29 November 2018

Discover Exploration farms out Comoros PSC to Tullow Oil

London, UK - Discover Exploration Limited ("Discover"), an upstream oil and gas company, announces that its wholly-owned subsidiary Discover Exploration Comoros B.V. has signed a binding agreement to farm out a 35% working interest in its Production Sharing Contract (PSC) covering blocks 35, 36 & 37 offshore the Union of the Comoros ("Comoros PSC") to Tullow Comoros Limited, a wholly-owned subsidiary of Tullow Oil plc ("Tullow").

As part of the transaction, Tullow will become the operator, and will partly carry Discover for a 3D seismic survey and the first exploration well. The transaction is subject to governmental consent.

Simultaneously, Discover has signed a binding agreement to acquire (subject to certain conditions) the entire issued share capital of Bahari Resources Limited ("Bahari"), its 40% joint venture partner in the Comoros PSC.

Following completion of both transactions, Discover will hold a 65% non-operated working interest in the Comoros PSC (through its wholly-owned subsidiaries Discover Exploration Comoros B.V. and Bahari), while Tullow will hold the remaining 35% and operatorship (through its wholly-owned subsidiary Tullow Comoros Limited).

The Comoros PSC covers a deep water area of 16,063 km² (circa 4 million acres) and is outboard of circa 200 trillion cubic feet ("TCF") of gas in place discovered in Rovuma Areas 1 and 4, offshore Mozambique. The joint venture partners of Rovuma Areas 1 and 4 include Anadarko Petroleum Corp., China National Offshore Oil Corp. (CNOOC), Eni S.p.A., ExxonMobil Corp., Mitsui & Co. and PTT Exploration and Production (PTTEP).

In a Competent Persons Report dated August 2018, ERCE, the UK-based independent energy consulting group, estimates that two partly stacked prospects in Comoros blocks 35, 36 & 37 together contain gross mean unrisked prospective resources of circa 7.1 billion barrels of oil (+1.1 TCF of associated gas) in an oil case or 49 TCF of non-associated gas (+2.3 billion barrels of condensate) in a gas case.

Following ratification of the Comoros PSC in 2014, Discover and Bahari acquired and interpreted circa 3,900 km of 2D seismic data, and conducted a range of exploratory studies. This farm out to Tullow marks the successful completion of the first exploration period. The partnership is now preparing to acquire a 3D seismic survey, the first ever in the Comoros.

Michael Blaha, Executive Chairman of Discover, said: “We are excited that Tullow joins Discover in this highly prospective license. With its extensive deep water drilling expertise, Tullow is a strong partner for this venture. Together, we look forward to unlocking the significant potential of our Comoros blocks.”

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Aggregation
Probabilistic
Cenomanian
Eocene
Prospect
Gas Case

by ERCE

The gross unrisked prospective resources from the Competent Persons Report (August 2018) by ERCE are as follows:

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About Discover Exploration
Discover is led by the same executive team that founded, developed and sold Cove Energy plc (“Cove”) in 2009-2012. The team has strong expertise in upstream oil and gas across Africa, Europe, Asia and the Middle East.

Cove held an 8.5% non-operated working interest in Rovuma Area 1 offshore Mozambique, where operator Anadarko Petroleum Corp. discovered circa 75 TCF of recoverable gas. In 2012, Cove was acquired by PTTEP for US$1.9 billion.

Discover’s portfolio consists of:
- 65% working interest in exploration blocks 35, 36 and 37 offshore the Comoros, operated by Tullow Oil plc (subject to governmental consent);
- 35% working interest in Petroleum Exploration Permit 38264 (PEP 38264) offshore New Zealand, operated by Beach Energy Limited;
- 22.5% to 45% working interests in exploration and production licenses GEms and 4Quads offshore the Netherlands, operated by Orange-Nassau Energie B.V.;
- 45% working interest in exploration license Geldsackplate offshore Germany, operated by Orange-Nassau Energie B.V.;
- 20% working interest in exploration license H&L offshore Germany, operated by Wintershall Holding GmbH;
- 32% working interest in exploration license 14/16 offshore Denmark, operated by Edison S.p.A.; and
- A signed farm in agreement, subject to joint venture partner and governmental approvals, to acquire a 25% non-operated working interest in an exploration license offshore West Africa.

The gross unrisked prospective resources from the Competent Persons Report (August 2018) by ERCE are as follows:

<table>
<thead>
<tr>
<th>Oil Case</th>
<th>Oil Gross Unrisked Prospective Resources (MMstb)</th>
<th>Associated Gas Gross Unrisked Prospective Resources (Bscf)</th>
<th>Chance of Success</th>
<th>Discover Working Interest</th>
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<tbody>
<tr>
<td>Prospect</td>
<td>Low</td>
<td>Best</td>
<td>High</td>
<td>Mean</td>
</tr>
<tr>
<td>Eocene</td>
<td>422</td>
<td>2,125</td>
<td>10,383</td>
<td>4,501</td>
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<tr>
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<td>1,385</td>
<td>5,873</td>
<td>2,602</td>
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<tr>
<td>Probabilistic Aggregation</td>
<td>448</td>
<td>2,341</td>
<td>10,324</td>
<td>4,545</td>
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</table>

<table>
<thead>
<tr>
<th>Gas Case</th>
<th>Gas Gross Unrisked Prospective Resources (Bscf)</th>
<th>Condensate Gross Unrisked Prospective Resources (MMbbl)</th>
<th>Chance of Success</th>
<th>Discover Working Interest</th>
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</thead>
<tbody>
<tr>
<td>Prospect</td>
<td>Low</td>
<td>Best</td>
<td>High</td>
<td>Mean</td>
</tr>
<tr>
<td>Eocene</td>
<td>3,241</td>
<td>14,996</td>
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<td>29,379</td>
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<tr>
<td>Cenomanian</td>
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<td>11,734</td>
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<tr>
<td>Probabilistic Aggregation</td>
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<td>17,826</td>
<td>70,664</td>
<td>31,968</td>
</tr>
</tbody>
</table>
Notes:
1) “Gross Unrisked” prospective resources are 100% of the volumes estimated to be recoverable from an accumulation. These are unrisked and have not been multiplied by a chance of success, nor a chance of development.
2) Chance of Success is an estimate of the probability that drilling the prospect would result in a discovery as defined under SPE PRMS.
3) “Probabilistic Aggregation” accounts for dependent risks and the “Chance of Success” is the chance of finding one or more prospective layers.
4) “Discover Working Interest” is Discover’s working interest after completion of the farm-out to Tullow.
5) “MMstb” is million stock tank barrels; “Bscf” is billion standard cubic feet; “MMbbl” is million barrels.

Discover’s principal shareholders are: (i) Carlyle International Energy Partners (CIEP), a $2.5 billion fund that invests in global oil and gas exploration and production, mid- and downstream, oil field services and refining and marketing in Europe, Africa, Latin America and Asia; and (ii) ONH B.V., the holding company of Oranje-Nassau Energie B.V., the largest privately-owned exploration and production operating company in the Netherlands.

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