

# Corporate Presentation

May 2011



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# Corporate Information

- London Primary Quotation AIM: HAWK.L
- New York Secondary Quotation OTCQX: NHEGY
- Market capitalisation £23.5 million at 6.2p/share
- Fully Diluted Shares Outstanding: c.378 million
- £25mn Equity Draw Down facility with Darwin Strategic (part of Evolution Group PLC)
  - (c.£5mn drawdown as of February 2011)
- Debt free
- Average daily volume 1.3mn shares (20-day average)

## Last 6 months

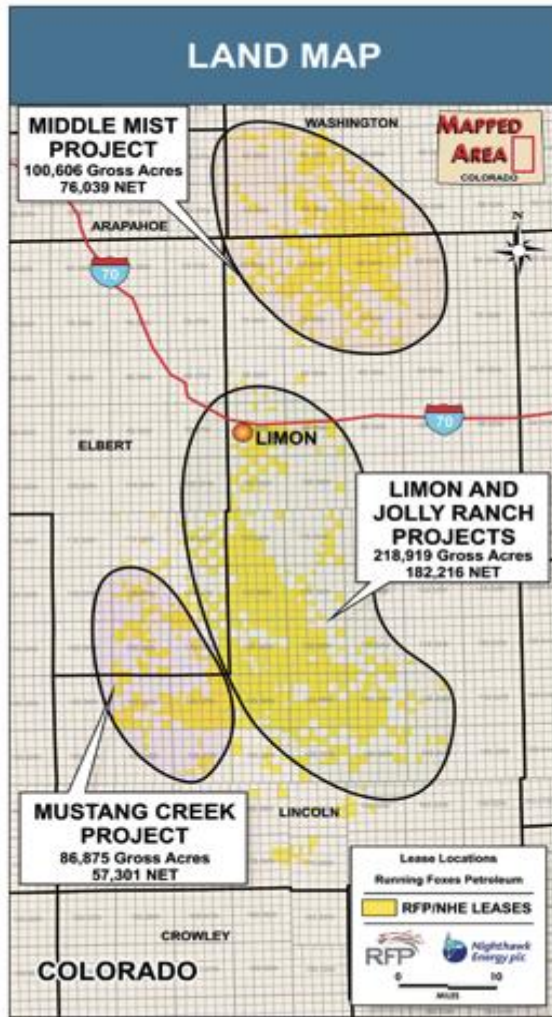
- Strategic review and rationalisation completed
- Focus on core Jolly Ranch project
- Clearly defined programme of workovers
- G&A costs reduced
- Transparency via clear, regular updates
- Commitment to strengthen further management and internal processes
- Focus on unlocking Jolly Ranch shales and therefore shareholder value



# Jolly Ranch - Colorado

## Introduction

# Summary



- **Significant acreage position**
  - Approx. 410,000 gross acres (c.316,000 net)
  - Predominantly private ranch land
  - Five year initial exploration term (expires [date])
  - Held indefinitely whilst in production
- **Activity to date**
  - 19 wells targeting shales drilled to date (1 horizontal)
  - IPs ranging from 80 to 160 bopd (gross)
  - c.\$45m invested to date (net)
- **Fiscal regime**
  - 12.5% over-riding royalty
  - 7.5% State/severance tax
  - 50% Net Working Interest (NWI)
  - 40% Net Revenue Interest (NRI)
- **Permission to co-mingle production**

# Geology

Primary targets: Inter-bedded Cherokee and Atoka shales between 6,500 – 7,500 feet

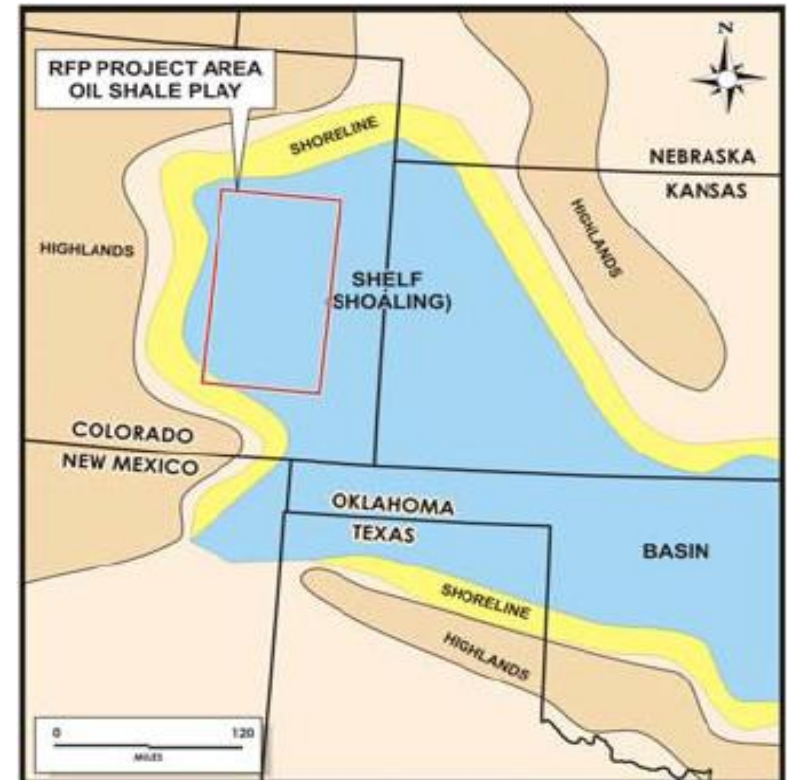
Pennsylvanian Age (Upper Carboniferous 322 - 290 Ma) sedimentary deposits laid down in a broad, stable and shallow intercontinental sea.

Fluctuating sea level led to deposition of alternate carbonate and sandstone rocks over a 600 foot gross interval

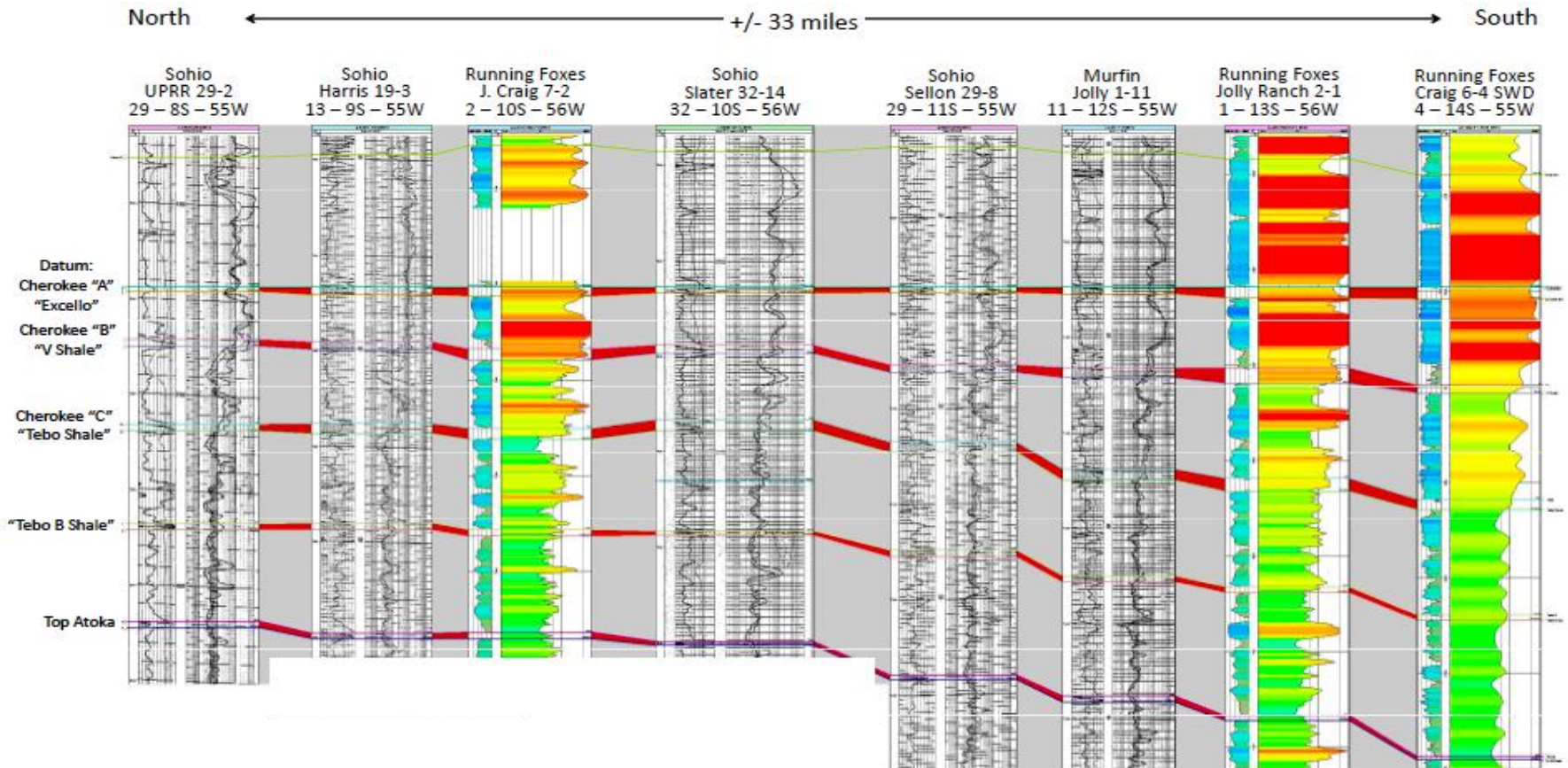
FOUR discrete targets in Cherokee Shale Formation

THIRTEEN discrete targets in Atoka Shale Formation

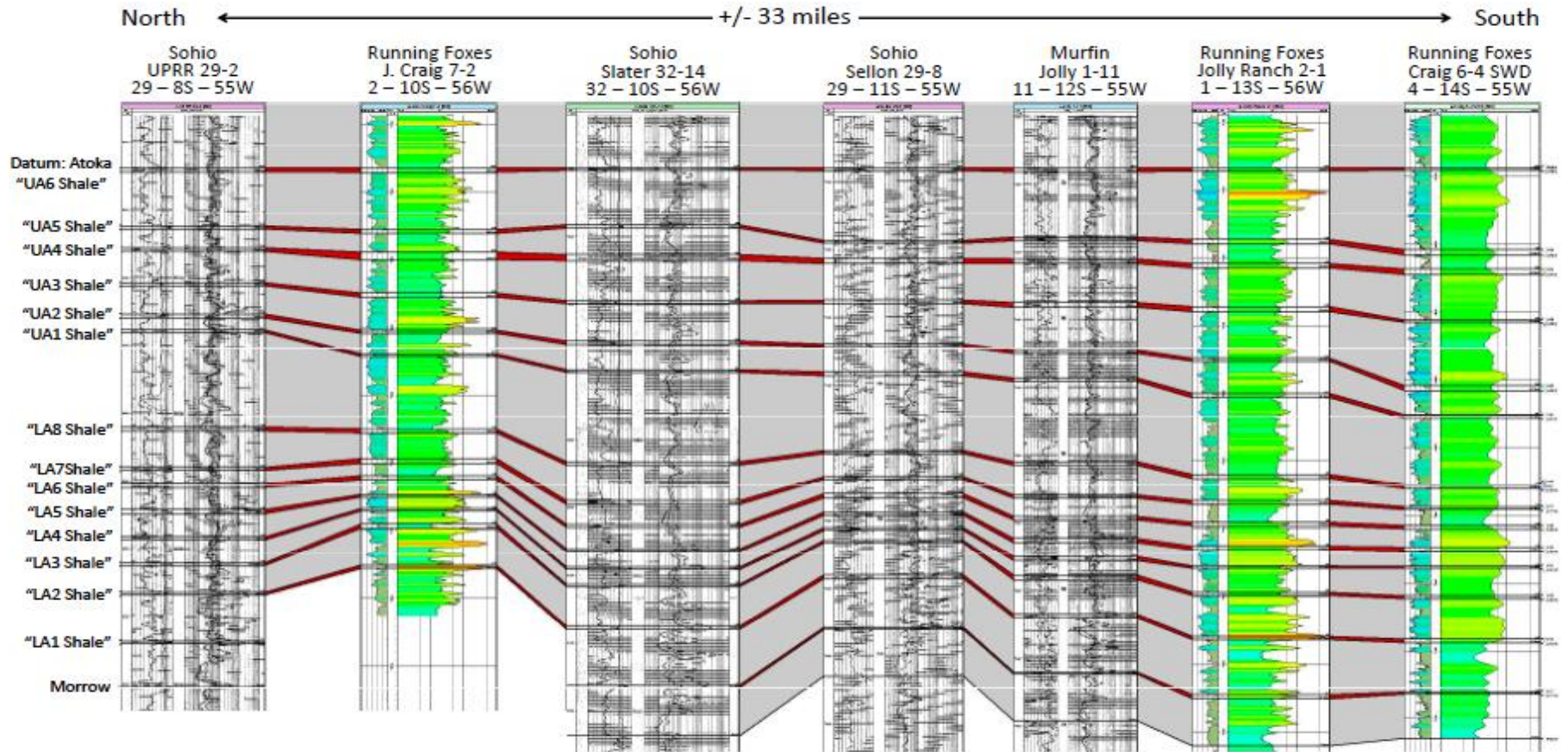
All sustained production to date from Cherokee shales



# Zones within Cherokee Shales



# Zones within Atoka Shales

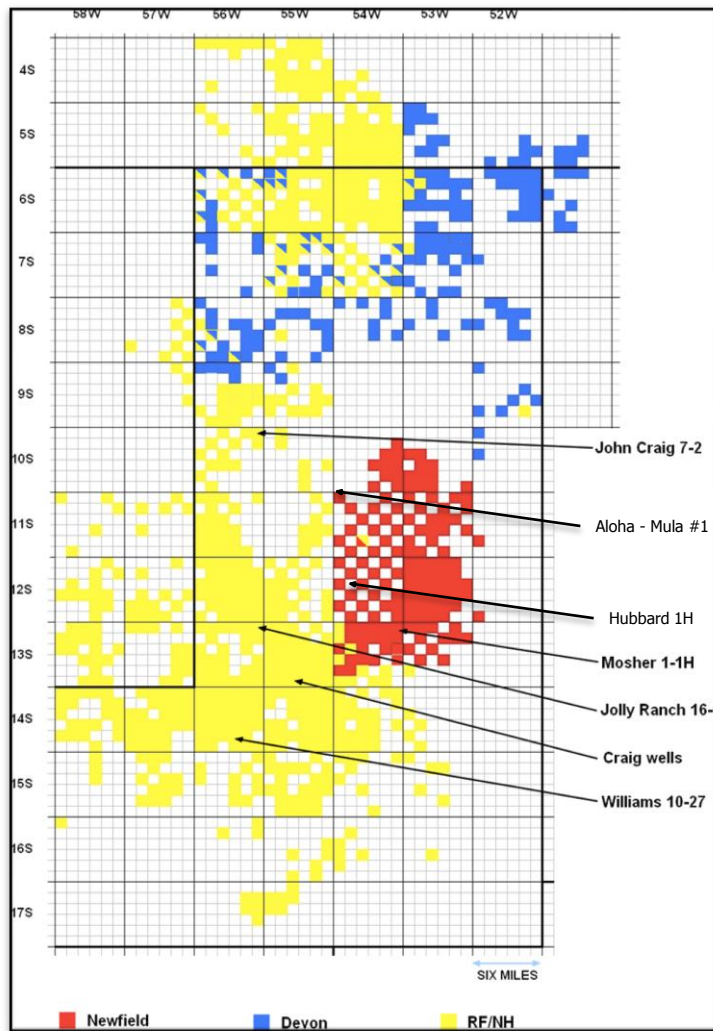




## Jolly Ranch - Colorado

### Local Activity

# ...Standing on the Shoulders of Giants ?



## Aloha Mula 9

Wiepking Fullerton

IP – 634 bopd

## Mosher 1-1H (two horizontals)

Newfield Exploration

c. 80,000 acres

## Hubbard 1H

Unit Corporation

## Devon Energy

Est. 80,000 acres (mid 2010 - )

“...We believe oil from unconventional rock will be a North American industry game changer.....”

EOG Resources Analyst Conference

April 2010

# Local Activity – Mosher 1-1

Newfield Exploration produced approximately 10,000 bbl in 72 days from a horizontal Cherokee well (2011 production confidential)

## COGIS - Monthly Well Production

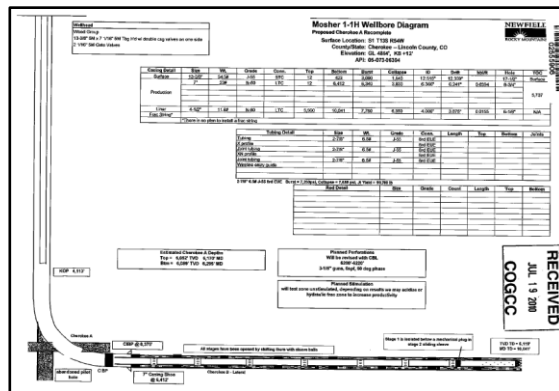


### PRODUCTION DATA REPORT – GIS

API #:	05-073-06393	Location:	SESE 1 13S 54W 6
Field:	LONG SHADOW	Field Code:	51487
Facility Name:	MOSHER	Facility #:	1-1H
Operator Name:	NEWFIELD PRODUCTION COMPANY	Operator #:	10240

### PRODUCTION YEAR: 2010

Month	Formation	Sidetrack	Well Status	Days Prod	Product	OIL						Water Prod	Water(psig)	
						BOM	Produced	Sold	Adj.	EOM	Gravity		Tbg.	Csg.
						GAS						Water Disp. Code	Gas (psig)	
Prod	Flared	Used	Shrinkage	Sold	BTU	Tbg.	Csg.							
Jul	CHEROKEE	02	PR	5	Oil -> Gas ->			2			2	110	0	0
Aug	CHEROKEE	02	PR	26	Oil -> Gas ->	2		95			97	2,006	0	0
Sep	CHEROKEE	02	SI		Oil -> Gas ->			97			97		0	0
Oct	CHEROKEE	02	PR	12	Oil -> Gas ->	97	1,404	1,303		198	33.0	10,892	0	0
Nov	CHEROKEE	02	PR	30	Oil -> Gas ->	198	4,031	4,001		228	33.0	21,889	0	0
Dec	CHEROKEE	02	PR	31	Oil -> Gas ->	228	3,968	3,978		218	33.0	22,742	0	0





# Jolly Ranch - Colorado

## Oil In Place, Resources and Reserves

# Schlumberger 2011 Reservoir Simulation

- Reservoir simulation of likely long term behaviour of Marmaton, Cherokee and Atoka shales
- Based on 40-acre spaced vertical wells

Interval	OOIP (Barrel per Acre)	Water:Oil (BBL)	Recovery Rate (% of OOIP)
Marmaton	2,344	17.4:1	0%
Marmaton B	2,969	4.7:1	0%
Cherokee	5,625	1.7:1	4.9%
Shale	3,281	4.5:1	2.6%
Tebo	5,313	7.4:1	17.3%
Upper/Lower Atoka	7,656	8.0:1	10.1%
Lower Atoka/Morrow	7,969	5.5:1	7.4%
	<b>Average Model Area</b>		<b>7.5%</b>

?

?

# Schlumberger 2009/2011 Per Acre Comparison

Interval	OOIP (Barrels per Acre)	
	July 2009	January 2011
Total Cherokee (including Shale and Tebo)	638	14,219
Total Atoka	1,515	15,625
Total Marmaton	3,726	5,313
Total	5,879	35,157

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- Simulation suggests extensive Oil In Place
- Recovery and repeatability is key to proving up the play and unlocking value

# 2011 Gaffney Cline and Associates Report

- Reserves in unconventional plays are defined through a Type Curve
- 1P/2P reserves only assigned to **TWO** of the current well portfolio projected to recover in excess of 20,000 bbls
- 3P reserves only assigned to **FIVE** wells (c. 200 acres) **0.05% of land held**
- 2P Reserves assigned to **THREE** Cherokee Zones **17% of total strata targets**
- Contingent Resources require recompletions and further drilling to increase and confirm the body of knowledge such that it can be consistently and prudently applied to a wider area

# Reserves - Breakdown

## Proved Reserves (Exponential Decline)

Well	Estimated (Decline Curve Analysis)	Ultimate (Mbbl)	Recovery (Mbbl)	Cumulative Production to Mar 2011 (Mbbl)	Remaining (Proved) Mbbl	Reserves
Craig 4-4		28		24	4	
Craig 16-32		33		13	20	
<b>Total</b>		<b>61</b>		<b>37</b>	<b>24</b>	

## Probable Reserves (Hyperbolic Decline)

Well	Estimated (Decline Curve Analysis)	Ultimate (Mbbl)	Recovery (Mbbl)	Cumulative Production to Mar 2011 (Mbbl)	Remaining (Probable) Mbbl	Reserves
Craig 16-32		64		13	31	

## Possible Reserves (Cherokee Completions Only)

Well	Possible Reserves (Mbbl)
Craig 7-34	17
Craig 15-34	17
John Craig 7-2	39
<b>Total</b>	<b>73</b>

# Schlumberger/Gaffney Cline

Direct comparison cannot easily be undertaken

- Different analytical approaches
- Reporting restrictions in the PRMS and
- Modeling assumptions that have been employed

Isolating Cherokee Zone and comparing on a **gross** EUR/acre (bbl) assuming 40 acre drainage.

Schlumberger	Model Layer	OOIP/acre (bbl)	Model Recovery Factor	Est. EUR/acre (bbl)
	Cherokee	5,625	4.9%	275
	Shale	3,281	2.6%	85
	Tebo	5,313	17.3%	919
	<b>Total Cherokee</b>			<b>1,279</b>

Gaffney Cline	Well/Reserves	EUR (bbl)	Inferred EUR/acre (bbl)
	Craig 4-4 (1P reserves)	28,000	700
	Craig 16-32 (1P reserves)	33,000	825
	Craig 16-32 (2P reserves)	64,000	1,600

# Cherokee Comparison

## **Schlumberger Cherokee formation**

- Oil in Place c.14,200 bbl/acre gross
- Modeled Recovery 9%
- EUR of 51,200 bbl/acre on assumed 40 acres = **1,280 bbl/acre gross**

## **Gaffney Cline for Craig 16-32**

- Completed in Cherokee A (6,526' – 6,530')
- 2P EUR of 64,000 bbl on assumed 40 acre drainage = **1,600 bbl/acre**
- Assuming OIIP as above = 11.4% recovery (on whole of Cherokee)



# Jolly Ranch - Colorado

## Value Potential

# Value Potential – Extrapolating Gaffney Cline

Consider Cherokee A horizon in isolation with 64,000bbl 2P gross EUR/40 acre

Yields on 410,000 gross acres (100% success)

- 656 mmbbl of **potential** gross 2P reserves
- NRI **potential** 2P basis to Nighthawk = 262 mmbbl (40%)
- c.640bbl/acre **net** recovered (**potential** 2P)

Assume \$10/bbl at 2P level on field wide basis (transactional value)

- \$2.6bn net on 410,000 acre
- \$6,400/acre net

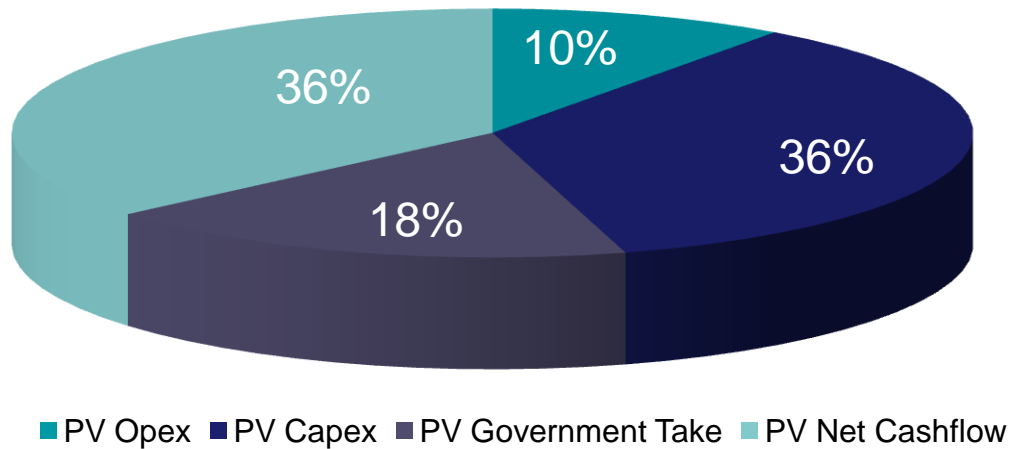
Conservatively assuming 25% of acreage is viable = US\$650mn of net value

At 10p a share (US\$61mn market cap) or \$300/acre

# 2P Reserve Economics

## Craig 16-32, 64,000 bbl of 2P reserves (EUR).

- \$80/bbl oil price (flat)
- \$8/bbl OPEX
- \$1.5mn CAPEX completed well
- 100% Working Interest, 80% Net Revenue Interest



## On a 50% Working Interest Basis

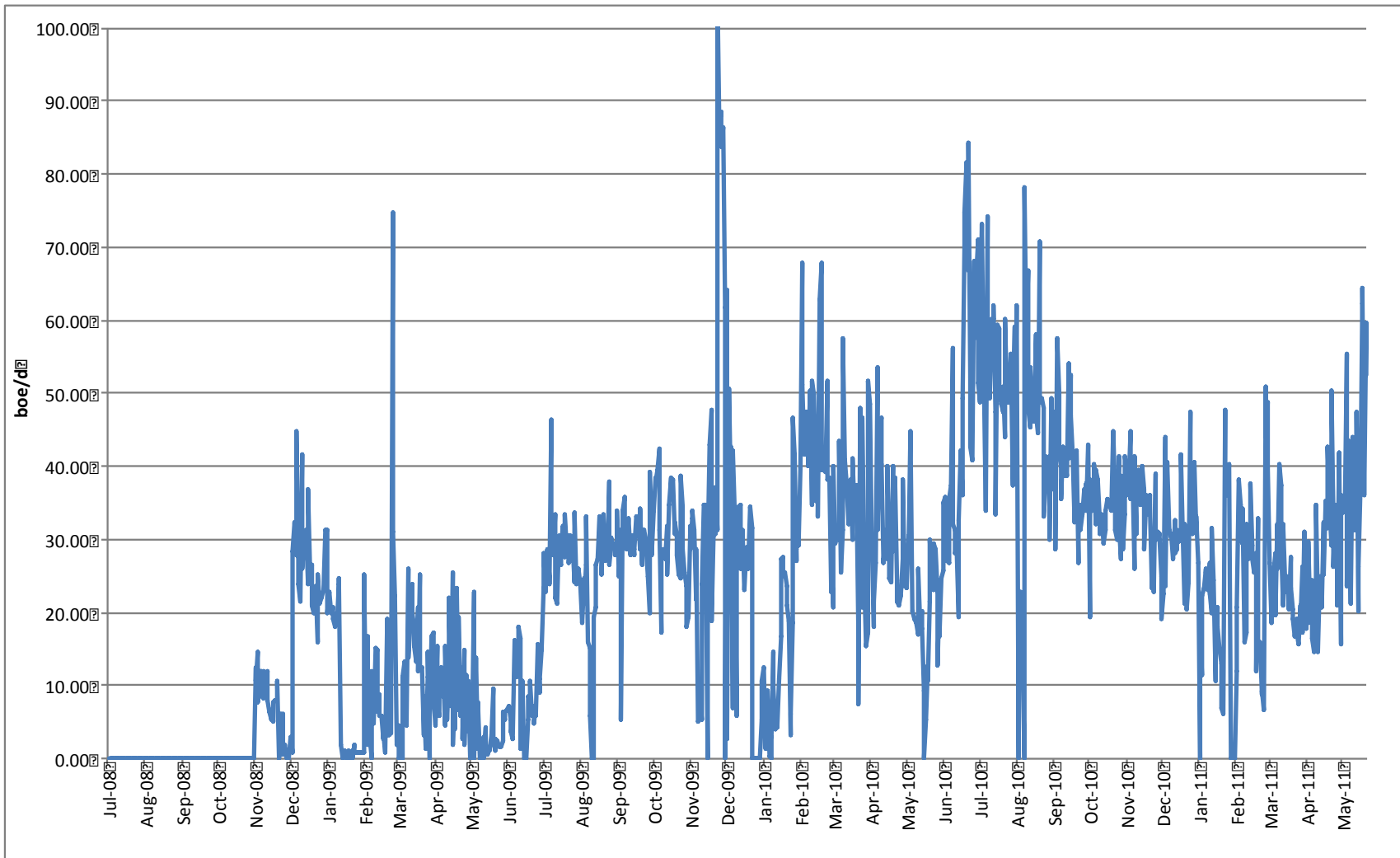
- Net Cash Flow \$23.8/bbl (36%)
- NPV(12.5%) \$860k net post tax
- IRR 137% post tax



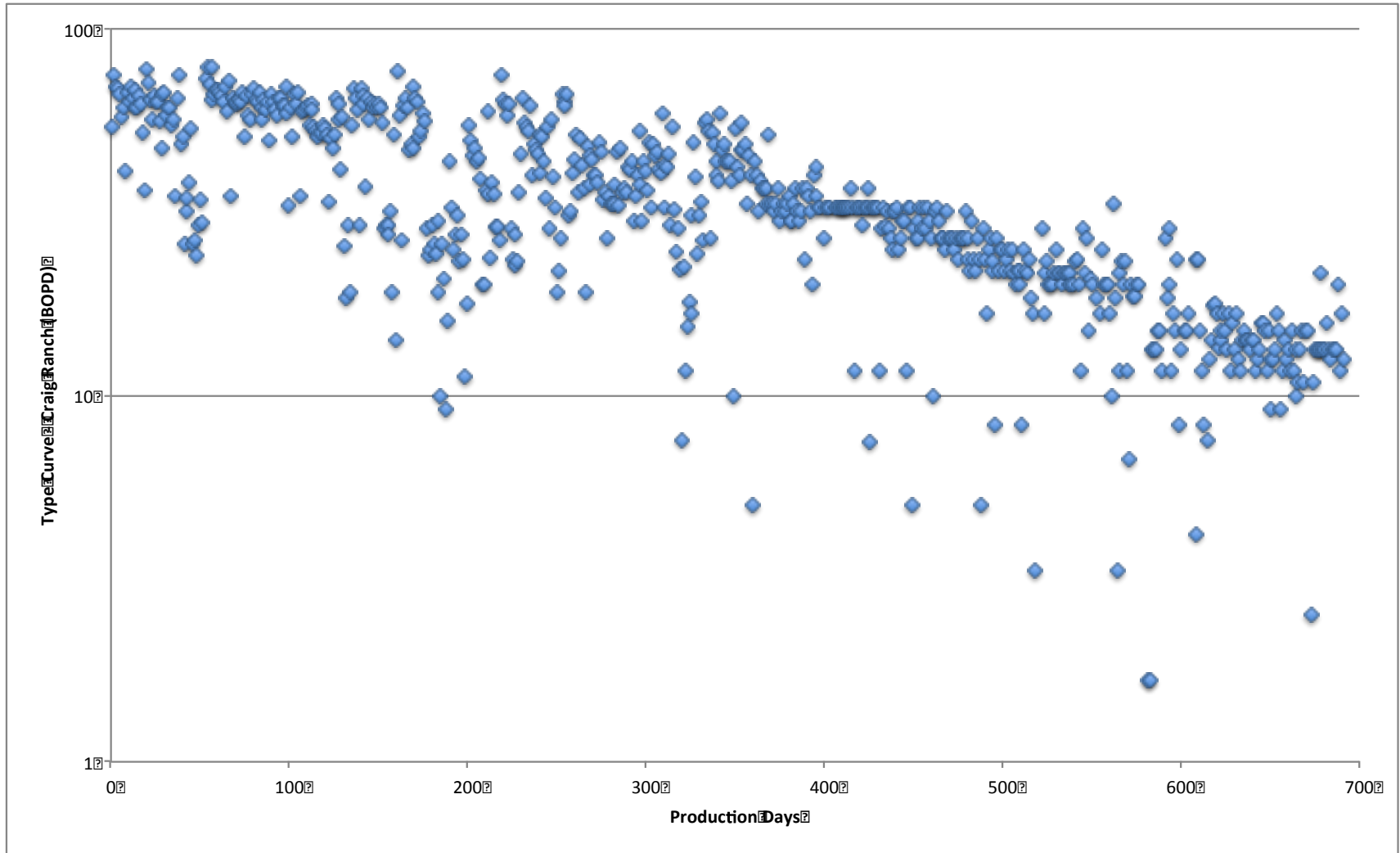
# Jolly Ranch - Colorado

## Production

# Jolly Ranch Total Net Daily Production

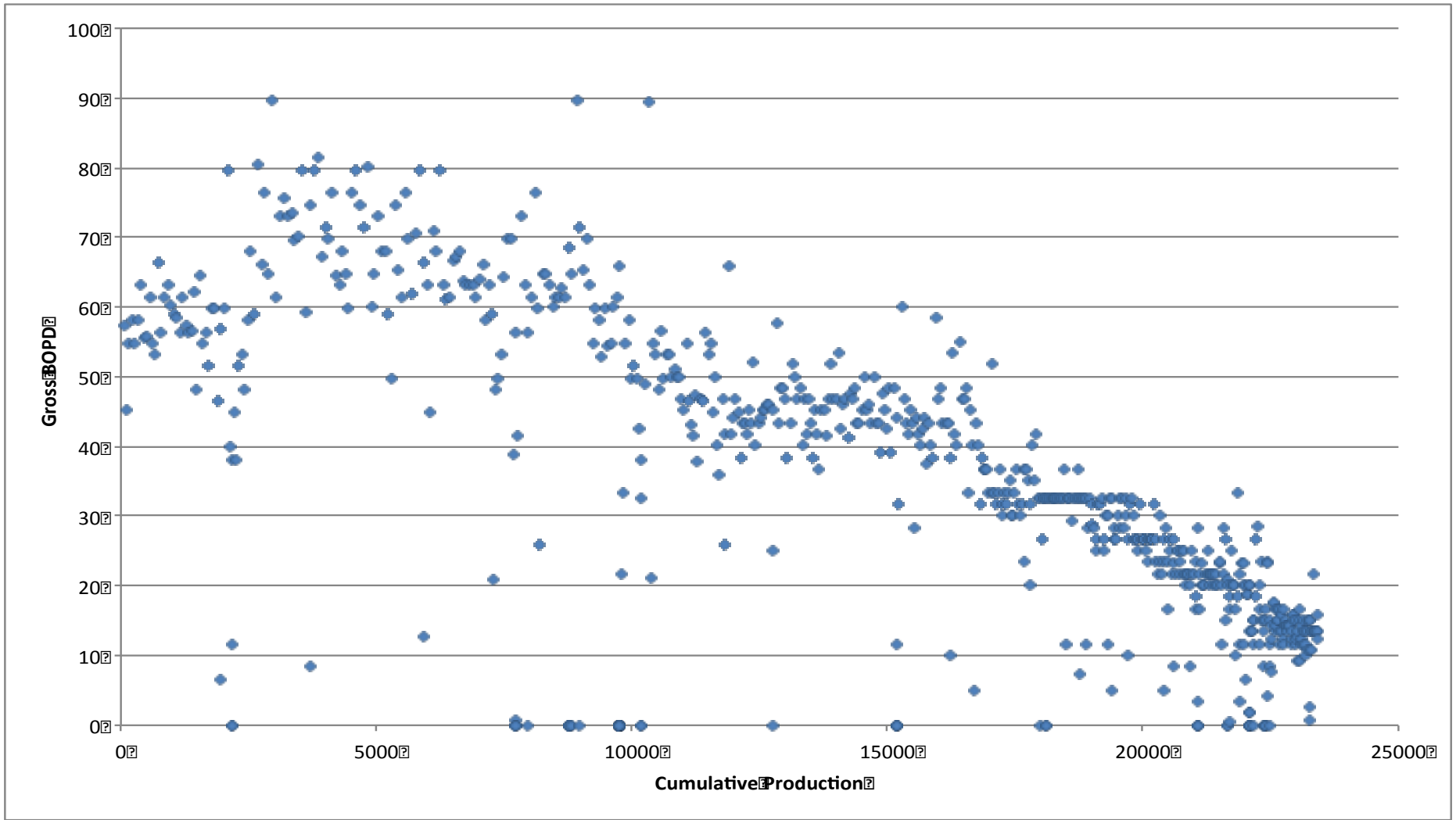


# Jolly Ranch Type Curve





# Craig 4-4 Cumulative Production Curve





## Jolly Ranch - Colorado

### Ongoing Activity

# Ongoing Activity

Well	Completion Activity
John Craig 7-2	Upper Atoka – multiple new perforations and acidisations Cherokee C – reperforation and acidisation Cherokee A – new perforation and acidisation Fort Scott – multiple new perforations and acidisations
Jolly Ranch 4-13	Atoka – multiple recompletions
Craig 12-33	Lower Atoka – acidise existing perforations Cherokee A – new perforation and acidisation
Craig 15-34	Keyes – multiple new perforations and acidisations Cherokee A – new perforation and acidisation
Craig 10-28	Upper Atoka – multiple new perforations and acidisations Fort Scott - multiple new perforations and acidisations
Craig 7-34	Cherokee A – new perforation and acidisation



# Investment Summary

# Investment summary

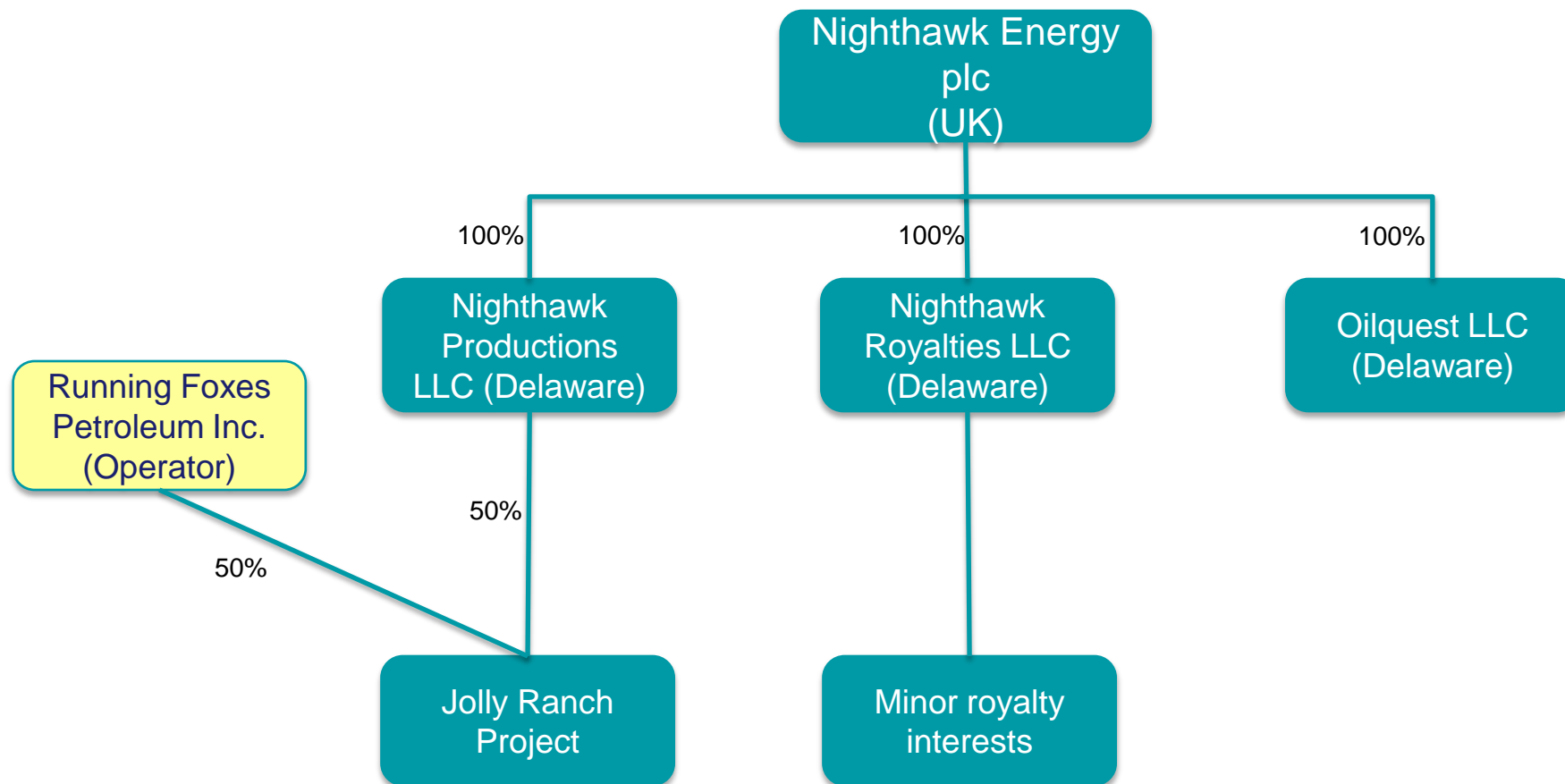
- Rationalised and refocused on core Jolly Ranch project
- Unrivalled acreage position provides material upside potential
- Macro elements of play established and verified
- Clear work programme defined aiming to prove up the play and to unlock value
- Commitment to strengthen further management team and processes
- On-shore USA offers favourable geopolitical and economic backdrop
- Access to the world's largest market in oil & gas E&P expertise
- Building core operational competencies to input into JV



# Jolly Ranch - Colorado

## Appendix

# Group structure



# Executive Board and Management

## **Michael Thomsen (Executive Chairman)**

Over 30 years experience in the natural resources industry and has worked in over 40 countries on acquisitions, project development and exploration. He has directed and managed a number of energy and minerals companies and was the former Chairman of Oil Quest Resources plc.

Mike was previously Chief Geologist with Freeport-McMoRan Inc, a major US energy and minerals producer, where he directed programs in the Permian Basin of west Texas and the Gulf of Mexico region.

## **Tim Heeley (Chief Executive Officer)**

Tim joined Nighthawk in Dec 2009 bringing over four years of equity and debt experience in the City including Senior Manager of Standard Bank's Oil and Gas team and VP Oil and Gas at Panmure Gordon. Prior to working in the City, Tim enjoyed an eight year career in the E&P sector as a project development engineer working with such companies as Shell, BP, Exxon and BG on numerous international hydrocarbon projects.

Tim is a Chartered Engineer, a member of the Energy Institute and the Society of Petroleum Engineers, a Fellow of the Geological Society and Associate Member of the American Association of Petroleum Geologists.

## **Richard Swindells (Chief Financial Officer elect)**

Richard will join Nighthawk in summer 2011 having previously spent 15 years as an investment banker, the past five of which he has spent advising and raising equity for resources companies. Richard joins from Ambrian Partners where he was Head of Oil & Gas Corporate Finance having previously been CEO of Nabarro Wells & Co and director of Corporate Finance at Panmure Gordon.

Richard has an economics degree from University of Birmingham and he is a fellow of the Chartered Institute for Securities and Investment by diploma.

# Non-Exec Board

## **Stuart Eaton (Non-Executive Director)**

Stuart was Head of UK Equity Alpha at Insight Investment Management Limited. Founded by HBOS in 2002, Insight had assets under management of £119 billion in 2009. Stuart joined Insight in May 2005 and was responsible for the management of UK equity long only portfolios.

## **Geoff Metzger (Non-Executive Director)**

Geoffrey was a member of the London Stock Exchange for 25 years and a member of The Securities Institute. He has been involved with raising finance for companies in the natural resources sector for over 20 years. He was a director of Emerald Energy Plc between 1990 and 1998.

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