



11 January 2023

Orcadian Energy plc
("Orcadian Energy", "Orcadian" or the "Company")

Proposed Disposal of Crinan and Dandy discoveries

Highlights

- Orcadian has entered into a non-binding Heads of Agreement ("HoA") with Rapid Oil Production Ltd ("Rapid") to dispose of its interests in the Company's non-core Crinan and Dandy discoveries.
- Rapid is progressing the development of the nearby Fyne field, with the intention of achieving FDP Approval in 2023, and could bring Crinan into production as part of the Fyne cluster in phase two or three of the field development. This could potentially be followed by a Dandy tie-back via Fyne.
- If this progresses to completion, Orcadian would receive a cash consideration of US\$500,000 (US\$100,000 on signature of a binding Sale and Purchase Agreement, and US\$400,000 on Crinan FDP Approval) plus a royalty on oil and gas produced from the fields.

Steve Brown, Orcadian's CEO, commented:

"We are delighted to have reached an initial agreement with Rapid Oil, on the proposed disposal of these non-core assets. Rapid Oil are focussed on achieving a development plan approval for Fyne and Crinan and we believe they will be best placed to develop the Dandy fields through the same infrastructure. We look forward to converting these heads of terms into a binding agreement and will provide further updates as negotiations progress; and we look forward to potentially sharing in the cash flow from these discoveries if these fields are developed."

Hallvard Hasselknippe, Rapid Oil Production's CEO commented:

"We are pleased to add the potential of the Crinan and Dandy resources to our field development plan for the Fyne field, this adds approximately 7 MMbbl to our contingent resources. In particular Crinan will be a very cost efficient add-on as it can be drilled from the Fyne Central location."

The heads of terms are subject to, amongst other items, due diligence, North Sea Transition Authority ("NSTA") consent and the finalisation of binding legal documents. Accordingly, there can be no guarantee that a final agreement will be entered into or that this disposal will complete.

Background

Crinan and Dandy were discovered by Mobil in 1987 and 1990 respectively, and appraised by Monument in 1998. Crinan straddles the boundary between 21/28a, Orcadian's block, and 21/28b, Rapid Oil's block, whilst Dandy lies entirely within 21/28a. These fields were not included in the Company's CPR contingent resource estimate as they were considered non-core and not material to the overall Orcadian proposition, but were included as upside potential in the Company's CPR (see page 146 of the Company's Admission Document

included as upside potential in the Company's CRN (see page 170 of the Company's Admission Document, available on the Company's website)

Follow this link for a map of the proposed Crinan and Dandy subarea: https://bit.ly/Dandy_Crinan

Heads of Agreement

Rapid has agreed to pay an oil price dependent royalty which ranges from 2.5% to 4.0% for production from these fields. Rapid and Orcadian have also agreed that Orcadian's deemed equity share of the Crinan discovery is 60%. Rapid Oil will additionally pay a 1% royalty to TGS ASA.

The intention under the HoA is that Rapid will pay Orcadian US\$100,000 on signature of a binding Sale and Purchase Agreement plus a further US\$400,000 on Crinan FDP Approval. These payments will be treated as a pre-payment of the royalty due to Orcadian.

There can be no guarantee that the fully termed deal will be agreed, nor that oil will be produced from these assets. In addition, if production is achieved any royalty payment would be spread over the life of the Crinan and Dandy developments (anticipated to be 10 to 20 years). Crinan and Dandy are discoveries on which Orcadian has undertaken no exploration activities, there is no turnover or profits attributable to the Crinan and Dandy sub-area. The Company currently ascribes a nominal value to the Crinan and Dandy sub-area of licence P2320. However, if the conditions of any future Sale and Purchase Agreement were to be satisfied and a royalty was to be paid, the Directors believe it could be meaningful.

Qualified Person's Statement

Pursuant to the requirements of the AIM Rules and in particular, the AIM Note for Mining and Oil and Gas Companies, Maurice Bamford has reviewed and approved the technical information and resource reporting contained in this announcement. Maurice has more than 33 years' experience in the oil & gas industry and 3 years in academia. He holds a BSc in Geology from Queens University Belfast and a PhD in Geology from the National University of Ireland. Maurice is a Fellow of the Geological Society, London, and a member of the Petroleum Exploration Society of Great Britain. He is Exploration and Geoscience Manager at Orcadian Energy.

For further information on the Company please visit the Company's website: <https://orcadian.energy>

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About Orcadian Energy

Orcadian is a North Sea focused, low emissions, oil and gas development company. In planning its Pilot development, Orcadian has selected wind power to transform oil production into a cleaner and greener process. The Pilot project is moving towards approval and will be amongst the lowest carbon emitting oil production facilities in the world, despite being a viscous crude. Orcadian may be a small operator, but it is also nimble, and the Directors believe it has grasped opportunities that have eluded some of the much bigger companies. As we strike a balance between Net Zero and a sustainable energy supply, Orcadian intends to play its part to minimise the cost of Net Zero and to deliver reliable organic energy.

Orcadian Energy (CNS) Ltd ("CNS"), Orcadian's operating subsidiary, was founded in 2014 and is the sole licensee of P2244, which contains 78.8 MMbbl of 2P Reserves in the Pilot discovery, and of P2320 and P2482, which contain a further 77.8 MMbbl of 2C Contingent Resources in the Elke, Narwhal and Blakeney discoveries

(as audited by Sproule, see the CPR in the Company's Admission Document for more details). Within these licences there are also 191 MMbbl of unrisked Prospective Resources. These licences are in blocks 21/27, 21/28, 28/2 and 28/3, and lie 150 kms due East of Aberdeen. The Company also has a 50% working interest in P2516, which contains the Fynn discoveries. P2516 is administered by the Parkmead Group and covers blocks 14/20g and 15/16g, which lie midway between the Piper and Claymore fields, 180 kms due East of Wick.

Pilot, which is the largest oilfield in Orcadian's portfolio, was discovered by Fina in 1989 and has been well appraised. In total five wells and two sidetracks were drilled on Pilot, including a relatively short horizontal well which produced over 1,800 bbls/day on test. Orcadian's proposed low emissions, field development plan for Pilot is based upon a Floating Production Storage and Offloading vessel (FPSO), with over thirty wells to be drilled by a Jack-up rig through a pair of well head platforms and provision of power from a floating wind turbine.

Emissions per barrel produced are expected to be about a tenth of the 2021 North Sea average, and less than half of the lowest emitting oil facility currently operating on the UKCS. On a global basis this places the Pilot field emissions at the low end of the lowest 5% of global oil production.

About Rapid Oil

Rapid Oil Production Ltd ("Rapid") is a private, UK registered company founded in 2015. Rapid is a specialised development, production and financing company with desires to unlock and develop stranded assets through fully integrated production appraisal, early production or full field developments projects with a focus on the UKCS. The company's main strategies include a combined production appraisal approach to improve reservoir knowledge; optimisation of the the field development plan to maximise recovery and minimise greenhouse gases; and working with tier one contractors in an integrated team to reduce risks, improve efficiency and to develop attractive economics with short investment cycles.

Rapid is currently planning development of the Fyne field as a tie-back to the Triton FPSO operated by Dana Petroleum Ltd.

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