



DINARIDES FOLD AND THRUST BELT

EXPLORATION CONCEPT

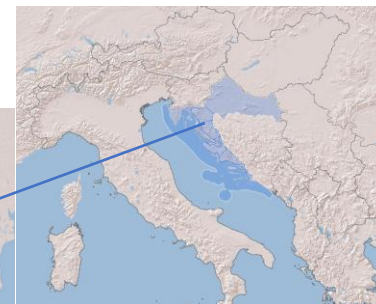
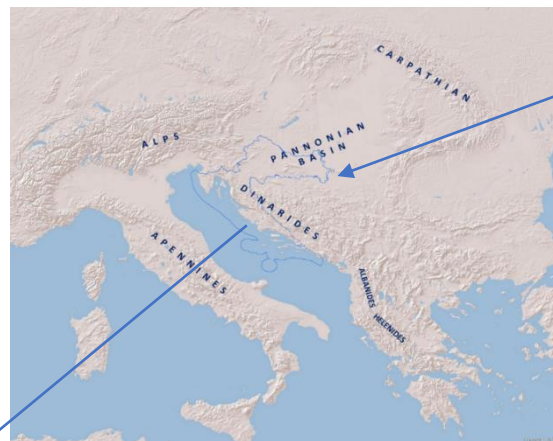




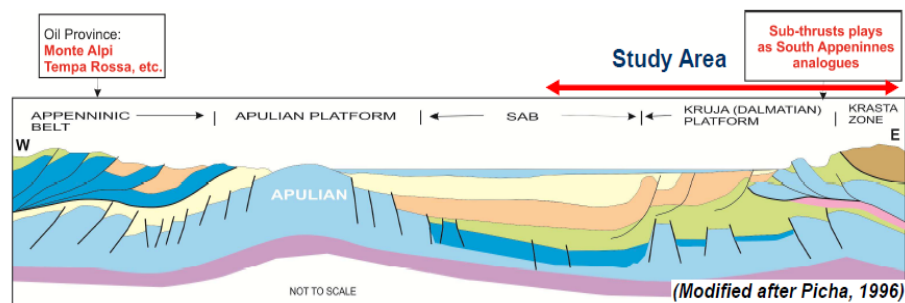
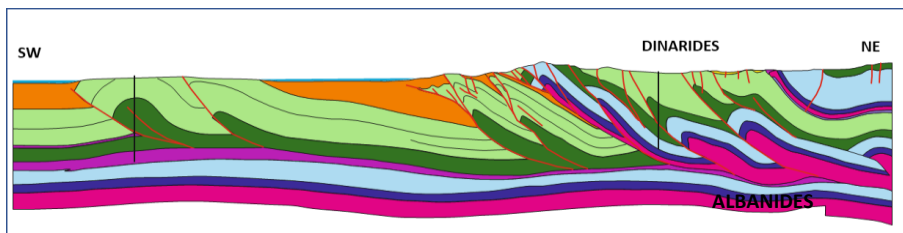
DINARIDES

3rd Onshore Bidding Round

- Underexplored frontier area (last activities in 80's)
- 4 exploration blocks - total acreage 12.126 sqkm
- Exploration period could last 7 years (3 + 2 + extension of 2x1)
- Exploration blocks are moved aside from coastline and parks



Dinarides have same geological evolution as Albanides and Hellenides. Correlation with geology of Southern Apennines and Val d'Agri discoveries





DINARIDES

Source Rocks

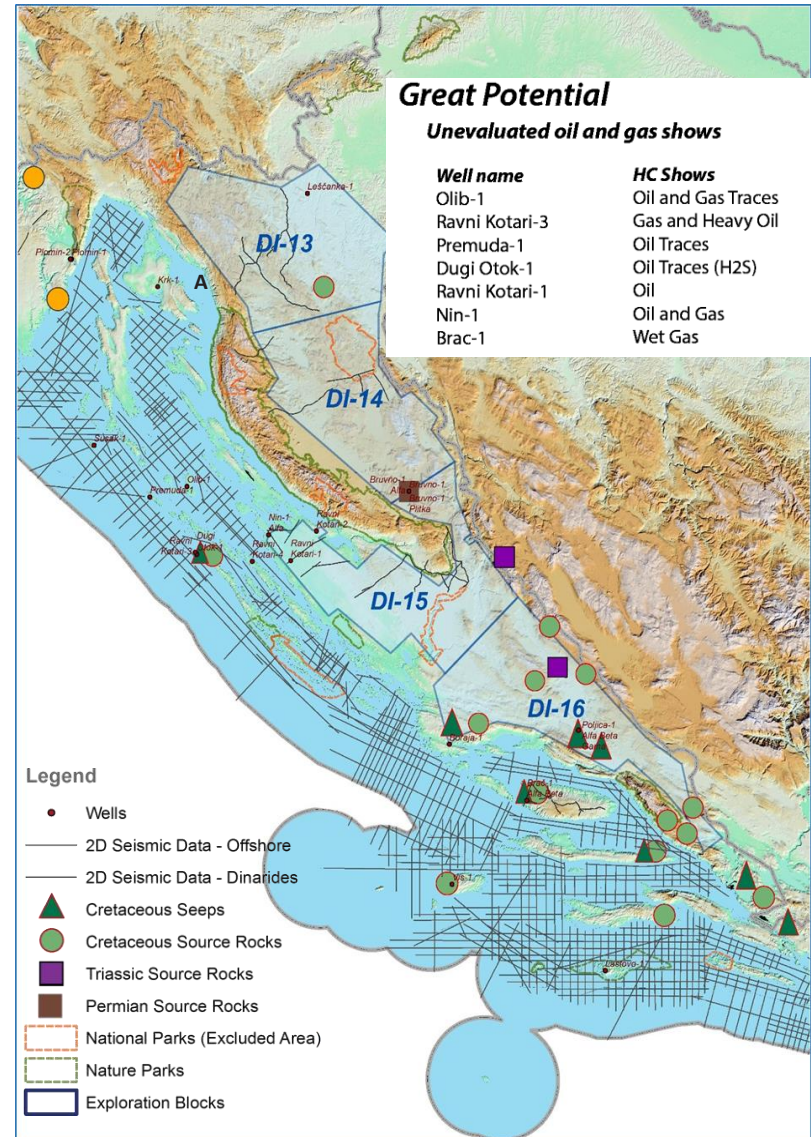
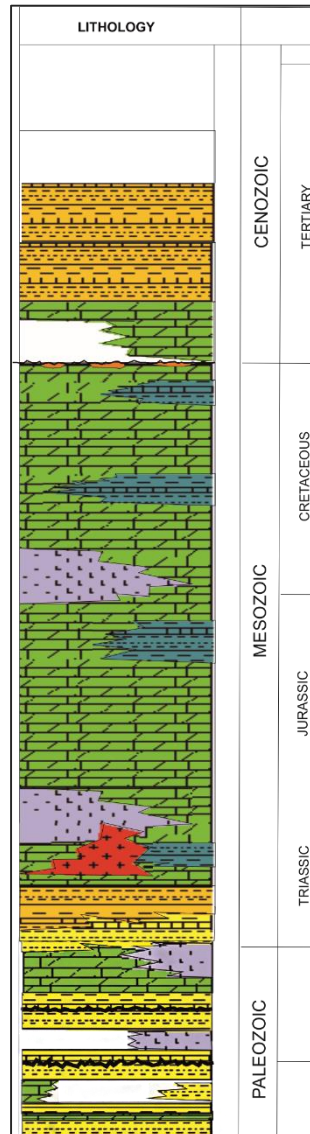
- **Carboniferous and Permian carbonates and clastics**
TOC 0,61-15%, type III and IV kerogen, thermal maturity at the end of peak gas or overmature;
- **Middle Triassic deep anoxic lagoons** Lower to mid mature stage of petroleum generation;
- **Ladinian and Carnian carbonates and clastics**
TOC up to 8%, type II kerogen in the late to postmature stage for oil generation;
- **Jurassic limestones (Lemes facies)**
TOC 0,3-27%, type I and II kerogen, *excellent source potential*, oil window prior to uplift and thrusting

Reservoir Rocks

- **Late Triassic, Middle and Late Jurassic, Early Cretaceous;**
- **Late Cretaceous - Paleogene**
Various type of shallow platform carbonates with primary, secondary and fractured porosity
- **Late Paleozoic and Early and Middle Triassic**
Siliciclastics

Seals

- **Evaporites** attributed to Late Permian, Late Jurassic and Early Cretaceous
- Basinal and anoxic **Shales/Platy Limestones** attributed to Upper Jurassic (Lemes facies) and Lower and Upper Cretaceous
- **Tertiary clastic (Flysh and Promina beds)**, Eocene - Miocene

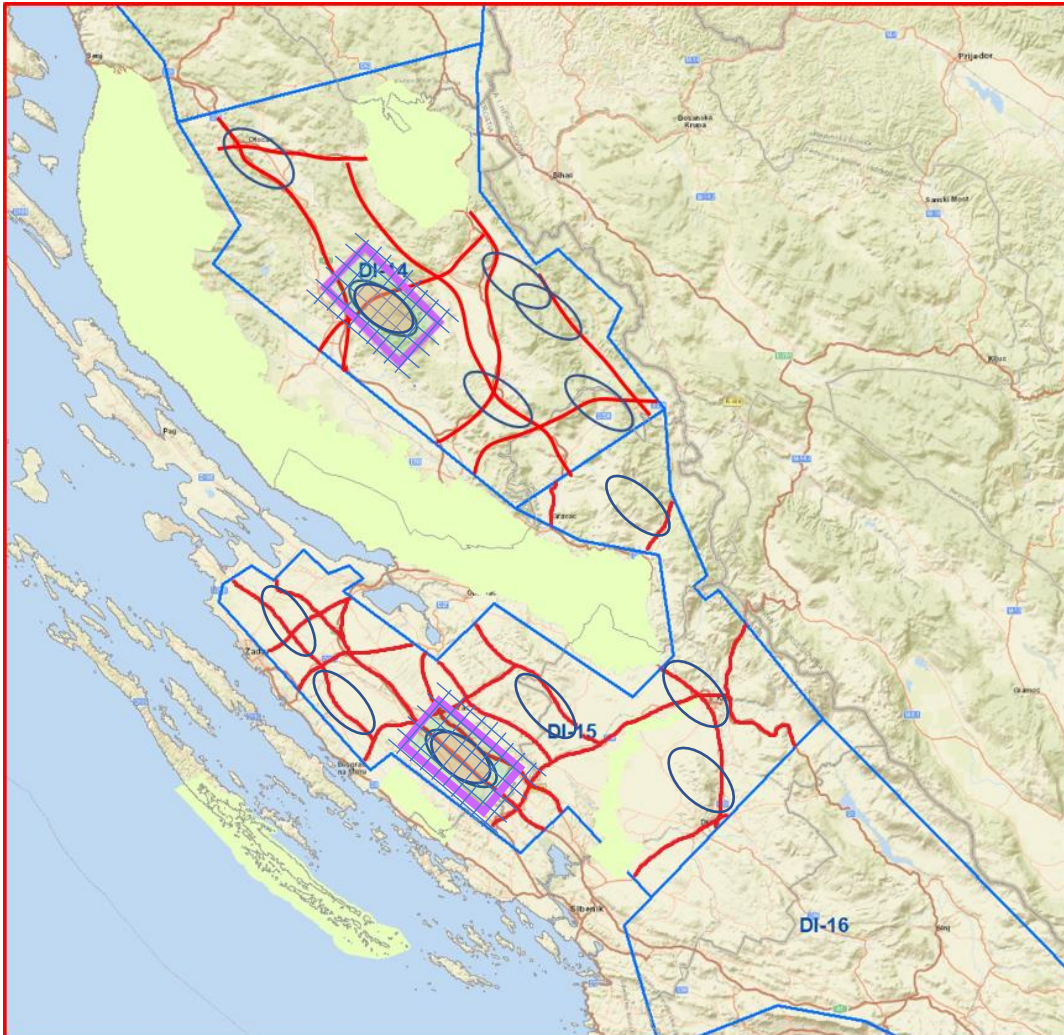




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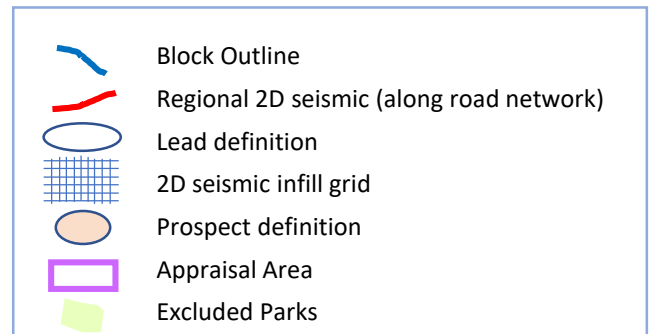
EXPLORATION CONCEPT

Year	2020				2021				2022				2023				2024				2025				2026				2027			
Exploration Phase	First Phase												1st extension				Second Phase												2nd extension			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Milestones													★				★															★
Fieldwork																																
Airborne FTG/Mag/LIDAR																																
2d Seismic acquisition - regional																																
2dSeismic acquisition - lead																																
Well																																



Blocks DI – 14 and DI – 15

1. Airborne gravity, magnetic Lidar to identify perspective area
2. Regional seismic grid to identify **leads** (initial lines shot along road network for more rapid viborseis acquisition)
3. Infill grids required over leads to delineate **prospect** size and drilling location





DINARIDES

Bidding Round Schedule - DINARIDES

February 8th 2019	Bidding Round opening
September 10th 2019, 12:00 a.m. local time	End date for submitting bids
December 2019	Indicative deadline for granting licenses

Criteria for exploration blocks DI-13, DI-14, DI-15, DI-16		Mark (up to)	Weight %
First exploration phase (3 years)	2D seismic survey	15	70
	Other activities	85	
	Reprocessing of existing seismic data	5	
	Airborne Gravity and Magnetic	50	
	Other surveys*	30	
Second exploration phase (2 years)	2D seismic survey	70	20
	Other surveys*	10	
	Number and depth of exploration wells	20	
Signature bonus		100	10

Bidders must satisfy:

- Administrative requirements
- Formal requirements
- Legal requirements
- Financial requirements
- Technical requirements
- Health, safety and environment requirements

Total duration of exploration period is up to seven (7) years
 First phase is 3 years and second is two years with two extensions each per one year
 Exit option after first phase (3 years) and after five years



CROATIA – SUMMARY OF FISCAL TERMS

Royalty	10% of the production
Cost recovery	Contractor is entitled to recover 100% of its approved petroleum costs. Unrecovered costs can be carried forward within the duration of the contract.
Cost recovery ceiling	70% of annually production net of royalty (onshore)
Profit production	The production remaining after royalty and cost recovery. Subject to further split between the State and the contractor.
Production sharing	Linked to R-factor
	R-FACTOR (R) Investor's Profit Share
	0 < R ≤ 1.0 90%
	1.0 < R ≤ 1.5 80%
	1.5 < R ≤ 2.0 70%
	R > 2.0 60%
Income tax	12% or 18% For revenues up to EUR 0.4 million, a tax rate of 12% applies, and for revenues equal to or exceeding HRK 0.4 million, a tax rate of 18% applies
Biddable fee	Signature bonus, min. EUR 0,19 million
Other fees	Production bonus, administrative fee, surface rental fees

