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

14 November 2024



**Deltic Energy Plc ("Deltic" or "the Company")
Selene Update and Economic Model**

Deltic Energy Plc, the AIM quoted natural resources investing company, is pleased to provide the following update in relation to the recent drilling operations at the Selene prospect in the UK Southern North Sea:

Rig Demobilisation and Well Cost Estimates

The Valaris 123 drilling rig was demobilised from the Selene site on 10 November 2024.

Following confirmation of demobilisation, the well Operator has provided an updated cost estimate for the well of USD 48M which is within the USD 49M carry cap pursuant to Deltic's farm-out arrangements in relation to the 2024 Selene drilling and testing costs. Therefore, Deltic does not expect to have any residual cost exposure to the well drilling costs.

The estimate of well costs will be subject to variation as the Operator receives final invoices from service providers over the coming months. As at 31 October 2024, Deltic had an unaudited cash balance of £1.9M.

Entry to Second Term of the Licence

Following the announcement of the Selene discovery on 31 October 2024, Shell, in its role as licence Operator, has recommended that the Joint Venture ("JV") enter into the Second Term of Licence P2437 and will now seek to agree a low-cost work programme and timeline with the NSTA to support the maturation of the discovery towards a potential Final Investment Decision ("FID") in relation to the development of the Selene discovery.

During the Second Term of the licence, the JV will complete the post-well analytical work and the various studies required to finalise a development concept. No further drilling is required prior to FID. Work will also commence on the various environmental studies to support the regulatory permitting and approvals required to progress to development.

Selene Preliminary Development Concept

Deltic has completed its preliminary reservoir modelling, and updated its preferred development concept, based on analysis of the data available from the 48/8b-3Z well. The technical work completed indicates that a potential development consisting of two horizontal wells would be sufficient to drain the majority of the Selene structure, based on the improved reservoir characteristics seen in the 48/8b-3Z well. Deltic's base case assumption is that a minimum facilities, normally unmanned, installation positioned on Selene will be tied back to the Barque field infrastructure via a c. 20km subsea pipeline. The Barque-Clipper-Bacton gathering system and onshore gas processing plant has sufficient capacity to accept the gas production from the proposed Selene development.

Deltic will be promoting this potential development scenario with its Joint Venture ("JV") partners, however ultimately the maturation of the field development plan will be led by the licence Operator and will be subject to further review once the detailed post-well analysis has been completed.

Selene Updated Economic Model

Deltic has updated its internal development success case economic model, based on cost data provided by S&P Global in 2023, for the two well development concept summarised above and in light of recent changes to the UK's fiscal regime announced in the budget on 30 October 2024. The results from this update are summarised below:

| Assumptions | Units | Value* |
|---|--|-------------|
| Deltic Working Interest | % | 25 |
| P50 Estimated Ultimate Recovery ('EUR') | BCF | 131 |
| Initial Field Production Rate | MMscf/day | 50 |
| Gas Price | pence/therm | 80 |
| First Gas | Year | 2028 |
| Capital expenditure (Gross) | USD | 310 million |
| Operational expenditure (Gross) | USD /bbl | 15 |
| Fiscal Regime | As per Budget announced 30 October 2024 | |

| Economic Evaluation | Units | Value* |
|---------------------|-------|--------|
|---------------------|-------|--------|

| | | |
|---------------------------------|-------|-------------------------|
| Gross Gas Sales (cumulative) | USD | 1.5 billion |
| NPV10 (pre-tax, gross) | USD | 288 million |
| NPV10 (post-tax, net to Deltic) | USD | 61 million |
| Payback Period | Years | In year 2 of production |
| Internal Rate of Return | % | 34% |

*Values are estimates based on Deltic's own internal economic model and have not been subject to any third party review.

This preliminary economic evaluation indicates that the P50 discovered volume is more than twice the minimum economic field size and in the proposed assumed development scenario, Selene would have a post-tax NPV10, net to Deltic, of 61M (50 pence/share equivalent) which supports Deltic's decision to support the entry into the second term of Licence P2437 and progress the work required to reach FID.

Andrew Nunn, CEO, commented:

"I am pleased to report that the Selene discovery well was completed safely and within the carry resulting from the farm-outs to Shell and Dana. Getting JV agreement on moving into the Second Term of the licence is another key milestone on the journey from discovery to development for Selene. It also reflects the high quality nature of Selene's reservoir and the expectation of a low cost development with enhanced production and economic potential from the asset.

This decision to move into the second term of the licence kicks off an incredibly busy period, as we support the Operator through the various engineering, environmental and regulatory workstreams that need to be pulled together to support a potential Final Investment Decision. The workstreams now in train are an important signal to our investors as you wouldn't commence this process if you didn't believe there was a material commercial return at the end of it. We look forward to updating the market in due course."

****ENDS****

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Qualified Person

Andrew Nunn, a Chartered Geologist and Chief Executive 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.

Standard

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

Glossary of Technical Terms

| | |
|---|---|
| BCF: | Billion Cubic Feet. |
| Estimated Ultimate Recovery ('EUR'): | Estimated Ultimate Recovery is defined as those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from an accumulation, plus those quantities already produced therefrom. |
| MMscf: | million standard cubic feet. |
| NPV10: | estimated net present value using a discount rate of 10%. |
| PRMS: | the June 2018 Society of Petroleum Engineers ("SPE") Petroleum Resources Management System. |
| 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. |
| Therm: | the energy equivalent of approximately a hundred cubic feet of natural gas. |

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