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

11 June 2024

**Deltic Energy Plc ("Deltic" or "the Company")
Pensacola Withdrawal and Portfolio Update**

Deltic Energy Plc, the AIM-quoted natural resources investing company with a portfolio of operated and non-operated exploration assets in the UK North Sea, provides the following update in relation to Pensacola and the wider portfolio.

Licence P2252 - Withdrawal from the Pensacola Discovery

Further to the Company's announcement of 3 June 2024, and despite an exhaustive process, deteriorating sentiment towards the oil and gas industry as a result of ongoing fiscal volatility and negative political rhetoric in the run-up to the July election have resulted in Deltic being unable to secure a farm-out or an alternative funding solution which would allow the Company to commit to its future commitments with respect to the Pensacola appraisal well. Therefore, the only appropriate course of action available to Deltic is to withdraw from the licence prior to further liabilities being crystallised following the Operator's issuance of the Authorisation for Expenditure ('AFE') for the well cost, expected tomorrow.

In the course of this process, Deltic rigorously examined a wide variety of funding solutions which included potential industry partners, including our existing Joint Venture ('JV') partners, via traditional farm-out or asset sale, the equity capital markets (both traditional and non-traditional sources of capital), strategic investors, debt providers and commodity trading houses which can pre-pay for future gas deliveries.

Accordingly, Deltic has formally notified the JV partners of Licence P2252 of the Company's intention to withdraw from the licence and begin the process of transferring its equity in the licence to the remaining partners in line with the Joint Operating Agreement.

Regardless of Deltic's intention to withdraw from the licence, it is expected that Deltic may be required to honour certain expenditure in relation to the appraisal well which was approved by the JV prior to the withdrawal notice being issued. The value of the committed expenditure, which may potentially be material to the Company, will be established with the Operator following the formal withdrawal process, and it is expected that these costs may not become fully payable until H1 2025.

Licence P2437 - Selene Drilling Update

Very good progress continues to be made on the Selene exploration well which remains on track to commence drilling operations in the first half of July 2024, with operations expected to last approximately 90 days. Following a farm-out to Dana Petroleum earlier this year, Deltic retains a 25% working interest in the licence and has no cost exposure to the imminent well up to a gross success case well cost of USD\$49M. The successful farm-out of the Selene project demonstrates that significant appetite remains for certain types of exploration assets within the SNS.

In contrast to Pensacola, the 318 BCF (Gross P50 Prospective Resources) Selene prospect is a simple Leman Sandstone structure in an established, well understood play and located close to existing production infrastructure. In a successful outcome, it is considered unlikely that Selene will require further appraisal prior to field development planning commencing and could therefore be brought into production relatively quickly following discovery given the proximity of existing infrastructure.

Licence P2542 - Syros Update

Deltic is in the process of bringing the farm-out in relation to its 100% working interest in the Syros prospect to a close. While discussions are ongoing, there is no guarantee that these will be concluded successfully or result in a transaction. The Company will provide a further update once these discussions have been concluded.

The Syros prospect is a modestly sized, low risk exploration target located in the Central North Sea which is in close proximity to established production infrastructure on the Montrose-Arbroath high.

33rd Licensing Round Update

As previously announced, Deltic was provisionally offered two licences in Tranche 3 of the 33rd Licensing Round. In light of interest in and success of the Selene farm-out process, the Company has decided to focus its efforts on the licence award which contains the Pharos-Blackadder discovery. The Pharos-Blackadder discovery, located adjacent to production infrastructure associated with the West Sole field, is highly analogous to Selene and is considered by Deltic to be a better option with respect to attracting a partner and supporting future drilling activity in the current fiscal and political environment.

Our approach to acceptance of 33rd Licensing Round awards is part of a conscious transition by the Company away from large scale, greenfield exploration projects like Pensacola and towards those infrastructure-led opportunities which are lower risk and have an accelerated cycle time from identification to first gas.

Further information with respect to the Pharos-Blackadder opportunity will be provided once the formal award of the licence is made.

Graham Swindells, Chief Executive of Deltic Energy, commented:

"Recent history in relation to large scale discoveries such as Cambo and Rosebank has demonstrated the difficulties associated with progressing major offshore developments on the UKCS as damaging political rhetoric and fiscal instability continue to undermine the sector. Although we have been unable to secure Deltic's future involvement in the Pensacola project, it does not detract from the achievements of the team in identifying the opportunity, attracting a partner like Shell and raising the necessary capital to drill the initial discovery well."

Despite our disappointment at not remaining involved in Pensacola, the technical and commercial skills and experience demonstrated on the asset will be critical as we now focus on the Selene opportunity and similar infrastructure-led projects such as Syros and Blackadder. We believe these can be brought onstream more quickly, help maintain the viability of existing infrastructure and defer decommissioning of key production hubs which continue to generate interest despite the general malaise affecting the UK E&P industry.

While the current situation is clearly disappointing, this is where the diversity and quality of the Deltic asset base demonstrates its value and we will be working tirelessly on behalf of our shareholders to ensure that we capitalise on those foundations starting with the imminent drilling operations on the Selene gas prospect. This, on its own, we estimate to be worth multiples of the Company's current market value and can play an important role in the maintenance of the UK's security of domestic energy supply when it has never been more important."

****ENDS****

For further information please contact the following:

Tel: +44 (0) 20 7887 2630

Deltic Energy Plc

Graham Swindells / Andrew Nunn / Sarah McLeod

Allenby Capital Limited (Nominated Adviser)

Tel: +44 (0) 20 3328 5656

David Hart / Alex Brearley (Corporate Finance)

Stifel Nicolaus Europe Limited (Joint Broker)

Tel: +44 (0) 20 7710 7600

Callum Stewart / Simon Mensley / Ashton Clanfield

Canaccord Genuity Limited (Joint Broker)

Tel: +44 (0) 20 7523 8000

Adam James / Ana Ercegovic

Vigo Consulting (IR Adviser)

Tel: +44 (0) 20 7390 0230

Patrick d'Ancona / Finlay Thomson / Kendall Hill

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

BCF:	Billion Cubic Feet
P50 resource:	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
PRMS:	the June 2018 Society of Petroleum Engineers ("SPE") Petroleum Resources Management System
Prospective Resources:	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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