

# Sterling Resources Ltd TransAtlantic Petroleum Ltd

Sud Craiova Block EIII-7

**Romania**

August 2011



## Onshore Romania

Sterling Resources Ltd and TransAtlantic Petroleum Ltd are offering the opportunity to participate in a phased exploration program targeting a Silurian shale gas play onshore Romania with independently estimated, unrisks prospective in place resources in excess of 10 Tcf.

 **STERLING**  
RESOURCES

 **TRANSATLANTIC**  
*Petroleum Ltd.*

**FirstEnergy**  
CAPITAL

## Sud Craiova Block EIII-7

Sterling Resources Ltd (“Sterling”) and TransAtlantic Petroleum Ltd (“TransAtlantic”) are seeking a technically and financially robust partner to further explore and test the significant potential of the Silurian shale gas play in the Sud Craiova Block EIII-7, onshore Romania. Sterling and TransAtlantic have engaged FirstEnergy Capital LLP (“FirstEnergy”), as their exclusive financial advisor for this farm-out.

## Key Opportunity Highlights

Sterling and TransAtlantic each own a 50% interest in the Sud (South) Craiova EIII-7 exploration licence.

The licence is operated by Midia Resources SRL, a wholly owned Romanian subsidiary of Sterling. TransAtlantic’s interest is held by TransAtlantic Worldwide Romania SRL, a wholly owned subsidiary of TransAtlantic

## Strategic Opportunity

- Offers a unique opportunity to participate in a potentially significant unconventional shale gas play in a region receiving increasing industry interest
- Ideally suited to single strategic partner or small consortium of partners who share Sterling and TransAtlantic’s commitment to unlock the shale gas potential in the Sud Craiova block
- Phased work program planned to de-risk the play
- Prospect area and drilling location defined with a well planned for 2012

## Resources

- Independently estimated (RPS 2010) GIIP on block of 10Tcf (unrisked P50), with recoverable prospective resources of 3Tcf (P50 unrisked)

## Partnership Opportunity

- Sterling and TransAtlantic have strong management teams with considerable in-country experience and expertise
- Established strong relationships with authorities at local and governmental levels
- Ability to utilise the oil field services of Viking International Ltd, a wholly owned subsidiary of TransAtlantic

## Attractive Fiscal and Operating Environment

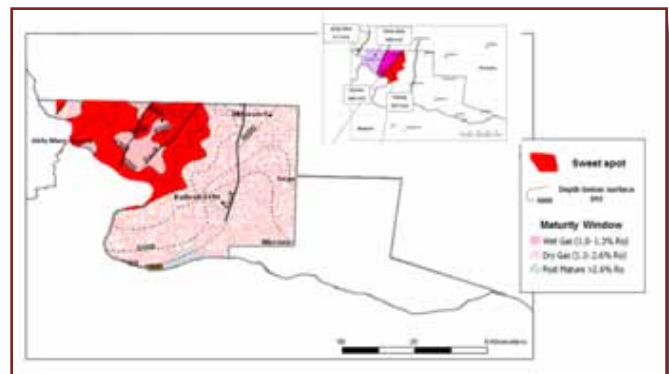
- Romanian licences governed by attractive fiscal terms
- Favourable gas market (Romania is currently a net gas importer), with domestic pricing converging to Gazprom pricing levels
- Long history of E&P industry presence in Romania, with established norms for operations
- Local conditions are ideal for safe and efficient operations with a growing oilfield services sector
- Proposed Nabucco pipeline would aid commercialisation of gas

# Asset Overview

## Sud Craiova EIII-7

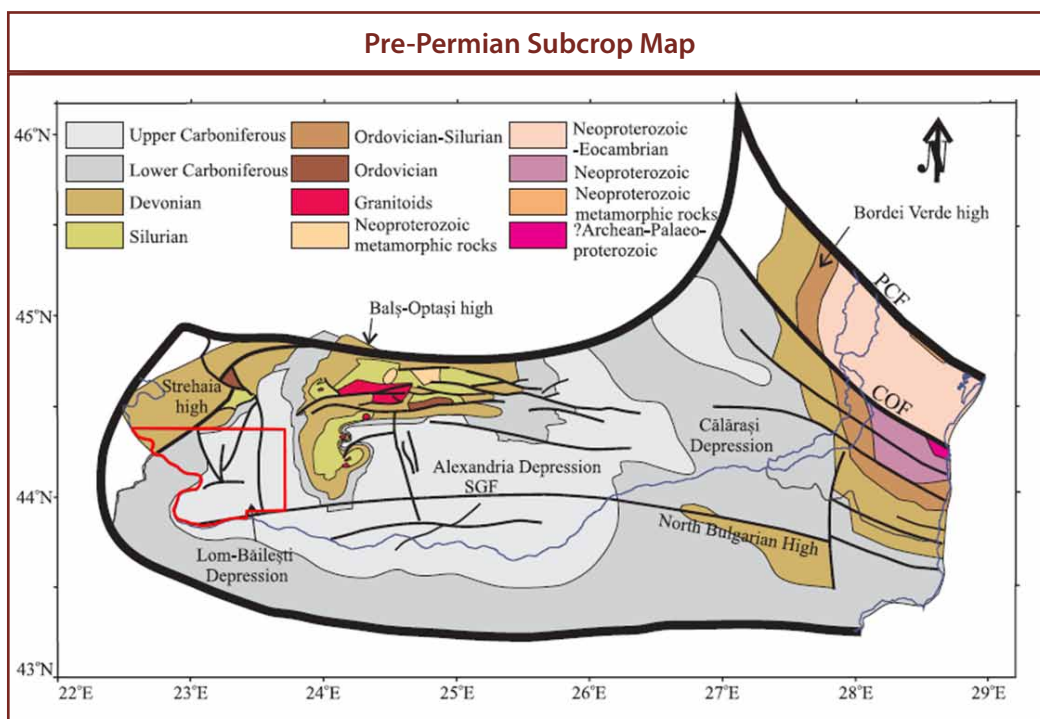
### Overview

- Block located in South-Western Romania, bounded in the South and West by the River Danube on borders with Bulgaria and Serbia
- Total area of 4,000km<sup>2</sup> (ca. 1.0 million acres)
- Remaining work commitment of 200 km 2D seismic outstanding
- The block lies within the Carpathian-Balkanian province, within the Moesian Platform petroleum system
- Wells drilled both on block and in adjacent areas demonstrate the unconventional potential of the area
- The licence partners have applied to enter Phase 2 of the Exploration Period which extends the licence expiry until December 2013 (additional extensions possible)



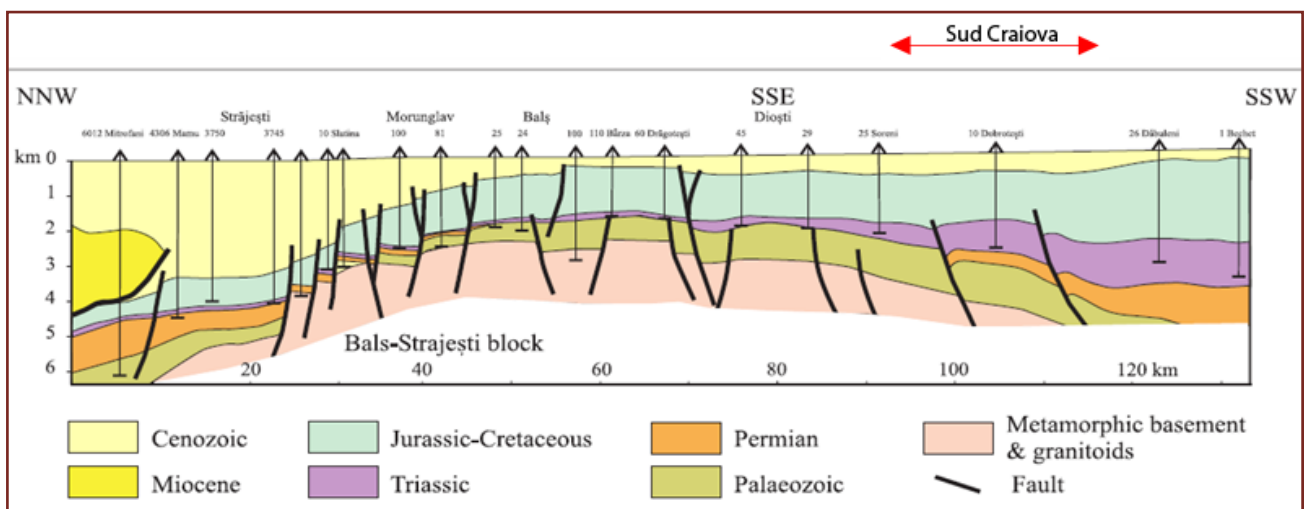
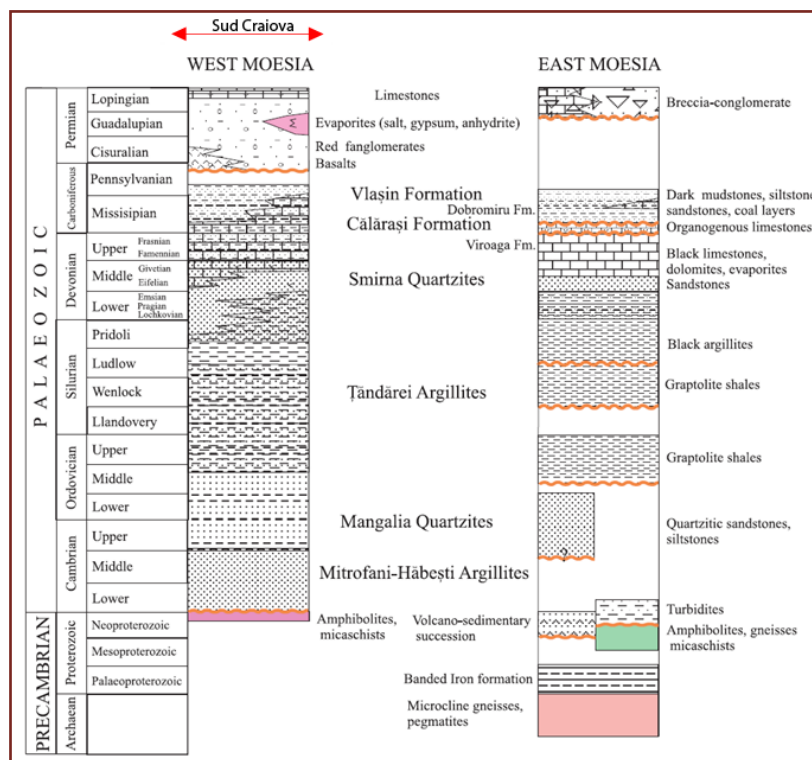
### Geology

- Moesian Platform comprises Mesozoic and Cenozoic rocks
- Greatest volumes of oil in Romania typically found in upper Miocene Triassic, Jurassic and Cretaceous clastic reservoirs
- Source rocks have been interpreted across the region as carbonate rocks and bituminous claystones of Middle Jurassic age, Early Cretaceous and Oligocene ages, Ordovician-Silurian shales and Carboniferous dolomite and shale



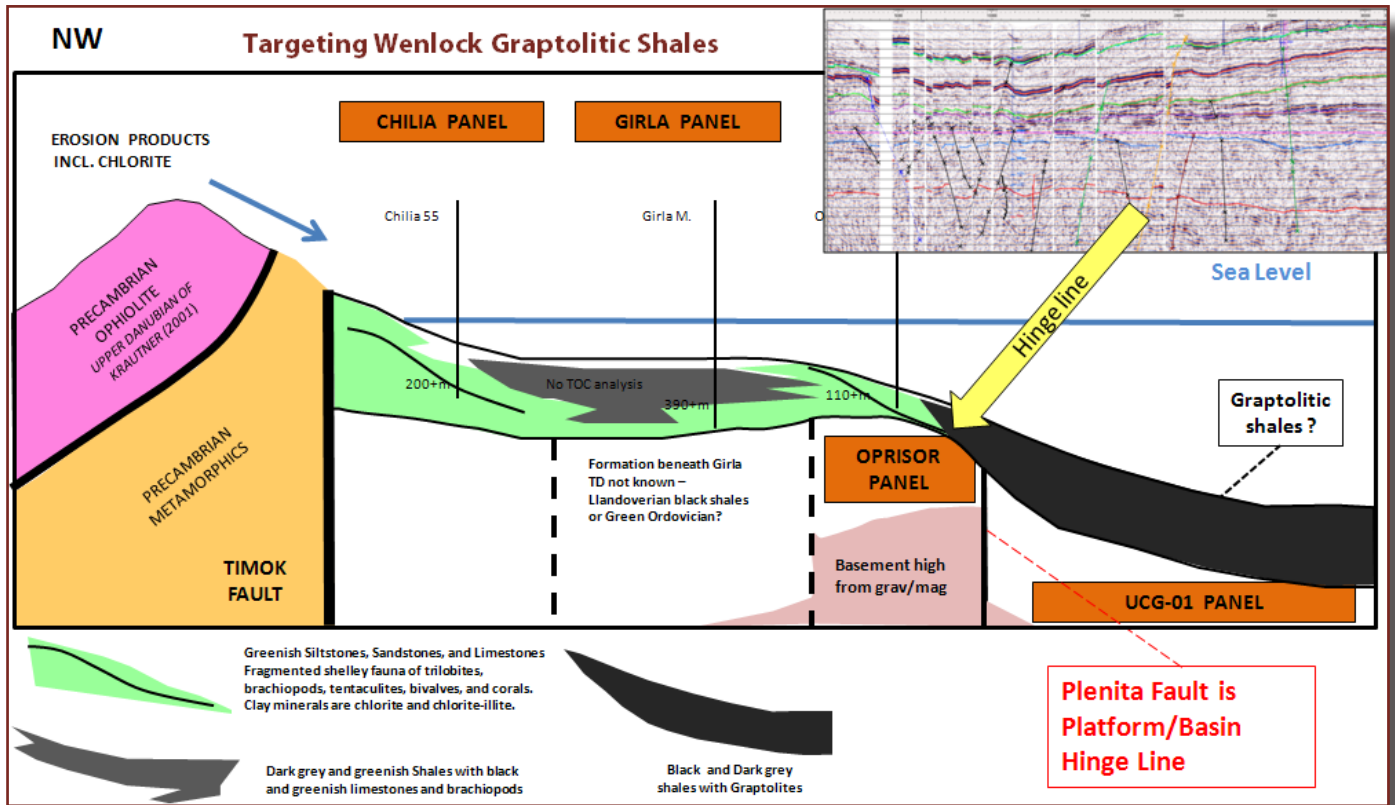
## Geology cont.

- The Silurian and Lower Devonian shales are widely and thickly developed across much of the Moesian Platform, in both Romania and Bulgaria, including the area across Sterling and TransAtlantic's Sud Craiova licence
- Silurian sediments have been encountered in a number of historic wells on both the Sud Craiova licence and surrounding area. Observations made in a number of wells, and surrounding outcrop studies, show that the Wenlockian (Lower Silurian) age black shales in the Moesian platform have gas potential
- Thick black Silurian shales are developed in the area at depths of approximately 4000 m



## Prospectivity

- Potential shale gas area covers 1600km<sup>2</sup> (400,000 acres)
- Based upon seismic, magnetic and geological models, the UCG-01 shale gas exploration area lies in a basinal area, where a black shale facies (Wenlock) is expected to be encountered at optimal maturity for gas generation
- A number of wells on block were drilled to a sufficient depth to encounter Wenlockian black shales as did a number of wells located on adjacent Romanian and Bulgarian acreage



- Field outcrop and well sampling from licence and adjacent acreage indicates TOC's of up to 4.5%
- Further Silurian shale characterisation (geochemical and basin) studies currently ongoing
- The UCG-01 well location targets a shale gas sweet spot with a 200ft average thickness. Other target areas (Oprisor & Gira Mare) are likely to also be prospective – further studies ongoing
- RPS 2010 estimated P50 gross prospective resources of up to 3Tcf (10 Tcf, P50 unrisked GIIP)

## Unconventional Shale Gas Analogues

### *Haynesville Shale – closest US analogue*

- TOC average 4.5%
- Shale is thermally mature
- Similar rock type

### *Operators typically estimate*

- 10-50 year well life
- Draining 80 acres/well
- Anticipate 5 Bcf/ well recovery

		Romania Silurian	Barnett	Eagleford	Haynesville
<b>TVD</b>	<b>Metres</b>	4200-4900	1800-2400	3000-4000	3300-3900
<b>Pressure</b>	<b>Psi/foot</b>	0.75	0.46	.55-.75	0.84
<b>Temperature</b>	<b>F</b>	300-350	180	230-300	260-320
<b>Average Log Porosity</b>	<b>%</b>	4.6	5.1	5.3	8.3
<b>10 Year Proj Cum</b>	<b>Bcf/well</b>	2-7	1-4	2-6	3-9

## Planned Work Program

- The partners propose a staged work program:

### Stage 1

- Acquire 500 km 2D seismic (which will fulfil Phase II work obligations)
- Drill a vertical well, core, log, frac and test

### Stage 2

*(should Stage 1 yield encouraging results)*

- Drill a horizontal well, core, log, frac and test

## Offering

Opportunity to participate in the exploration and testing of the potentially significant Silurian shale gas play in the Sud Craiova Block EIII-7, onshore Romania. Sterling and TransAtlantic's preference is for interested parties to earn up to a 50% interest, by offering a cash sum on entry, supplemented by funding a disproportionate share of the planned work program

## Transaction Process

Having signed a Confidentiality Agreement, interested parties will be offered a detailed management presentation by Sterling and TransAtlantic, as well as access to an Online Data Room. Seismic data can be reviewed in the physical data room located either in FirstEnergy's London or Calgary offices

Online Data Room Open	1 <sup>st</sup> September 2011
Physical Data Room Open	1 <sup>st</sup> September 2011
Bid Date	31 <sup>st</sup> October 2011

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