#### **2013 PNG Oil and Gas Conference**



Crowne Plaza Hotel Port Moresby, PNG

3-4 December 2013





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- Certain statements contained in this presentation may constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.
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- This presentation also contains disclosure with respect to contingent resources. "Contingent resources" means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. There is no guarantee that such resources will ever be classified as reserves.
- The contingent resources reported herein are derived from the resource report prepared by Gaffney Cline Associates with an effective date 26 June 2012.
- Furthermore, estimates of resources always involve uncertainty, and the degree of uncertainty can vary widely between accumulations/projects and over the life of a project. Readers are also advised that there is no certainty that it will be commercially viable to produce any portion of the resources. With respect to forward-looking statements contained in this presentation, the Corporation has made assumptions regarding, among other things:
  - the Papua New Guinea legislative and regulatory environment; the impact of increasing competition; and the Corporation's ability to obtain additional financing on satisfactory terms.
- The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this presentation:
  - volatility in the market prices for oil and natural gas; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; incorrect assessments of the value of acquisitions; and competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel. Furthermore, any valuation metric implies assumptions and forecasts that may not accurately take into account either the projected revenues or costs associated with a specific project or projects and thus are uncertain and cannot be relied upon.
- For Stanley the resource volumes have been taken from a Horizon press release dated 14 November 2011. The assessment of resource volumes was conducted by RISC an independent oil and gas advisory firm. The assessment of reserves and resources was carried out in accordance with the Society of Petroleum Engineers Petroleum Resource Management System to update an earlier independent evaluation carried out by RISC in 2008, prior to the drilling of the Stanley-2 and Stanley-4 wells.
- Certain information in this document may constitute "analogous information" as defined in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Such information includes resource estimates retrieved from publicly available information from third parties. Management of the Company believes the information is relevant as it may help to estimate the potential contingent resources in which the Company may hold an interest. the Company is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor and is unable to confirm that the analogous information was prepared in accordance with NI 51-101. Such information is not an estimate of the production, reserves or resources attributable to lands held or to be held by the Company and there is no certainty that the production, reserves or resources data and economic information for the lands held or to be held by the Company will be similar to the information presented herein. The reader is cautioned that the data relied upon by the Company may be in error and/or may not be analogous to such lands held or to be held by the Company.





## Forward Looking Information and Disclaimers

- Unless otherwise indicated, all estimates of resources in this presentation have been prepared or evaluated in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGEH") and are derived from the resource reports of Gaffney, Cline & Associates ("GCA") dated effective as of June 2012 and Fekete Associates Inc. ("Fekete") dated effective as of August 2010. GCA and Fekete are qualified independent reserves evaluators under the Canadian Securities Administrators National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").
- The resource estimates from GCA pertain to PRL 28 and were prepared using the Petroleum Resources Management System published by the Society of Petroleum Engineers / World Petroleum Council / American Association of Petroleum Geologists / Society of Petroleum Evaluation Engineers in March, 2007. GCA considers that these resource estimates are equivalent to those that would be assessed under the COGEH and NI 51-101.
- The resource estimates from Fekete pertain to PPL 257 and PPL 258 and were prepared in accordance with NI 51-101.
- There are a number of significant factors relevant to the estimates provided herein, including, but not limited to:
  - 1. Definition of a Field Development Plan (FDP) current Recovery Factors are notional and based on a gas blowdown development scenario.
  - 2. Review of natural gas and natural gas liquids recovery factors once an FDP is decided.
- There are also a number of contingencies, which preclude the estimated resources herein from being classified as reserves. Such contingencies include, but are not limited to, additional appraisal drilling being performed and the development plan envisaged by the Company being enacted. There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources stated herein.
- No quantitative geologic risk assessment was conducted by Fekete for PPL 257 and PPL 258. Geologic risking of prospective resources address the probability of success for the discovery of petroleum. This risk analysis is conducted independently of probabilistic estimates of petroleum volumes and without regard to the chance of development. Principal risk elements of the petroleum system include; (i) trap and seal characteristics; (ii) reservoir presence and quality; (iii) source rock capacity, quality, and maturity; and (iv) timing, migration, and preservation of petroleum in relation to trap and seal formation.
- "Contingent resources" means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.
- "Natural gas initially in place" and "natural gas liquids initially in place" mean those quantities of natural gas or natural gas liquids that are estimated to exist originally in naturally occurring accumulations. It includes that quantity of natural gas or natural gas liquids that are estimated, as of a given date, to be contained in known accumulations, prior to production.
- "1C (Low Estimate or P90)" means a conservative estimate of the quantity that will actually be recovered from the accumulation. It is likely that the actual remaining quantities discovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability that the quantities actually recovered will equal or exceed the low estimate.
- "2C (Best Estimate or P50)" means the best estimate of the quantity that will actually be recovered from the accumulation. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the best estimate.
- "3C (High Estimate or P10)" means an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If
  probabilistic methods are used, there should be at least a 10 percent probability that the quantities actually recovered will equal or exceed the high estimate.
- "Pmean" represents the statistical mean of the Low Estimate, the Best Estimate and the High Estimate using probabilistic methods.
- "Undiscovered resources" are those quantities of petroleum estimated on a given date to be contained in accumulations yet to be discovered.
- "Prospective resources" are those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations by application of future development projects.
- Estimates of resources always involve uncertainty, and the degree of uncertainty can vary widely between accumulations/projects and over the life of a project. If discovered, they would be technically and economically viable to recover by application of future development projects. Prospective resources have both a chance of discovery and a chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that the resources will be commercially viable or that the Company will be able to produce any portion of the resources.
- BCFEs may be misleading, particularly if used in isolation. A BCFE conversion ratio of 1bbl: 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.





- Excellent acreage position operator of key licences with a high equity position in all.
- A fully funded PPL 259 exploration well, spudding H1 2014
- Eaglewood participation confirmed in the Stanley Development, the first development project in the Western Province.
- Commercialisation options for Ubuntu maturing.
- Lots of high value activity in the PRL 28 / PPL 259 / PPL 430 area with multiple ready-to-drill targets and exploration opportunities in the Western Province gas-condensate sweet spot.
- PPL 257/258 Frontier Tertiary basins, high risk, very high potential reward. Credible farmin discussions underway and gaining momentum.







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#### **PPL 259 Overview**

- Almost 2000 line km vintage seismic reprocessed in 2010/11.
- 300km of new seismic acquired by EWD over last 4 years
- 5 discoveries in close proximity to the licence
- PPL 259 awarded September 2011 for a five year term
- Fully funded exploration well to be drilled H1 2014



\* Licence participation based on recent farmins, subject to Government approval

PRL 28 PRL 28 PRL 259 PPL 259 PAPUA PPL 430 PPL 257 FAPUA Port Moresby AUSTRALIA CORAL SEA		
AUSTRALIA	CORAL SEA	
AUSTRALIA	CORALSEA	
AUSTRALIA JV Participation* Eaglewood (Operator)	<u>CORALSEA</u> % 45%	
AUSTRALIA JV Participation* Eaglewood (Operator) Horizon	<u>CORALSEA</u> % 45% 45%/(35%)	
AUSTRALIA JV Participation* Eaglewood (Operator) Horizon Osaka Gas	<u>CORALSEA</u> % 45% 45%/(35%) (10%)	





- Eaglewood have executed a farmout agreement with Ketu Petroleum Ltd (a subsidiary of Horizon Oil) for 20% of Eaglewood's 65% of PPL 259. Eaglewood will retain 45% of the licence and operatorship. The farmout is subject to regulatory approval and certain other customary conditions.
- On completion of the farmout and Horizon's sale to Osaka Gas, the equity interests will be Eaglewood Energy 45% (operator), Horizon 35%, Osaka 10% and Mega Fortune 10%.
- To earn the additional 20%, Horizon will pay Eaglewood \$3.75mm in sunk costs and will provide an uncapped 20% carry on the next well.
- Eaglewood will now be fully funded to drill the next exploration well in PPL 259 and have some incremental capital to finance our participation in the Stanley development or secure more seismic to identify our next drilling location.
- Eaglewood are pleased to be furthering our partnership with a knowledgeable and experienced partner like Horizon, who will be operating the next well.





Prospectivity of PPL 259 continues to increase:

- Ketu, Elevala, Tingu & Ubuntu confirm basement drape structural trap style, continuity of a number of reservoir sands and liquids rich gas as common features of the license.
- Stanley wells confirm lateral continuity and excellent quality of reservoir sands, highgrading the western extent of the license.
- Siphon well supports regional charge model
- Successful 2012/13 seismic program in PPL 259 and surrounds highgrades inventory
- The Nama Prospect has been recommended to the PPL 259 JV with the aim of spudding in the first half of 2014.



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# PPL 259 12/13 seismic - background & objectives

- The 2012 Herea and 2013 Drimgas Seismic Surveys acquired in an around PPL 259.
   Programme designed to:
  - 1. Define the extension of the Stanley Field within PPL259.
  - 2. Confirm a closure and drillable target at Nama.
  - 3. Follow up Malisa lead previous identified on loose seismic coverage.
  - Record seismic in an area where no previous seismic exists at Ekelesia.
  - 5. Confirm whether existing mapping at Herea was reliable.



 Programme was focussed in the west of the licence, higher probability of larger volumes, infrastructure, proximity to mature Stanley Development, lower rig & seismic mob/demob costs and the potential for road support.



### Programme highlights

Cost and time effective seismic programme with GAMA Projex.

- 1. Encroachment of Stanley into PPL 259 defined
- 2. Nama confirmed as a four way dip closed basement drape structure highgraded as next probable well.
- 3. Malisa is interpreted as a broad low relief anticline with up to 80sq km of closure. Further seismic is required.
- 4. Ekelesia defined as a significant basement high coincident with the gravity anomaly mapped in 2009. Likely that the reservoir reflectors onlap onto basement, and within closure. Further studies required.
- 5. Herea requires more work to reduce risk.







#### Nama – the next proposed target

- Basement drape structure analogous to Elevala - four way dip closure constrained by seismic grid
- Stanley Field considered a representative reservoir analogue
- Enough structural relief & accommodation space to view Toro reservoir as primary target, with the lower Kimu Sst secondary.









#### Nama well concept

- Provisional drilling location, testing spill point and sand thickness variance offcrest with a vertical well.
- Pad construction planned to begin in early Q1 2014
- Probable site located on a ridge on the Drimgas Road, close to water source.
- Scouting and focussed LIDAR survey complete









### **Stanley Field - First Production from the Forelands**

- Gas condensate development, scheduled to begin production in late 2015 / early 2016.
- Initial condensate production is forecast at 4,200 bbl/d
- PRL-4 Participants
  - Horizon Oil 50%/(30%)\*
  - Talisman Energy 40%
  - Mitsubishi Corp. 10%
  - Osaka Gas (20%)\*
- PPL-259 Participants
  - Eaglewood Energy 65%/(45%)\*
  - Horizon Oil 25%/(35%)\*
  - Mega Fortune International 10%
  - Osaka Gas (10%)\*



\* Licence participation based on recent farmins, subject to Government approval and certain other customary conditions.





# Stanley Field (PRL 4) – PDL 10 pending

- All PPL 259 Participants have executed a Unitisation Agreement with the PRL-4 (Stanley Field) Joint Venture, whereby Eaglewood will formally become a participant in the Stanley Field Development
- Eaglewood's equity participation will be determined over the next approximately 90 to 120 days following an agreed determination process.
- Eaglewood will have an undivided interest in the Stanley development facilities and the proved, probable and contingent resources associated with the field.
- Our technical work indicates approximately 10% of the Stanley pool resides in PPL 259.
- Stanley Field mean contingent resources of 399 bcf gas and 12.7 mmbbl condensate) <sup>1</sup>



<sup>1</sup> Independently certified by RISC

Courtesy of Horizon presentation, Dec 2012

Note: refer to "Analogous Information" reference on slide 2, Forward Looking Information and Disclaimer



# PRL 28 – liquids rich discovery

- Ubuntu-1 gas and condensate discovery drilled in Q1, 2011 and suspended as future producer
- 4 discoveries and 2 successful appraisal wells in close proximity
- PRL 28 awarded December 2011 for a five year term

JV Participation	%
Eaglewood (Operator)	40%
Talisman	30%
Mitsubishi	20%
Mega	10%





#### **Ubuntu Snapshot**

- Ubuntu-1 suspended as a gas condensate discovery in Feb 2011
- Good quality Elevala reservoir
- Liquids rich gas condensate column GCR of 51-57 bbls/MMScf
- Wireline log and pressure measurement, sampling data indicate capability of commercial flow rates.
  - Ketu-2 (nearby offset) flowed at 45mmscf/d with a CGR of 50-60 bbls/MMScf in November 2013



Deliverability of lower glauconitic section predicted from petrophysics and encouraging mobilities. Ketu-2 core and welltest data suggestive of greater Net Pay Structure is well constrained with modern seismic. Reservoir drapes over NNW-SSE trending faulted basement





Regional RDT derived water and gas gradients validate Ubuntu structural spill model.

# PPL 430 – new licence with a great address

- Recently awarded PPL in the condensate rich gas fairway complements pre-exisiting Western Province portfolio.
- Low dollar licence commitments in the first two years.
- Early focus on understanding the key geological aspects of the licence and seismic acquisition.
- Farmin opportunity

JV Participation	%
Horizon Oil (Operator)	50%
Eaglewood	50%

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#### PPL 257 – Cape Vogel Basin high potential frontier gas exploration

Multi-TCF prospect sizes will support a major stand-alone LNG project

2010 Fekete 51-101 report estimates undiscovered resource of Pmean 6.5TCF, P50 6.13TCF

5 year licence extension granted Nov 2011

Eaglewood has 100% interest – farmin process maturing









# PPL 257 – Cape Vogel Basin

- Field study planned in Q1 2014 to improve understanding of the stratigraphic framework and environments of deposition of sediments within the CVB
- Visit key localities at Cape Ward Hunt and on the Cape Vogel Peninsula to measure outcrop sections and undertake sampling for bio/petrographic analysis
- Visit recorded seeps and wells with HC shows and sample for geochemical analysis.



- 1998 Ocean Drilling Programme in the Trobriand basin to the east of CVB identified the presence of thermogenic gas and source rocks in CVB age equivalent sediments.
- Plan in 2014 to integrate field study and ODP work with existing data to reduce reservoir, seal and source uncertainty.





# PPL 258 – Sepik Basin

- Reprocessed seismic data defines large mapped structures
- Source rock data indicated oil prone area, supported by recent geochemical studies.
- Shallower targets, ~1,200m
- 2010 Fekete Associates report estimates resource of P50: 685 MMBbL and Pmean: 807 MMBbl
- Low cost/slimhole drilling options being explored
- Eaglewood has 100% interest farmin process maturing





# Accelerating development a strategic priority.....



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#### PAPUA NEW GUINEA

- Underexplored, proven hydrocarbon province
- Commonwealth country, excellent fiscal regime
- LNG unlocks PNG's massive gas potential

#### **EAGLEWOOD ENERGY IS POISED FOR SIGNIFICANT ACTIVITY IN 2014**

- Operator of key licences with a high equity position in all.
- A fully funded PPL 259 exploration well, planned spud first half 2014
- Participation in the Stanley Development, the first development project in the Western Province
- Commercialisation options for Ubuntu maturing.
- Multiple ready-to-drill targets and exploration opportunities.
- Unprecedented levels of high value activity in the PRL 28 / PPL 259 / PPL 430 area
- PPL 257/258 farmin discussions gaining momentum.



# **Thank You**



