

Bowsprit-1 Farm-Out Flyer

www.ProminenceEnergy.com.au

June 2021

Drilling in August 2021

Summary

Prominence Energy (PRM) holds 100% of Leases SL21754 & SL21787 (74%NRI), covering 1,155 acres, in <11ft of water, located 43miles SE of New Orleans in Breton Sound area. The surrounding areas have produced >1.2 billion bbl and 5Tcf.



Highlights

- Near Term, Low Cost, Low Risk
- Vertical Appraisal Well to be followed by re-entry for horizontal development well in to proven flowed reservoir.
- Proven, conventional, light, sweet oil, development well with material exploration upside.
- Appraisal Well (Aug 2021) ~ US\$2 million
- Re-entry Development Horizontal (Dec 21) ~US\$3 million
- Tie-Back ~ US\$ 0.84 million OPEX ~US\$2/bbl

Reserves - Netherland Sewell

- 2P Reserves for Bowsprit-1 well of 330,000bbls, NPV of US\$6.3 million*, IP 1,670bopd *@WTI of 55/bbl lof
- 2U Prospective Resources of 1.8MMbbls
- 3U Prospective Resources of 4.1MMbbls to be tested by well-1

Farm-Out

- Data room available under CA.
- Full Field Development Plan and NSAI Reserves Report
- Serious expressions of interest ASAP
- Drilling in August 2021
- Production Q1 2022

Terms

- Promote on US\$5m well costs
- Contribute to US\$750k of back costs

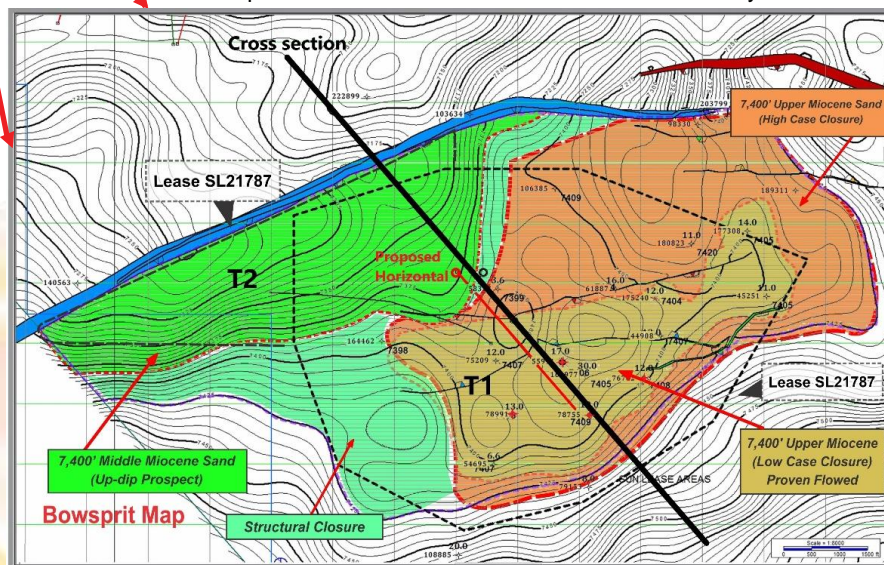
Schedule

- Well Permitted
- Appraisal Drilling Q3 2021
- Horizontal Development re-entry Q4 2021
- Production Q1 2022

Summary

Leases contain former fields, prospects and leads. Shell discovered a gas field in 1955 at 9,500ft TVD (~46bcf produced). Primary project is Bowsprit Field, a re-development of a small proven oil field, containing light sweet crude. Bowsprit discovered by Shell wells, 7,400ft deep, ~30ft sand, produced ~76,000bbl from vertical wells in 1960's, ~100 bopd/well, not commercial for full field. PRM plans to re-develop using horizontal well(s).

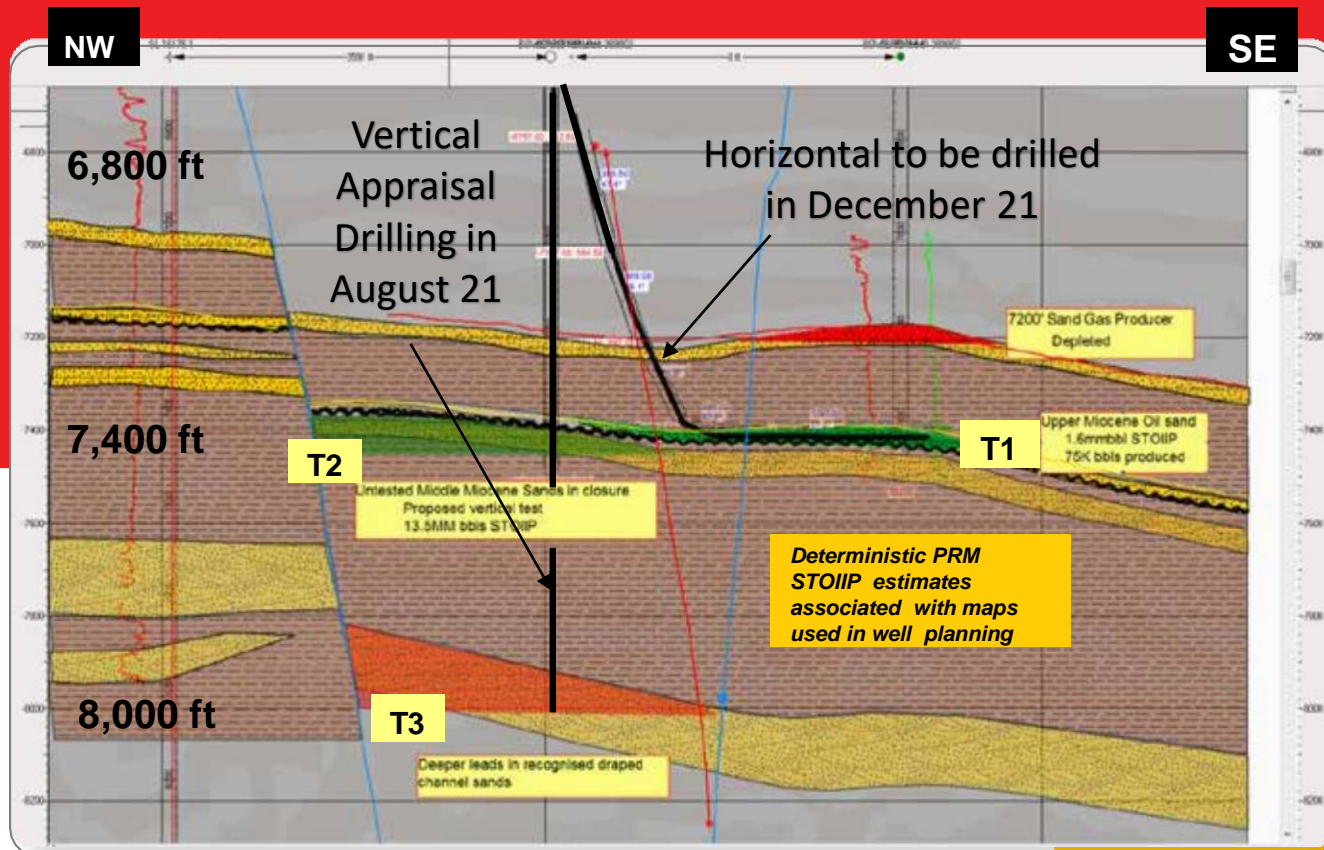
Horizontal well in nearby analogous field was production tested at 1,500 bopd. RISC modelled a 1,200ft horizontal crestal well in the Upper Miocene sand between two former producers as capable of up to 2,000 bopd and EUR of 670,000bbl. NSAI IP 50,000 bbls / month



Prominence Energy Field Development Plan Resources					
Sand	P90	P50	P10	Units	Status
7,400' (Upper Miocene) Reserves	0.48	0.98	2.09	MMbbl	Proven field – flowed 76,000 bbl in 1960's. Contingent on drilling & test hoz well.
7,400' Deep (Middle Miocene) Prospective Resources	1.31	2.38	3.86	MMbbl	Indications of oil on logs, but not yet flowed to surface (GCoS 33%)

Bowsprit -1 Well Path

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Work Program

- August 2021 drill 8,000ft vertical pilot hole to test two Middle Miocene Sands (T2 & T3) in then suspend for re-entry post hurricane season.
- Q4 2021 - Re-enter and side track well to drill horizontal section to be completed in proven sand, at 7,400ft TVD
- Q1 2022 - tie back to nearby facility for early production

Well Scenario Cost estimate Brammer 2019	US\$ million
Pilot Vertical to 8,000ft, log, samples, Suspend	2.1 (excluding Contingency)
Re-enter & Drill Horizontal into proven oil	3 million
3.5-mile tie-back	0.84 inc permitting

Assumptions	US\$ million
Horizontal wells (each)	4.5 each
Tie back / export pipelines (3.5 miles)	0.84
Royalty 26%, Sev Tax 12.5%	
A Single well development / early production may be via tie back pipeline to a nearby facility at cost ~\$0.84million for early cash flow, OPEX ~\$3/bbl including processing toll	

Field	Well #	Well Serial #	Sand	Perforation Depth (ft)	Spud Date	Plugged & Abandoned	Allocated Cumulative Oil (bbl)	Allocated Cumulative Gas (MMCF)	Comments
1864	1	75209	-	-	26-May-59	-	-	-	Not a producer
1864	2	76762	7400'	7430 - 7435	24-Sep-59	24-Mar-70	3,280	2	Only Produced for 2 months in 1960. sanded up
1864	3	55911	7400'	7421 - 7423	15-Mar-55	08-Apr-70	55,506	82	Predominant oil producer. Treated with a sand pack.
1864	4	78755	7200' 7400'	7119 - 7122 7429 - 7432	7119 - 7122 7429 - 7432	19-Mar-70	0 15,879	904 18	Predominant gas producer. Produced oil in the 7400' sand and was the only gas producer in the 7200' sand.
1864	5	78991	7400'	7440 - 7450	7440 - 7450	17-Mar-70	1,755	81	Produced at low rates until it was plugged and abandoned. Sanded up issues
TOTALS							76,420	1,087	



Barge Rig
US\$21,000/ day



Typical Production Facility

Executive Summary

There is a online data room to facilitate easy evaluation of the project, the data room includes a detailed Full Development Plan and Reserves Report for the initial well certified by Netherland Sewell & Associates

Total Forward Cost to first oil - ~ US\$6 million

Vertical Appraisal well - Q3 2021 (US\$2 million)

Horizontal Side-track Q4 2021 (US\$3 million)

Tie-back pipeline Q4 2021 (<US\$1 million)

Cash flow – Production commences Q1 2022

Pay-back ~ 6 months

100% Project Value (at US\$70/bbl oil price)

T1 – P50 reserves NPV10 US\$11.7 million

T1 + T2 – Mid case upside NPV10 US\$99.2 million

T1 + T2 Upside case NPV10 = US\$175 million

Brief History.

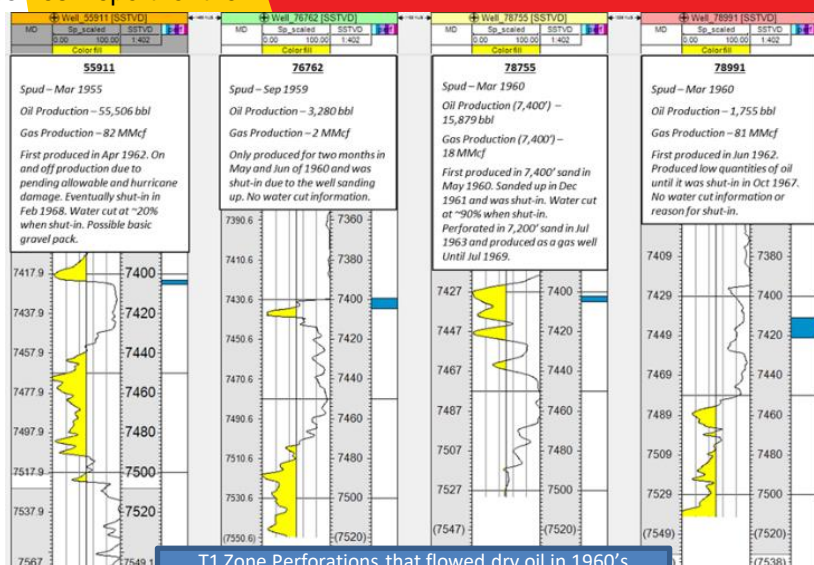
The field is at a depth of ~7,400 ft (2,250m) in Upper (T1) and Middle (T2) Miocene sands that are well established reservoirs in the Gulf of Mexico. The T1 reservoir produced a small amount of oil (76,000bbls <0.5% recovery) in the 1960's primarily from 2 wells. The sand is highly porous and permeable and this was a problem in the 1960's with sand production filling the initial wells. The 1960's production was prior to the availability of modern gravel packs and sand screens that now easily address the issue of sand production. The best well was only produced from a 3 feet of perforations and was choked back to prevent sand production. At the time that a hurricane took out the topside facility in the late 1960's the main production well was at 20% water cut. The constraints at the time did not warrant re-establishing production and the field has remained untouched since.

Bowsprit Project Development Summary

The Bowsprit Project is a low CAPEX investment, that has low probability of losing money (T1) and considerable upside with a T2 GCoS of ~35%. The project is economically very robust and with low OPEX is anticipated to be cash flow positive down to oil prices of under \$20/bbl.

There will be an 8,000ft vertical pilot hole / appraisal well drilled to acquire data, and test the potential of the underlying sands (T2/T3) in August 2021.

In Late 2021, the well will be re-entered and side-tracked to drill into a proven oil reservoir (T1) with a ~500 ft horizontal well section. The first well will be completed and suspended and then a 3.5 mile pipeline laid to tie-back the field to a production facility. The Bowsprit -1 well can be on production in approximately 4-6 weeks after drilling is completed if pipeline permitting commences prior to drilling of the side track.



Phased Development

Phase 1 – Appraisal – The vertical Bowsprit-1 well will be drilled in Q3 2021 to appraise the up dip Middle Miocene portion of the field.

Prominence is funded for this well and well timing is firm. The well will be suspended for future re-entry.

Phase 2 – Side-track for development well - The appraisal well data will be used to refine seismic mapping and plan the completion for the horizontal production section. The vertical well will be re-entered and directionally drilled into the proven T-1 upper Miocene Reservoir in Late Q4 2021.

During the 2021 hurricane season, the pipeline route permitting will be completed, the pipeline can be laid immediately on completion of the drilling. The initial production rate is anticipated to be between 1,000 and 3,000 bopd. The processing cost of the oil is ~\$2/bbl. At 2,000 bopd the project pays out, in approximately 3 months, (6 months on a 2 for 1 promote).

Phase 3 - If the underlying sand (T2) is confirmed to contain oil then a second well will be drilled to develop the sand, with the second well funded entirely from cashflow from the first well.

Phase 4

In a P10 scenario two additional wells may be required to fully develop the field (assuming reserves of 6MMbbls +).

Prominence Energy is funded and will be drilling a vertical appraisal well in August 2021 at a cost of ~US\$2 million.