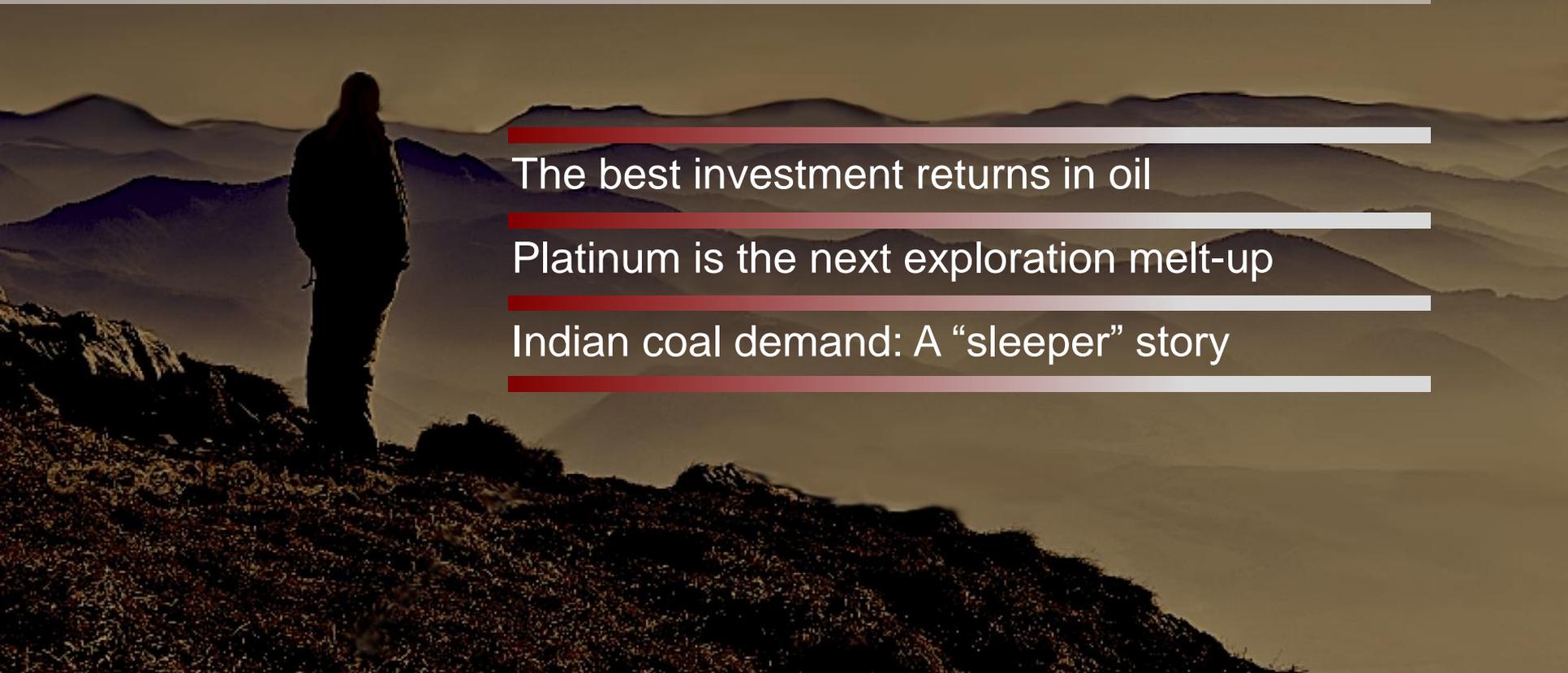


Pierce Points - Quarterly Resource Trends

Boundary Conditions

April 2014



The best investment returns in oil

Platinum is the next exploration melt-up

Indian coal demand: A “sleeper” story

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Offshore Unconventional

SECTION 1

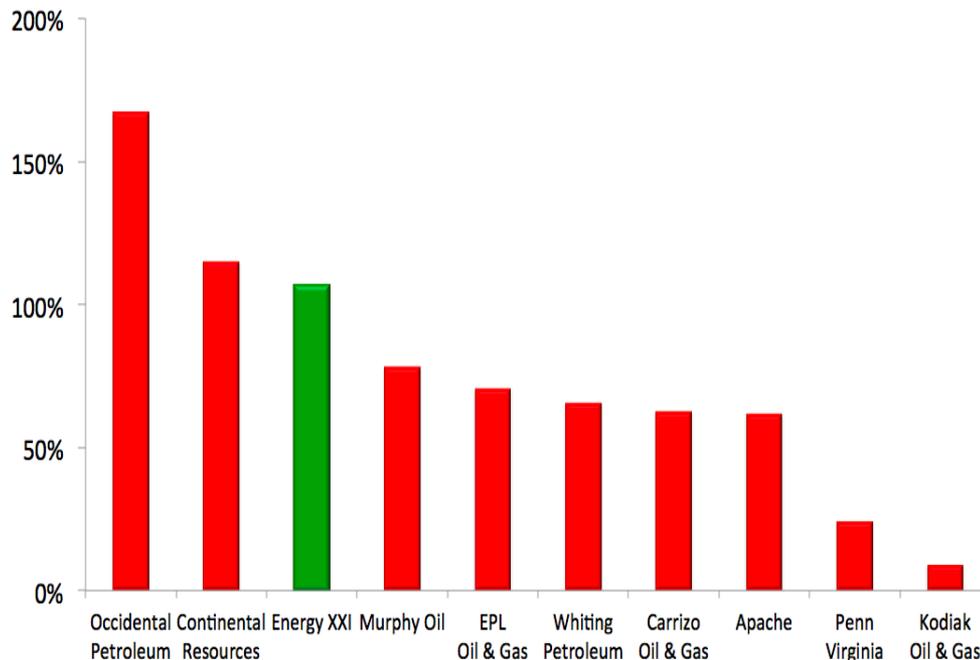
A person is silhouetted against a vast, hazy mountain range. The person is standing on a rocky ridge in the foreground, looking out over a series of rolling, layered mountain peaks that fade into the distance. The lighting is soft and atmospheric, suggesting a sunrise or sunset. The overall color palette is muted, with shades of brown, tan, and grey.

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Leading Oil Returns... In An Unlikely Place

► Energy XXI: Little-known Gulf of Mexico oil producer, industry leader

Return on Investment - 2013



Source: Company 10-K filings

Return on investment = yearly proved reserves additions divided by expenditures on drilling, development and acquisitions

Energy XXI FY2013 Metrics

▪ Drilling	\$0.8 billion
▪ Acquisitions	\$0.2 billion
▪ 1P Reserve Adds	\$2.0 billion
▪ ROI	107%

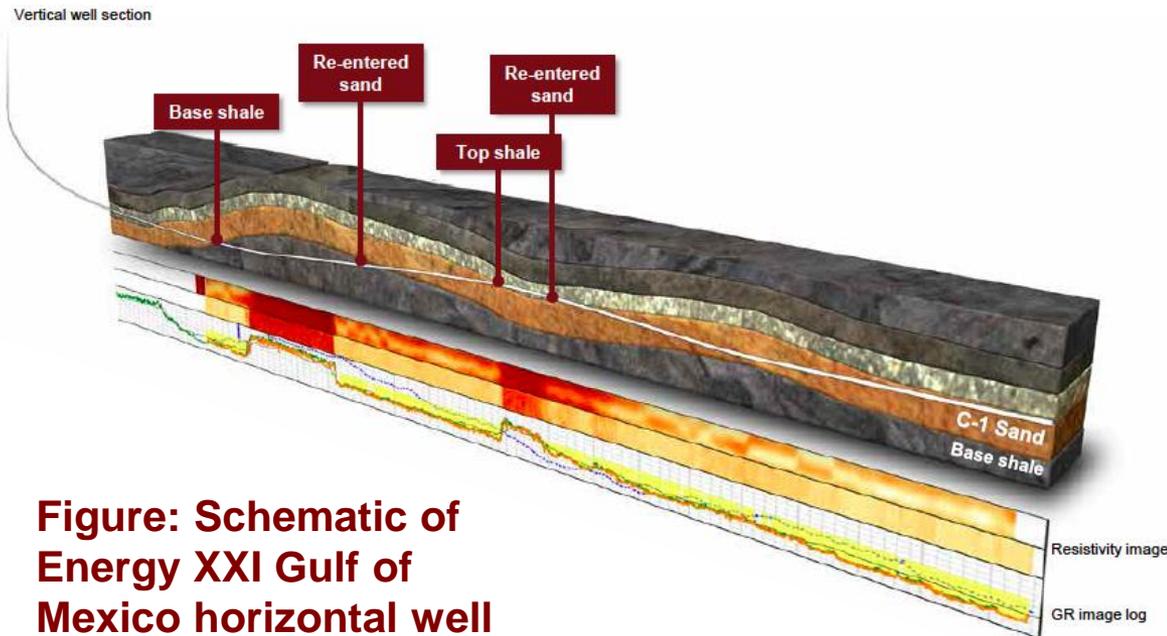
- Energy XXI seeing much higher drilling returns than many onshore plays
- Generating returns on par with serial value creators amongst the majors, such as Oxy
- Majority of reserves value created through the drill bit

What's The Secret to Energy XXI's Success?

► Quantum leaps in drilling tech unlocking large reserves offshore

“Our acquire and exploit strategy has delivered the growth...we've increased reserves by 80% since the time of acquisition.”

- John Schiller, Energy XXI Chief Executive Officer



- Horizontal wells completed in sands less than 10' thick
- Billions of barrels of oil in place
- Oil left behind during first wave of Gulf development – due to technical challenges

Industry-Leading Returns Attracting BIG Capital

► Recent M&A in the Gulf of Mexico shows major investors (quietly) moving in

Recent GOM Transactions

▪ Fieldwood Energy		▪ Fieldwood Energy		▪ Energy XXI	
<i>October 2013</i>		<i>February 2014</i>		<i>March 2014 (announced)</i>	
Seller	Apache	Seller	SandRidge Energy	Seller	EPL Oil & Gas
Purchase Price	\$3.75B	Purchase Price	\$0.75B	Purchase Price	\$2.3B
1P Oil Reserves	133M Bbl	1P Oil Reserves	29M Bbl	1P Oil Reserves	55M Bbl
Production	95,000 b/d	Production	23,500 boe/d	Production	20,800 boe/d

- Fieldwood Energy = Riverstone Holdings—one of largest energy private equity firms globally (Lord John Browne of BP, James Hackett of Anadarko)
- Fieldwood has gone from standing start to largest asset-holder in the GOM Shelf, in under four months
- Acquisitions focused on shallow-water, decades-old assets

Offshore Unconventional – Action To Take

► Offshore unconventional drilling creating some of today's best drilling returns

Key Takeaways

- Advanced drilling tech developed onshore is now moving offshore
- U.S. shallow Gulf of Mexico is current focus
- Producers starting to look at new plays globally



- ✓ Acquire “sunset” oil pools with historic conventional development
- ✓ Thin and stacked sands as in GOM are conducive to re-development and reserves additions
- ✓ Plays with large OOIP but recovery challenges (e.g., heavy, waxy) are candidates

Platinum Crisis

SECTION 2

A person is silhouetted against a vast, hazy mountain range. The person stands on a rocky ridge in the foreground, looking out over a series of rolling mountain peaks that fade into the distance under a soft, golden light. The overall mood is contemplative and expansive.

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Global Platinum – Concentrated and At-Risk

► Structural changes afoot in platinum, driven by unique global geology

Platinum is geographically restricted

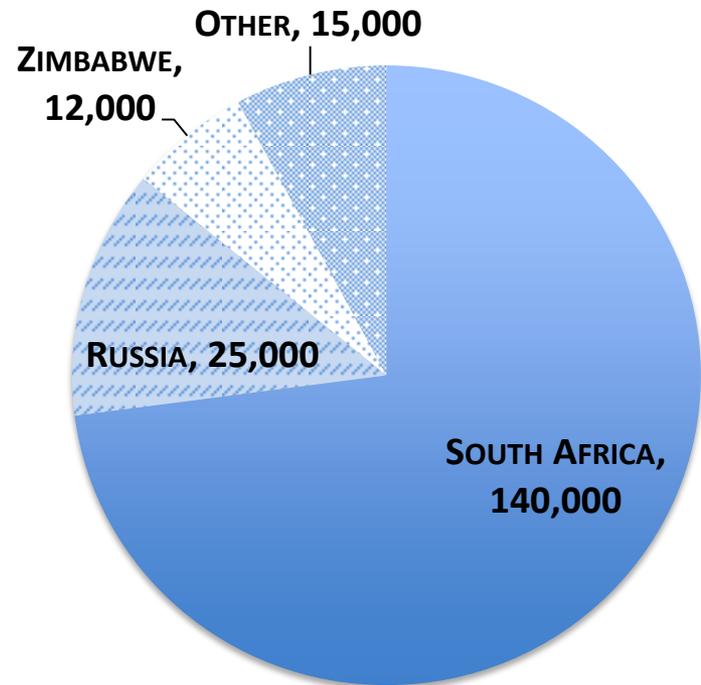
- Over 70% of global production from South Africa
- Top three nations produce 92% of supply

Major producers facing big challenges

- Labor unrest in South Africa
- High costs for electricity, sustaining capital expenditures

Few Alternatives for New Supply

- Unfavorable exploration regimes in Zimbabwe and Russia
- No other primary production with significant scalability



Global platinum production 2013 (kg)

Source: United States Geological Survey

Unusual Exploration Activity Emerging

► Recent projects launched by Lonmin show miners are hungry for new ideas

- Platinum major Lonmin quietly began exploration in Northern Ireland
- Target is highly conceptual in nature – buried PGM deposits beneath surface lavas
- Lonmin funding geochemistry aimed at determining regional potential for underlying magmatic system
- Suggests majors are willing to pay up for ideas that open up new plays globally



Figure: Antrim Lavas in Northern Ireland

Platinum Crisis – Action To Take

► Well-founded platinum prospects growing in value, even conceptual targets

Key Takeaways

- Platinum industry is facing serious risks to production and operating stability
- Few established options for diversification
- Spurring a wave of interest in grassroots plays



- ✓ Develop conceptual targets in new jurisdictions
- ✓ Use existing body of technical data from known districts (Bushveld, Norilsk) to refine prospects
- ✓ High potential for attracting farm-in deals and funding; big value creation on new discoveries

India Coal Critical

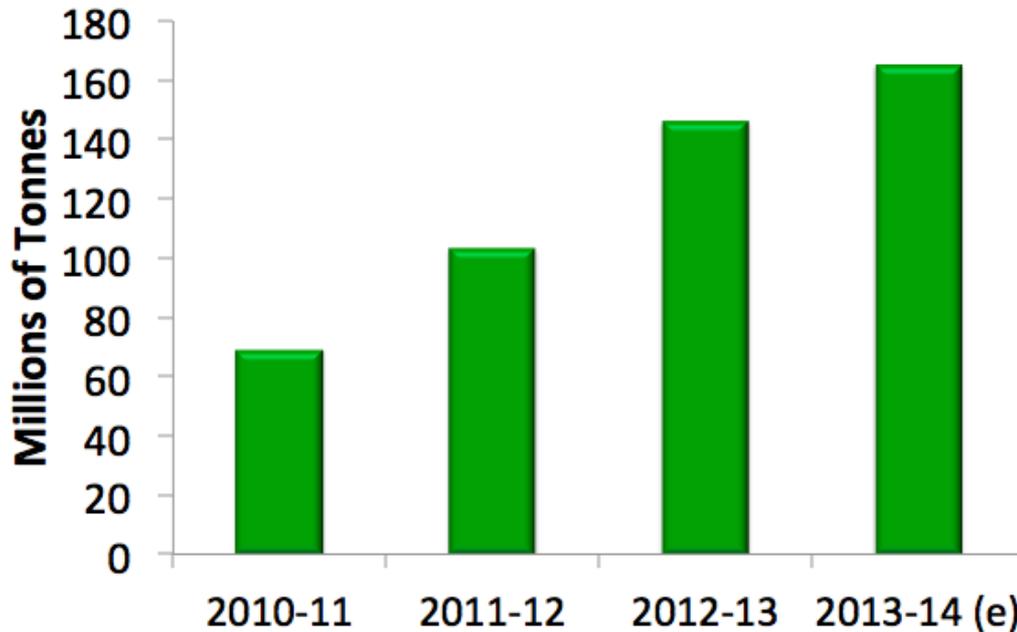
SECTION 3

A person is silhouetted against a vast, hazy mountain range. The person stands on a rocky ridge in the foreground, looking out over a series of rolling, layered mountain peaks that fade into the distance. The lighting is soft and atmospheric, suggesting dawn or dusk. The overall mood is contemplative and expansive.

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India's Coal Imports Seeing Unparalleled Growth

► Imports of thermal coal into India on pace to grow by 139% since 2010



Source: Press Bureau of India
Estimated imports for FY2013-14 are annualized figures from the first 6 months

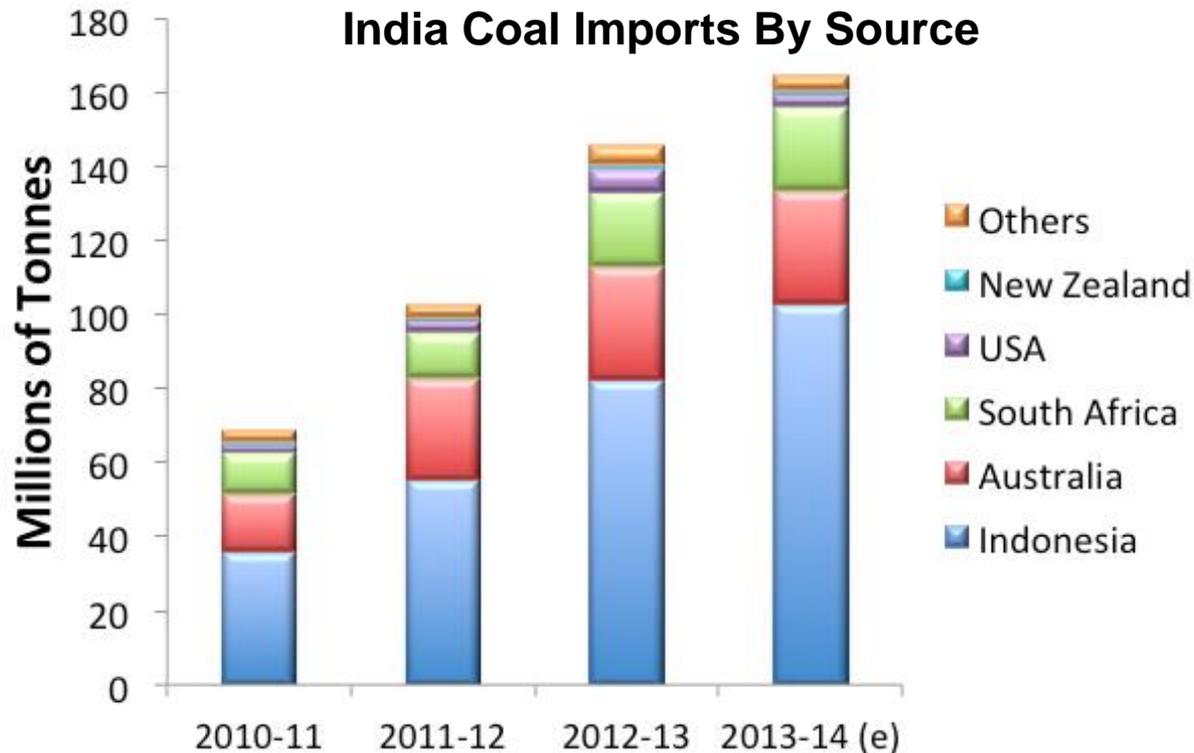
India FY Thermal Coal Imports

▪ 2010-11	69 million tonnes
▪ 2011-12	103 million tonnes
▪ 2012-13	146 million tonnes
▪ 2013-14 (e)	165 million tonnes

- India's coal-fired power output running at 110,000 MW
- Domestic coal production flagging due to corruption, environmental and transport
- 1 in 5 power plants running at "critical" coal inventories

Top Supplier Indonesia Now Capping Supply

► Indonesia has been go-to exporter to India; but will limit shipments in 2014



- Indonesia is only major supplier to India showing output growth
- India's 2012/13 imports of Indonesian coal up 46.5 million tonnes since 2010
- Indonesian government prohibiting new exports in 2014

Figure: Major export suppliers to India

Source: Press Bureau of India

Estimated imports for FY2013-14 are annualized figures from the first 6 months

India Coal Critical – Action To Take

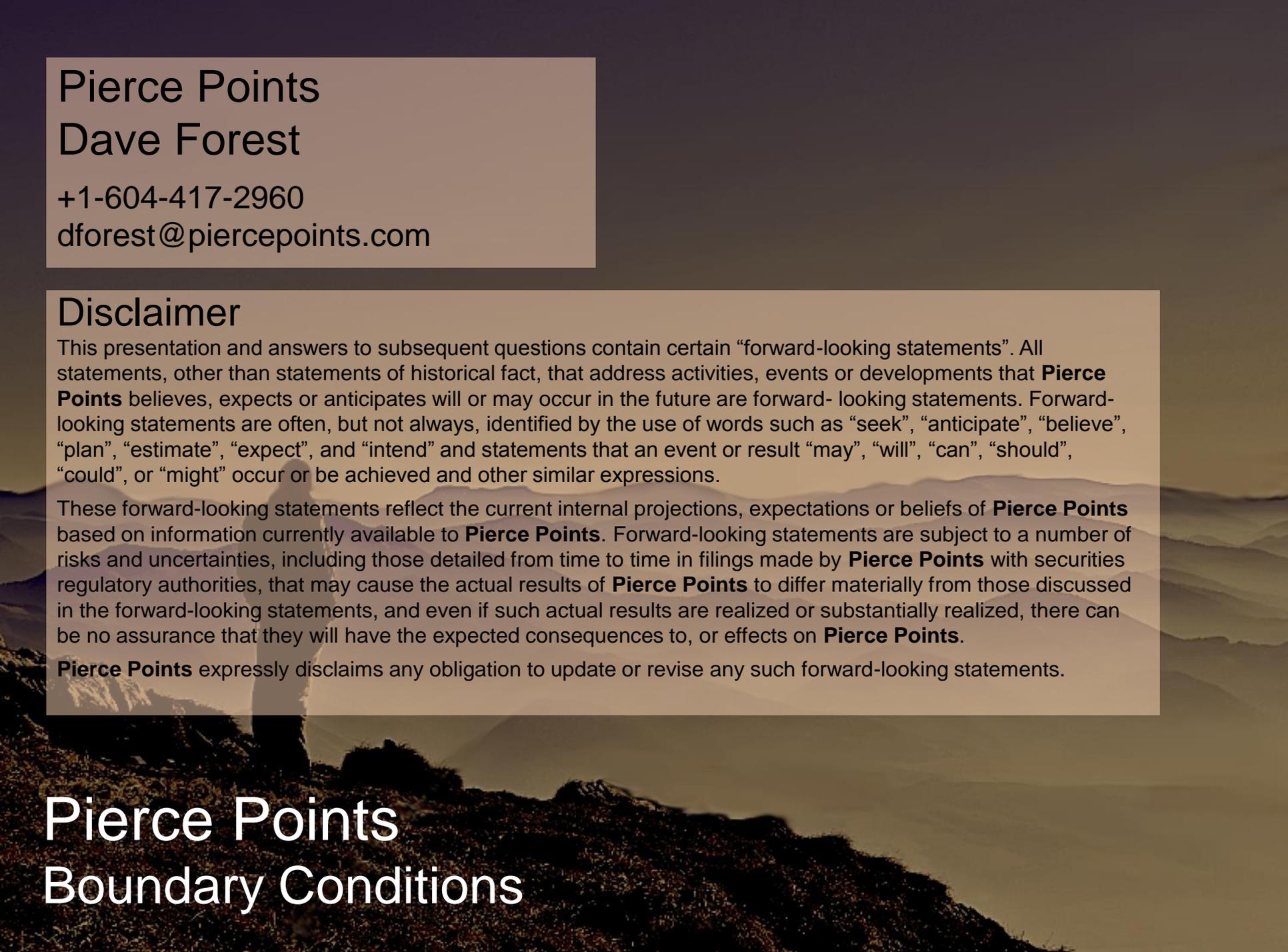
► Thermal coal assets within shipping distance of India increasingly attractive

Key Takeaways

- Indian coal imports growing at a rapid and unparalleled rate
- Key producing nations are restricting output
- Few other supply options currently identified



- ✓ Consider mining and development projects in established coal-exporting nations like Australia and South Africa
- ✓ Tight supply situation may spur investment in new localities around the Indian Ocean sphere
- ✓ East African coast, Madagascar are potential target regions



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