



CORPORATE PRESENTATION

**On The Right Path in Australia's
Cooper Basin Oil Fairway**

January 8, 2020

DENR OTC



DISCOVERYENERGY.COM

About Discovery Energy

Discovery Energy is an emerging oil and gas explorer focused on South Australian Cooper Basin oil projects. The Company's exploration program is underpinned and complemented by targeted corporate activity to take advantage of opportunities and build a portfolio of exploration prospects. Discovery's board and management have extensive technical and commercial experience in the oil and gas sector.



Discover
Appraise
Develop



World-class reservoirs with high recovery rates of ultra-light, sweet crude that pays a premium to Brent oil prices.

This is one of the **many reasons why** we are investing in drilling low risk, highly profitable shallow oil wells in the Cooper Basin.

About The Opportunity



Large Acreage Position

The PEL 512 Licence covers over 584,000 acres in the Western Flank of Australia's Cooper Basin, one of the world's most profitable oil plays.

Right Address

Low geopolitical risk, favourable royalty/tax regime and committed government support of resource development with access to source seismic and well data.

Strong Economic Returns

Low-cost shallow vertical wells with high flow rates of sweet, light oil that delivers rapid payback, compelling IRR's and significant value creation.

World-Class Reservoirs

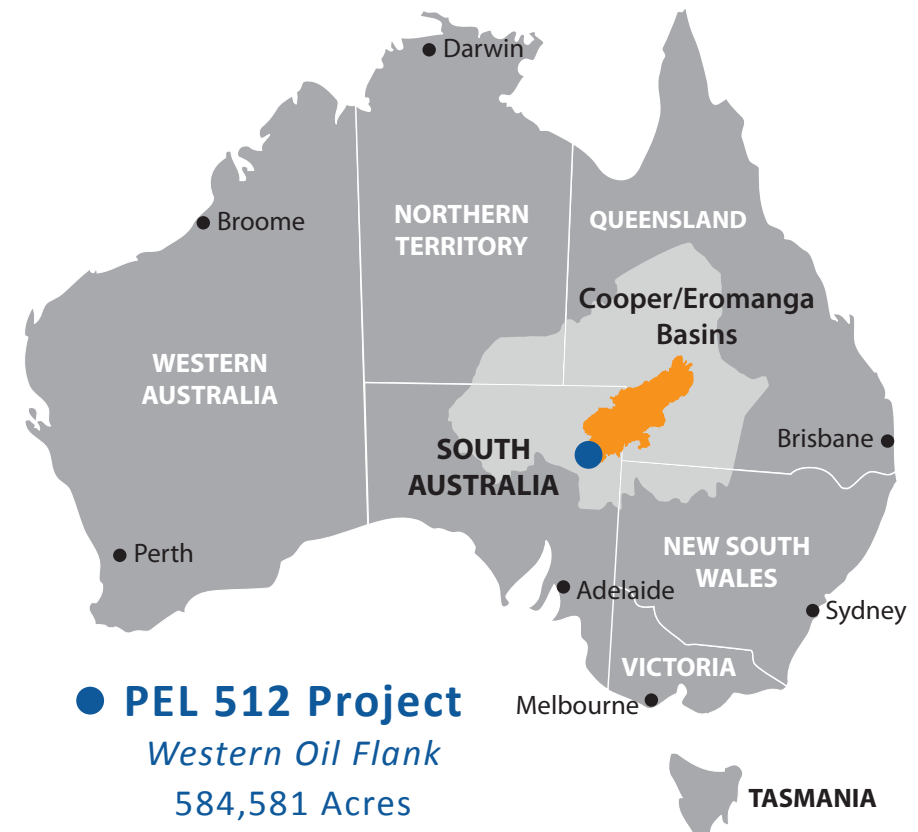
Regionally productive oil reservoirs with strong recovery driven by the Great Artesian Aquifer that covers 23% of the Australian continent.

The Cooper Basin



A Well Established Oil Exploration and Development Play

- ▶ Located in Queensland/South Australia
- ▶ Australia's most prolific onshore oil and gas province
- ▶ Cooper & Eromanga basins offer multiple play types and stacked pay opportunities
- ▶ The Western Flank Oil Fairway is a core production contributor for the Basin



The Play Highlights



Light & Sweet

Oil produced in the Cooper basin consists of sweet, ultra light, high btu crude oil (40 - 55 degree API) which receives premium pricing.



Established Play

Over 633 producing gas wells and 294 producing oil wells with cumulative production of 60 Million plus barrels offsetting PEL 512.



Infrastructure

5,600 km of pipelines connecting central processing and storage facilities in the heart of the basin (Moomba) to major south coast refining and export terminals.



Local Processing

Moomba oil handling and gas processing facility approximately 65 kilometres away with access via road or existing pipeline capacity with interconnection nearby.

Cooper Basin History Of Success



Discoveries

200 gas and 115 oil fields since first commercial discovery in 1963 and 1970 respectively.

Recently, 50% of exploration wells successful using 3D seismic data.



Wells Drilled

More than 3,400 oil and gas wells drilled during the past 50+ years.

Average vertical drilling depth of just 1,676 metres (5,500 feet) with simple perforate and flow completions, no chemical frac stimulations.



Basin Production

Produced in excess of 180 Mmbbls of oil, 81 Mmboe of condensate, 79 Mmboe of LPG and 6.9 Tcf of gas.

Producing more than 15 million barrels annually from the Western Oil Flank Trend.

Why Operate In The Cooper Basin



Australia's largest and most mature conventional onshore hydrocarbon basin with over 50 years of production history.

Low risk exploration & development potential, compelling economics, extensive oil & gas infrastructure.

High quality reservoirs, some with multiple pay zones, mean high flow rate wells with extended production lives.

Development and operating costs are low due to ease of land access, benign drilling conditions, simple environmentally friendly completions and minimal processing.

In Good Company



Surrounded by World-Class Explorers who are focused on the Western Oil Flank.

Santos

We have the energy.

\$18.3B

Market Cap/\$AUD



beach

\$6.1B

Market Cap/\$AUD

DISCOVERY
E N E R G Y

\$60M

Market Cap/\$AUD

SYMBOL: DENR

These explorers all have significant capital commitments in the Cooper Basin for fiscal 2020

Senex

Senex Energy Limited

\$539M

Market Cap/\$AUD

COOPER
ENERGY

\$1.0B

Market Cap/\$AUD

Key Milestones



Our legacy of technical work has established a platform for disciplined drilling.

**Issued the PEL
512 Exploration
Licence**

October 2012

**Completed
Independent
resource study**

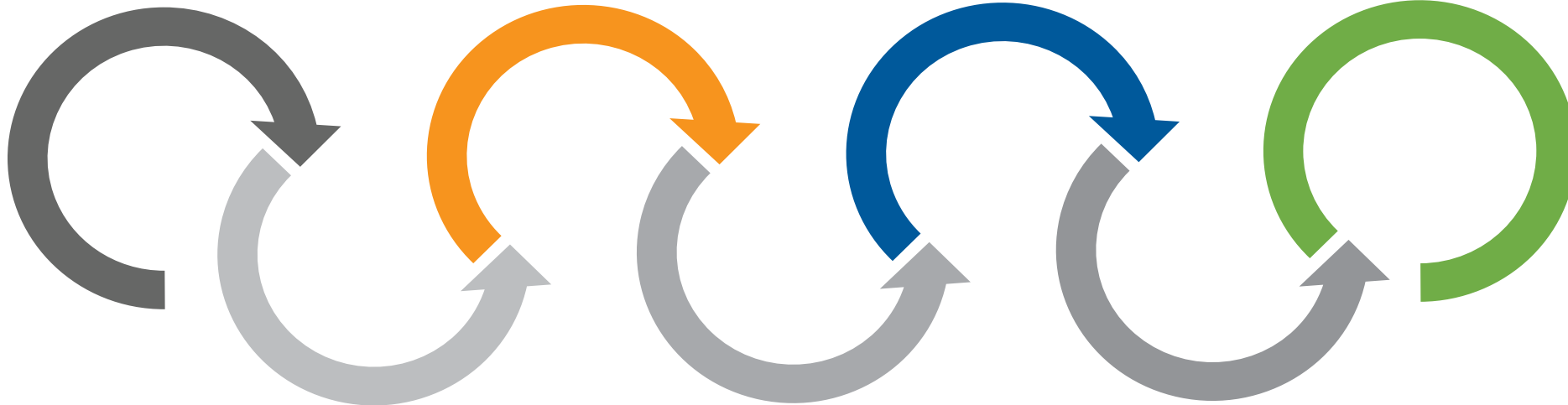
October 2015

**Completed the
Nike 180 km² 3D
survey**

December 2016

**Preparing for the
Seismic & Drilling
Programs**

Q4 2019



**Reprocessed Lake
Hope 3D survey**

June 2013

**Raised \$5.5M USD
of project funding**

May 2016

**Completed a regional
3D Assessment**

December 2017

Our Team



Industry relevant experience, demonstrated track records, ready for growth.

KEITH SPICKELMIER

Chairman

Founder with proven track record in start-up ventures and corporate finance for energy companies.

KEITH MCKENZIE

CEO, Director

Over 30 years' of experience in start-up of industrial and resource companies.

WILLIAM BEGLEY

CFO, COO, Pres & Director

30 plus years' of energy industry & finance experience.

WOODY LEEL

Exploration Manager

Certified petroleum geologist with 40 plus years of domestic and international experience.

SEAN AUSTIN

Corp. Secretary, Treasurer

35 years of domestic and international experience in energy finance, accounting and administration.

ANDREW ADAMS

Managing Director, Australia

More than 30 years' of petroleum exploration experience in Australia.

The Gears Are Turning



Historic Work

The licence included 5,153 km of 2D and 140 km² of 3D seismic which was reprocessed in 2013.

Seismic Control

The 180 km² Nike 3D program was completed in late 2016

Data analysis resulted in 38 leads and drilling prospects.



The Science

140 leads & prospects have been identified using advanced 3D seismic AVO interpretation methods.

Drill Ready

The bit is ready to turn, the drilling locations work area clearance is completed and planning is underway for drilling in 2020.

Creating value in everything we do

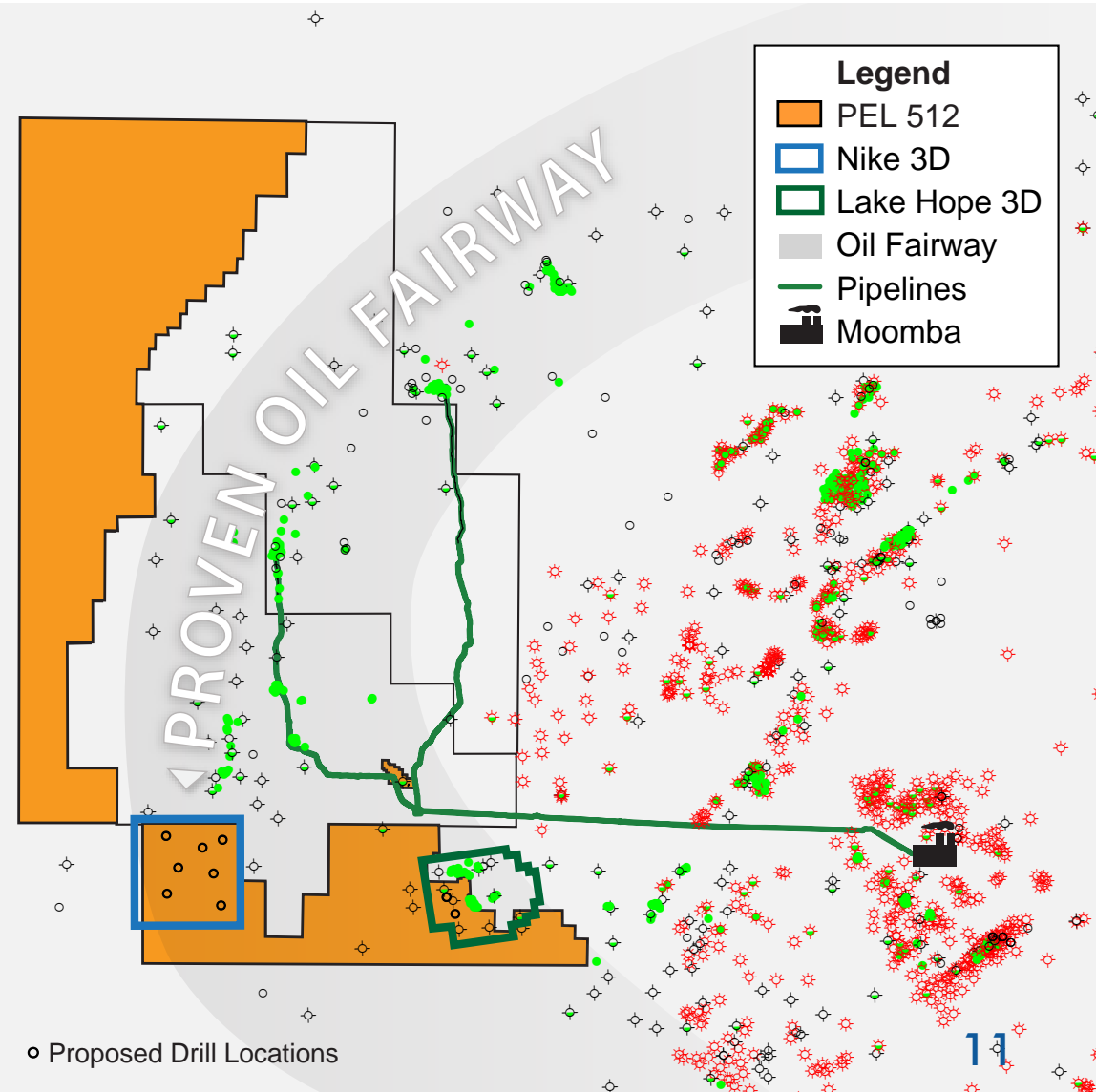
On The Right Path



On trend and directly offset to oil fields operated by Beach and Santos in the proven oil fairway.

Oil Field/Wells	MMBO
Bauer - 28 wells (2013)	20.5
Butlers - 8 wells (2009)	3.3
Callawonga - 12 wells (2006)	7.3
Christies - 7 wells (2003)	2.1
Growler - 14 wells (2007)	5.8
Parsons - 5 wells (2008)	4.2
Sturt & Sturt E - 12 wells (1988)	2.9
Tantanna - 13 wells (1988)	8.0

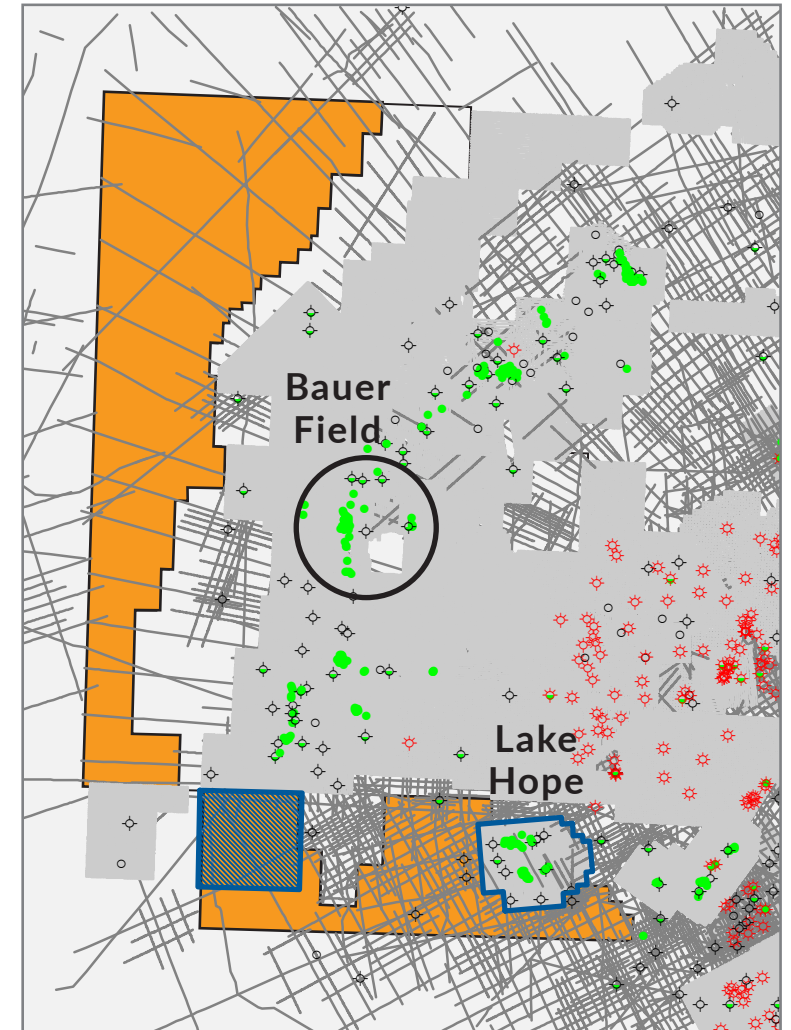
Source: PEPS-SA - Production as of 04/30/19



Our Technical Advantage



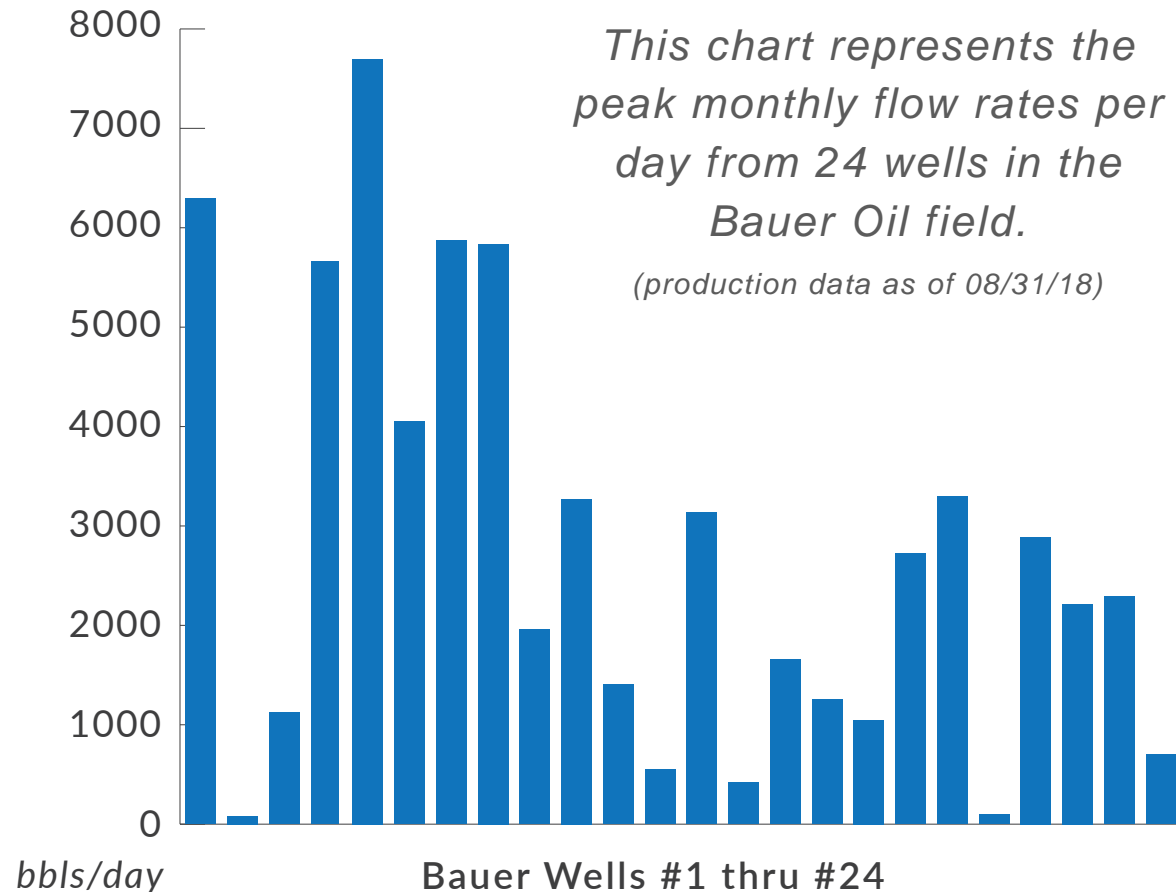
- ▶ Rincon has synthesized the 3D seismic surveys covering the trend of producing oil fields operated by Beach Energy in the Western Flank to the north of the PEL 512 South Block.
- ▶ Regional merged seismic grids combined with digital drilling logs, perforations, production and other data is conditioned and processed to produce synthetic production models, analogs and mapping.
- ▶ Synthetic modeling has been conducted on the prolific Bauer Oil field (Basin's 3rd largest producer) by studying dipole sonic and density logs for possible forward multi-offset AVO modeling.
- ▶ The analysis also includes synthetic seismograms of the Lake Hope 3D survey to develop geophysical profiles and production analogs of the offset oil fields operated by Santos Ltd. and to further delineate drill ready prospects into the inventory.



Our Analog Production Model



The Bauer Oil Field discovered in 2013 is the basin's third largest producer.



Year
Discovered
2013

Acre
spacing
20

Daily
Production
>6200
Barrels

Cumulative
Production
20.5M
Barrels

Oil Quality
~45°
(API)

Avg. Depth
5480'
(1670 meters)

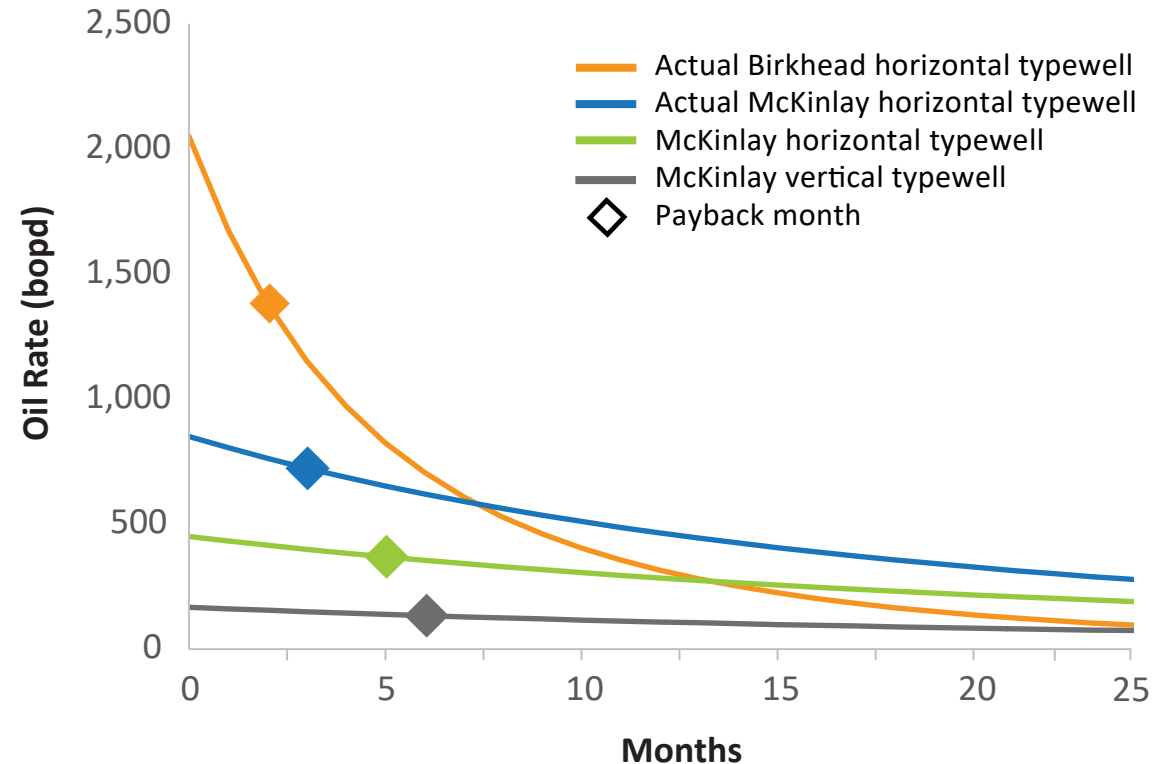
Horizontal Drilling Has The Pay



The transition to horizontal drilling has led to an increase in recovery per well, reserves growth and a reduction in payback times as low as 2.5 months.

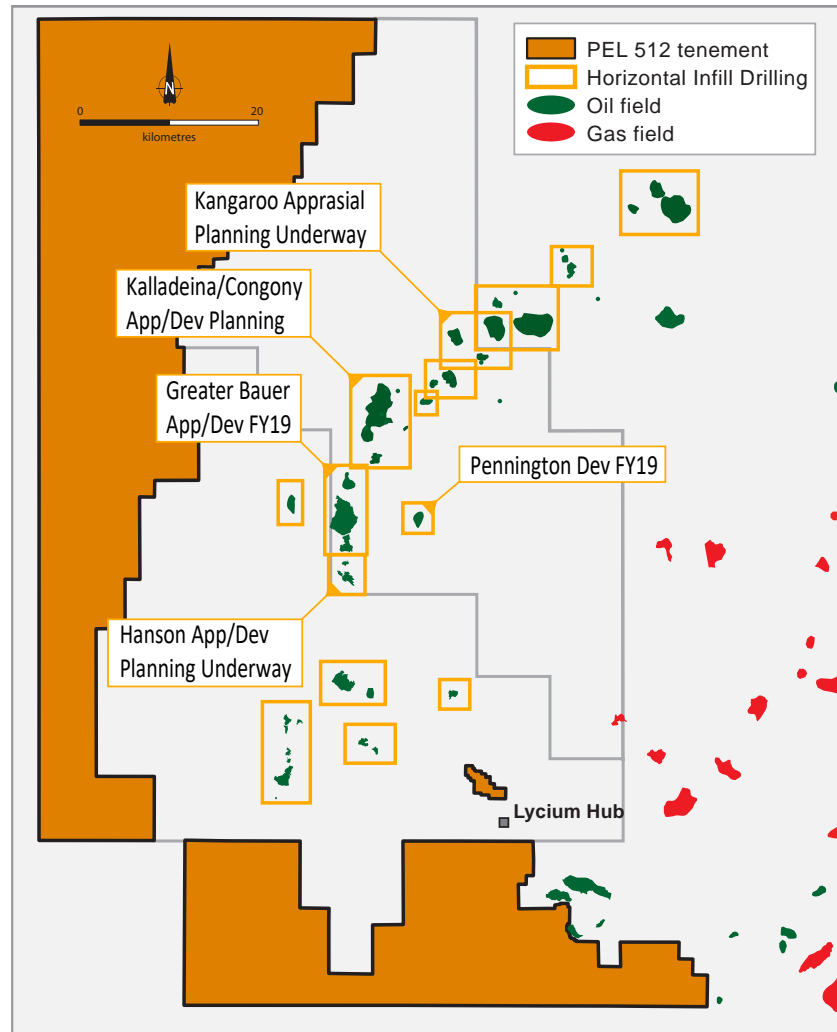
- ▶ The first horizontal wells were drilled in the Western Flank by Beach Energy in early 2018.
- ▶ The Stunsail-7 Horizontal well targeted the McKinlay Member with a 528 metre lateral section resulting in 509 metres of net oil pay.
- ▶ Forecast aggregate 30-day initial production rate of ~7,000 bopd on pump from horizontal wells Bauer-29,-30,-31,-32.
- ▶ Significantly increased well productivity and reduced payback periods.

Comparison of Well Paybacks⁽¹⁾



Source: Beach Energy - Western Flank Update - Nov. 2019

Western Flank Rollout Strategy



Strong economic metrics have always been a competitive advantage for the Western Flank Oil.

- ▶ Appraisal and development planning under-way for multiple fields operated by Beach Energy.
- ▶ Beach has increased the application of horizontal well technology, targeting the lower permeability McKinlay and Birkhead reservoirs.
- ▶ Significant upside in McKinlay, Namur and Birkhead reservoirs from this approach.
- ▶ Different development well design to be considered on a fit-for-purpose basis to maximise production and recovery.

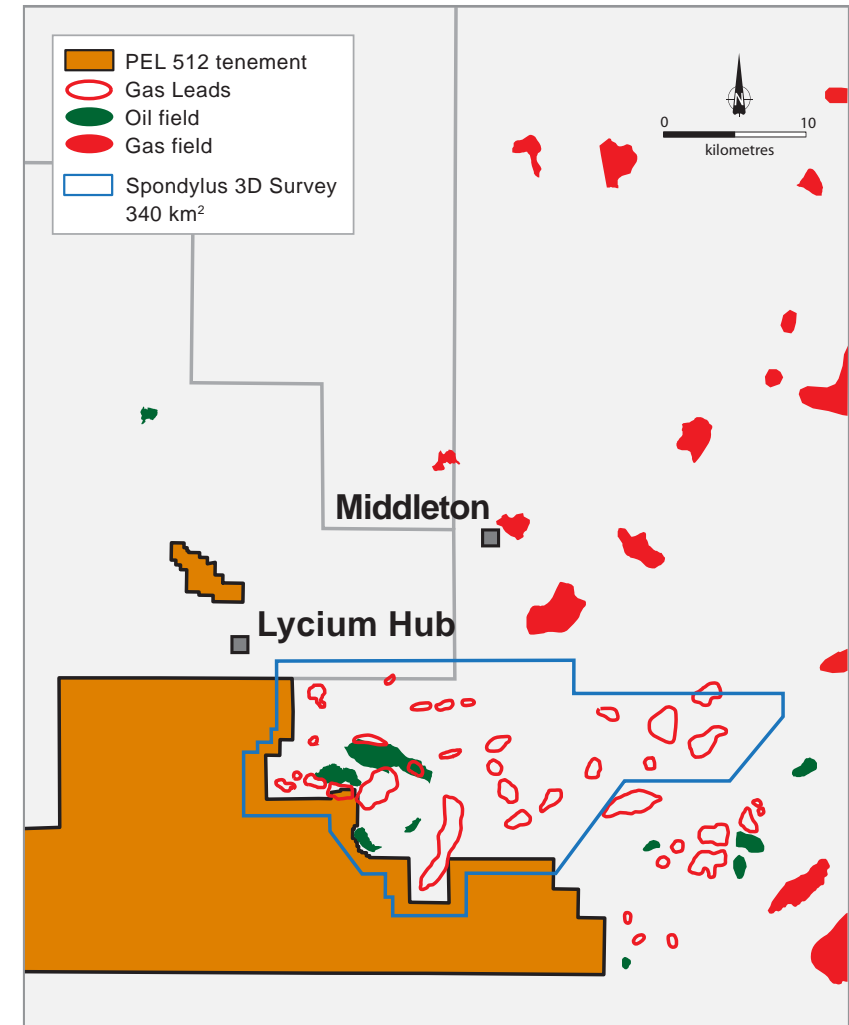
(1) Source: Beach Energy - 2018 Asia Roadshow Presentation

Emerging Western Flank Gas Play



- ▶ Extensive Southwest Patchawarra (SWP) and Permian Edge (PE) play fairways.
- ▶ ~1,300 km² under-explored PE fairway.
- ▶ Drilling program to support objective of long term stable production out of Middleton.
- ▶ Future development drilling in the core Middleton, Brownlow and Lowry field area.
- ▶ Scope for cost reduction via pad drilling of development wells.
- ▶ Drill 3-5 prospects delineated by Spondylus 3D seismic survey to extend proven stratigraphic play and test new exploration plays in 2020.

Source: Beach Energy - Western Flank Update - Nov. 2019



What We've Learned To Date



Geology

Fuller understanding of petrophysics and reservoir analysis following a regional AVO study of all available seismic and well data.

Team

Built and fostered a highly integrated operations & technical team who deliver.

Operations

Horizontal drilling is now being implemented in the Western Flank which will deliver enhanced production and recovery rates.

Results

Improved economics, larger recoverable resource, higher quality inventory.

Wells
Drilled

>3400

Exploration
Success Rates

50%

Appraisal
Success Rates

90%

Development
Success Rates

100%

Recovery
Rates ⁽¹⁾

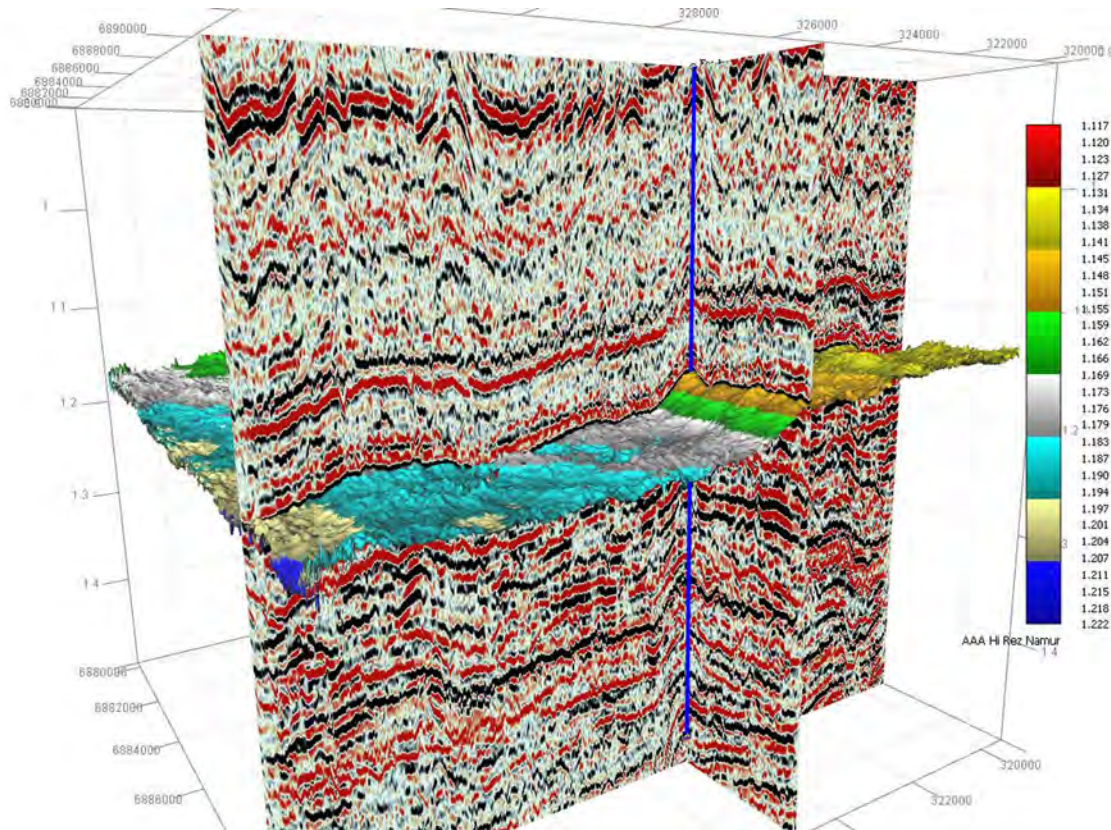
~75%

(1) Recovery Rate is based on the Bauer oil field producing from the Namur formation

Project Is Drill Ready



A high quality drilling inventory was developed using state of the art technology.



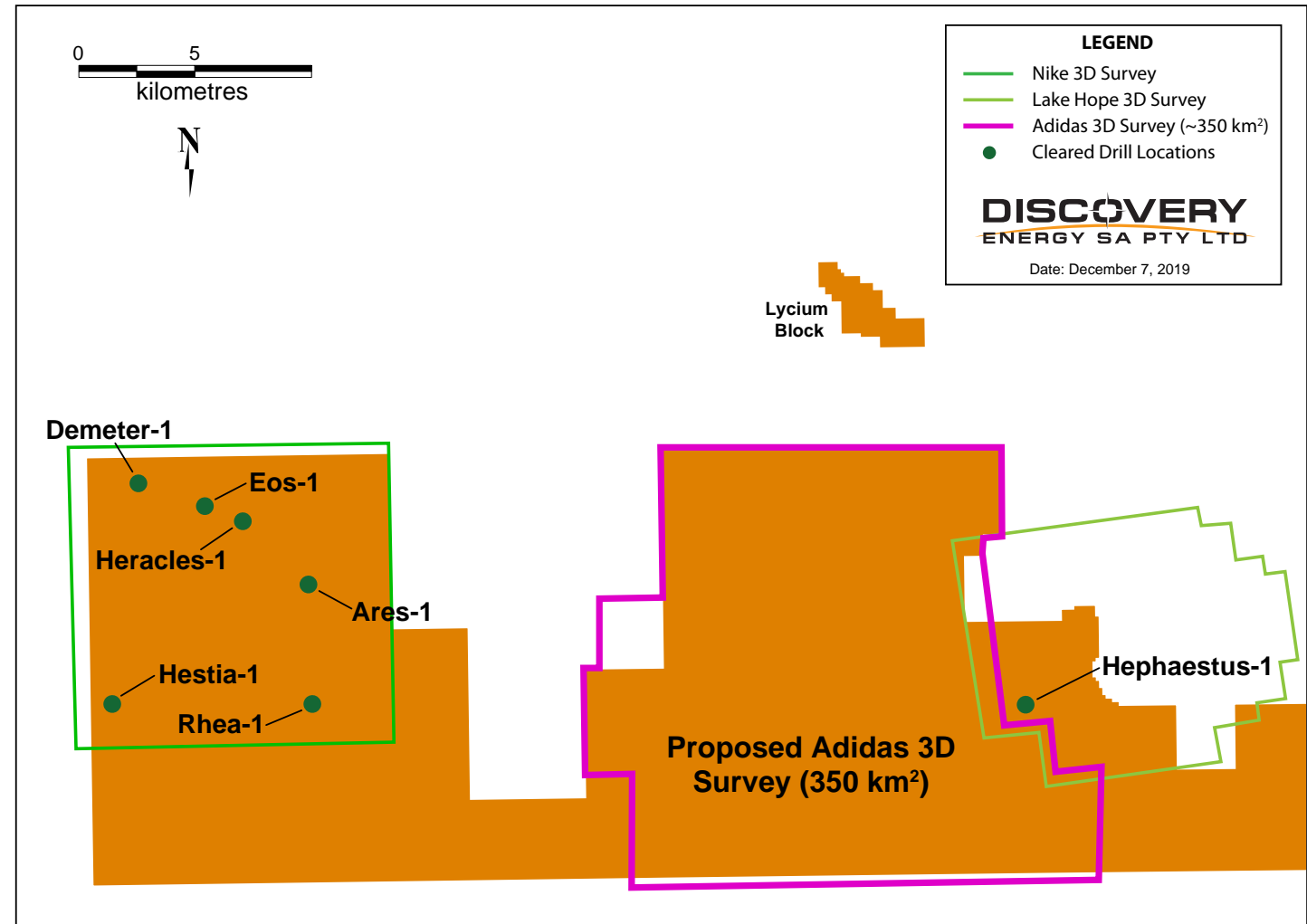
In advance of the upcoming drilling program Discovery completed the Nike 3D survey (180 km²) on the southwest production trend acreage of PEL 512 and AVO analysis of surrounding 3D surveys covering offset oil fields to the north and east of PEL 512.

Amplitude versus offset (AVO) analysis is a technique that geophysicists can execute on seismic data to determine a rock's fluid content, porosity, density, seismic velocity, shear wave information and fluid indicators (hydrocarbon indications).

2020 Planned Work Program



- ▶ Six high-grade well locations have been surveyed and cleared with Native Title in the Nike 3D Survey Area.
- ▶ One high-grade well location has been surveyed and cleared with Native Title in the Lake Hope 3D Survey Area.
- ▶ The Adidas 3D Survey Area has been proposed to convert 2D leads to defined 3D drill prospects.

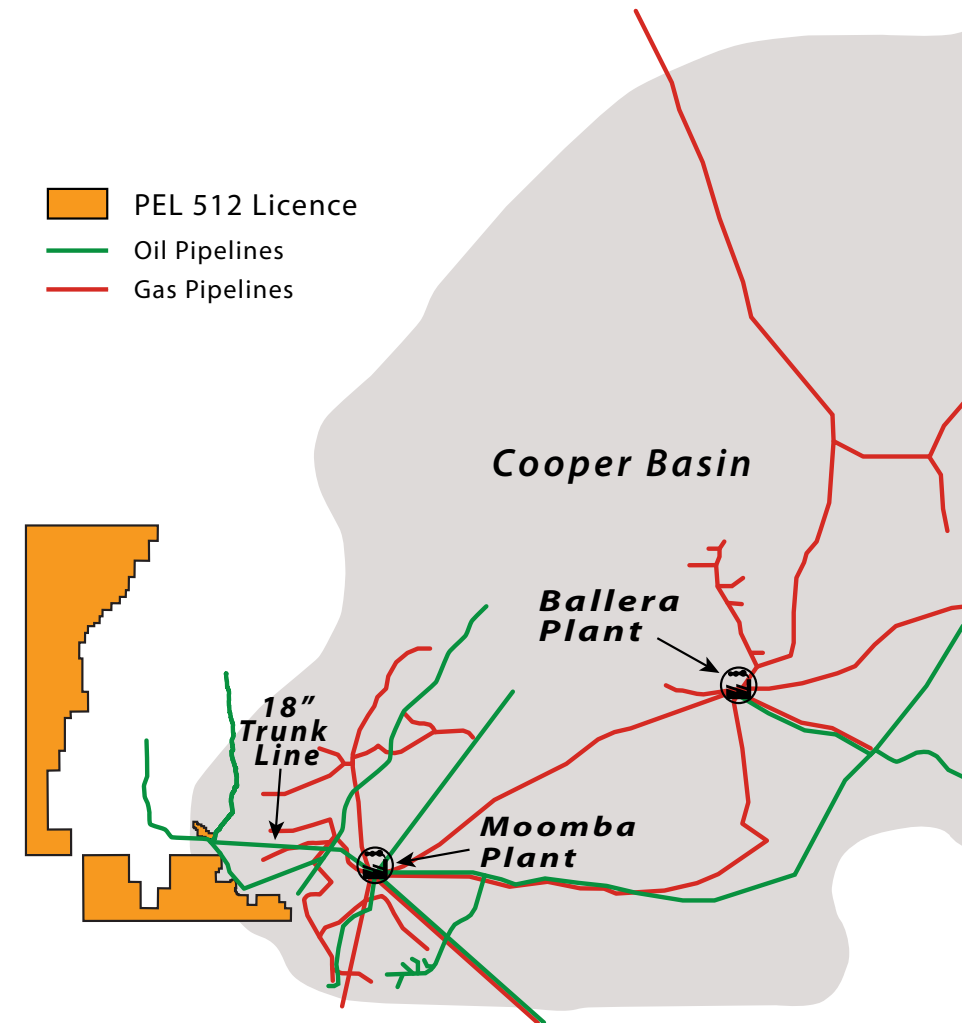


Regional Infrastructure



Local oil and gas industry is highly developed.

- ▶ Oil and gas will be transported to the Moomba processing terminal by either:
 - ▶ Short haul trucking - Just 65 km from PEL 512 to Moomba Processing Plant.
 - ▶ Existing pipeline infrastructure.
- ▶ Existing 18" trunk line from the Lycium Hub to the Moomba Plant with additional capacity of >20,000 Bopd.
- ▶ Several other nearby pipelines provide additional local tie-in to Moomba.
- ▶ Oil piped to Brisbane or Port Bontython for export to world markets at Brent prices.



Compelling Economics



Low cost shallow vertical wells, simple completions and high flow rates.

Avg. IP Rate

640

Bopd

Avg. Reserves

1.2

Mbo

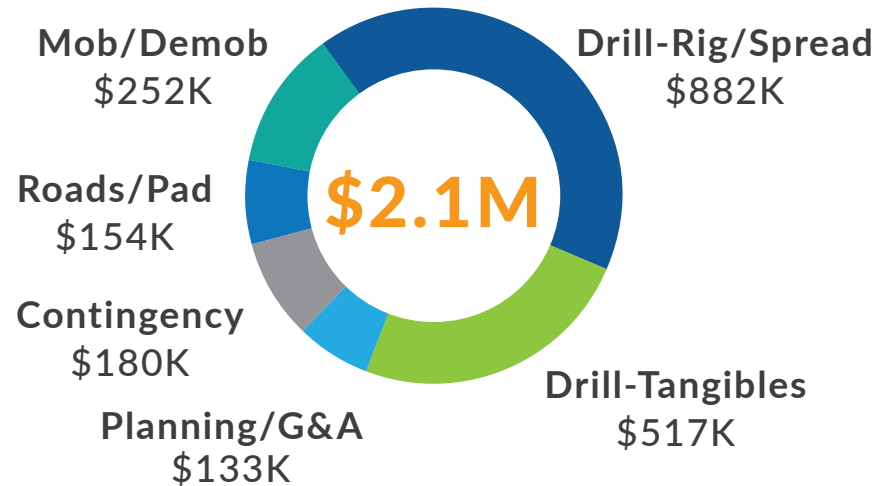
Avg. Well Life

14

Years

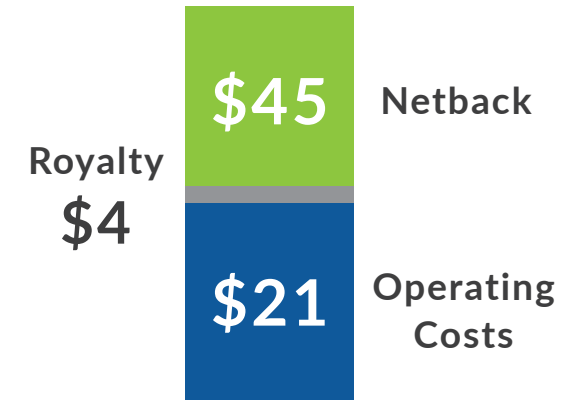
Typical Exploration Well Costs

(Case & Suspend \$USD)



Typical Well Netback

(USD\$70/barrel)



From Discovery to Revenue in approximately 90 days

Royalty

11%

Payback to Profits



Delivering quick payback, compelling IRR's and rapid value creation.

Well Program (\$US 000)	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
Monthly Net Revenue	714	649	632	577	563	533
LOE	(221)	(215)	(196)	(191)	(181)	(166)
Transport	(32)	(31)	(29)	(28)	(27)	(24)
Production Tax	(14)	(13)	(13)	(12)	(11)	(11)
Operating Cash	447	390	395	346	344	332
Cum Operating Cash	1,055	1,445	1,840	2,186	2,530	2,862
Well Type/Cum Net Cash						
Exploration (Cost \$1,965)	(910)	(520)	(125)	221	565	897
Appraisal (Cost \$1,558)	(503)	(113)	281	627	972	1,304
Development (Cost \$1,292)	(238)	153	547	893	1,238	1,570

Estimated payback model for typical Cooper Basin wells based on an initial production rate of 640 bopd using a flat Brent US\$50 bbl oil

A typical vertical well payback is approximately 65,000 barrels

The Right Time To Invest



Now that the regional geotechnical study to fine tune our understanding of the play is completed, it's time to execute on the drilling and development strategy.

High success rates for exploration drilling by our peers around PEL 512 provides insight of the results in the trend, using the same matrix we are set for major growth, revenue and profits.

The PEL 512 Licence appears to be the last undeveloped resource in the heart of the Western Flank. With initial drilling about to begin, now is the right time to invest in this unique early stage opportunity.

For more information visit us at discoveryenergy.com



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LISTING

Exchange: OTC MARKETS
Trading Symbol: "DENR"
Cusip Number: 25470P 102
ISIN Number: US25470P1021

TRANSFER AGENT

Transfer Online, Inc.
512 SE Salmon St.
Portland, OR 97214
Website: www.transferonline.com

SHARE CAPITAL AUTHORIZED AND ISSUED AS AT OCTOBER 31, 2019

Authorized: 500,000,000 common shares
without par value
Issued and Outstanding: 153,190,396

STOCKHOLDER INFORMATION

Restricted Shares: 138,090,884
Free Trading: 15,099,512
High/Low: \$1.00/\$0.12
Fiscal Year End: February 28

For more information, visit us at DiscoveryEnergy.com

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Forward Looking Statements



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Addendum



Corporate History



Q2/06

Santos Resource Corp is incorporated in Nevada and files Registration Statement to become a public Company.

Q1/12

New management acquires control, acquires PEL 512 licence rights and raises \$1.5M in seed capital from high net investors.

Q3/12

Name change to Discovery Energy Corp, incorporates Australia subsidiary and is awarded PEL 512 licence from Australia Government.

Q2/16

Raised \$5M in debenture financing from principals of the Avista Fund and Texican Energy.

Q1/17

Completed the 180 km² Nike 3D seismic survey inline with the Western Flank production trend.

Q1/18

Conducted an extensive regional geotechnical program resulting in multiple AVO defined and drill ready targets.

Our Team



Focused Strategy With Diverse Commercial And Operations Experience

KEITH D. SPICKELMIER

Chairman

Executive Chairman of Sintana Energy Inc. – raised US\$34 Million in funding and signed joint venture with ExxonMobil in Colombia. Founder & Chairman of Westside Energy, a Texas Barnett shale producer founded late 2003 & sold for US\$230M in 2008.

KEITH J. MCKENZIE

CEO, Director

Over 28 years' of experience working with private and public companies in the industrial and resource sectors. 18 years in the Oil & Gas sector in various executive, finance, start-up, and consulting capacities. Founding principal & COO of Paxton Energy, Inc.

WILLIAM E. BEGLEY

CFO, COO, President & Director

30 plus years' of energy industry & finance experience – starting his career at BP. Held senior positions in energy banking at Salomon Brothers. Served as Chief Financial Officer and Treasurer for Australia focused, Magellan Petroleum. Corporation.

WOODY LEEL

Exploration Manager

Certified petroleum geologist with experience in domestic and international exploration and production. Has held senior positions at leading companies such as Hess Corp., Triton Energy, Getty Oil and several other independent oil companies.

SEAN AUSTIN

Corp. Secretary, Treasurer

Mr. Austin has over 35 years of both domestic and international industry experience focused on finance, accounting and administration. For more than two decades, Mr. Austin was employed by HESS and held senior management positions in New York, London and Houston.

ANDREW ADAMS

Managing Director, Australia

Over 30 years' experience in petroleum exploration ranging across technical & commercial aspects of the business. Managing Director of Australia's Bass Strait Oil Company and Commercial Manager at Cue Energy. Led Santos Ltd. exploration teams with a focus on Australia and Asia.

Technical Group



A Highly Experienced Team With Cooper Basin Expertise

JAMES A. CARROLL *Project Geophysicist*

Managing Director of Bell & Murphy and Associates, LLC, is registered, licensed and certified by the Texas Board of Professional Geoscientists and the State of Louisiana Board of Professional Geoscientists.

He has more than 40 years of on and off shore domestic and international successes in oil and gas. He has worked as an independent consultant in geophysics since 1992. International experience includes 3D survey design and detailed interpretation of prospective acreage in the Cooper Basin, South Australia. Prior to Bell & Murphy he held positions with Wessely Energy, Dome Petroleum, Gulf Oil Company and Delta Exploration Company.

RINCON ENERGY, LLC *Geophysical Consultants*

Rincon has extensive experience in seismic processing and currently performs in-house pre-stack time migration, and high-resolution velocity analysis and CDP gather conditioning for AVO interpretation. Using this unique in-house capability and experience, Rincon is actively generating high impact exploration prospects for select clients.

Rincon Energy focuses primarily on exploration, and has drilled multiple successful, high impact wells worldwide. In addition to exploration, Rincon has extensive experience developing large oil fields around the world and has expertise in development geology and reservoir modeling and simulation

SYNTERRA TECHNOLOGIES *Geophysical Project Mgmt*

Synterra Technologies Pty Ltd. is a seismic consulting company offering a complete range of geophysical services to the petroleum, coal seam gas and mineral exploration industries.

Mark Kneipp, Synterra's Australia based Vice President, Exploration and the Nike 3D Project Manager is highly experienced in geophysical project operational delivery, technical support and quality control, implementing Project Management Systems with the ability to plan, design, manage and execute projects of any size and complexity.