



# 5 REASONS TO INVEST



**PENNINE**

Petroleum Corporation

(TSX-V: PNN)

1

**A ‘hand-in-glove’ relationship** Just as Pennine announced the closing of a CAD\$1-million private placement in May 2017 to finance drilling preparation activities in Albania’s Velca Block, PNN also revealed that it had **secured a credit facility for up to CAD\$2-million** with Tirana-based Ionian Refining and Trading Company (IRTC). What’s more, Pennine also **appointed Harry Sargeant IV**, vice president of IRTC’s parent company Global Oil Management Group, to its board of directors. Global Oil Management Group is **owned and led by Mr. Sargeant’s father Harry Sargeant III**, an American energy and shipping magnate and former United States Marine Corps fighter pilot. “This is truly a **‘hand-in-glove’ relationship** that shares the development of the Albania hydrocarbon industry, from exploration to development to production to refining,” says Pennine CEO N. Desmond Smith. “It is truly a **win-win-win scenario**—and one of those winners will be the Albanian people, through newfound prosperity.”

2

**Synergy and geography** IRTC has an ownership stake in the **Ballsh and Fier refineries** in southern Albania, in close proximity to the 306-square-kilometre Velca Block where Pennine plans to drill. These refineries cannot operate at capacity, due to a **scarcity of locally produced crude**: Ballsh (19,500 bpd capacity) is running at 60% of capacity, while Fier (9,000 bpd capacity) is not currently operational. The potential for Pennine to produce a light- to medium-density crude oil not only gives IRTC’s refineries the ability to **source much-needed incremental barrels** for refinery runs, but also will help create value-added products derived from the lighter crudes. “We’ve discovered, as we built a relationship with Pennine Petroleum in recent months, that having some involvement in the responsible development of the Velca Block is beneficial to our business model—**and everyone prospers,**” Mr. Sargeant says.

3

**A potential of 26 million barrels** In February 2017, Pennine signed a Production Sharing Agreement (PSA) with Albpetrol Sh.A, Albania's state-owned energy firm, and the Ministry of Energy and Industry for the Velca Block. A third-party resource estimate, announced in May, estimates a **best-case recoverable resource of 26,400,000 barrels of oil** in the Velca Block, from a seismically defined structure called the Ramica Anticline at a depth of about 8,500 feet (2,600 metres). According to the report, the structure "appears to have two separate highs (Ramica and Aman-tia), **which may be connected** if a hydrocarbon column similar to the other fields on trend is encountered."

4

**A wealth of regional experience** Pennine's management team and board of directors can leverage **years of hard-won expertise** in southeastern Europe. Pennine CEO N. Desmond Smith has been involved in **exploration, development and production in the region**, including the Crimea and Azerbaijan. He has in excess of 25 years in building teams of professionals and management to start up corporations with success. Chairman Richard Wadsworth is the **former co-founder, president and COO of Bankers Petroleum Ltd.**, overseeing Bankers production in Albania from 500 boe/d to 7,000-plus boe/d—and assembling the team that **developed the Patos-Marinza heavy oilfield** in early 2004.

5

**Great potential, great relationships** Pennine's leadership has carefully cultivated a **respectful and harmonious relationship** with Albanian government and industry through establishment of the Velca Block PSA. Pennine's executive has a track record with the Albanian energy industry **dating back to 1999**, which has created a well-developed, hands-on understanding of the nature of the sector. With well-established legislation and regulations, Albania has also **attracted significant foreign investment in recent years** focused on energy and power generation.



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