

Opportunity to participate in the Cooper-Eromanga Basins Western Oil Flank (PEL 512 - 584,651 Acres)

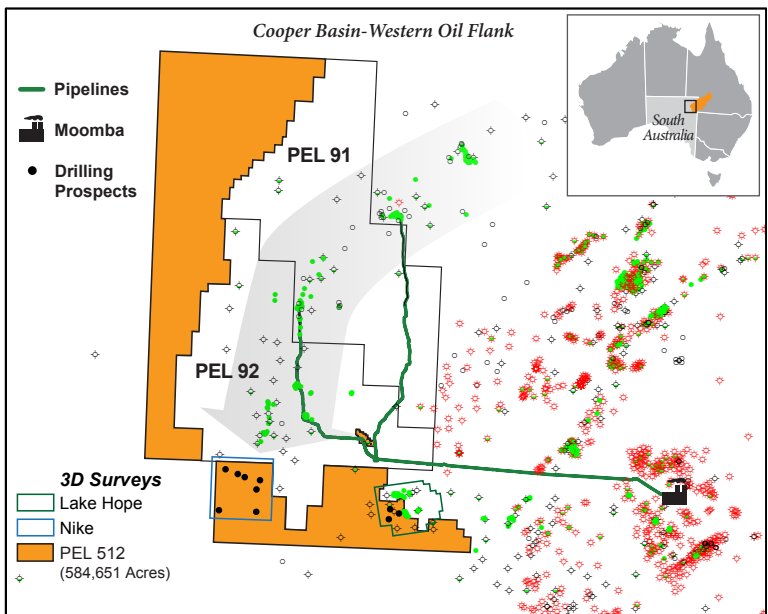
Discovery Energy (“DENR”) is preparing for drilling on its 100% owned PEL 512 permit located in the Cooper-Eromanga Basins, South Australia

Investment Opportunity

- ▶ Permit is 2,366 km² (584,651 acres)
 - ▶ In Year 3 of the Initial 5 year Licence term (15 years)
 - ▶ Adjacent to mature production and new discoveries
 - ▶ Tantanna Oil Field (1988) produced >7.9MMbbls
 - ▶ Sturt & Sturt East Fields (1988) produced >2.9MMbbls
 - ▶ Parsons Oil Field (2008) produced >3.8MMbbls
 - ▶ Callawonga Oil Field (2006) produced >6.2MMbbls
 - ▶ Butlers Oil Field (2009) produced >3.1MMbbls
 - ▶ Bauer Oil Field (2013) produced >16.3 MMbbls
 - ▶ Bauer Oil Field (06/14) producing ~11,284 Bopd
 - ▶ Bauer-5 Well (02/14) peak production ~7,699 Bopd
- Source: PEPS - Production data as of 08/31/17*

- ▶ Acreage is strategically located in the Western Oil Flank of the Cooper/Eromanga basins where E&P is experiencing a major conventional oil boom.
- ▶ Nearby operators are aggressively developing offset acreage with exceptional success in bringing wells online at high production rates from quality multi-pay reservoirs with a world class water drive.
- ▶ Low cost operations and transportation costs at ~US\$22 per barrel.
- ▶ Offset production is currently at ~20,000 Bopd.
- ▶ Oil trades at field central delivery point (Moomba) based on Brent pricing.
- ▶ Technical database includes 5153 km of 2D seismic and 321 km² of 3D seismic on the acreage and over 800 km² of 3D seismic on the offset acreage.
- ▶ Conventional and unconventional opportunities have been identified with over 140 leads and multiple prospects in inventory.
- ▶ Conventional resource estimates of over 2,100 Mmbbls of oil in place (OOIP) and 656 Mmbbls of prospective unrisked recoverable oil (P50).
- ▶ 110,000 acres has been deemed by PIRSA as proven oil fairway which will permit the future conversion of up to 220,000 acres to Petroleum Retention Licences (PRL).
- ▶ Recently completed the 180 km² Nike 3D seismic program on the PEL 512 South Block inline with the proven production on trend, which has added multiple drillable prospects to inventory.

Area of Interest



Revised Guaranteed Work Program

Work Year	Revised Work Program	YE Apr 27
1	Geological Studies (<i>Completed</i>)	N/A
2	100 km ² 3D Seismic (<i>Completed 180</i>)	2018
3	Drill 2 wells 200 km ² 3D Seismic (<i>Credit 80 km²</i>) 100 km 2D Seismic	2019
4	Drill 2 wells 200 km ² 3D Seismic	2020
5	Drill 3 wells	2021
Total	7 wells/2D-100km/3D-500km²	

Compelling Economics

- ▶ Low cost (~AUD\$2.0m) vertical wells with high quality reservoirs, stacked pay and high flow rates deliver quick payback, compelling IRR's and rapid value creation.
- ▶ Early cash flows as a result of quick drill and tie-in periods, nearby operator recently set a new record of 42 days from discovery to production.
- ▶ High net back potential based on Brent pricing for light/ultra light sweet crude (40 - 55 degree API).
- ▶ Ready market access via the Moomba regional oil processing facility through short haul trucking or existing and expanding pipeline capacity.

Offset Well Economics

Well #	Offset	Formation(s)	Completed (mm/dd/yy)	Last Report (1) (mm/dd/yy)	AFE (\$m)	Oil Cum (m bbl)	EUR (2) (m bbl)	Opex (\$/bbl)	IRR (%)	NPV10 (3) (\$m)
Tantana #1	East	NR/HN/BH	08/31/88	12/31/08	\$2.25	2,857	2,857	30	> 500	\$38.2
Sturt East #1	East	PWA	11/30/88	09/30/95	\$2.25	722	725	30	> 500	\$9.5
Warrior #2	South	BH/MCK	09/30/04	3/31/2015	\$2.25	1,495	1,500	30	> 500	\$22.2
Christies #3	North	NR	11/30/06	3/31/2015	\$2.25	811	900	30	> 500	\$10.6
Callawonga #1	North	NR/BH	06/30/08	3/31/2015	\$2.25	1,857	2,300	30	> 500	\$28.4
Parsons #1	North	NR	12/31/09	3/31/2015	\$2.25	1,881	2,000	30	> 500	\$28.7
Growler #6	North	BH	12/31/11	3/31/2015	\$2.25	997	1,500	30	> 500	\$18.1
Butlers #4	North	NR	02/29/12	3/31/2015	\$2.25	716	1,100	30	> 500	\$13.2

Formation Legend: NR-Namur, HN-Hutton, BH-Birkhead, PWA-Poolawanna, MCK-McKinley

Notes: (1) Last Production Report of 03/31/15 is published data from PIRSA-PEPS Database. (2) Annual exponential decline forecast of 17% from the last reported production was used to determine EUR (3) Oil Price used for NPV calculations is Flat US\$60/bbl.

Recent Developments

- ▶ The Company completed a series of debenture financings totalling USD \$6.8 Million.
- ▶ Discovery completed a 3D survey (180 km²) on the production trend acreage of PEL 512 and regional AVO analysis.
- ▶ The Company, based on it's comprehensive technical analysis, plans to drill up to 5 wells costing approximately USD 10 Million.

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Share Structure

Stock Symbol:	DENR:OTC Markets
Reporting Status:	SEC Active (2006)
Year End:	Feb 28
Shares Issued:	148M
Restricted:	142M
Trading Float:	6M
High/Low:	\$1.00/\$0.20

For Further Information

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