

# Challenger Energy Group

## Uruguay Offshore – An Emerging Oil Province



**Randolph Hiscock**  
Country Head – CEG Uruguay  
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- **AIM-listed, Caribbean/ Atlantic junior with regional asset portfolio**
- **Trinidad-focussed production business with low-risk growth trajectory**
- **Early-stage assets with minimal holding cost, no fixed commitments, and value upside given strong interest from conjugate margin success**

## Production assets

**Trinidad – five onshore producing fields – production and cash flow growth focus**

*Clear path identified to deliver production increase and cash flow growth*

*c. \$100m of accumulated tax losses to shelter future income*

*M&A options; production development options: SWP and Suriname projects*

**Suriname – appraisal stage onshore project – seeking partners**

## Early-stage assets

**Value upside via farm-outs / partnerships**

*Uruguay: offshore low-cost optionality, multi-billion barrel potential recoverable; recent conjugate margin success driving interest; strategic partnering process*

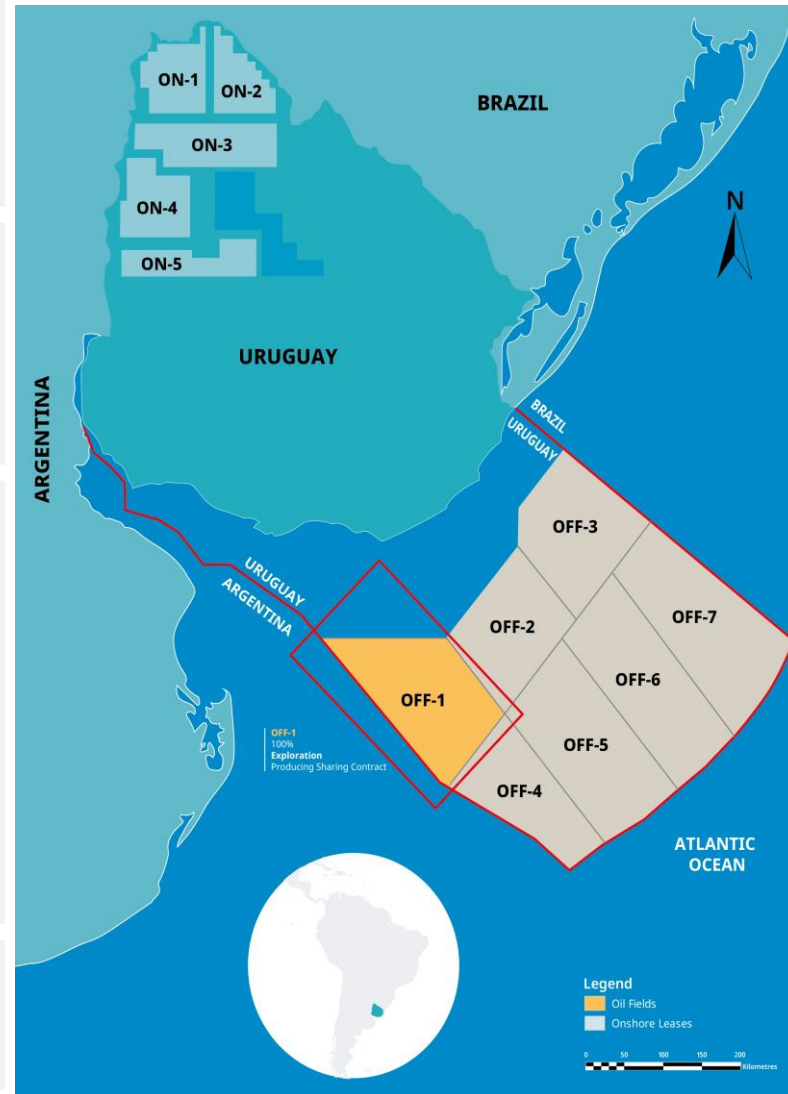
*Trinidad: extensive onshore SWP acreage*

*The Bahamas: offshore exploration licences*



# Challenger Energy: AREA OFF-1 Summary

<p><b>Large, shallow water offshore licence</b></p>	<ul style="list-style-type: none"> <li>• 14,557 km<sup>2</sup> AREA OFF-1 licence; CEG 100% working interest</li> <li>• ~ 100 to 150 kms offshore Uruguay in the Punta del Este basin</li> <li>• 20 meters to 1,000 metres water depth; prospects identified in 80 metres to 800 metres</li> </ul>
<p><b>Low-cost initial 4-year exploration term; long tenure</b></p>	<ul style="list-style-type: none"> <li>• Initial 4-year exploration period; low-cost work commitments (G&amp;G studies: 2D seismic data licencing, 2D reprocessing and interpretation)</li> <li>• Period extendable for drilling: 3D or 2D new acquisition</li> <li>• 30-year tenure (with potential 10-year extension)</li> <li>• Initial term commenced 25 August 2022</li> </ul>
<p><b>Multi-billion barrel potential, de-risked by regional analogues and “mega”-discoveries in conjugate margin</b></p>	<ul style="list-style-type: none"> <li>• &gt; 60 leads &amp; prospects from Aptian-Albian turbidites to Lower Cretaceous syn-rift plays</li> <li>• Vastly underexplored area; only 2 wells in the Punta del Este basin; both wells drilled in mid-70’s in 20 metres water depth – P&amp;A with oil shows; no 3D seismic on block</li> <li>• Analogous stratigraphic and structural plays to the Orange basin</li> <li>• Recent Namibian conjugate margin Venus and Graff discoveries, has de-risked the Lower Cretaceous petroleum system and source</li> <li>• AREA OFF-1 Yet to Find resource estimated at + 1.5 billion barrels of prospective resources; 1.36 billion barrels recoverable prospect (Lenteja prospect) identified in 80 metres water depth</li> </ul>
<p><b>Low country risk with attractive fiscal terms</b></p>	<ul style="list-style-type: none"> <li>• Top ranked country in South America for political risk, social stability, control of corruption and rule of law</li> <li>• Globally competitive, upper quartile fiscal regime; no bonus or royalties</li> </ul>



# Offshore Uruguay & Northern Argentina

## An emerging offshore province

- In June 2022, Shell and Apache were announced as having successfully bid for 3 new licences offshore Uruguay
- Licence holders from 2019 awards in adjacent Northern Argentina basins will be acquiring 3D seismic in the next 6 to 12 months
- > US\$ 200m in exploration is estimated to be expended by industry offshore Uruguay and Northern Argentina in next few years

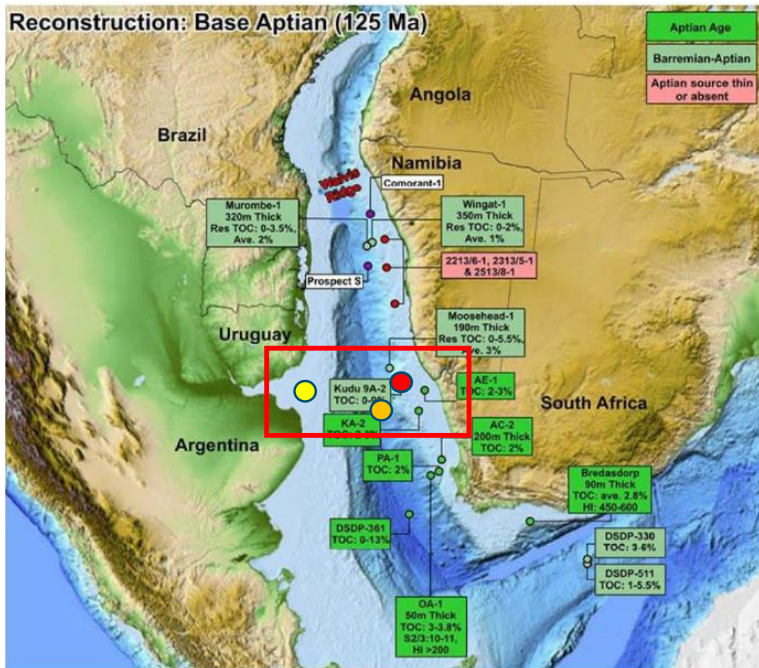




# AREA OFF-1: De-risked by recent discoveries offshore Namibia

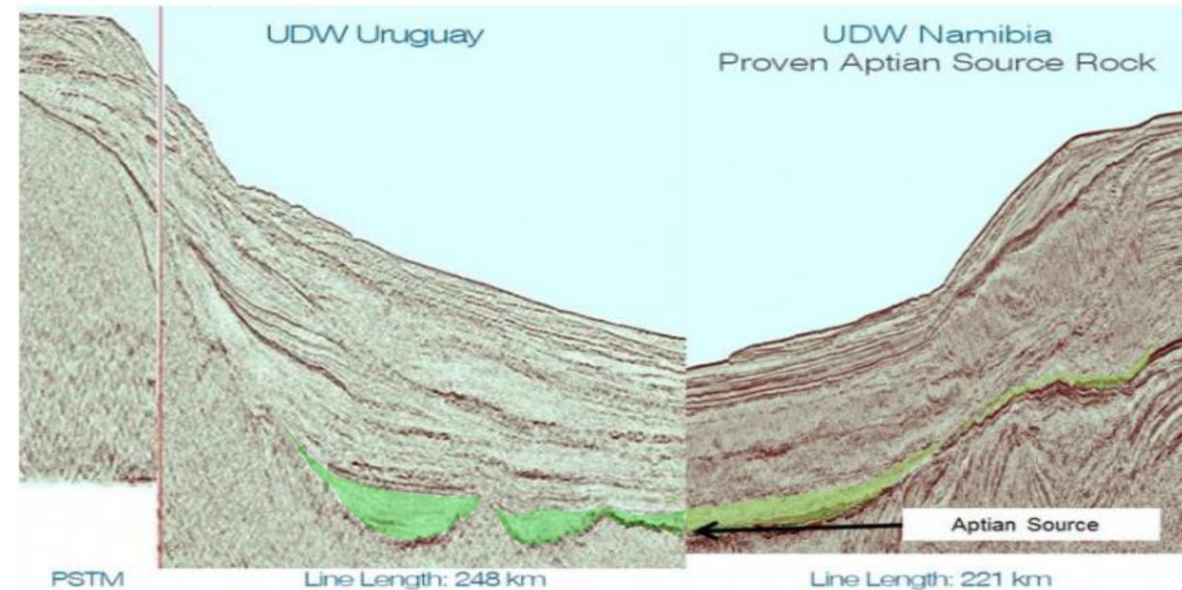
## Recent Namibian discoveries de-risk the Aptian source presence and maturity in Northern Argentina-Uruguay basins

- Aptian source rocks are believed to charge the Venus (TotalEnergies) & Graff (Shell) basin floor fan turbidite discoveries
- Lower Cretaceous Aptian source rock has a diagnostic, high amplitude seismic signature evident on the shelf and deep water
- Aptian lacustrine shale confirmed as the source rock in the Namibian Kudu field on the shelf
- Aptian source now proven on the South African margin and can be seismically correlated to the South American conjugate basins



- Venus & Graff
- Area OFF-1
- Kudu Field

### URUGUAY- NAMIBIA/SOUTH AFRICA CONJUGATE BASINS (Aptian Source Rock Correlation)

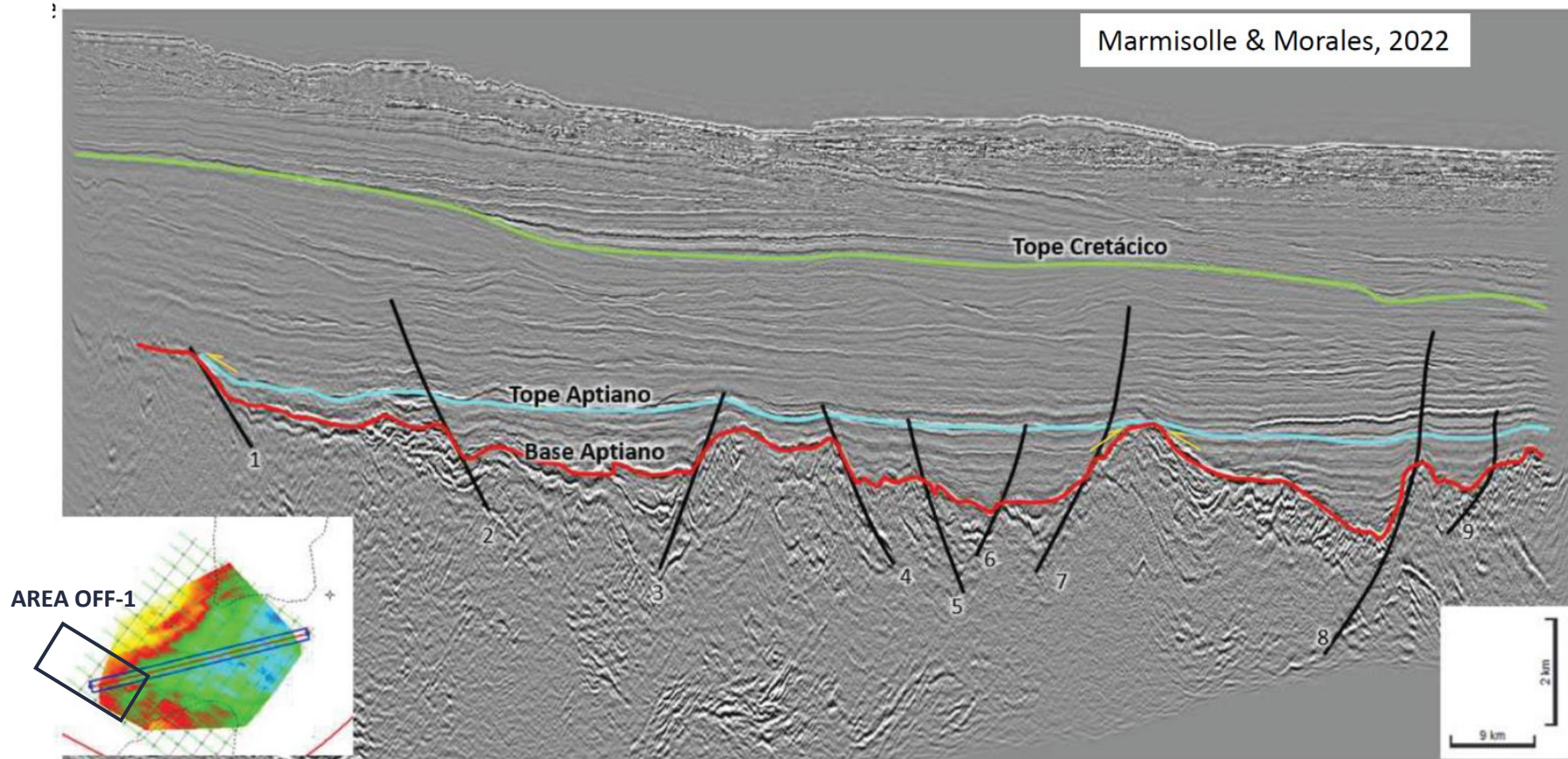


Source: Spectrum. <https://www.spectrumgeo.com/press-release/exxon-and->

Seismic Detection of Source Rocks  
Ian Davison Earthmoves Ltd.; Karyna Rodriguez and David Eastwell,  
Spectrum Geo Ltd.

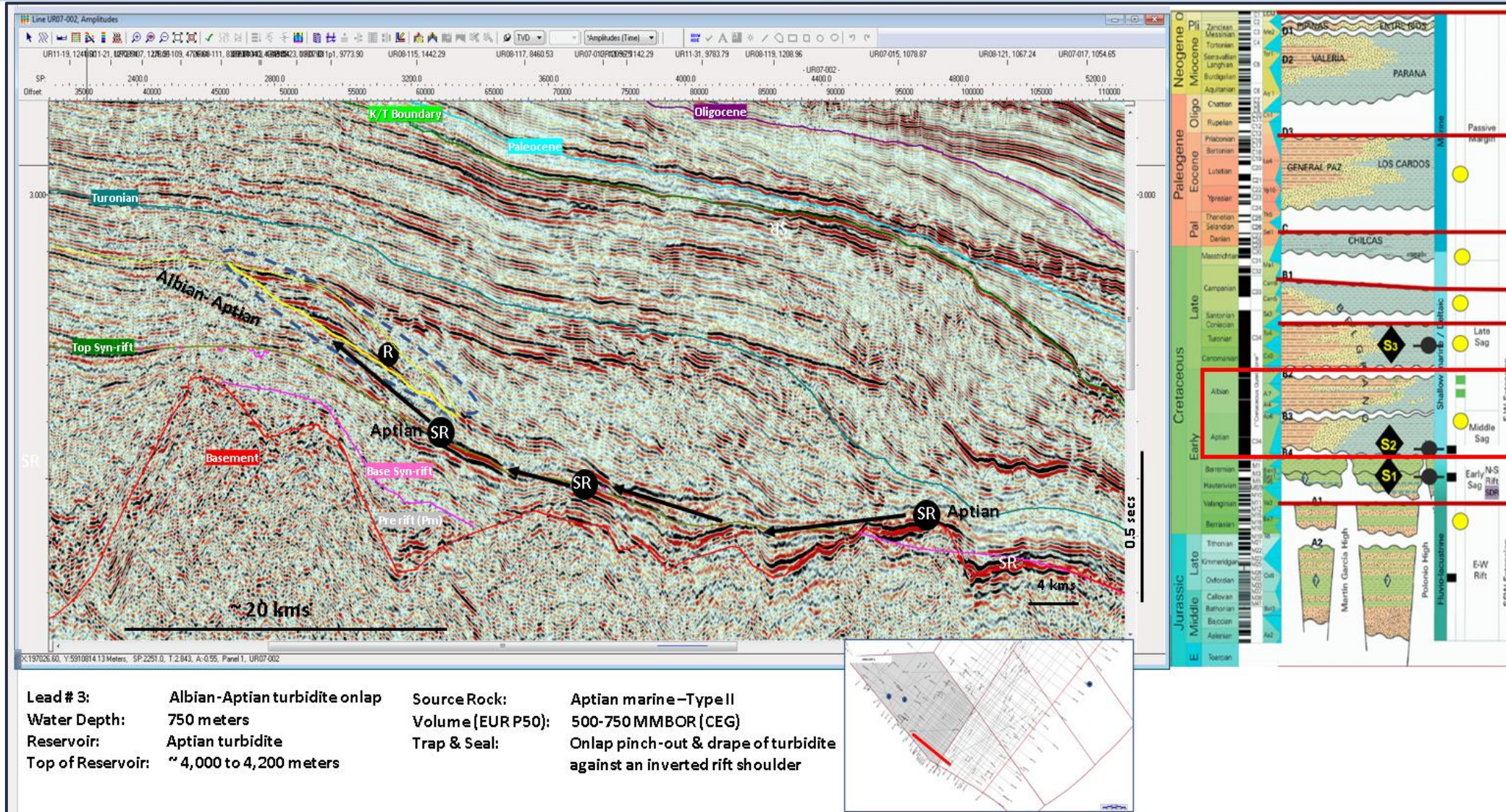
# Uruguay Margin: Aptian Source Rock Present

- The Aptian interval can be seismically mapped and represents the first regional transgressive event along the Uruguayan margin
- Aptian marine shale drapes over horst shoulders highs and is deposited into the graben lows
- An Aptian depocenter in the south in AREA OFF-1 corresponds to the Rio de la Plata transfer zone in a NW-East orientation



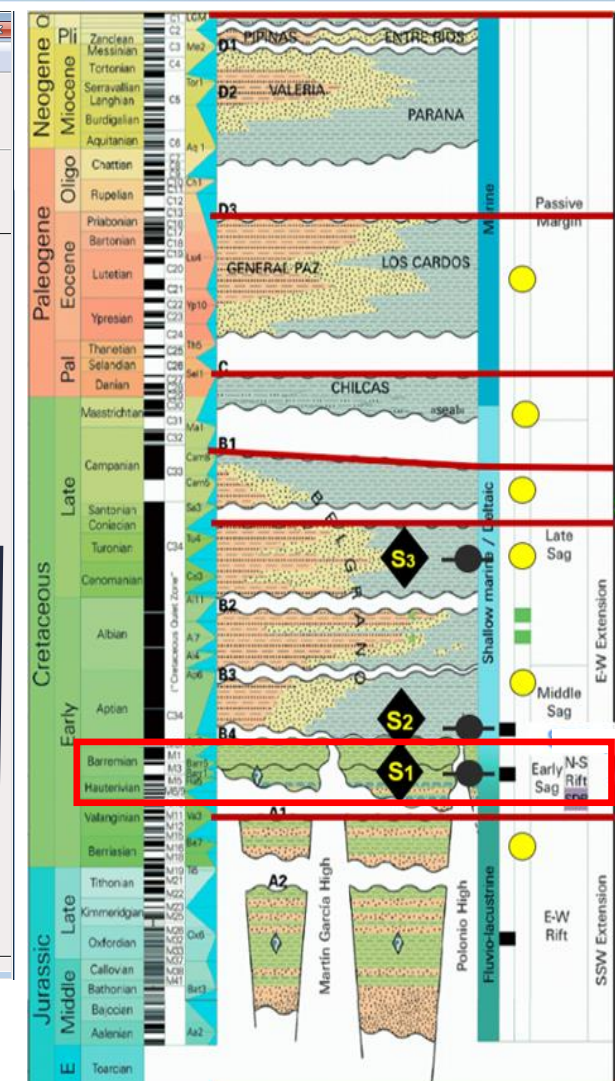
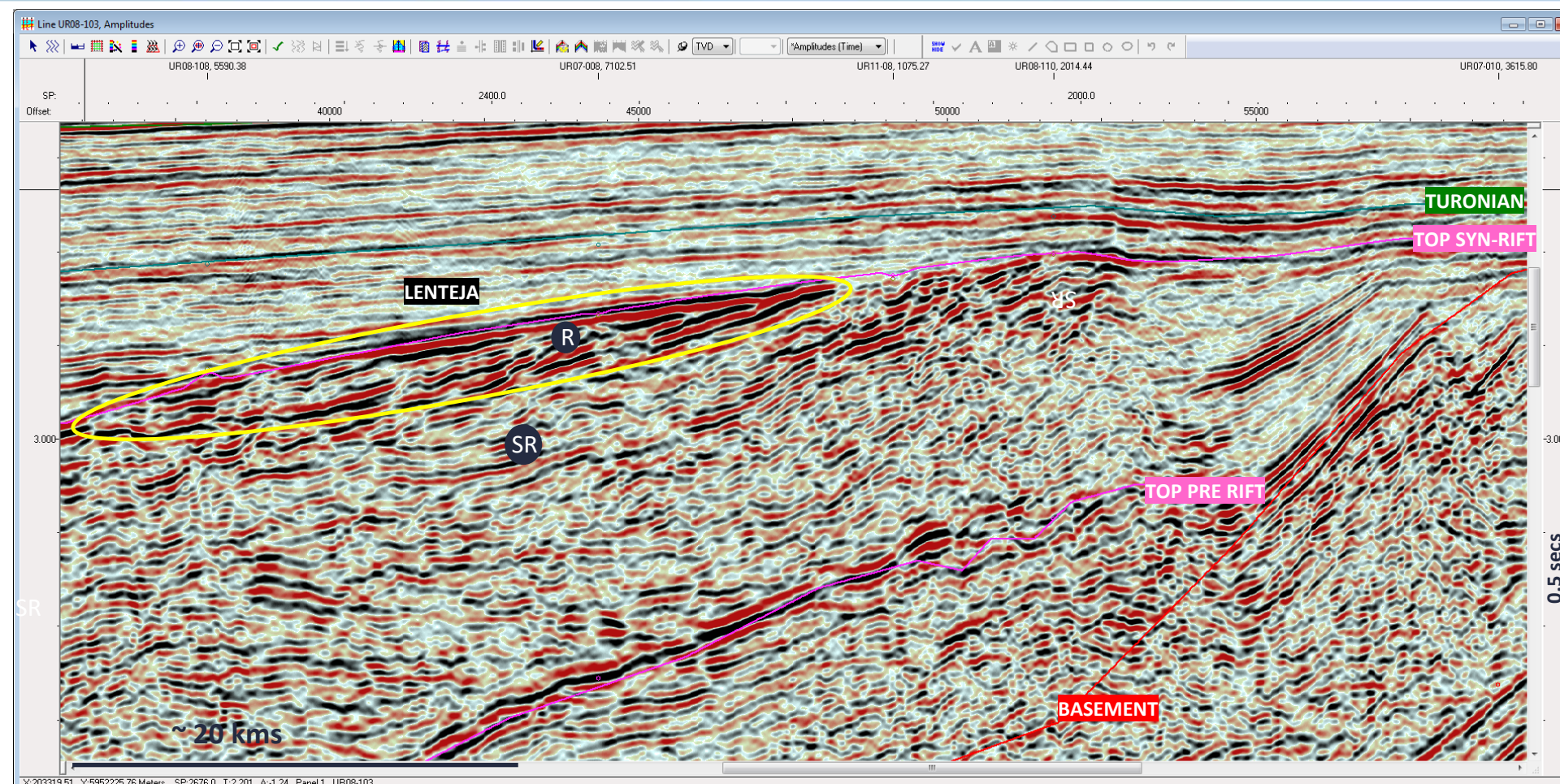


# AREA OFF-1: Aptian Turbidite Prospect



# AREA OFF-1: Lenteja Prospect

## Ganzania & Kudu analog, 0.5 to 1.0 Billion bbl potential



**Lead :** Lenteja – Early Cretaceous syn-rift alluvial fan  
**Water Depth:** ~ 80 metres  
**Reservoir:** Hauterivian - Barremian alluvial fan  
**Top of Reservoir:** ~ 4,800 metres

**Source Rock:** Lower Cretaceous lacustrine – Type I/II  
**Volume (EUR P50):** 1,395 mmbor (Source: ANCAP) to 500 mmbor (CEG)  
**Area:** P10: 423km<sup>2</sup> P90: 47 km<sup>2</sup>

# AREA OFF-1: Summary



<b>Licence area and location</b>	<ul style="list-style-type: none"> <li>• 14,557 km<sup>2</sup> OFF-1 licence area; Punte del Este basin; ~100kms offshore Uruguay in 20m – 1000m water depth</li> </ul>	
<b>WI &amp; Operatorship</b>	<ul style="list-style-type: none"> <li>• 100% working interest (no restriction on farm-outs / strategic partnerships); CEG is the Operator</li> </ul>	
<b>Licence Tenure</b>	<ul style="list-style-type: none"> <li>• 30-year tenure including exploration (max 12 years) and exploitation (max 25 years)</li> <li>• 10-year extension available after 25 years and 2 years before expiry</li> </ul>	
<b>Exploration Periods and Work Commitments</b>	<ul style="list-style-type: none"> <li>• Initial 4-year exploration period, commenced 25 August 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Geological evaluation &amp; studies including resource estimation</li> <li>• Licencing 2,000 kms 2D seismic data from ANCAP</li> <li>• Seismic reprocessing and interpretation</li> </ul>
	<ul style="list-style-type: none"> <li>• 2<sup>nd</sup> period, if elected, either a 3-year extension or, a 2-year extension</li> </ul>	<ul style="list-style-type: none"> <li>• 1 well commitment (no relinquishment)</li> <li>• 1,000 work units commitment; 50% relinquishment</li> <li>• Equivalent to 2,500 km<sup>2</sup> 3D or 5,000 km 2D; or a mix of the two</li> </ul>
	<ul style="list-style-type: none"> <li>• Optional further 3-year extension</li> </ul>	<ul style="list-style-type: none"> <li>• 1 well commitment with 30% relinquishment</li> </ul>
	<ul style="list-style-type: none"> <li>• Cost recovery and R-factor (revenue / cost ratio) based profit split</li> <li>• CEG profits taxed at corporate tax rate (currently 25%)</li> <li>• No signature bonus, royalties or annual licence fees except US\$50k annual CSR contribution</li> </ul>	
<b>ANCAP participation</b>	<ul style="list-style-type: none"> <li>• Up to 20% participating interest in each commercial field developed</li> <li>• On heads-up basis (i.e., no carry); reimbursement of pro-rata share of past costs</li> </ul>	

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