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Deltic Energy Plc / Index: AIM / Epic: DELT / Sector: Natural Resources

7 February 2024

**Deltic Energy Plc ("Deltic" or "the Company")  
Selene farm-out to Dana Petroleum (E&P) Limited**

Deltic Energy Plc, the AIM-quoted natural resources investing company with a high impact exploration and appraisal portfolio focused on the Southern North Sea, is pleased to announce that it has entered into an agreement in respect of the farm-out of a 25% interest in Licence P2437, containing the Selene Prospect, to Dana Petroleum (E&P) Limited ("Dana"). This transaction, in combination with the existing Shell UK Ltd ("Shell") carry, results in Deltic retaining a 25% non-operated interest in Licence P2437 and having no exposure to 2024 drilling and testing costs up to a cap in excess of current success case well cost estimates provided by the Operator.

**Highlights**

- Deltic retains a 25% non-operated equity interest in P2437
- Deltic to transfer 25% equity in P2437 to Dana in return for:
  - \$500K in cash on completion in relation to back costs incurred by Deltic
  - Dana to carry Deltic for its residual cost exposure to the Selene well (after utilisation of the existing carry from the Shell farm-out) to a value of \$5M, and \$6M in a success case
  - Dana to pay its 25% share of costs from 1 January 2024
- Any gross well costs incurred in excess of \$40M (dryhole) or \$49M (success case) and any non-well related costs incurred after the effective date of 1 January 2024 will be split along equity lines
- As a result of the Dana carry and the Shell carry referenced above, Deltic will have no cost exposure to the Selene exploration well up to \$40M (in the case of a dry hole) or \$49M (in a success case) in aggregate
- The recent estimate of well costs from the Licence Operator, Shell, indicate a total success case cost of the Selene well at \$47M
- Completion of the farm-out is conditional on obtaining consent from Shell and standard regulatory consents from the North Sea Transition Authority

**Well Planning Update**

Preparatory works for the Selene well continue to progress on time and according to plan. Geophysical and geotechnical site surveys have been completed and critical long lead items including casing have been ordered. Procurement processes are also well advanced with the rig contract for the Valaris 123 having been announced on 5 February meaning that the Selene well remains on track to be drilled in Q3 2024

**Graham Swindells, Chief Executive of Deltic Energy, commented:**

*"We are delighted to have strengthened the P2437 JV with the addition of an established operator like Dana who have a long history of successful exploration and development in the Southern North Sea. As a result of the transaction Deltic retains a material stake in one of the highest impact UK exploration wells planned in 2024 while effectively eliminating our estimated cost exposure to the exploration well, which remains scheduled to commence in Q3 2024. I look forward to updating the market as we progress through a very exciting year for Deltic, including our active and ongoing process to realise value and farm down our Pensacola discovery."*

**About Dana Petroleum**

Dana Petroleum is a successful exploration and production company and wholly owned subsidiary of the Korea National Oil Corporation. Dana produces in excess of 40,000 boe/day (2022) from more than 50 licences across the UK, Netherlands and Egypt. In the Southern North Sea, Dana has a 50% non-operated interest in the Tolmount field which produced first gas in May 2022 (with Tolmount East in December 2023), and in late 2023 operated the successful Earn exploration well.

**About Selene**

The Selene Prospect is one of the largest unappraised structures in the Leman Sandstone fairway of the Southern Gas Basin and Deltic estimates Selene to contain gross P50 Prospective Resources of 318 BCF of gas (with a P90 to P10 range of 132 to 581 BCF) with a geological chance of success of 70%.

As a result of the original farm-out with Shell, Deltic held a 50% working interest in the Licence but will be carried for its 25% of the gross costs of drilling and testing the well on the Selene prospect, up to \$25 million. As a result of its farm out of a 25% working interest to Dana, Deltic will now be fully carried for its 25% share of gross well costs up to a total of \$40 million (dryhole) and \$49 million (success case).

The Selene well remains scheduled to be drilled in Q3 of 2024.

**\*\*ENDS\*\***

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**Reporting Standard**

Estimates of resources have been prepared in accordance with the PRMS as the standard for classification and reporting.

**Qualified Person's Review**

Andrew Nunn, a Chartered Geologist and Chief Operating Officer of Deltic, is a "Qualified Person" in accordance with the Guidance Note for Mining, Oil and Gas Companies, June 2009 as updated 21 July 2019, of the London Stock Exchange. Andrew has reviewed and approved the information contained within this announcement.

#### Glossary of Technical Terms

<b>BCF:</b>	Billion Cubic Feet
<b>Boe or barrels of oil equivalent:</b>	Barrels of oil equivalent. Gas is converted at a conversion rate of 6,000 Scf per boe
<b>Geological chance of success (GCoS):</b>	for prospective resources, means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This, then, is the chance or probability of the prospective resource maturing into a contingent resource. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment and political risks). The chance of commerciality is the product of these two risk components. These estimates have been risked for chance of discovery but not for chance of development
<b>P90 resource:</b>	reflects a volume estimate that, assuming the accumulation is developed, there is a 90% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a low estimate of resource
<b>P50 resource:</b>	reflects a volume estimate that, assuming the accumulation is developed, there is a 50% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a median or best case estimate of resource
<b>P10 resource:</b>	Reflects a volume estimate that, assuming the accumulation is developed, there is a 10% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a high estimate of resource
<b>PRMS:</b>	the June 2018 Society of Petroleum Engineers ("SPE") Petroleum Resources Management System
<b>Prospective Resources:</b>	Are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled



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