



**Annual General Meeting**  
*London, 20 June 2012*



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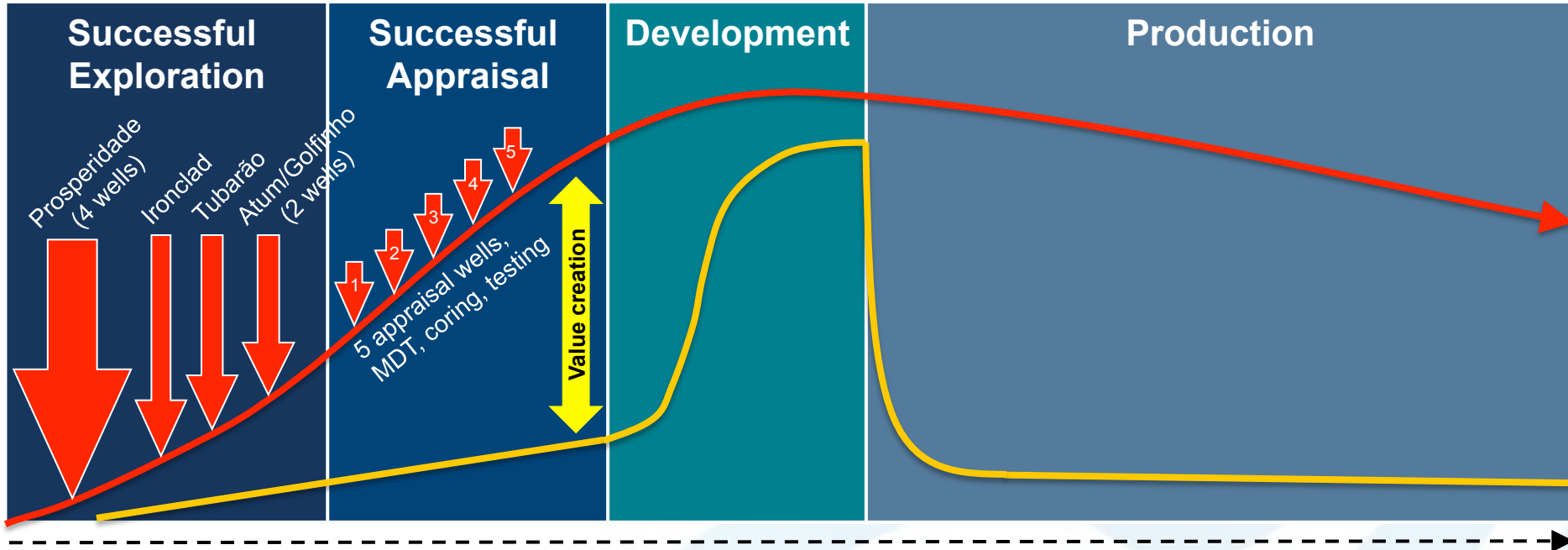
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# Cove's Strategy: Low Expenditure, High Value Add



Mozambique  
Kenya  
Tanzania

Mozambique Offshore  
approaching  
development phase



Prosperidade  
(4 wells)  
Ironclad  
Tubarão  
Atum/Golfinho  
(2 wells)

1 2 3 4 5  
5 appraisal wells,  
MDT, coring, testing

Value creation

2009 2012

**Exploration & Appraisal**  
Low expenditure  
High value add

— Relative Value Add  
— Capital Required

**Cove's strategy**  
Value creation through acquiring  
participation in exploration assets  
and appraisal programmes

# Strategy is Working: > £1000m Value Creation

## Cove's strategy since 2009

*Low expenditure - High value add*

- Geology first
- Young basins (3D seismic de-risked)
- Emerging basins
- Reliable and proven operator
- Emphasis on delivering through the drillbit

## 2009 – 2012 Results

*World Class Discoveries*

### Exploration (gas)

- ☑ Windjammer-1
- ☑ Barquentine-1
- ☑ Lagosta-1
- ☑ Tubarão-1
- ☑ Camarão-1
- ☑ Golfinho-1
- ☑ Atum-1

### Exploration (oil)

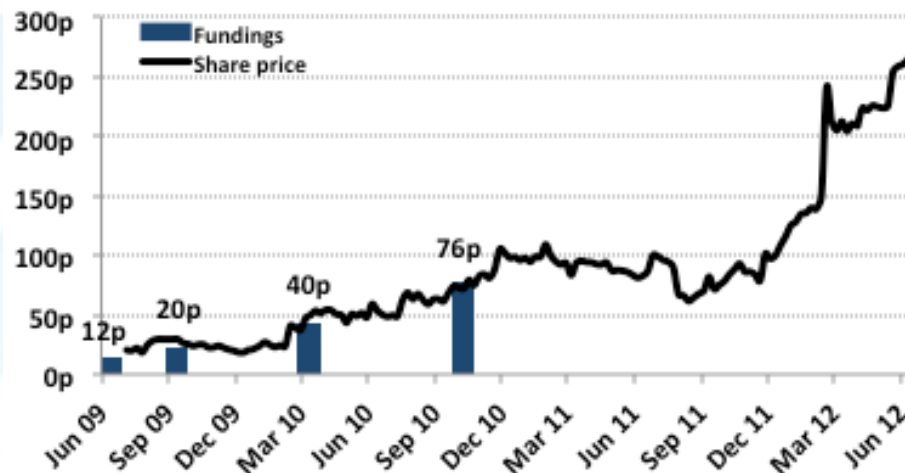
- ☑ Ironclad

### Appraisal (gas)

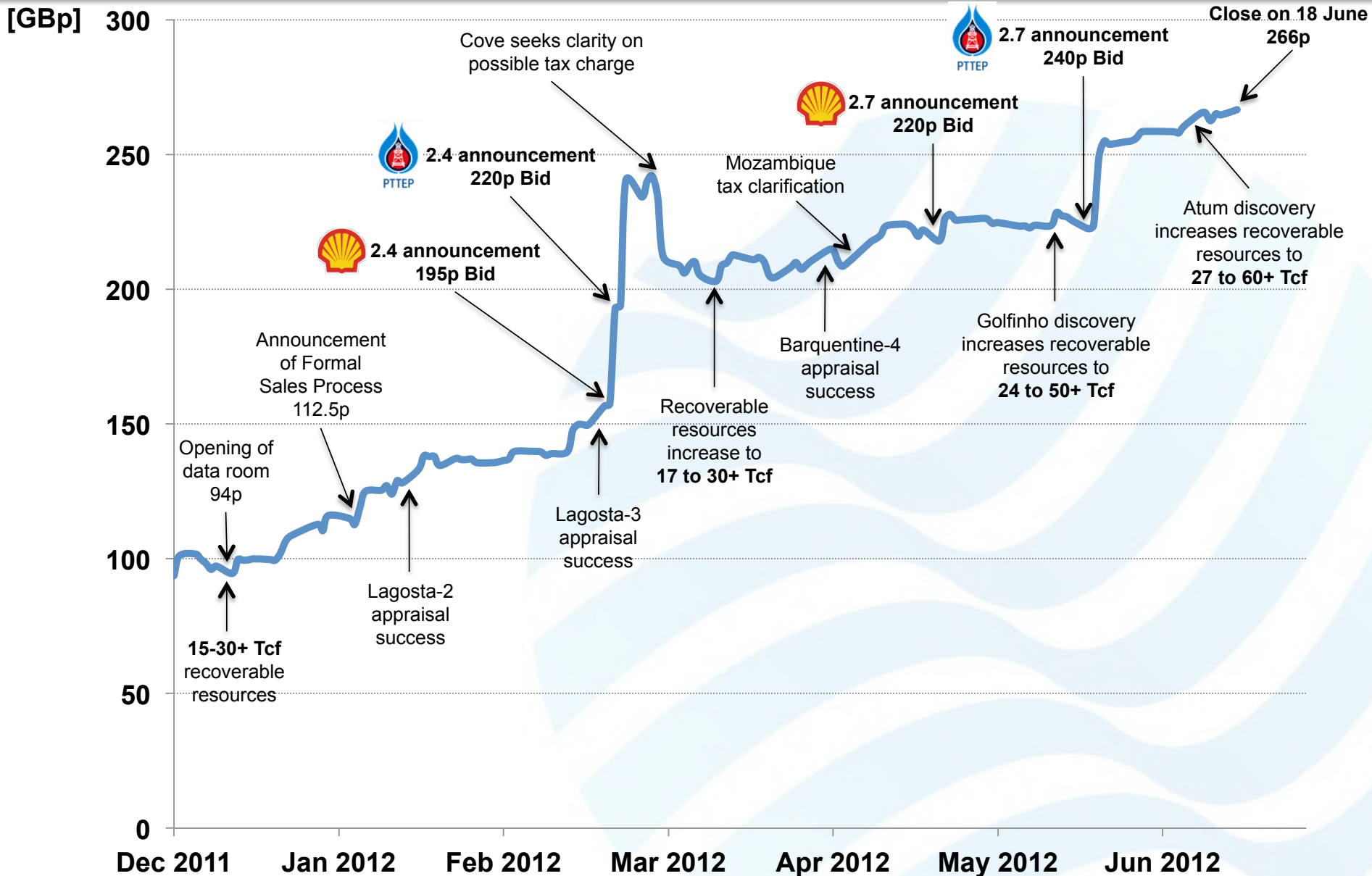
- ☑ Barquentine-2
- ☑ Barquentine-3
- ☑ Lagosta-2
- ☑ Lagosta-3
- ☑ Barquentine-4

- Value accretion: >2000% increase in share price since first offering in June 2009
- Significantly outperformed both market and peers

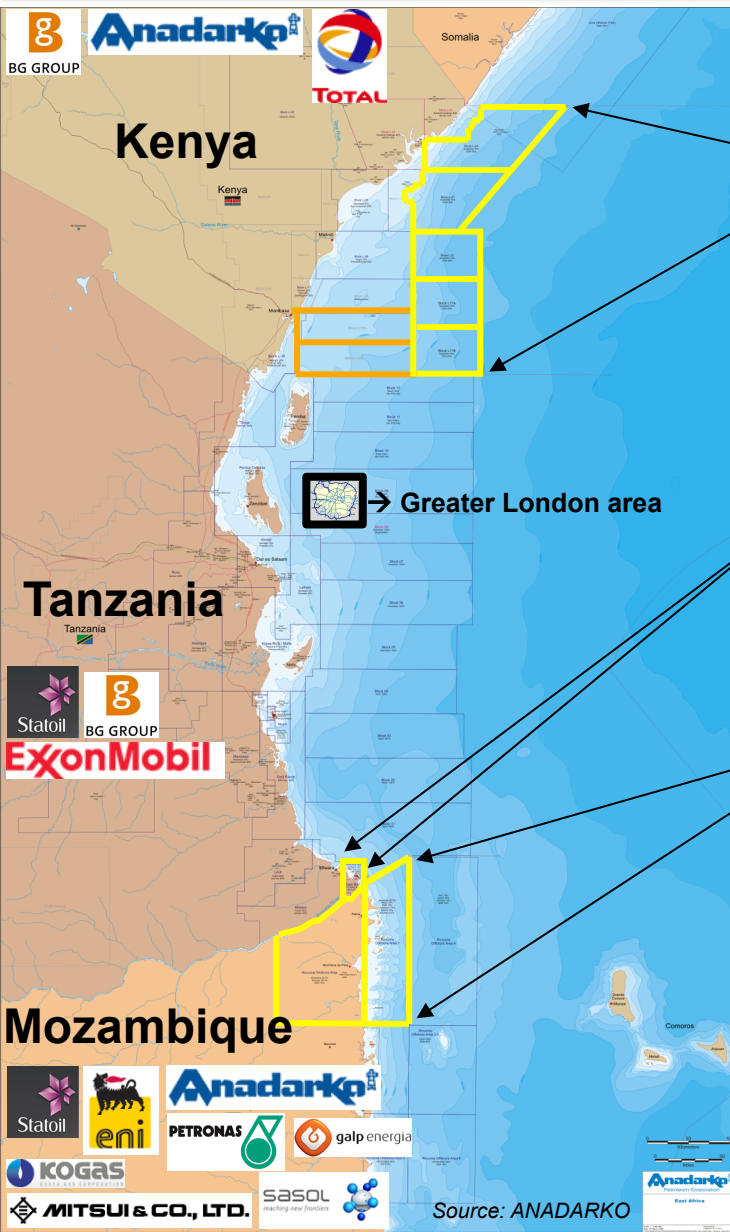
- **Recent share price:** ca 266p
- Market capitalisation: ca £1300m (US\$ 2090m)
- Funds raised: ca £180m (US\$ 290m)
- Cash: ca £60m (US\$ 95m)
- No debt



# Share Price throughout Formal Sales Process



# Cove's East Africa Deepwater Acreage



*Big Oil is moving in!*

## Kenya interests

7 Blocks – ca 41,000 km<sup>2</sup> gross (10.2m acres)

- L5, L7, L11A, L11B, L12                      10%
- L10A    25%
- L10B    15%

## Tanzania interests (under divestment)

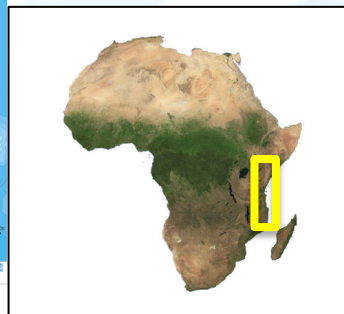
1 Block – ca 760 km<sup>2</sup> gross (0.2m acres)

- Mnazi Bay Exploration                      20.475%
- Mnazi Bay Production                      16.38%

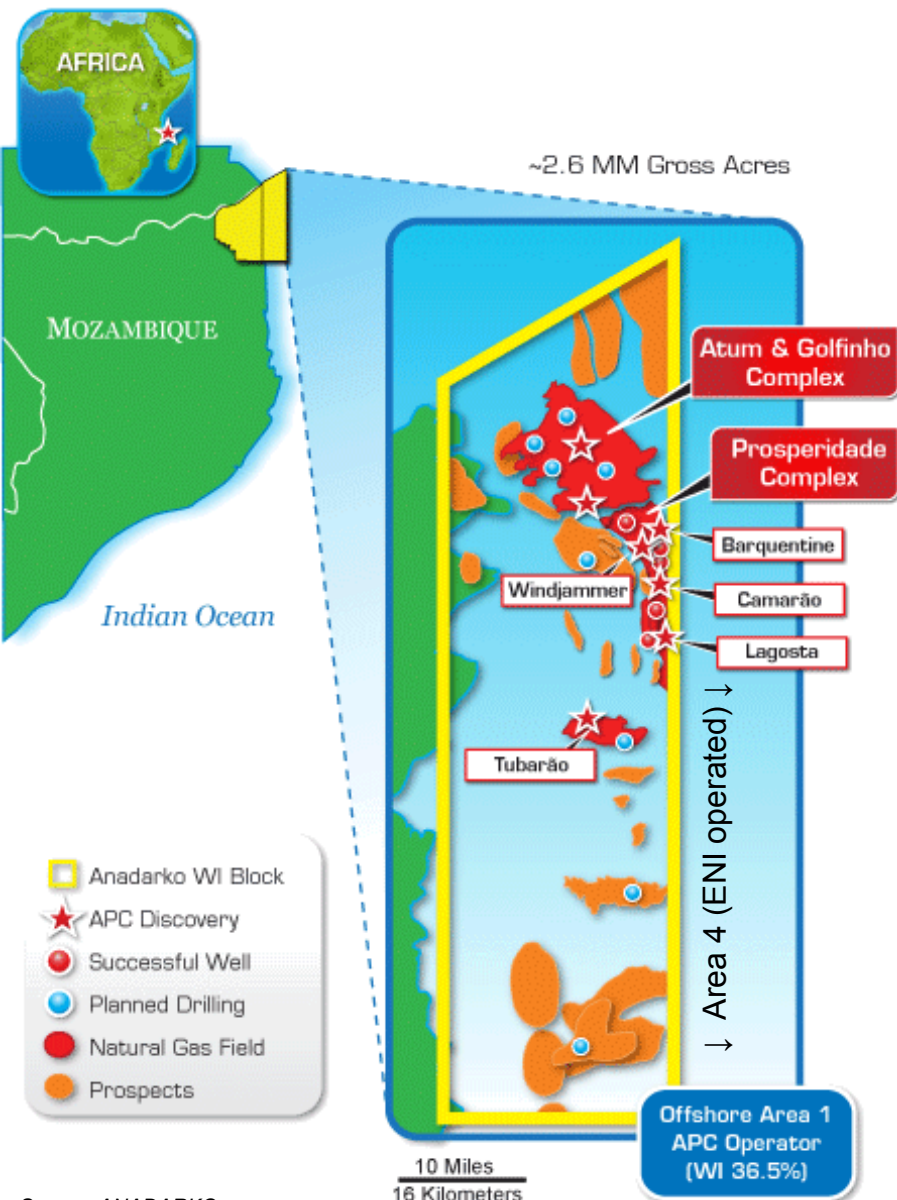
## Mozambique interests

2 Blocks – ca 23,000 km<sup>2</sup> gross (5.7m acres)

- Rovuma Offshore Area 1                      8.5%
- Rovuma Onshore Block                      10%



# Rovuma Offshore Area 1 – World-class Asset



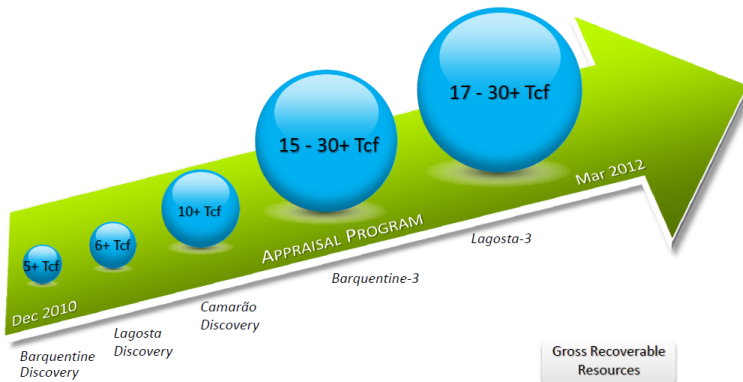
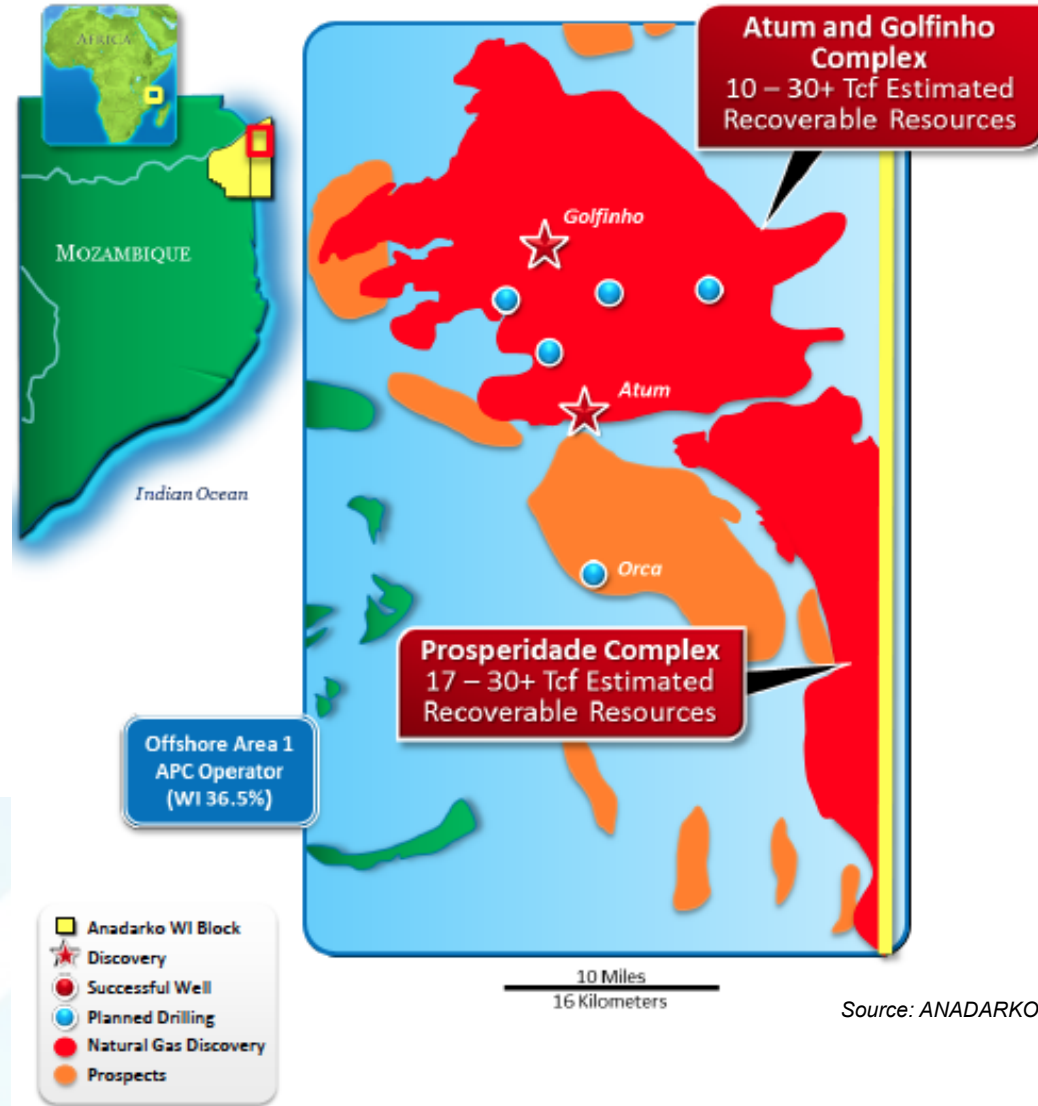
- 2 Distinct and separate gas discovery areas:
  - Prosperidade: 17 to 30+ Tcf recoverable (30 to 50+ Tcf in place)
  - Atum/Golfinho: 10 to 30+ Tcf recoverable (18 to 55+ Tcf in place)
- Area 1 is covered with ca 7,000 km<sup>2</sup> of 3D seismic
- Additional resource potential: 20+ prospects and leads
- 2-rig continuous exploration & appraisal programme
- Advancing initial 2x 5 mtpa LNG train facility
  - FID in late 2013
  - First sales in late 2018

## Overview - Rovuma Offshore Area 1

<b>Acreage</b>	<b>9,562 km<sup>2</sup> (813 km<sup>2</sup> net to Cove)</b>
<b>Partnership</b>	<ul style="list-style-type: none"> <li>Cove: 8.5%</li> <li>Anadarko (operator): 36.5%</li> <li>Mitsui: 20%</li> <li>ENH (carried): 15%</li> <li>Bharat Petroleum: 10%</li> <li>Videocon: 10%</li> </ul>
<b>Contingent resources (100%)</b>	<b>27 to 60+ Tcf</b> (P90-P10 recoverable)
<b>Past activity</b>	<ul style="list-style-type: none"> <li>2007: EPC permit awarded</li> <li>Exploration: 2D &amp; 3D seismic; 9 wells</li> <li>Appraisal: 5 wells; coring; 3 flow tests</li> </ul>
<b>Near-term activity</b>	<ul style="list-style-type: none"> <li>Appraisal: 4 wells in Atum/Golfinho</li> <li>Exploration: Black Pearl, Barracuda</li> </ul>

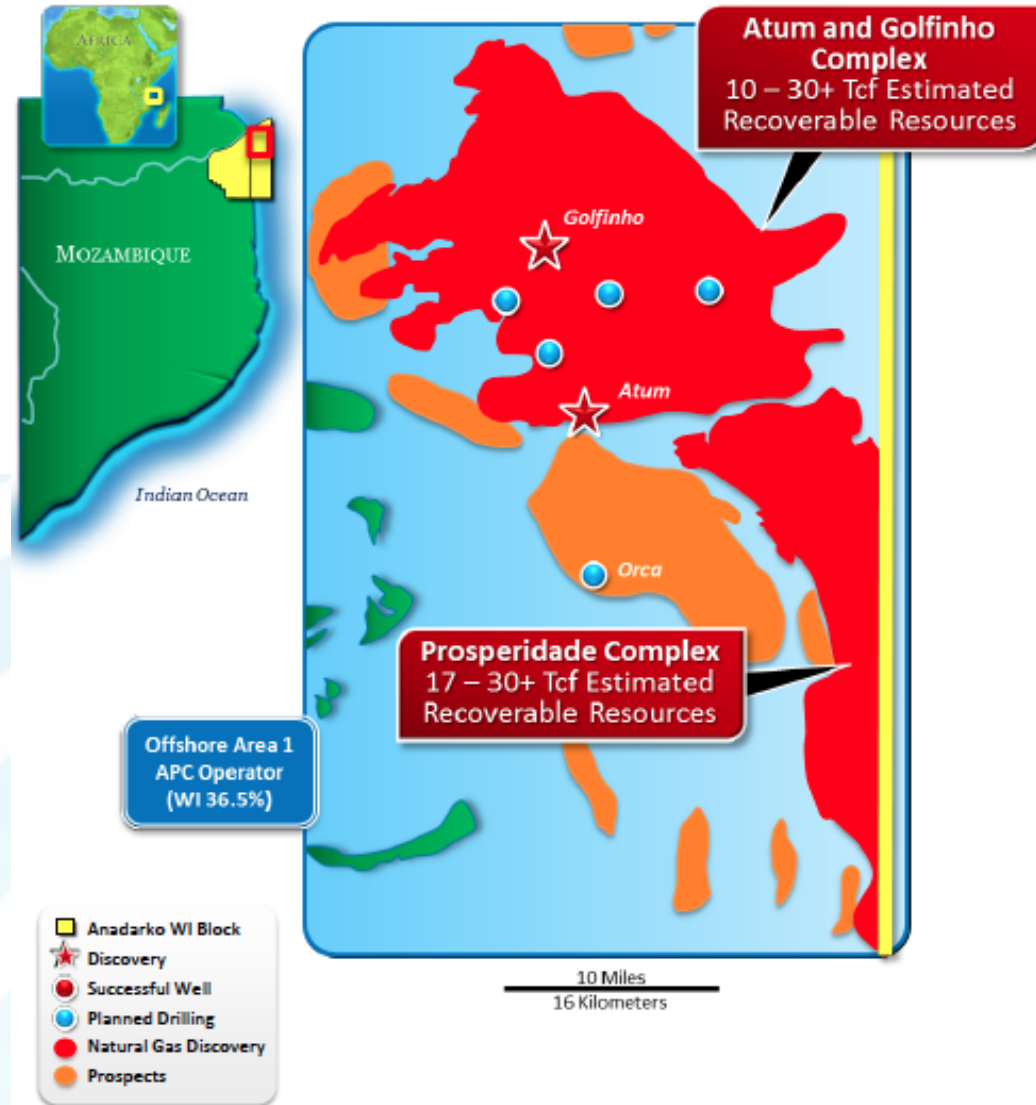
# Prosperidade Complex

- Successful exploration programme in 2010-2011
  - 4 exploration wells drilled
- Successful appraisal programme in 2011-2012
  - 5 appraisal wells drilled
  - Coring
  - 3 successful flow tests
  - Flow & interference test programme on-going
- 17 to 30+ Tcf gross recoverable resources
  - Bulk are in high-quality Oligocene fans
  - Sufficient for at least 2x 5 mtpa LNG train facility
- Vast areal extent (ca 30 km) with high-quality, continuous sands
- High well productivity
  - 90 to 100 MMscf/d facility constrained
  - 100 to 200+ MMscf/d well design

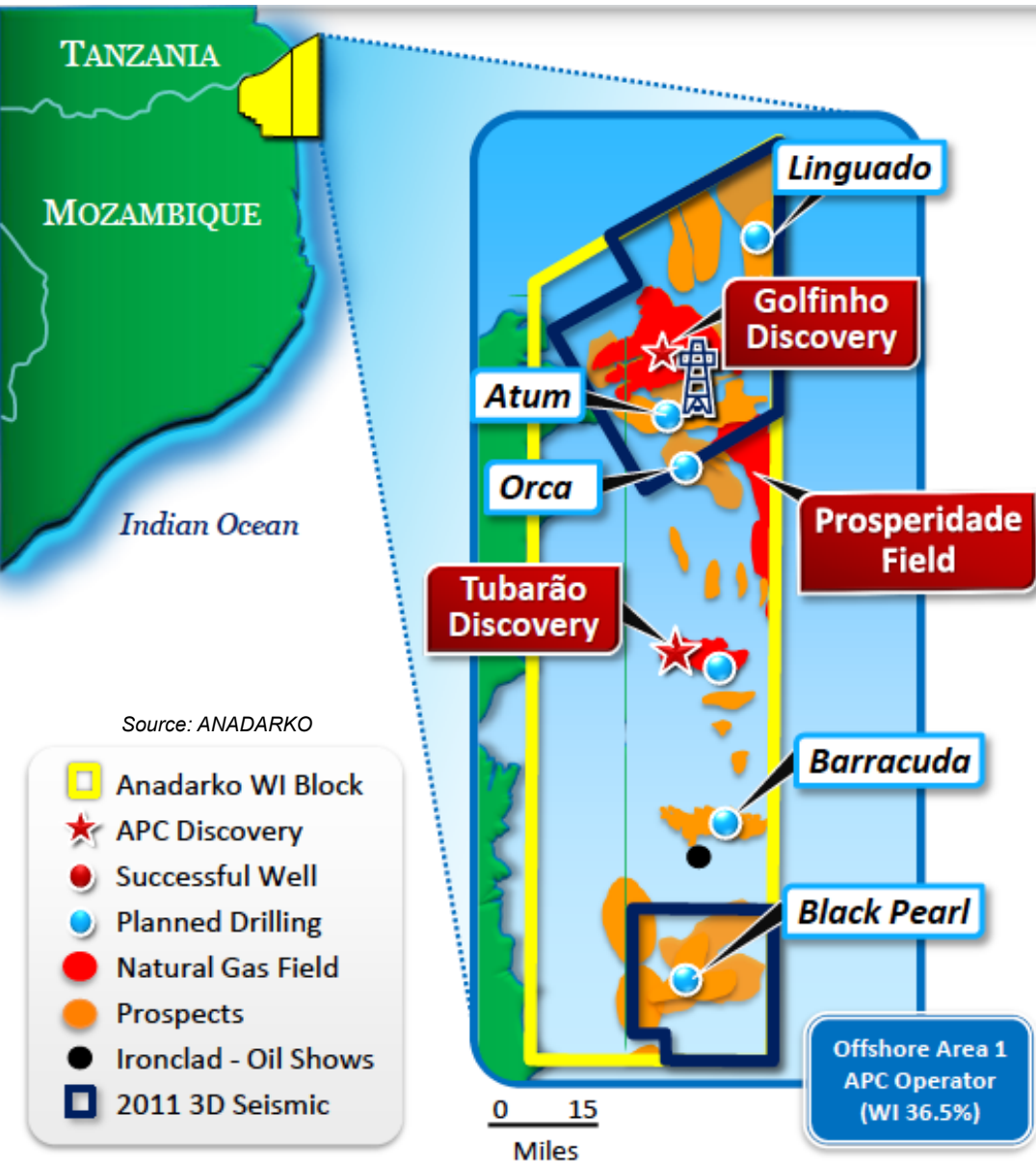


# Atum/Golfinho Complex

- 2 Successful exploration wells in April-June 2012
- Accelerated 4-well appraisal programme started in June 2012
- 10 to 30+ Tcf gross recoverable resources
  - High-quality Oligocene fans
- More cost-effective development than Prosperidade
  - Shallower water depths
  - Closer to shore
  - Contained entirely in Area 1



# Additional Potential



## Additional resource potential:

### Northern area (Gas)

- 20+ prospects and leads (e.g. Orca, Linguado)
- Similar age and seismic character traps as Prosperidade complex
- Covered by ca 2,450 km<sup>2</sup> of 3D seismic

### Prosperidade complex (Gas)

- Deeper Eocene and Paleocene horizons
- Covered by ca 3,000 km<sup>2</sup> of 3D seismic

### Tubarão discovery (Gas)

- 0.2 to 1.7 Tcf recoverable (P90-P10)

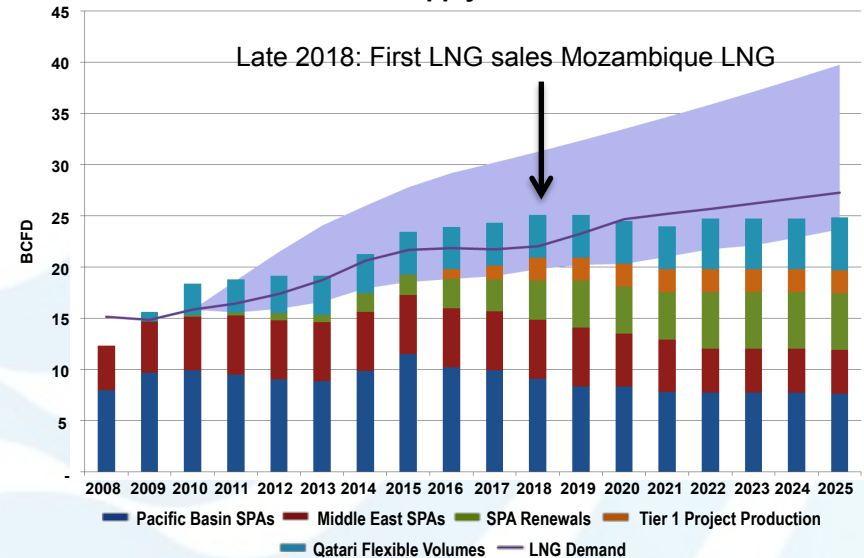
### Southern area (Oil & Gas)

- Planned drilling in 2012/2013: Black Pearl, Barracuda (oil prospects)
- Covered by ca 1,600 km<sup>2</sup> of 3D seismic

# Business Case for LNG

1. Gas discoveries areas are geologically suited for LNG
  - ✓ Vast areal extents
  - ✓ High-quality, continuous sands
  - ✓ Very low dip rates
  - ✓ Superior reservoir positions
2. LNG is viable economic way to develop large scale deepwater gas resources
3. Short distance to shore:
  - Atum/Golfinho complex: 10 miles (15 km)
  - Prosperidade complex: 35 miles (55 km)
4. Modular expansion potential
5. Good timing because of growing gap between global demand and supply
6. Perfect geographic location for Indian and Asian markets – no straight of Hormuz

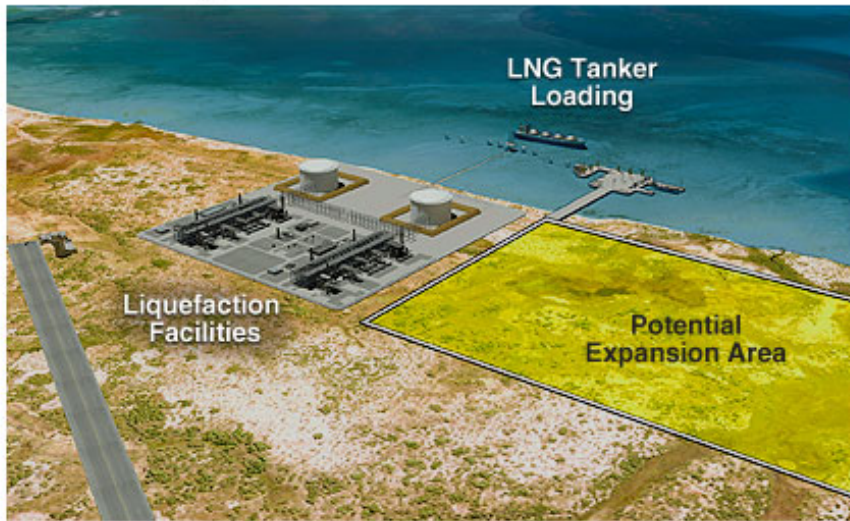
Pacific Basin Supply & Demand



# LNG Conceptual Design

## Mozambique LNG Project\*

Conceptual Design

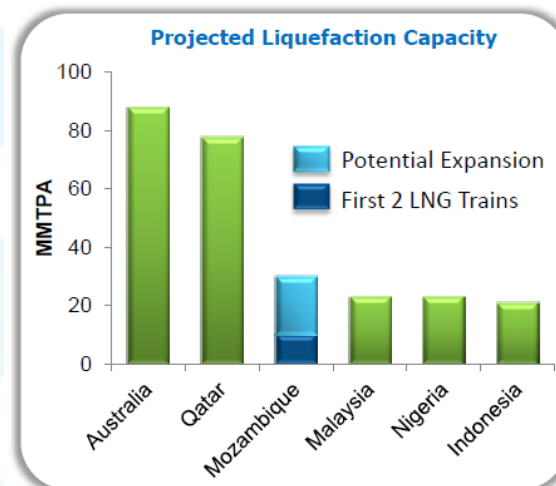


\* Images not to scale

Source: ANADARKO

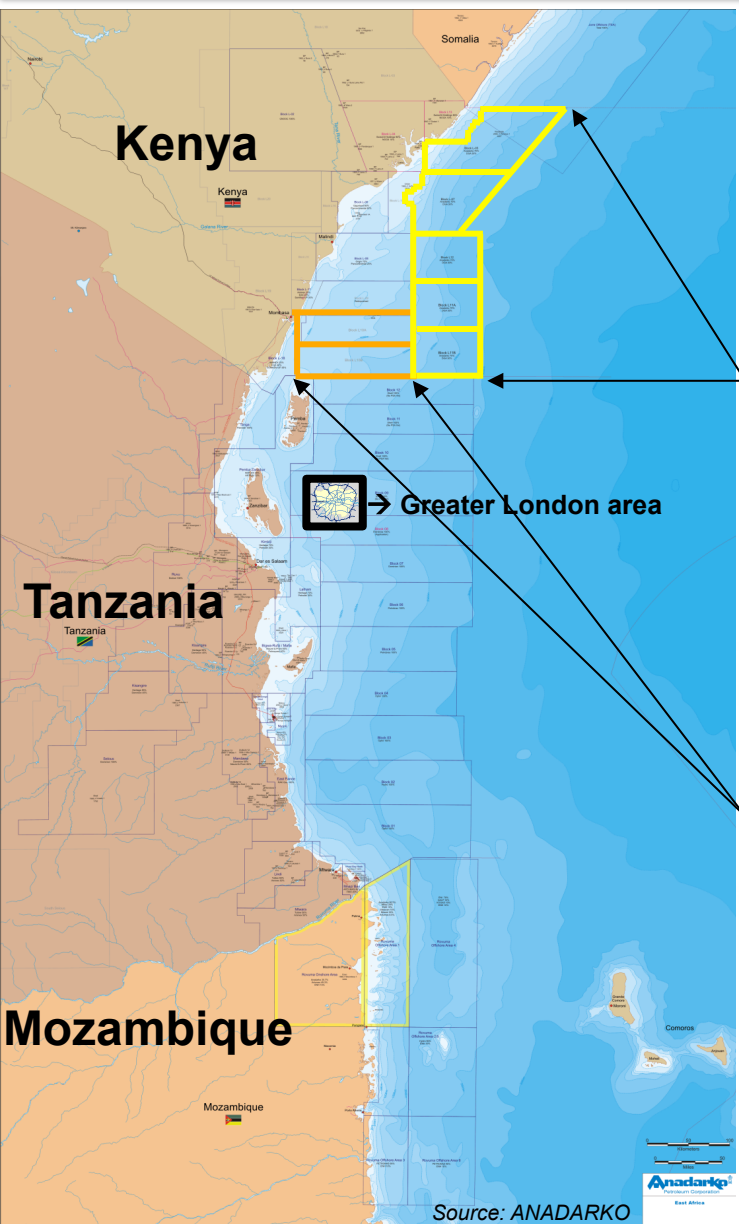
## World-class LNG project

- Initial development with 2x 5 mtpa LNG train facility
  - Proven development technology
  - Resources far exceed threshold for LNG development
  - Expandable for future growth
- Demonstrated project management skills
  - Site selection completed
  - Plan to award FEED contracts in 2012
  - FID in late 2013
  - First sales in late 2018
- Long-lived production benefits for Mozambique
  - Infrastructure improvements
  - Substantial income stream to Government
  - Long-term foreign direct investment



Source: Wood Mackenzie

# Kenya Offshore – An Emerging Opportunity



- Large acreage position in Kenya offshore: ca 41,000 km<sup>2</sup> (10.2m acres)
- Similar depositional environment to Rovuma basin in Mozambique
- Multiple play types
- Evidence of petroleum system (flat spots, seeps)
- Under explored: only 4 offshore wells in Kenya (only 1 in deepwater)

Blocks L5, L7, L11A, L11B, L12	
<b>Acreage</b>	<b>30,632 km<sup>2</sup> (3,063 km<sup>2</sup> net to Cove)</b>
<b>Partnership</b>	<ul style="list-style-type: none"> <li>• Cove (<i>partly carried</i>): <b>10%</b></li> <li>• Anadarko (<i>operator; partly carried</i>): <b>50%</b></li> <li>• Total: <b>40%</b></li> </ul>
<b>Past activity</b>	<ul style="list-style-type: none"> <li>• Q3 2010: purchased DGA interest</li> <li>• Q3 2011: Total farm-in</li> <li>• Q3/4 2011: ca 3,000 km<sup>2</sup> 3D seismic</li> </ul>
<b>Near-term activity</b>	2012-2013: 3 exploration wells

Blocks L10A, L10B																						
<b>Acreage</b>	<b>10,516 km<sup>2</sup> (2,072 km<sup>2</sup> net to Cove)</b>																					
<b>Partnership</b>	<table border="1"> <thead> <tr> <th colspan="2"><u>Block L10A</u></th> <th colspan="2"><u>Block L10B</u></th> </tr> </thead> <tbody> <tr> <td>• Cove:</td> <td><b>25%</b></td> <td>• Cove:</td> <td><b>15%</b></td> </tr> <tr> <td>• BG (<i>operator</i>):</td> <td><b>40%</b></td> <td>• BG (<i>operator</i>):</td> <td><b>45%</b></td> </tr> <tr> <td>• Premier:</td> <td><b>20%</b></td> <td>• Premier:</td> <td><b>25%</b></td> </tr> <tr> <td>• Pan Continental:</td> <td><b>15%</b></td> <td>• Pan Continental:</td> <td><b>15%</b></td> </tr> </tbody> </table>	<u>Block L10A</u>		<u>Block L10B</u>		• Cove:	<b>25%</b>	• Cove:	<b>15%</b>	• BG ( <i>operator</i> ):	<b>40%</b>	• BG ( <i>operator</i> ):	<b>45%</b>	• Premier:	<b>20%</b>	• Premier:	<b>25%</b>	• Pan Continental:	<b>15%</b>	• Pan Continental:	<b>15%</b>	
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<b>Past activity</b>	<ul style="list-style-type: none"> <li>• Q2 2011: blocks awarded (low cost entry)</li> <li>• Q4 2011: ca 2,000 km<sup>2</sup> 3D seismic</li> </ul>																					
<b>Near-term activity</b>	Seismic processing, interpretation & evaluation																					

1. World-class LNG project with 27 to 60+ Tcf of gross discovered recoverable resources
  
2. Exploration potential:
  - Mozambique offshore
    - Gas resources within and outwith of discovery areas
    - Oil
  - Kenya offshore
    - Promising 3D seismic results
    - 2 Wells planned for Q1 2013
  - Mozambique onshore: 2D seismic and drilling scheduled
  
3. Fully funded for exploration & appraisal programmes into 2013



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