

# Silvermere Energy PLC

Proven and Probable Reserves in the Gulf of Mexico



**Proactive Investors**  
**One2One Investor Forum**  
London, 14<sup>th</sup> December 2011

# Disclaimer

2

These presentation slides (the “Slides”) do not comprise an admission document, listing particulars or a prospectus relating to Silvermere Energy PLC (“the Company”) or any subsidiary of the Company, do not constitute an offer or invitation to purchase or subscribe for any securities of the Company (the “Securities”) and should not be relied on in connection with a decision to purchase or subscribe for any such Securities. The Slides and the accompanying verbal presentation do not constitute a recommendation regarding any decision to sell or purchase securities in the Company.

The Slides and the accompanying verbal presentation are confidential and the Slides are being supplied to you solely for your information and may not be reproduced or distributed to any other person or published, in whole or in part, for any purpose. No reliance may be placed for any purpose whatsoever on the information contained in the Slides and the accompanying verbal presentation or the completeness or accuracy of such information. No representation or warranty, express or implied, is given by or on behalf of the Company, or its respective shareholders, directors, officers or employees or any other person as to the accuracy or completeness of the information or opinions contained in the Slides and the accompanying verbal presentation, and no liability is accepted for any such information or opinions (including in the case of negligence, but excluding any liability for fraud).

The Slides contain forward-looking statements, which relate, inter alia, to the Company’s proposed strategy, plans and objectives. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from such forward-looking statements. Accordingly, you should not rely on any forward-looking statements and the Company accepts no obligation to disseminate any updates or revisions to such forward-looking statements.

The Slides should not be distributed, published, reproduced or otherwise made available in whole or in part by recipients to any other person and, in particular, should not be distributed to persons with an address in the United States of America, Australia, the Republic of South Africa, the Republic of Ireland, Japan or Canada or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, any US Person as that term is defined in Regulation S under the US Securities Act. The Company has not been registered and will not register under the United States Investment Company Act of 1940, as amended.

The Slides and their contents are confidential and should not unless otherwise agreed in writing the Company be copied, distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

# Admitted to AIM on 31<sup>st</sup> August 2011

*Reverse acquisition, placing and admission to AIM*

3

- Acquired Mustang Island asset in Gulf of Mexico on 30<sup>th</sup> August
- Placing raised £1.52m to fund tie-in to first production
- 18.6m shares in issue
- Company valued at £3.7m at 20p per share at end November
- Production scheduled to commence at end of December 2011



# Experienced Board

*Experienced, capable Board with complementary skill set*

4



**Frank Moxon**  
Non-Executive  
Chairman

- Former Head of Corporate Finance and of Natural Resources at William de Broë
- Senior independent non-executive director at Cove Energy plc
- 25 years experience, 14 in natural resources



**Andy Morrison**  
Chief Executive

- Former CEO of Xtract Energy plc
- Commercial and business development experience with Shell, BG and BOC
- 29 years experience in the oil & gas industry



**Bruce Evers**  
Non-Executive  
Director

- Analyst, specialist salesman and corporate broker focused on oil & gas sector
- Experience at Panmure Gordon, Schroders, Yamaichi, Investec and Evolution
- 27 years City experience



**Stewart Dalby**  
Non-Executive  
Director

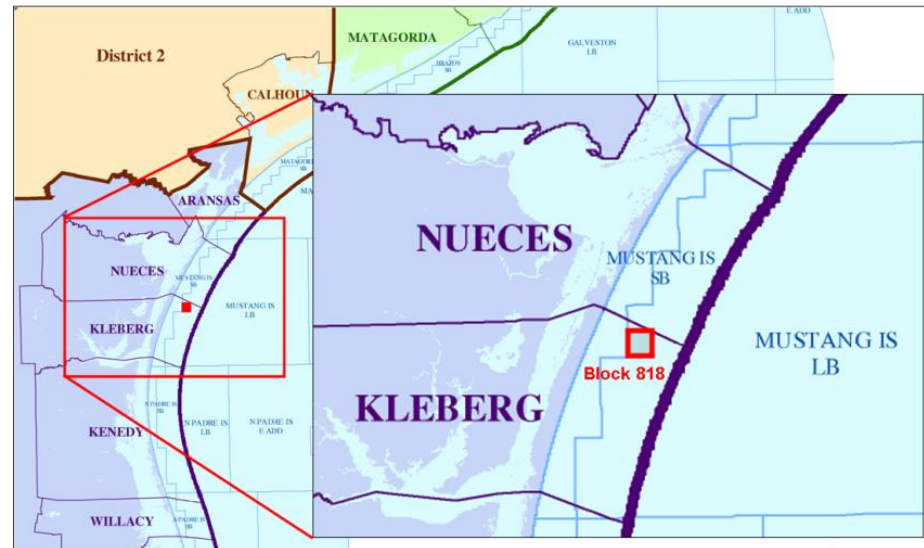
- Extensive global knowledge of the oil and gas industry
- Founding editor and managing director of Oilbarrel.com
- 35 years experience in journalism

# Mustang Asset provides sound initial Base

*Mustang Island 818-L Lease*

5

- **Two leases in the Mustang Island area of Kleburg County, Texas state waters - shallow Gulf of Mexico**
  - 33.3% working interest and 20.83% net entitlement interest
  - Remaining 66.7% held by Dominion Production Company (operator)
- **NPV10 of £18.4 million net to Company based on 1P and 2P reserves only (see note)**
  - 3P reserves offer an additional NPV10 of £59.0 million upgrade potential



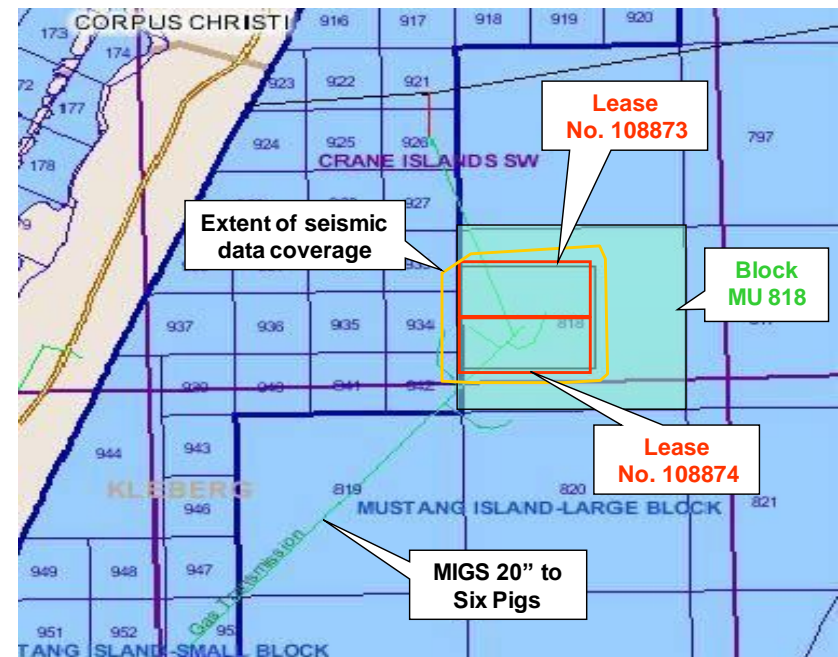
*Note: RPS independent valuation*

# An Asset with established Production History

*Low-risk development opportunity with further upside subject to appraisal*

6

- **Drilled and produced by Samedan Oil Corporation in the 1980s and 1990s**
  - Stacked multiple clastic reservoir sands
  - 25 wells drilled
  - Detailed 2-D and 3-D seismic available
- **Significant production of gas**
  - 138.9 bcf produced from field
  - Pipeline infrastructure available
  - Abandoned in 1995 due to low gas prices
- **Established local market**
  - Liquids to Valero (Corpus Christi)
  - Gas to Energy Transfer



# Remaining Reserves Independently Confirmed

*Mustang Island reserves status sets the company apart from many*

7

<b>RPS Independent Valuation</b>				
Net to Silvermere				
	<b>Net Gas Entitlement Reserves Bcf</b>	<b>Net Liquid Entitlement Reserves MMbbl</b>	<b>Total Net Entitlement Reserves Bcfe</b>	<b>Net Entitlement NPV10 US\$m</b>
1P Proven	4.57	0.03	4.73	4.5
2P Probable	10.03	0.25	11.53	24.9
<b>1P + 2P</b>	<b>14.60</b>	<b>0.28</b>	<b>16.26</b>	<b>29.4</b>
3P Possible	18.99	1.90	30.38	94.4
<b>TOTAL</b>	<b>33.59</b>	<b>2.18</b>	<b>46.64</b>	<b>123.8</b>

# Our Focus is on establishing early Production

*Early production from I-1 well will de-risk Company and establish cash flow*

8

- **Working Interest (I-1 well only) is 16.65 %**
- **Hercules Offshore 205 jack-up rig re-entered I-1 Well in Jan - March 2011**
  - Side-tracked to complete in horizons I-1 to I-6 (11,400 feet depth)
- **Flow test completed in June 2011**
- **Initial production targets:**
  - I-5 sands (19.5 feet net pay)
  - model assumes production rates of 3-4 mmcfpd gas and 80-160 bpd oil (gross)
- **Tripod Platform Fabrication and Installation contract signed on 2<sup>nd</sup> Sept 2011**
- **Six-inch pipeline specified to support production from up to 3 future wells in addition to I-1**

# On track for Production at end of December 2011

*On basis of RNS Operations Update dated 6th December*

9

- **Operator has reported that platform construction in final stages with load-out operations about to get underway**
  - Some minor delay experienced due to adverse weather for welding and painting
- **Load-out scheduled to be complete by 13<sup>th</sup> December**
  - Involves loading of the tripod, well-deck and pipeline risers onto work barges, ready for mobilisation to the designated platform location
- **Operator confirms that laying of 1,250 feet of 6-inch pipeline to connect main trunk to platform location rescheduled to start on 15<sup>th</sup> December**
  - Work will take approx. 7 days and will run in parallel with installation
- **Installation Programme expected to take 14 days**
  - Will be completed with tie-in of well to the pipeline
- **Weather and sea conditions are unpredictable and could cause some delay**

# Poised for Growth

*Company has a growth strategy ready for execution once production is established*

10

- **Geographical focus – US**
- **Shallow off-shore and on-shore assets**
  - Focus on conventional as opposed to “unconventional” oil and gas
- **Good immediate potential for field development at Mustang Island**
  - Model assumes 3-well development.
  - Plan to be settled with Operator after incorporation of early data from I-1
- **Business Development pipeline contains some promising ideas**
- **Acquisition criteria:**
  - Near production
  - Value
  - Ability to upgrade resource and reserve portfolio

# Summary

- **Strategy to acquire and develop a portfolio of low risk, near production oil and gas assets onshore and shallow offshore in the US**
- **Mustang Asset provides sound initial base**
- **Company valued at £3.7m**
  - Just 18.6m shares in issue
- **Net proven and probable reserves independently valued by RPS at £18.4m**
- **Production expected in near term**
- **Growth Strategy at the ready**

# For Further Information

12

**Merchant Securities Limited**  
**(Nominated Adviser and Broker)**  
**Lindsay Mair/Virginia Bull**

**+44 (0)20 7628 2200**

**Rivington Street Corporate Finance Limited**  
**Jon Levinson/Dru Edmonstone**

**+44 (0)20 7562 3357**

**Bishopsgate Communications**  
**Nick Rome/Shabnam Bashir**

**+44 (0)20 7562 3350**

**Growth Equities and Company Research**  
**Dr Michael Green**

**+44 (0)20 7562 3350**

**[www.silvermere-energy.com](http://www.silvermere-energy.com)**  
**[info@silvermere-energy.com](mailto:info@silvermere-energy.com)**