



SILK ENERGY AS

SUBSTANTIAL KAZAKHSTAN PROSPECTIVE RESOURCE OPPORTUNITY

DISCLAIMERS

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HUNTING GIANT OIL FIELDS IN KAZAKHSTAN

Silk Energy represents a unique oil & gas exploration opportunity in the current strong oil price environment

- Kazakhstan offers a stable fiscal and political regime, with an assured exit route upon successful discovery
- Access to an undrilled block in an exciting postcode (multi billion-barrel producing oil & gas fields in close proximity and on-trend)
- Management team with significant in-country experience and extensive access to the Government across the entire energy value chain – from operational staff to Directors of the State Oil Company and the Energy Ministry
- Pilot studies by Ioniq Global are currently ongoing and could identify several prospects, with substantial resource potential – providing short term momentum for shares
- Silk Energy has negotiated 2 years of vendor credit with a European bank backed, Polish drilling company to cover 100% of drilling cost on the license
- Following the listing, fully funded for multiple planned near-term exploration wells through 2019, targeting several hundred million barrels of resource



‘IF WE CANT FIND ANY OIL IN 6500 SQ KM
ON THE EDGE OF THE CASPIAN SEA, WE’D
HAVE TO BE THE UNLUCKIEST OIL
EXPLORATION COMPANY IN KAZAKHSTAN’

- STEVE KAPPELLA,
CEO, SILK PETROLEUM





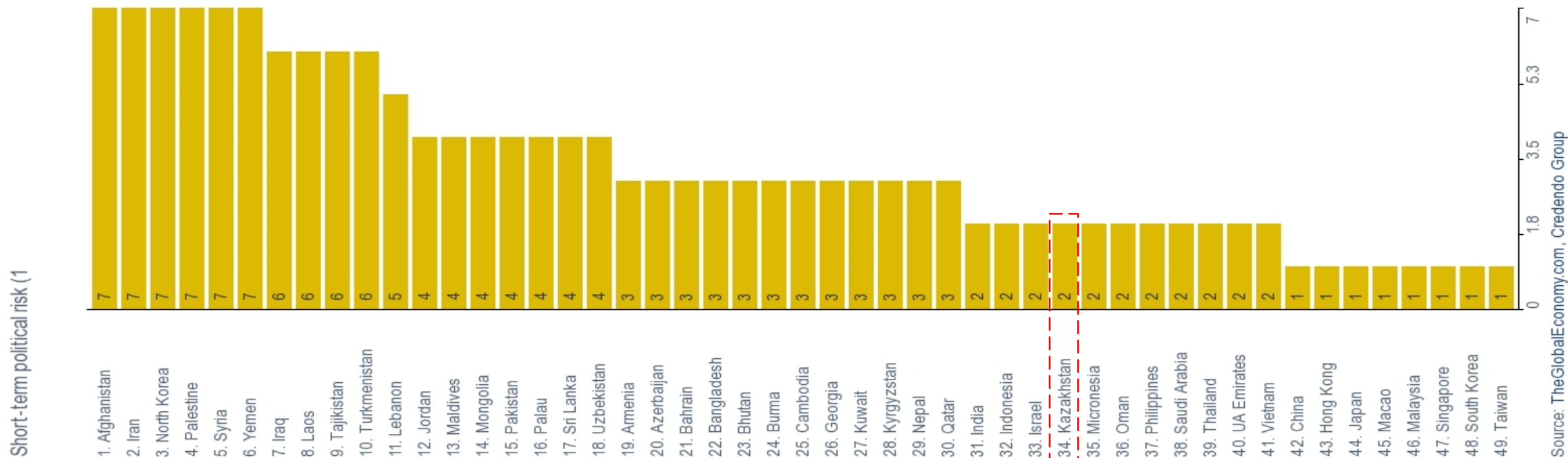
KAZAKHSTAN – A PROVEN OIL PROVINCE

KAZAKHSTAN IS A SUBSTANTIAL HYDROCARBON PRODUCER, PRODUCING C.1.8 MMBBLS OF OIL PER DAY

PRODUCTION LARGELY FROM IOC OPERATED SUPER-GIANT FIELDS – KASHAGAN, TENGIZ, KARACHAGANAK

75% OF KAZAKHSTAN'S DISCOVERED RESERVES ARE OIL AND CONDENSATE, WITH STABLE FISCAL TERMS





STABLE POLITICAL AND ECONOMIC ENVIRONMENT, RANKING IN THE TOP QUARTILE FOR POLITICAL RISK ASSESSMENT ACROSS THE WORLD (ACCORDING TO RECENT WORLD BANK ANALYSIS*)

RANKING ALONGSIDE BRAZIL, MEXICO, INDIA, ISRAEL AND SAUDI ARABIA

STATE OIL COMPANY, KAZMUNAIGAZ HAS TYPICAL BACK-IN RIGHTS, WITH OPTION TO PURCHASE DISCOVERIES AT MARKET VALUE



TEAM WITH SIGNIFICANT IN-COUNTRY EXPERIENCE

- **William West (Chairman)** – Ma (Cantab); Founded Potts West Trumbull (Sydney) and Durlacher West (London). Durlacher West specialising in financing projects in the former Soviet Union including Kazakhstan. Prolific financier of initial stage resource companies, having financed over 60 companies over the last 15 years. Notable successes include Atlas Mining, Cambrian Mining (sold to Walther Energy for >\$2bn), Summit Resource (sold to Paladin Energy for >\$1bn) and Max Petroleum
- **Steve Kappella (CEO)** – B. Ec (Hons); Previously, as CEO of Max Petroleum, was responsible for taking the company from a pre-IPO level of under \$25m to a peak market cap of \$1.4 billion. He was also the Honorary Australian Consul to Kazakhstan and the offshore director of KazMorTransFlot, the Kazakh state shipping company. Successfully raised over \$300m for upstream oil projects in Kazakhstan (including a \$75m convertible bond from JP Morgan and a \$100m line of credit from Macquarie Bank)
- **Henrik Busk (COO)** – Geologist with an in-depth understanding of Kazakhstan. He was formerly the Chief Geologist for Maersk Oil in Kazakhstan, followed by Head of Geology and Geophysics for Max Petroleum and General Manager of Lucent Petroleum (Kazakhstan)
- **Yerkin Svanbayev (MD, Kazakhstan)** – Over 20Y of oil company experience in Kazakhstan, with key roles across Kuat Amlon Munai, Unioil and Jupiter Energy. Brings significant Kazakhstan oil-industry and government contacts to Silk Energy team



TEAM WITH SIGNIFICANT IN-COUNTRY EXPERIENCE (2)

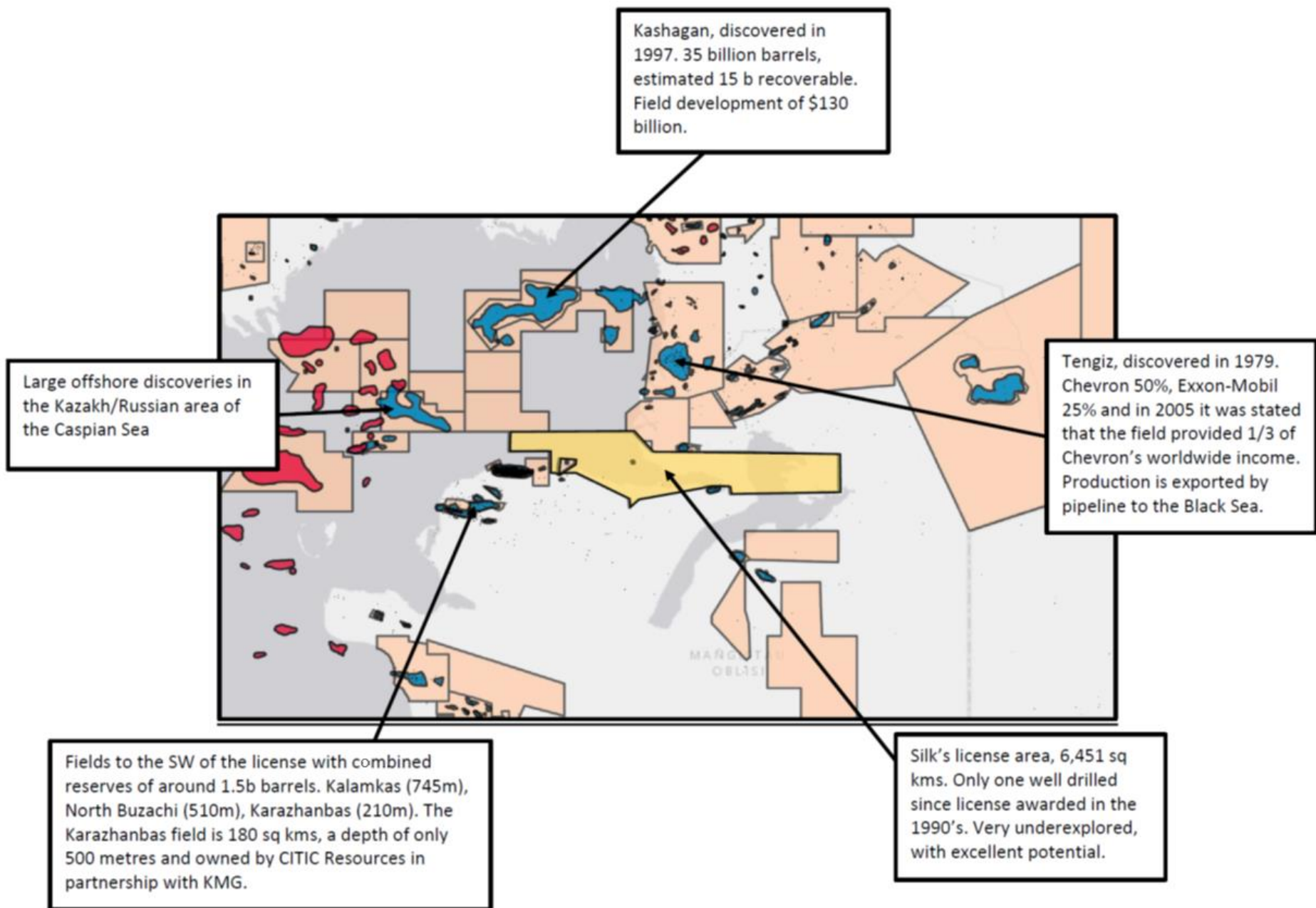
- **Henrik Gronne (Production & Field Operations)** – Formerly Production Manager at Maersk Oil & Gas Qatar and Kazakhstan, followed by Production Manager at Max Petroleum. More recently he has been a shift supervisor on an Aker-BP offshore production platform in the North Sea
- **Dave Blackmore (Drilling Manager)** – Over 40Y of drilling experience, with a focus on drilling in Central Asia. Formerly head of Nabors drilling in Central Asia, followed by drilling & operations at Max Petroleum, Maersk Oil & Gas Kazakhstan and North Caspian Petroleum
- **Sergey Sinitsin (Advisor)** – Former Head of the President's security, and the youngest appointed Major General in Kazakh history. Sergey has previously worked with Jupiter Energy in country



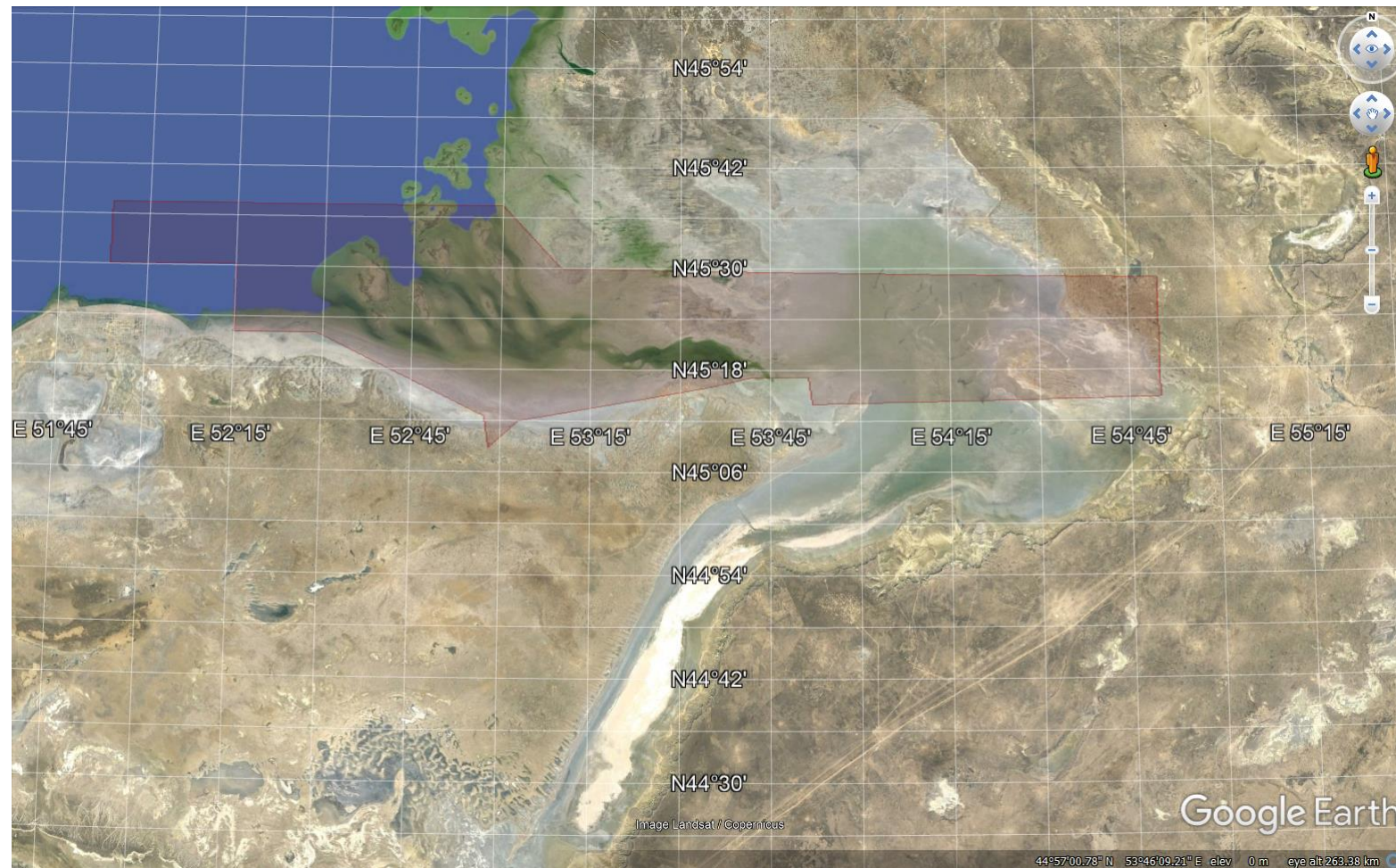
>3BN BOE POTENTIAL AT USTYURT

- Exciting onshore and shallow water prospective resource play across c.6,500 sqkm
- Located in the highly prolific Mangystau Oblast region in Kazakhstan
- Silk Energy 50% working interest and operatorship, partnering with KazMunaiGaz (KMG)
- KMG retains right to purchase any commercial discovery at market prices, providing easy exit option
- On-trend with super-giant oil and gas fields – Kashagan, Tengiz, Kairan, Aktote, Karachaganak and Astrakhan
- Historic wide-spaced 2D seismic underpins >3Bnboe of resource potential on the block. However, substantial further upside potential remains
 - More than 5 large prospects already identified, across Permian and Jurassic intervals
 - Individual prospect sizes ranging from 120MMboe to 2Bnboe
 - Additional high-impact drilling targets identified by Ioniq

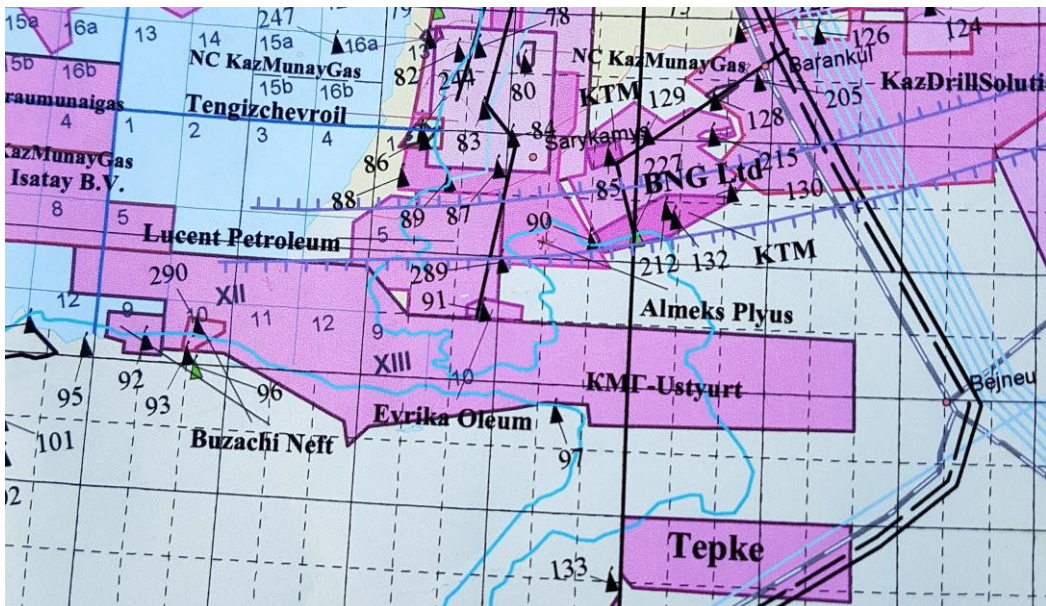




BLOCK STRADDLES ONSHORE & SHALLOW WATER ACREAGE



PROXIMITY TO EXISTING INFRASTRUCTURE AIDS MONETISATION



- The eastern border of the license is less than 10Kms from extensive regional infrastructure – including power lines, a black-top highway and railway.
- The block is adjacent to the Aktau-Atyrau-Samara crude export pipeline that takes crude through Russia to the Baltic and Black Sea ports, as well as the regional gas storage at Beynau and the main Central Asia gas export pipelines that takes gas to Gazprom and on to Western Europe
- In the near-term, TengizChevrOil (TCO) has a USD 36Bn field development in the region, which would include building a brand new deep water port on the Caspian, about 40 kms from the northern border of the Ustyurt block
- Silk Energy management expects to have access to the port to bring in equipment and export oil

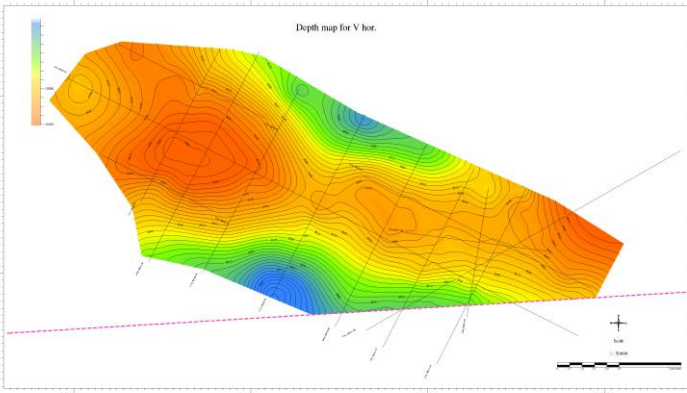
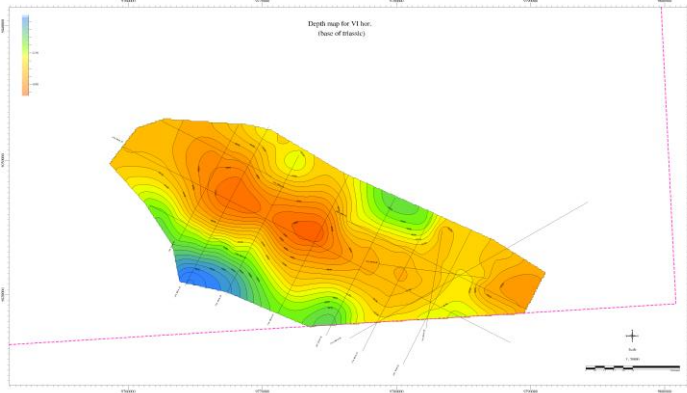


MULTIPLE SUPER-GIANT PROSPECTS IDENTIFIED ON BLOCK

- Previous operators (Oryx, Kerr McGee and Shell) have spent >USD 80m, shooting detailed 2D seismic across the block and drilling one exploration well in the 90's targeting shallow horizons (drilled to 3,000 metres) with limited success
- However, upon subsequent analysis of well data, KMG/Silk have realised that the well stopped short of significant deeper resource horizons, which were at c.4,300 metres depth and beyond
- KazMunaiGaz has held on to the block as a strategic asset, but been unable to explore/develop due to a lack of exploration development funding. Consequently, its partnership with UnionField Group aims to gain access to funding/drilling expertise while retaining access to upside and the right to acquire a successful discovery
- >3 BnBoe of prospectivity on block across multiple prospects
 - **Burynshik** – This prospect was recently added into the acreage, with a large aerially extended target across Permian platform Carbonates. Initial volumetrics suggest c.660 MMbbls of prospective resource
 - **Sarytau** – A potential super-giant prospect identified on seismic. While Shell estimated a STOIP of 12Bnbbbls (up to 5Bnbbbls recoverable), KMG currently assumes a more conservative, but still substantial, 2Bnbbbls recoverable on the prospect
 - **Ostrovnyaya Deep & South** – Two relatively small Jurassic prospects, that could likely be drilled from land. Previously drilled by Oryx (Deep prospect), with 20-60 MMbbls recoverable reserves declared
 - **Salken** – Partially onshore Jurassic structure, close to transportation infrastructure. Anticipated prospective resource of 66-145 MMbbls. Likely drilling target for 2019
 - **Tishkandi** – Previous unsuccessful exploration well drilled on prospect, albeit further analysis suggests it was likely off-structure



SALKEN DISCOVERY POTENTIALLY WORTH \$140-400M TO SILK



- Drill-ready Salken prospect targeted for 3Q19
- Stacked Middle Jurassic targets, with effective shale seals
- Resource estimate by independent reservoir engineers McDaniel & Associates (McDaniels) estimates 66 MMbbls (p-mean) to as much as 145 MMbbls (high-case) of prospective resource across an aerially extensive structure
 - McDaniels has highlighted a high degree of confidence in a working hydrocarbon system and a good Source Rock, coupled with regionally prolific Seals
 - Key pre-drill risks for the prospect relate to the presence of an effective Trap and the quality and producibility of the Reservoir encountered
 - In sum, McDaniels estimates a pre-drill Geological Chance of Success (GCoS) at the Salken prospect of 39%
- The prospect is partially onshore (low-cost), targeted horizons in the shallower Jurassic intervals (simple to drill) and also very close to existing export infrastructure (quick monetisation)
- If successful, the discovery could be worth USD 140-400m net to Silk Energy (using peer comps & recent transactions)

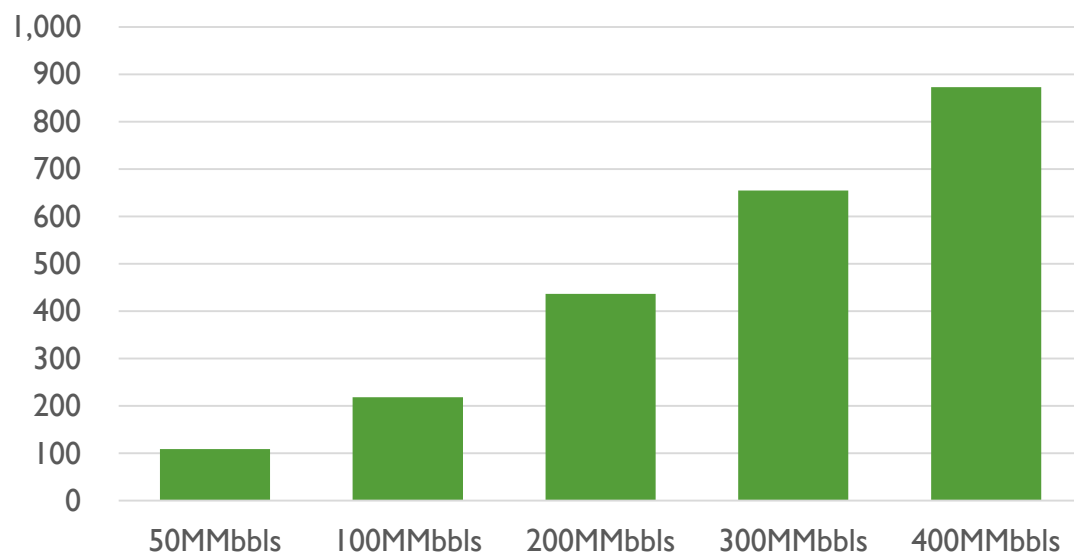


PARTNERSHIP WITH IONIQ COULD ADD EXPLORATION EDGE

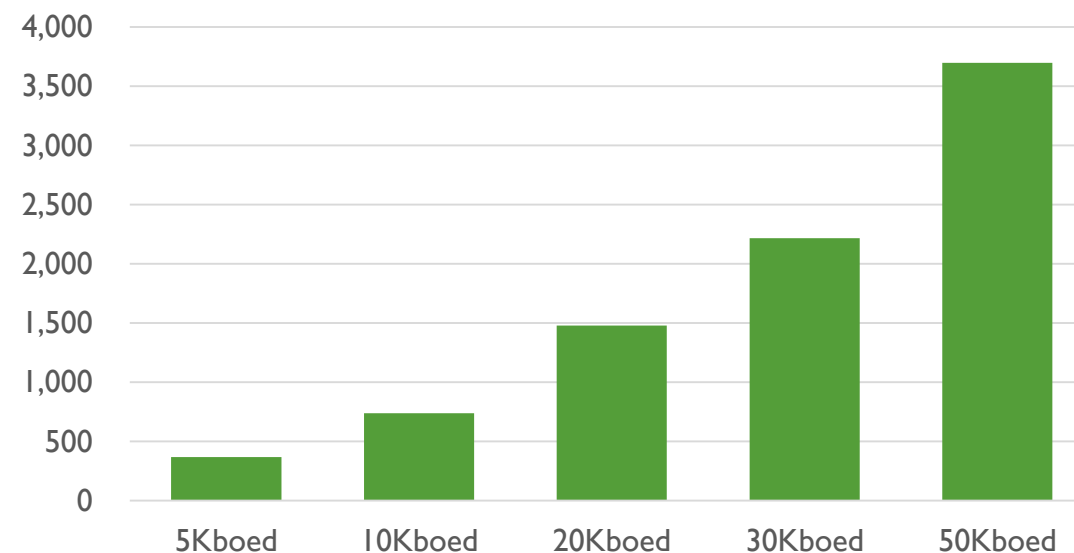
- Founder shareholders of Silk with equity stake based on a technological success
- Proprietary data-driven geophysical capability that enables the remote identification of natural resources
- Unique technology allows them to identify prospective structures and also to provide a “virtual bore hole” or well into the prospect
- Should the Ioniq technology prove successful, it will fast-track the exploration program on Silk Energy's license by several years, leading to much faster monetization of assets
- Crucially, whilst Ioniq owns c.9% of Silk Energy at listing, claw-back provisions are in place in the event identified wildcat prospects are unsuccessful
- Have already seen initial success calibrating their technology with Silk's neighbouring license holder (back tested against existing well logs)
- Ioniq have undertaken an initial study and identified several previously overlooked shallow prospects on the block, with the first wildcat location targeting a significant resource concentration just in the Cretaceous structure at 620-900m
- Wildcat wells on these prospects are planned for early drilling in 2Q19, providing material news flow events

A DISCOVERY COULD UNLOCK SIGNIFICANT UPSIDE

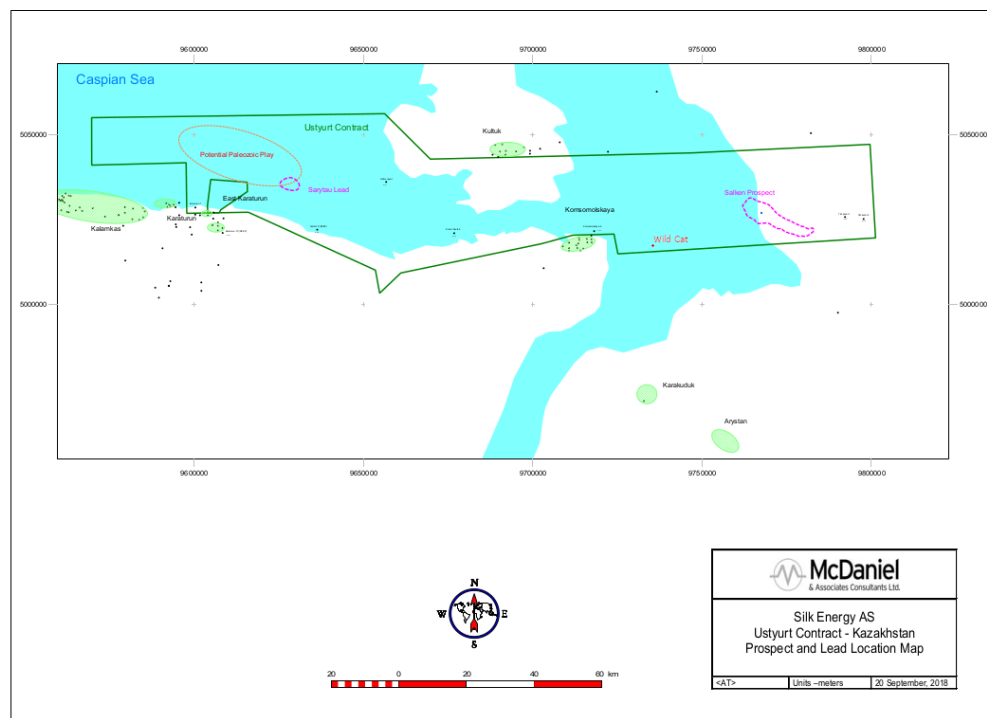
Implied Valuation based on discovered res. (net to Silk, USDm)



Implied Valuation based on daily prodn. (net to Silk, USDm)



NEAR-TERM WORK PROGRAM TARGETS EASY WINS



- Following the capital raise, Silk Energy will be fully funded for a high-impact exploration program through 2019
- Vendor financing (2Y at 3.5% pa) has been arranged for the entire drilling cost of wells, significantly reducing upfront capital required
- Silk Energy has obtained drilling permission for multiple well locations on the block, significantly reducing the lead-time for follow-on drilling upon success
- Anticipated work program
 - 1Q19/2Q19: Finalise several wildcat locations and obtain required approvals, to provide sufficient running-room to drill in the event of initial success
 - 2Q19/3Q19: Drilling of 2 initial wildcat wells – targets identified by Ioniq; USD 0.5m all-in well cost; High-grade other prospects and prepare for drilling / long-lead items
 - 4Q19: Spud third exploration well, likely on the Salken prospect



FOCUS ON ACQUIRING PRODUCTION/CASH FLOW IN PHASE 2

- Following the closing of the Ustyurt farm-in, Silk Energy aims to acquire producing assets in the region, eventually building a full-cycle E&P. Management is currently evaluating 2 such opportunities –
- **Opportunity 1:** Field is adjacent to the Ustyurt license, with a structure likely extending on to the block. Currently producing 2,000 bpd of very high quality crude (55 API). Reservoir analysis is ongoing, but Silk Energy management expects to be able to acquire 33MMbbls of C1 and 50MMbbls of C2 (Russian reserve classification) at around USD 1.50/bbl 2P (following reclassification to Canadian standards)
- **Opportunity 2:** Field is located in the Aktobe region, 4Km from the international export pipeline. The field has c.70MMbbls of 2P, with the ability to produce 9,500bpd from 23 wells (capped from producing whilst litigation is ongoing). Silk Energy has exclusivity to acquire the asset, and expects to acquire the development asset for USD 1.5/bbl as well. Management remains confident of ramping up production to 3,000 bpd within 9 months of acquisition

CAPITAL STRUCTURE

- Silk Energy has agreed to acquire UnionField Group (UFG), a private company which owns 50% interest in the Ustyurt block (Kazakhstan)
- Financed as follows
 - Silk Energy has agreed to merge with Inspiration Mining, a Toronto listed shell via a reverse takeover (see page 24 for announcement). Expected Timetable –
 - Mid-Feb : Documents posted; Mar 2019: EGM; listing March 15th or thereafter
 - Cash at closing of C\$2m
 - Capital Structure post RTO and acquisition

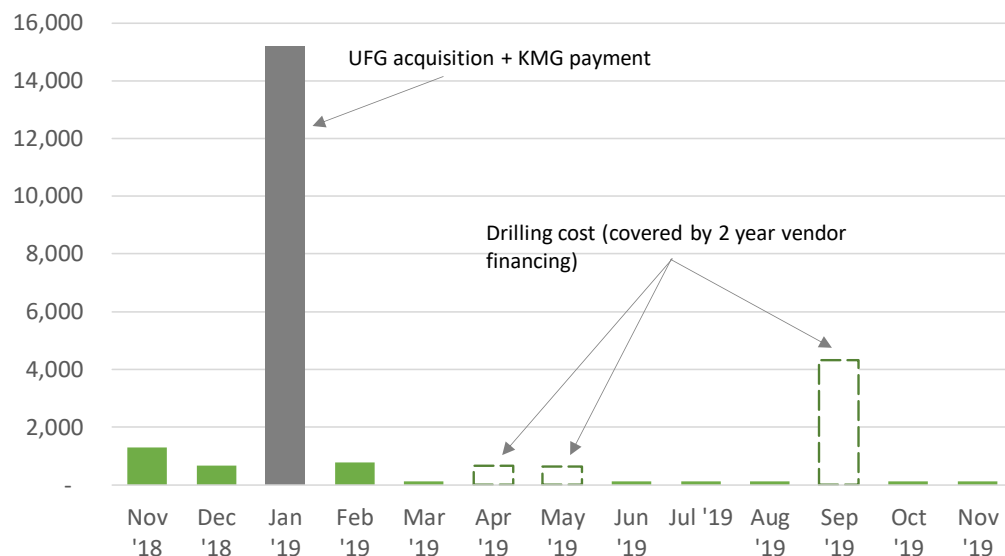
Shareholder	Number of Shares	% of sh outstanding
Inspiration Mining Corp (post consolidation)	24,278,552	7.32%
Silk Energy issued shares (30 Sep 2018)	161,822,500	48.78%
Private Placement Shares (Feb 2019) @ C\$0.15/sh	13,333,333	4.02%
Private Placement Warrants (Feb 2019) @ C\$0.21/sh	6,666,667	2.01%
U\$ 15m (C\$ 19.5m) Equity Raise @ C\$0.25/sh	78,000,000	23.51%
U\$ 11m (C\$ 14.3m) Vendor Convertible @ C\$0.30/sh	47,666,666	14.37%
TOTAL	331,767,718	100.00%

- Additional share issuance expected at market prices through 2019 to fund the UFG acquisition and ongoing working capital needs



BUDGET

Silk Energy Monthly Budget (USD '000s)



- UFG acquisition for a total of c.USD 26m, of which
 - USD 5m due promptly to KMG for the block
 - USD 11m due to UFG on closing + USD 10m deferred for 1Y
 - However, Silk management plans to agree with the vendors to change the requirement to a USD 21m convertible note instead
- Minimal cash burn – Run-rate G&A cost of c.USD 1.2m per year
- Major expenses predominantly budgeted for 1Q and 3Q2019, ahead of three planned wells
 - Planned 2Q19 wildcat drilling at USD 0.5m per well
 - 3Q19 Salken exploration well budgeted c.USD 2.5m, plus mob/de-mob
 - Crucially, 100% vendor financing obtained for drilling expenses (2Y term, at 3.5% pa)



TRIANGULATING SILK ENERGY VALUATION

Independent publicly traded companies with assets in the Mangystau region currently trade at USD 2.8/bbl of 2P reserves and c.USD 2.2/bbl of 2P+2C. Further, on flowing barrel basis, they are trading at USD 74,000/bopd

Recent transactions in Kazakhstan have implied c.USD 7/boe of 2P and c.USD 62,000/bopd of flowing barrel

On the Ustyurt block, 5 large prospects have already been identified, with conventional seismic with total prospectivity of >3Bnboe

Multiple wildcat targets have also been identified using Ioniq's technology and the first wildcat well location has been determined within a radius of 25m

Two wildcat exploration wells, with significant volumetric potential are to be drilled in 2Q19, followed by the Salken prospect in 3Q19 (targeting 66-145MMboe of prospective resource by itself)

Using recent transaction comps, a Salken discovery alone is worth between USD 140m – USD 400m (2P valuation, Silk Energy's 50% interest); Even undeveloped, on 2C metrics, the Salken discovery would be worth USD 85m net to Silk Energy





Regional Peers	MV	'17 EV	2P res	EV/2P	2C res	EV/2P+2C	Prodn.	EV/Prodn
	USDm	USDm	Mmbbls	USD/bbl	Mmbbls	USD/bbl	Kboe/d	USD/boepd
Reach Energy (5256 KL)	85.0	227.0	81.0	2.80	23.0	2.18	3.07	73,925
AVERAGE				2.80		2.18		73,925

- Very few small & mid-cap E&P companies active in Kazakhstan, given the large field sizes typically encountered
- Reach Energy is the closest comparable – both in terms of Management effectiveness and the quality of the asset
- The company trades at c.USD 3/bbl of 2P reserves and c.USD 74,000 /boepd of daily production

KAZAKHSTAN REGIONAL PEER COMPS



INSPIRATION MINING STOCK EXCHANGE RELEASE REGARDING SILK ENERGY ACQUISITION

25 October 2018

Inspiration Mining Corp., further to its press release of Aug. 7, 2018, has entered into a share purchase agreement dated Oct. 24, 2018, with the shareholders of Silk Energy AS, an arm's-length party incorporated pursuant to the laws of Norway.

Pursuant to the terms of the agreement, Inspiration will acquire 100 per cent of the issued and outstanding securities of Silk from the vendors for an aggregate purchase price of \$32,364,500. The purchase price will be satisfied through the issuance of an aggregate 161,822,500 post-consolidated common shares in the capital of Inspiration at a deemed price of 20 cents per consideration share.

Silk has entered into a letter of intent with an arm's-length third party with respect to a proposed financing of \$26-million (U.S.). The proceeds of the proposed financing will be used by Silk for the development of its oil assets. Upon the closing of the proposed financing, Inspiration's ownership interest in Silk will be reduced to 50 per cent of the issued and outstanding securities of Silk.

The closing of the acquisition is subject to, among things, the successful completion of the corporation's due diligence review of Silk, and the corporation obtaining shareholder approval for the consolidation of the issued and outstanding securities on a one-new-for-three-old basis. After the proposed consolidation, the corporation will have an aggregate of 12,611,884 common shares issued and outstanding.

The entering into this agreement is considered a fundamental change under Policy 8 of the Canadian Securities Exchange, and, as such, the closing of the acquisition is subject to all of the requirements of Policy 8, including, but not limited to, Canadian Securities Exchange and shareholder approval.

Corporation private placement

The corporation would also like to announce that it intends to raise gross proceeds of up to \$2-million through a non-brokered private placement of up to 40 million units of the corporation (or 13,333,333 units on a consolidated basis) at a price of five cents per unit (or 15 cents on a consolidated basis). Each unit will consist of one common share and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share for a period of 18 months from the date of issuance at an exercise price of seven cents per warrant (or 21 cents per warrant on a consolidated basis).



INSPIRATION MINING STOCK EXCHANGE RELEASE REGARDING SILK ENERGY ACQUISITION (2)

In the event that the closing price of the outstanding common shares of the corporation on any stock exchange on which such shares are listed and posted for trading is greater than 10 cents (or 30 cents on a consolidated basis) for a period of 20 non-consecutive trading days, the corporation may, at its option, accelerate the expiry date of the warrants and force the conversion of the warrants by giving notice to the holders thereof, and in such case the warrants will expire at 5 p.m. (Toronto time) on the date that is the 20th business day after the date on which such notice is sent to the holders by the corporation.

The non-brokered private placement is subject to all necessary regulatory approvals. The units and the underlying common shares and warrants will be subject to a four-month hold period in accordance with applicable Canadian securities laws.

About Silk Energy AS

Silk is a private Norwegian company, established specifically to secure undervalued and distressed oil assets in Kazakhstan. It recently agreed terms to participate in 50 per cent of the Ustyurt licence, comprising 6,451 square kilometres in the Caspian Sea region, which includes an obligation to pay \$5-million (U.S.) to KazMunaiGas to bring the licence up to date and a \$10-million (U.S.) work program incorporating the drilling of two wells in 2019. Ustyurt is less than 100 kilometres from the supergiant Tengiz and Kashagan fields with a combined 22 billion barrels of recoverable reserves, and it is in the fairway of other giant fields.

In excess of \$80-million has been spent by the previous owners and the state oil company on the acquisition and interpretation of a comprehensive set of 2-D seismic. Despite all of the data, only one well has been drilled in the whole contract territory in the last 30 years. It is incredibly underexplored and management has multiple targets to exploit.



- *Report prepared by Aaditya Chintalapati, CFA (Founder & Director, VAC Investments, UK)*
- VAC Investments provides best-in-class energy research & marketing, valuation support and consulting to Oil & Gas companies and Fund Managers
- Aaditya has >10 years of cross-asset sell-side Energy research experience as a member of top-ranked teams at Goldman Sachs, Morgan Stanley and Pareto Securities.
- Key recent projects include –
 - *Evaluating existing holdings and screening new Oil & Gas opportunities for a US-based Hedge Fund*
 - *Valuation support, modelling and due-diligence on potential North Sea Oil & Gas acquisitions for an exciting PE-backed energy start-up*
 - *Pre-IPO research and marketing support for a \$25m capital raise by a Kazakhstan focused E&P company*

VAC INVESTMENTS ENERGY CONSULTING

THANK YOU

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William West (Chairman) - wwest@rdplimited.co.uk

CONTACT US

APPENDIX

Date	Buyer	Seller	Tx. Value	2P res		Prodn.	
			USDm	Mmboe	USD/boe	Kboed	USD/boepd
Mar-15	CLIQ Energy	Phystech Firm LLP	117	20	5.8	1	164,286
Jan-15	Sumatec Resources	Borneo Energy Oil and Gas Ltd.	278	69	3.7	NM	NM
Jan-15	Xinjiang Zhundong Petroleum	Baverstock;LG Intl;Roxi Petroleum PLC	90	15	6.1	NM	NM
Aug-14	AGR Energy	Max Petroleum plc	62	NM	NM	NM	NM
Aug-14	Caspian Energy	Aral Petroleum Inc.;Asia Sixth Energy	152	NM	NM	NM	NM
Apr-14	CPCC	LUKOIL	1,200	81	14.3	28	40,479
Sep-13	China National Petroleum Corporation	KazMunaiGas National Company	5,400	666	7.8	NM	NM
Jul-13	KazMunaiGas National Company	ConocoPhillips	5,400	671	7.7	NM	NM
Dec-11	KazMunaiGas Exploration Production	GazMunaiOnim LLP	59	NM	NM	NM	NM
Dec-11	KazMunaiGas National Company	BG Group;Chevron;Eni;LUKOIL	3,000	500	6.0	36	82,569
Apr-11	ONGC Videsh Ltd.	KazMunaiGas National Company	93	NM	NM	NM	NM
Mar-11	Korea National Oil Corporation	Altius Holdings;Arawak Energy;Vitol	458	79	5.3	9	34,142
Mar-11	KazMunaiGas Exploration Production	Exploration Venture Limited	61	NM	NM	NM	NM
Feb-11	MIE Holdings Corporation	BMB Munai, Inc.	170	NM	NM	3	57,823
Jul-10	KazMunaiGas Exploration Production	KazMunaiGas National Company	1,660	312	5.3	62	26,911
Jul-10	KazMunaiGas Exploration Production	KazMunaiGas National Company	466	119	3.9	10	46,304
Jul-10	KazMunaiGas Exploration Production	KazMunaiGas National Company	123	19	6.6	2	50,659
2010-15 Transaction Average					6.6	62,897	
2000-2015 Transaction Average					5.1	42,390	

KAZAKHSTAN RECENT TRANSACTION COMPS

