immediate cash flow to fund organic growth
- Robust economics, sustainable in a low oil price environment
- Hub focus: acquire assets near infrastructure with significant remaining subsurface upside potential
- Identified exploration opportunities both in-field and near-field
- Sensible approach to abandonment - limit exposure where possible with opportunities to extend asset lives
- Target deal size in the \$10s of millions to low/mid \$100s of millions – funded through equity and debt

3ii Value Creation through the Drill-Bit

Replicating the exploration success of Faroe

Leading exploration track record

- Consistently drilled 4-5 exploration wells per year
- Made at least one discovery in 7 of the past 8 years¹
- Each discovery among the Top 5 in its respective year
- Finding costs per barrel of \$1.1/boe (post-tax) – 20% below NCS average
- Overall, top 5 in value creation from exploration on the NCS in 2005-17²

Regular success in securing licences

- In the first quartile of recipients in 6 of 8 years between 2011-2018
- Over 50 licences awarded in total

Track record of monetising discovered barrels

- Assets swaps converting 2C to producing 2P without requiring capex (Maria, Njord)
- Asset sales ahead of project sanction to realise value (Fenja, Glenlivet)

1. Prior to takeover by DNO in January 2019

2. Excluding Johan Sverdrup

3. Consisting \$54.5m of considerations (including tax balances) and a reduced capex bill of \$225m (converted at an exchange rate of 1.3824)

Case Study	
	Asset swap with  and farm-in with 
Near field exploration created significant value through field-life extension of acquired assets	
Transformational asset swap with Petoro in 2011	
<ul style="list-style-type: none"> Faroe swapped its Maria discovery for producing interests in Njord, Brage and Ringhorne East Njord added net production of 7,600 boepd and 14.2 MMboe of 2P reserves 	
2013 farm-in to nearby PL586, containing the Fenja prospect	
<ul style="list-style-type: none"> Faroe acquired a 25% interest in PL586 Candidate for a Njord satellite development 2014 exploration well discovered a prolific reservoir, with 135m gross oil column, 91m of gas, and a high net-to-gross ratio Well flowed at stable rate of 6,710 bopd of 37 API oil 	
Fenja satellite field development committed in 2017	
<ul style="list-style-type: none"> 25 MMboe of net 2P reserves added Six well field development due on stream in 2021 with 16 years of forecast production Significantly extended operations of the Njord area Partial divestment to Suncor in 2018 providing cash impact to Faroe of \$280m³ 	

3ii Growing Our Business Responsibly

Committed to building a sustainable business with long-term resilience

Governance

- Experienced and diverse board, with a proven track record of high corporate governance standards
- QCA code compliant from day one of listing
- OECD operating jurisdictions (UK and Norway), high quality governance environments
- Industry leading advisory team

Environmental stewardship

- Will promote best practice in environmental stewardship
- Prioritise economical renewable energy in the powering of operations

Societal contribution

- Identify impactful community programmes as part of the longer-term corporate social investment strategy

Strong ESG performance will ensure sustainable growth for investors in the short and long-term

Market Summary

Ticker (AIM): LBE

Market: AIM

Trading Price (at 3/12/19): 98.5p

Market Cap: £9.85 million

Director / Founder Ownership: 8.3%

Share Register at Listing

Shareholder	% OSC
Blackrock Investment Management (UK) Ltd	14.5%
Canaccord Genuity Wealth Management	10.0%
FIL Limited	10.0%
AXA Investment Managers UK	5.0%
SVM Funds ICVC	5.0%
TM Crux OEIC	3.9%
Pentwater Capital Management LP	3.9%
Smith & Williamson Holdings Limited	3.2%
TM Cavendish AIM FUND	3.0%
Total Substantial Shareholders	58.5%
Related Party Holdings	
Helge Hammer	3.0%
Jonathan Cooper	1.3%
Graham Stewart	1.5%
Jorunn Saetre	0.3%
Other related parties	2.3%
Total shares not in public hands	8.3%
Other shareholders	33.2%
Issued share capital	100.0%

Summary

- Longboat Energy has been launched by the successful and experienced former Faroe Petroleum management team
- Longboat Energy's strategy is to create a full-cycle North Sea E&P company through M&A, exploration and investments in acquired assets
- The North Sea still offers large oil and gas resources and M&A opportunities both in Norway and in the UK
- Longboat Energy has been established and has been listed on AIM to maximise deliverability of acquisition opportunities
- Additional capital to be raised to fund first acquisition