

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

Deltic Energy Plc (“Deltic” or “the Company”)

Interim Results

Deltic Energy Plc, the AIM-quoted natural resources investing company with a high impact exploration and appraisal portfolio focused on the Southern and Central North Sea, is pleased to announce its interim results for the six months ended 30 June 2021.

Highlights

- Confirmation of first well to be drilled by Deltic on the Pensacola Prospect (Licence P2252)
 - Deltic-Shell JV scheduled to drill Pensacola well in Q2 2022
 - Well planning rapidly progressing with site survey commenced
- Transformational farm-out deal with Cairn Energy PLC (“Cairn”) over five Deltic licences
 - Introduction of Cairn further enhances Deltic’s strong partner base
 - Endorsement of the quality of Deltic’s assets, technical team and strategy to identify opportunities and attract partners
 - Will accelerate development of Deltic’s core Southern North Sea (SNS) licences and see significant investment through to a drilling decision.
- 3D seismic survey over P2428, the Cupertino Area, has commenced
- The Company has retained a strong balance sheet with cash of £11.1m as at 30 June 2021 (30 June 2020: £12.8m)
- Loss for the period of £691,754 (six months to 30 June 2020: £869,505)
- Cash out flow for the period of £873,064 (six months to 30 June 2020: £1,030,654)

Graham Swindells, CEO, commented:

“I am extremely pleased with my team’s achievements in 2021 so far, with great progress across the portfolio. The decision to drill Pensacola and transformational deal with Cairn have been particular highlights. Both demonstrate our strategy to build a diverse portfolio of opportunities and attract high quality partners. We are looking forward to commencing our partnership with Cairn, as well as continuing our work with Shell as we progress towards drilling our high impact SNS gas prospects. The next twelve months are set to be an exciting time for our company.”

Chairman's Statement

Has the global population ever experienced a single event which has so dominated its communities? Reading my Chairman's statement from a year ago, in September 2020, the pandemic was a dominant force. World leaders had no idea if this would cause health systems to buckle; economies were on hold; and our sector faced pressures from commodity price volatility.

A year on, while challenges as always remain in our sector, our situation is again transformed. This time for the better.

Over the last 12 months, economies have begun to recover. Pent-up demand on a global scale has driven the oil price from \$40 - \$45 per barrel to a stable \$70 - \$75 per barrel. Natural Gas prices, a strategic aspect of the Deltic Energy business plan, have reached all-time record highs of well over 100p/therm.

At a national level, the UK government has demonstrated that it understands the necessity of these natural resources for our economy and in the lives of people. Jobs and Treasury receipts, in both direct and indirect tax income, all benefit from this industry.

In the last year, the UK Government has recognised, through formal policy such as the North Sea Transition Deal, that a healthy domestic production of oil and gas, with mitigation, is part of the solution, not part of the problem. The independent Committee on Climate Change has effectively stated: "No gas means no net zero" for 2050 greenhouse gas emissions.

Deltic's business model, strategy and daily operations are entirely aligned with this country's energy requirements and this government's view. We use gas to heat homes, light rooms and cook meals. That's how simple it is; how fundamental our work is to the way of life of families across the nations of the UK. We need commodities such as natural gas and we should be producing it, where possible, from domestic sources which are governed by some of the strictest environmental controls globally. So let's control its production and responsibly deal with the by-product rather than assume (or ignore how) it will be dealt with elsewhere in the world.

Deltic is fully committed to the government's net zero targets and our gas focussed portfolio will allow us to play our part in contributing to the energy transition. Our recently announced multi-licence deal with Cairn over multiple gas prospects in addition to our existing partnership with Shell is an example of the repeatability of our business model and will allow us to accelerate the development of our conveyor belt of UK gas assets in a manner which supports the Government's climate change goals.

Mark Lappin
Chairman
14 September 2021

CEO Statement

Despite the UK being in lockdown for the majority of the first three months of 2021, Deltic has had a very successful year to date, making significant progress as we continue to execute our natural gas focused exploration strategy. Particular highlights have been the achievement of a transformational deal with Cairn, which will see Cairn farm in to five of Deltic's SNS gas licences, as well as the positive well investment decision from Shell to commit to the drilling of the Pensacola Prospect on our licence P2252, both of which create a strong platform for further success.

Cairn Energy Farm-in to Licences P2560, 2561, 2562, 2567 and 2428

Deltic started the year having recently been awarded six additional North Sea licences. This success allowed the Company to create an extremely strong strategic position of contiguous gas licences in the Southern North Sea, built up through the previous two licensing rounds. This provides the Company with a valuable core of licences and significant running room to facilitate an entire basin entry, as opposed to being confined to a single licence farm-out.

The groundwork for this transaction was laid during 2020 with the identification of additional prospectivity on P2428 (Cupertino Area), following the delivery of reprocessed seismic data. Three distinct prospects were delineated in the Zechstein, Leman Sandstone and the Carboniferous. A farm out process commenced shortly before the start of the year, which attracted a significant level of interest in this licence with the Plymouth Zechstein Reef prospect emerging as the primary target. It quickly became apparent that interest extended beyond that of P2428 to include a number of the additional SNS licences awarded to Deltic in the 32nd Licensing Round, including Licence P2567 which contains the Cadence Prospect.

On 12 August 2021, the Company was delighted to announce that it had entered into a binding, conditional farm-out agreement in relation to five of its gas licences in the Southern North Sea with Cairn. Under the terms of the farm-out, Cairn will acquire a 70% working interest in licences P2560, P2561 and P2562 (which are located between the Breagh and Tolmount Gas Fields) and a 60% interest in licences P2567 (Cadence) and P2428 (Cupertino Area). In return, Cairn will pay an initial consideration of USD\$1m on completion and will fully carry Deltic through 100% of an agreed work programme for each of the five licences, up to the point of making a drill or drop decision on each licence. This includes the shooting of new seismic data over Licence P2428. At the point of a drilling decision on either of P2428 and P2567 (the two licences with the most advanced prospects), Cairn will fund 70% of the costs of whichever well is drilled first, subject to a gross well cost cap of USD\$25 million.

This agreement represents the commencement of a wide-ranging partnership with Cairn, whose successful history of opening up new basins is very much aligned with our exploration-focused strategy. The partnership will result in a significant investment across multiple licences within Deltic's Southern North Sea gas exploration portfolio, as we jointly progress the next high impact drilling targets. It also provides further endorsement of the quality of the portfolio that our team has developed and our gas focussed exploration strategy, as we continue to develop our portfolio of opportunities and attract the highest quality partners.

We are particularly excited at the prospect of building our partnership with Cairn, a well-funded and highly experienced North Sea operator. Both parties share a commitment to pursuing high impact exploration opportunities in the Southern North Sea and successfully developing these gas prospects.

The partnership is committed to immediate activity and this is highlighted by the fact that the shooting of the new 3D seismic survey over P2428 has already commenced.

Pensacola & Selene

We have continued to work closely throughout the year with Shell, and we confirmed a positive well investment decision on the Pensacola Prospect at the end of March. Well planning is now progressing rapidly as we start to count down to the drilling of the Company's first well in Q2 next year, while we also continue to work towards reaching a positive well investment decision on the Selene Prospect.

The decision to drill the Pensacola gas prospect followed an extensive evaluation of the new 3D data acquired. This work led to a significant de-risking of the prospect, resulting in the geological chance of success (GCoS) increasing from 20% to 55%. Well planning has been underway for some time with the site survey, a key part of well planning, currently taking place following the appointment of Fugro to carry out this work. Pensacola will be the first well which Deltic drills and, if successful, will be transformational and have a far reaching positive impact on the business. The Zechstein reef play is an exciting emerging play - the large Plymouth Reef prospect on licence P2428 is analogous to Pensacola and is a key focus for the Deltic-Cairn JV.

As confirmed at the time, the Deltic-Shell JV expect the Pensacola well to be drilled in Q2 2022. Well costs are being refined, however Deltic remains fully funded for its 30% share of well costs.

On the Selene Prospect on Licence P2437, the Company's other JV with Shell, the partnership has continued to progress the technical and commercial workflows required to support a well investment decision. Deltic considers Selene to represent the largest undrilled structure of its kind in this part of the SNS, and the Company remains committed to progressing this prospect to drilling.

Central North Sea

The Company continues to work on its key licences in the Central North Sea, being P2352 (Dewar) and P2542 (Syros).

The Dewar Prospect remains an attractive, highly prospective opportunity located close to existing infrastructure and one which could be developed quickly. Appetite for oil prospects such as Dewar was badly affected by the pandemic, however the Company continues to believe this to be an attractive drill-ready prospect with strong economics and therefore remains committed to seeking a partner which will lead to the Dewar Prospect being drilled.

P2542 which contains the Syros Prospect, was awarded formally in December 2020. Technical work has commenced and will continue into next year with a view to commencing a farm out process in due course.

Outlook

Looking ahead, Deltic will build on its groundbreaking partnerships with Shell and Cairn, both on existing licences as well as the potential to collaborate on other future licence opportunities. We will continue to work with Shell on the planning of the Pensacola well and towards a well investment decision on Selene. Following the announcement of the partnership with Cairn we are already starting to work with them on the various work programmes with the seismic survey on P2428 having already started.

We have had a successful year to date and the introduction of a further first class partner in Cairn represents a major achievement for our company. With multiple opportunities and two of the highest quality partners following the farm-outs, we believe that we have created a unique proposition within our space. This success demonstrates the repeatability of our strategy and reflects the quality of our team. We continue to focus on our strengths in UKCS exploration and building a portfolio of predominantly gas focussed assets. Our portfolio of gas assets, in addition to driving shareholder value, has an increasingly important role to play in supporting the UK's net zero targets and the energy transition.

Graham Swindells
Chief Executive Officer
14 September 2021

Operating Review

Despite what remains a challenging operating environment for oil and gas companies, Deltic has continued to make impressive progress in delivering a conveyor belt of drilling opportunities across its portfolio of UKCS exploration assets. During the reporting period the Company was focussed on technical engagement with other operators, in particular Cairn Energy, across the SNS portfolio, resulting in a successful farm-out as communicated post reporting period in August. In parallel, the Deltic technical team has been engaged with Shell in relation to the Pensacola site survey planning and well design work to support next year's drilling activity. Engagement with Shell on the Selene well investment decision continues and we remain confident that a positive well investment decision can be made before the end of 2021.

Over the coming months we look forward to progressing our work with Cairn, accelerating the technical workflows required to support drilling decisions across the five farm-in licences, and in the acquisition of new seismic data.

P2252 – Pensacola (30% Deltic)

On 29 March 2021 the Shell-Deltic JV confirmed its intention to drill the Pensacola exploration well. The JV remains on schedule to commence drilling activities in Q2 2022. Preparatory works to support drilling activities are well advanced with the recent commencement of site survey work.

Licence P2252, located in the Southern North Sea Gas Basin, contains the Pensacola prospect. Pensacola is estimated to contain gross P50 Prospective Resources of 309 BCF in a Zechstein carbonate build-up. The licence was farmed out to Shell U.K. Ltd in February 2019, which resulted in the Company being fully carried through the 3D seismic acquisition and processing-based work programme through to well investment decision. Following the well investment decision on 29 March 2021, Deltic is now paying its 30% share of costs associated with this well and remains fully funded to do so.

P2437 – Selene (50% Deltic)

The Shell-Deltic JV continues to progress the Selene prospect in anticipation of a well investment decision and Deltic remains confident that a positive well decision can be made during 2021. Given the delay in coming to a final well investment decision, it is now anticipated that the earliest the Selene exploration well could be drilled is the end of 2022.

Licence P2437 is located in the Leman Sandstone fairway of the Southern North Sea Gas Basin and contains the Selene prospect which we believe is the largest undrilled prospect in this mature play. Deltic estimates that the Selene prospect contains gross P50 Prospective Resources of 271 BCF with a GCoS of 70%. The

P2437 licence was farmed out to Shell U.K. Ltd in April 2019, with Deltic retaining a 50% interest and operatorship until a final well investment decision is made. Once the well investment decision is taken, Shell will assume operatorship and will pay for 75% of the costs of the initial exploration well, up to a gross well cost of USD\$25M.

P2428 – Cupertino Area (100% Deltic)

During the period, the focus of work on Licence P2428 was securing a successful outcome to the farm-out process that commenced in December 2020. This was achieved with the binding, conditional farm-out to Cairn Energy PLC, announced on 12 August 2021. Work continues to discharge standard conditions related to regulatory approvals required before the transaction becomes unconditional and completes. Following completion, a 60% working interest and licence operatorship will be transferred to Cairn.

The primary target in the P2428 licence area is the Plymouth Zechstein reef prospect. New 3D seismic data will be acquired over the Plymouth prospect throughout September and October, with final data expected to be delivered mid-2022. A drilling decision will be made once this new data has been fully evaluated by the Cairn-Deltic JV.

The Plymouth prospect is a build-up of the Z2 Zechstein carbonate, which is analogous to the Crosgan discovery and the Pensacola prospect which the Company is due to drill with Shell in 2022. Deltic estimates that Plymouth contains gross P50 Prospective Resources of 282 BCF with a GCoS of 19%, which we anticipate will be significantly improved following acquisition of 3D seismic over this area.

Significant additional upside exists across the licence area in the Richmond prospect in the Lemn Sandstone and in the deeper Cupertino prospect in the Carboniferous. Both prospects will be further evaluated following the acquisition of the new 3D seismic data.

P2567 – Cadence (100% Deltic)

Licence P2567 contains prospects in both the Carboniferous and Triassic Bunter Sandstone and was included in the farm-out to Cairn Energy announced on 12 August. Work continues to discharge standard conditions related to regulatory approvals required before the transaction completes and becomes unconditional. Following completion, a 60% working interest and licence operatorship will be transferred to Cairn Energy.

It is anticipated that technical work over the coming months will focus on the reprocessing of the legacy 3D seismic survey that covers 100% of the licence area, which will in turn be followed by detailed technical evaluation of the previously identified prospectivity. In line with the licence conditions, the latest the OGA can be informed of the JV's intentions in relation to future drilling activity on the licence is early September 2023. Deltic are fully carried by Cairn for the pre-well investment technical work programme through to a drill or drop decision.

P2560, P2561 & P2562 – South Breagh Area (100% Deltic)

Licences P2560, P2561 and P2562 were also awarded in the most recent 32nd Licensing Round. The licences contain early stage exploration opportunities located between the Breagh and Tolmount gas fields and have

significant potential in the Carboniferous sandstones, Permian Leman Sandstones and the Zechstein carbonates. The area is covered by a mixture of legacy 2D and older 3D seismic data which requires modern reprocessing, which will be the key focus over the coming year.

All three licences were included in the farm-out to Cairn Energy announced on 12 August. Work continues to discharge standard conditions related to regulatory approvals required before the transaction becomes unconditional and completes. Following completion, a 70% working interest in each of the three licences, along with licence operatorship, will be transferred to Cairn Energy.

P2352 – Dewar (100% Deltic)

Licence P2352, located in the Central North Sea, was awarded to the Company in the 30th UK Offshore Licensing Round with an effective date of 1 October 2018. The primary prospect on Licence P2352 is the Dewar prospect, which is estimated to contain gross P50 Prospective Resources of 39.5 MMBO in a Forties Sandstone channel. The Dewar Prospect is supported by a clear amplitude versus offset (AVO) anomaly and has a GCoS of 41%.

In the event of exploration success, the Dewar Prospect is a highly attractive commercial proposition as it is located approximately 5km east of BP's Eastern Trough Area Project (ETAP) Central Processing Facility. A commercial feasibility study commissioned by the Company in 2019 demonstrated that the project would be highly economic.

With the recent recovery in oil prices, there appears to be a renewed interest in the Central North Sea, demonstrated by a modest increase in M&A activity. Over the coming months we will continue to pursue farm-out discussions with several companies, building on the positive dialogues established prior to the COVID enforced lockdowns.

Other Licences

Licence P2435, which is operated by The Parkmead Group, and contains the Blackadder prospect, has effectively been on a 'care and maintenance' footing over the last 18 months due to the COVID pandemic. However, with restrictions lifting and an improved gas price environment we will continue work with Parkmead to establish the technical and commercial way forward for this licence. The Phase A period of this Licence runs until 30 September 2022.

Licence P2542 was awarded to Deltic in the most recent 32nd Licensing Round. Technical work on this licence, which is located in the Central North Sea and contains the Syros prospect, has commenced. Work over the next 12 months will focus on maturing that prospect, such that farm-out marketing can be commenced in mid-2022.

Portfolio Management

During the period our technical review of Licence P2424 was completed and, although we have identified significant resource potential associated with this licence, the prospects identified are particularly high risk when compared to other opportunities within the portfolio. It is considered unlikely that these opportunities

can be matured into viable drilling targets, particularly with the currently available seismic datasets. In line with Deltic's business model, which centres upon the rigorous screening of large areas of geologically prospective acreage, and then focusing investment on the opportunities that are most likely to be attractive to potential partners and ultimately result in drilling activity, the Company has taken the decision to allow this licence to lapse at the end of its Phase A on 30 September 2021.

Similarly, Licence P2384 in the Central North Sea was awarded as a remnant of a much larger multi-block licence application in the 30th Offshore Licensing Round and retained purely for its option value. However, following a review of the prospectivity associated with this very small licence, it is clear that it only captures the very fringes of the prospects targeted in the original licence application. Given that there is no obvious drilling target located on block it has been decided to hand back this licence. This will take effect on 30 September 2021 being the end of Year 3 of the Licence.

Andrew Nunn
Chief Operating Officer
14 September 2021

Qualified Person

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.

Financial Review

I am pleased to advise that Deltic finished the period to 30 June 2021 in strong financial health with a cash position of £11.1m (30 June 2020: £12.8m) having seen the full benefits of some of the decisive steps Deltic took during 2020 to minimise expenditure, preserve cash and focus on progressing core assets.

Income Statement

The Company incurred a loss for the period of £691,754 compared with a loss of £869,505 for the six months to 30 June 2020.

The operating loss of £674,718 (six months to 30 June 2020: £920,238) included cash expenditure of £607,626 (six months to 30 June 2020: £791,415), non-cash share-based payment expense of £61,435, (six months to 30 June 2020: £85,501), and other non-cash costs of £62,585 not directly attributed to existing licences (six months to 30 June 2020: £54,576).

Expenditure directly relating to investment in the Company's North Sea licences is capitalised to intangible assets; reflecting the ongoing technical investment in the Company's portfolio of licences. Expenditure on intangible assets totalled £210,884 during the period (six months to 30 June 2020: £155,585).

Trade and other payables of £352,811 (31 December 2020: £252,167) increased by £199,375, all of which related to operating activities.

Balance Sheet

The Company's cash position was £11,095,794 at 30 June 2021 (31 December 2020: £11,968,858) reflecting a net cash outflow of £873,064 for the period (six months to 30 June 2020: £1,030,654). Cash used in operating activities for the six months to 30 June 2021 was £607,626 (six months to 30 June 2020: £791,415). A further £210,993 was used in investing activities (six months to 30 June 2020: £204,285) including £210,884 relating to expenditure capitalised in intangible assets (six months to 30 June 2020: £181,246) and £1,393 relating to the purchase of property, plant and equipment (six months to 30 June 2020: £87,366).

While expenditure and cash outflow for the first six months of the year are significantly lower than for the first half of 2020, expenditure is expected to increase in the second half of the year now that Deltic is responsible for its 30% share of costs associated with drilling the well on Pensacola and as well planning progresses.

Sarah McLeod
Chief Financial Officer
14 September 2021

UNAUDITED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE LOSS**For the period ended 30 June 2021**

	Note	Period ended 30 June 2021 Unaudited £	Period ended 30 June 2020 Unaudited £	Year ended 31 December 2020 Audited £
Administrative expenses		<u>(674,718)</u>	<u>(920,238)</u>	<u>(1,699,344)</u>
Operating loss		(674,718)	(920,238)	(1,699,344)
Finance income		1,284	57,732	59,818
Finance costs		<u>(18,320)</u>	<u>(6,999)</u>	<u>(26,049)</u>
Loss before tax		(691,754)	(869,505)	(1,665,575)
Income tax expense		<u>-</u>	<u>-</u>	<u>-</u>
Loss and comprehensive loss for the period attributable to equity holders of the Company		<u>(691,754)</u>	<u>(869,505)</u>	<u>(1,665,575)</u>
Loss per share from continuing operations expressed in pence per share:				
Basic and diluted	3	(0.05)p	(0.06)p	(0.12)p

UNAUDITED BALANCE SHEET**As at 30 June 2021**

	Note	30 June 2021 Unaudited £	30 June 2020 Unaudited £	31 December 2020 Audited £
NON-CURRENT ASSETS				
Intangible Assets		1,859,523	1,283,527	1,430,915
Property, Plant and Equipment		443,076	537,690	496,542
Other receivables		37,422	91,110	37,422
		<u>2,340,021</u>	<u>1,912,327</u>	<u>1,964,879</u>
CURRENT ASSETS				
Trade and other receivables		84,740	97,344	53,887
Cash and cash equivalents		11,095,794	12,818,746	11,968,858
		<u>11,180,534</u>	<u>12,916,090</u>	<u>12,022,745</u>
TOTAL ASSETS		<u>13,520,555</u>	<u>14,828,417</u>	<u>13,987,624</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	4	7,029,824	7,029,824	7,029,824
Share premium		20,296,030	20,296,030	20,296,030
Share-based payment reserve		1,051,813	928,145	990,378
Accumulated retained deficit		(15,570,251)	(14,082,427)	(14,878,497)
TOTAL EQUITY		<u>12,807,416</u>	<u>14,171,572</u>	<u>13,437,735</u>
CURRENT LIABILITIES				
Trade and other payables		352,811	252,167	153,436
Lease liability		94,388	56,612	92,605
		<u>447,199</u>	<u>308,779</u>	<u>246,041</u>
NON-CURRENT LIABILITIES				
Lease liability		265,940	348,066	303,848
TOTAL LIABILITIES		<u>713,139</u>	<u>656,845</u>	<u>549,889</u>
TOTAL EQUITY AND LIABILITIES		<u>13,520,555</u>	<u>14,828,417</u>	<u>13,987,624</u>

UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2021

	Share capital £	Share premium £	Share-based payment reserve £	Accumulated Retained deficit £	Total equity £
Balance at 1 January 2021	7,029,824	20,296,030	990,378	(14,878,497)	13,437,735
Comprehensive income for the year					
Loss for the period	-	-	-	(691,754)	(691,754)
Total comprehensive loss for the period	-	-	-	(691,754)	(691,754)
Contributions by and distributions to owners					
Share-based payment	-	-	61,435	-	61,435
Total contributions by and distributions to owners	-	-	61,435	-	61,435
Balance at 30 June 2021 (Unaudited)	7,029,824	20,296,030	1,051,813	(15,570,251)	12,807,416
Balance at 1 January 2020	7,029,824	20,296,030	842,644	(13,212,922)	14,955,576
Comprehensive income for the year					
Loss for the period	-	-	-	(869,505)	(869,505)
Total comprehensive loss for the period	-	-	-	(869,505)	(869,505)
Contributions by and distributions to owners					
Share-based payment	-	-	85,501	-	85,501
Total contributions by and distributions to owners	-	-	85,501	-	85,501
Balance at 30 June 2020 (Unaudited)	7,029,824	20,296,030	928,145	(14,082,427)	14,171,572
Balance at 1 January 2020	7,029,824	20,296,030	842,644	(13,212,922)	14,955,576
Comprehensive income for the year					
Loss for the year	-	-	-	(1,665,575)	(1,665,575)
Total comprehensive loss for the year	-	-	-	(1,665,575)	(1,665,575)
Contributions by and distributions to owners					
Share-based payment	-	-	147,734	-	147,734
Total contributions by and distributions to owners	-	-	147,734	-	147,734
Balance at 31 December 2020 (Audited)	7,029,824	20,296,030	990,378	(14,878,497)	13,437,735

UNAUDITED STATEMENT OF CASH FLOWS**For the period ended 30 June 2021**

	Period ended 30 June 2021 Unaudited £	Period ended 30 June 2020 Unaudited £	Year ended 31 December 2020 Audited £
Cash flows from operating activities			
Loss before tax	(691,754)	(869,505)	(1,665,575)
Adjustments for:			
Finance income	(1,284)	(57,732)	(59,818)
Finance costs	18,320	6,999	26,049
Depreciation	57,317	50,590	106,029
Amortisation	5,268	3,986	6,711
Impairment of intangible assets	-	-	-
Income from farm-out licence interest	-	-	2,783
Share-based payment	61,435	85,501	147,734
	<u>(550,698)</u>	<u>(780,161)</u>	<u>(1,436,087)</u>
Increase in trade and other receivables	(30,853)	(56,927)	38,270
Increase in trade and other payables	<u>(26,075)</u>	<u>45,673</u>	<u>29,700</u>
Net cash used in operating activities	(607,626)	(791,415)	(1,368,117)
Cash flows from investing activities			
Purchase of intangible assets	(210,884)	(181,246)	(358,672)
Purchase of property, plant and equipment	(1,393)	(87,366)	(190,108)
Property, plant and equipment landlord contributions	-	-	30,222
Interest received	1,284	64,326	59,818
	<u>(210,993)</u>	<u>(204,286)</u>	<u>(458,740)</u>
Net cash used in investing activities	(210,993)	(204,286)	(458,740)
Cash flows from financing activities			
Payment of principal portion of lease liabilities	(36,125)	(34,331)	(27,635)
Interest on lease liabilities	<u>(18,320)</u>	<u>(622)</u>	<u>(26,050)</u>
Net cash used in financing activities	(54,445)	(34,953)	(53,685)
Decrease increase in cash and cash equivalents	(873,064)	(1,030,654)	(1,880,542)
Cash and cash equivalents at beginning of period / year	<u>11,968,858</u>	<u>13,849,400</u>	<u>13,849,400</u>
Cash and cash equivalents at end of period / year	11,095,794	12,818,746	11,968,858

NOTES TO THE FINANCIAL INFORMATION

For the period ended 30 June 2021

1. GENERAL

The interim financial information for the period to 30 June 2021 is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

2. ACCOUNTING POLICIES

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the audited financial statements for the period ended 31 December 2020 together with new and amended standards applicable to periods commencing 1 January 2021, which complied with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS).

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an on-going process of review and endorsement by the UK Endorsement Board since January 2021 (previously the European Commission).

The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 December 2021, with the exception of IAS 34 Interim Financial Reporting.

The Directors have assessed the Company's ability to continue as a going concern. Although the oil and gas industry is currently facing the dual challenge of recent commodity price volatility coupled with the effects of Covid-19, fortunately, as a gas focused explorer the Company does not have direct exposure to the oil price and, having taken the decision to raise funds in 2019 to protect itself from capital market volatility, is currently well funded with no debt. Based on the cash and cash equivalents balance at the period end and the Company's commitments, the Directors are of the opinion that the Company has adequate financial resources to meet its budgeted exploration programme and working capital requirements, and accordingly will be able to continue and meet its liabilities as they fall due for a minimum of 12 months from the date of these interim financial statements.

The condensed financial information for the period ended 31 December 2020 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2020, which were prepared under International Accounting Standards in conformity with the requirements of the Companies Act 2006, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

3. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Given the Company's reported loss for the period, share options and warrants are not taken into

account when determining the weighted average number of ordinary shares in issue during the year and therefore the basic and diluted loss per share are the same.

Basic and diluted loss per share

	Period ended 30 June 2021	Period ended 30 June 2020	Year ended 31 December 2020
Loss for the period (£)	(691,754)	(869,505)	(1,665,575)
Weighted average number of ordinary shares (number)	1,405,964,857	1,405,964,855	1,405,964,855
Loss per share from continuing operations	<u>(0.05)p</u>	<u>(0.06)p</u>	<u>(0.12)p</u>

4. SHARE CAPITAL

a) Share Capital

The Company has one class of ordinary share which carries no right to fixed income nor has any preferences or restrictions attached.

Issued and fully paid:

	30 June 2021 £	30 June 2020 £	31 December 2020 £
1,405,964,855 ordinary shares of 0.5p each (30 June 2020: 1,405,964,855 ordinary shares)	7,029,824	7,029,824	7,029,824

5. SUBSEQUENT EVENTS

On 12 August 2021 the Company announced that it had entered into a farm-out agreement with Cairn Energy PLC. Under the terms of the farm-out, Cairn will acquire a 70% working interest in licences P2560,2561 and 2562 and a 60% interest in licences P2567 and P2428. In return, Cairn will pay initial consideration of \$1m on completion and will fully carry Deltic through the work programme on each of the licences up to the point of making a well investment decision. Completion of the farm-out is conditional on the entering into of a Joint Operating Agreement and obtaining standard regulatory consents from the Oil & Gas Authority, subject to a three-month backstop.

6. COPIES OF INTERIM REPORT

Copies of the interim report are available to the public free of charge from the Company at Deltic Energy Plc, First Floor, 150 Waterloo Road, London, SW1P 3JS during normal office hours, Saturdays and Sundays excepted, for 14 days from today and will shortly be available on the Company's website at www.delticenergy.com.

Investing policy

In addition to the development of the North Sea Oil & Gas assets Deltic Energy Plc has acquired to date, the Company proposes to continue to evaluate other potential oil & gas and mining projects globally in line with its investing policy, as it aims to build a portfolio of resource assets and create value for shareholders. As disclosed in the Company's AIM Admission Document in May 2012, the Company's Investment Policy is as follows:

The proposed investments to be made by the Company may be either quoted or unquoted; made by direct acquisition or through farm-ins; either in companies, partnerships or joint ventures; or direct interests in oil & gas and mining projects. It is not intended to invest or trade in physical commodities except where such physical commodities form part of a producing asset. The Company's equity interest in a proposed investment may range from a minority position to 100 per cent. ownership.

The Board initially intends to focus on pursuing projects in the oil & gas and mining sectors, where the Directors believe that a number of opportunities exist to acquire interests in attractive projects. Particular consideration will be given to identifying investments which are, in the opinion of the Directors, underperforming, undeveloped and/or undervalued, and where the Directors believe that their expertise and experience can be deployed to facilitate growth and unlock inherent value.

The Company will conduct initial due diligence appraisals of potential projects and, where it is believed further investigation is warranted, will appoint appropriately qualified persons to assist with this process. The Directors are currently assessing various opportunities which may prove suitable although, at this stage, only preliminary due diligence has been undertaken.

It is likely that the Company's financial resources will be invested in either a small number of projects or one large investment which may be deemed to be a reverse takeover under the AIM Rules. In every case, the Directors intend to mitigate risk by undertaking the appropriate due diligence and transaction analysis. Any transaction constituting a reverse takeover under the AIM Rules will also require Shareholder approval.

Investments in early stage and exploration assets are expected to be mainly in the form of equity, with debt being raised later to fund the development of such assets. Investments in later stage projects are more likely to include an element of debt to equity gearing. Where the Company builds a portfolio of related assets, it is possible that there may be cross holdings between such assets.

The Company intends to be an involved and active investor. Accordingly, where necessary, the Company may seek participation in the management or representation on the Board of an entity in which the Company invests with a view to improving the performance and use of its assets in such ways as should result in an upward re-rating of the value of those assets.

Given the timeframe the Directors believe is required to fully maximise the value of an exploration project or early stage development asset, it is expected that the investment will be held for the medium to long term, although disposal of assets in the short term cannot be ruled out in exceptional circumstances.

The Company intends to deliver Shareholder returns principally through capital growth rather than capital distribution via dividends, although it may become appropriate to distribute funds to Shareholders once the investment portfolio matures and production revenues are established.

Given the nature of the Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of its net asset value.

The Directors consider that as investments are made, and new investment opportunities arise, further funding of the Company will be required.

Forward looking statements

This interim report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. Whilst the Directors believe the expectation reflected herein to be reasonable in light of the information available up to the time of their approval of this report, the actual outcome may be materially different owing to factors either beyond the Company's control or otherwise within the Company's control but, for example, owing to a change of plan or strategy. Accordingly, no reliance may be placed on the forward-looking statements.

Glossary of Technical Terms

AVO:	Amplitude Versus Offset - AVO analysis is a technique that geophysicists can execute on seismic data to determine a rock's fluid content, porosity, density or seismic velocity, shear wave information, fluid indicators (hydrocarbon indications).
PRMS: (2007)	Petroleum Resources Management System
BCF:	Billion Cubic Feet
mmbo:	Million barrels of oil
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.
Chance of Success (GCoS):	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.

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.

The Prospective Resources have been presented in accordance with the 2007 Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE), reviewed, and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).

****ENDS****

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