

24 August 2022

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 2022.

#### **Highlights**

- Potentially transformational Pensacola exploration well with Shell due to commence drilling in October, targeting an estimated 309 BCF (P50 Prospective Resources) of natural gas.
- Recently committed to a second potentially company-making exploration well with the Selene prospect which contains an estimated 318 BCF (P50 Prospective Resources) of natural gas.
- In the current environment of high energy prices and with ongoing security of supply issues these two prospects will be enormously valuable if successful.
- The Deltic-Capricorn Joint Venture (“JV”) is making significant progress across five Southern North Sea licences including taking delivery of new 3D seismic data across licence P2428.
- Deltic’s technical team have successfully completed the initial phase of geological work on the Syros prospect in the Central North Sea, and a farm-out process has now commenced as a result.
- Confirmation of new licensing round to be launched in autumn. Preparatory work in anticipation of the UK’s 33<sup>rd</sup> Offshore Licensing Round has commenced with Deltic looking to further strengthen and diversify its portfolio.
- Following significant investment across the portfolio, including preparatory works for the Pensacola well, the Company has maintained a strong balance sheet with cash of £7.6m as at 30 June 2022 (30 June 2021: £11.1m) and remains fully funded for the Pensacola well.
- Loss for the period of £1,031,280 (six months to 30 June 2021: £691,754).
- Cash out flow for the period of £2,464,362 (six months to 30 June 2021: £873,064).

Graham Swindells, CEO, commented:

“I am extremely proud of what we have achieved in the year so far and very excited about the outlook for our company. We have seen considerable progress made across our business, with key developments involving our Pensacola and Selene Prospects, which contain over 600 BCF (P50 Prospective Resources) of natural gas, as well as progressing the licences which formed part of our transformational farmout and partnership with Capricorn Energy. As we stand on the verge of drilling our first well on Pensacola with our partner Shell, and with Selene now to follow, we are further demonstrating the success of our business model which is focussed on identification of early stage opportunities and taking them from licensing through to drilling whilst introducing partners of the highest calibre.”

## Chairman's Statement

The future of UK North Sea natural gas is looking very good: not only is this domestic resource a good investment, but it is also a great way to provide skilled UK jobs; to deliver much needed income to the UK Treasury; and to ensure secure domestic supplies of energy whilst minimising greenhouse gas emissions compared with imported volumes. Climate change is a major threat and must be countered by a number of means including natural gas. This is in-line with the Committee on Climate Change's proposals; the Intergovernmental Panel on Climate Change and North Sea Transition Deal. All of these recognise the continued demand for natural gas with carbon capture and storage where projects are underway across the UK.

In the last year, the UK has become more aware of the importance of natural gas for heating of homes, businesses, hospitals and schools, and for cooking family meals, as well as being the single biggest source of UK electricity generation. Unfortunately, this realisation has come with ever-increasing costs and concerns over security of supply due to our dependence upon imports. Energy supplies and costs are presented in almost every news programme at present.

The dependence upon imported gas and a global energy market are the result of policy decisions taken over the previous 15 to 20 years: cheap sources of overseas' volumes appeared attractive to an economy where oil and gas absolutely dominate the energy landscape of transport, heating and power generation. The growth of Liquid Natural Gas ("LNG") transportation increased diversity of suppliers around the globe but then fuelled demand as new markets accessed the growing supply. The USA had never exported natural gas before 2016. Today, it is the biggest exporter of LNG in the world, including to the UK. This global competition, along with the economic rebound post-COVID and Russia's invasion of Ukraine, have caused gas prices to the UK consumer to soar significantly. Imported LNG creates double the greenhouse gas emissions of our domestic supply.

Deltic and other companies stand ready to fill this gap with a conveyor belt of potential gas fields ready or preparing for the first phase of exploration drilling. At Pensacola, operated by Shell, operations have begun to prepare the seabed for the arrival of the drilling rig. Selene, also with Shell as operator, is approved for drilling and plans are underway. The team at Capricorn is busy analysing a group of prospects for the next wave of drilling and the small team at Deltic is looking to add more prospects in the upcoming licensing round. Both Shell and Capricorn were introduced to these opportunities by Deltic.

This is the Deltic business model working as intended.

The UK needs North Sea natural resources. Deltic has a portfolio of North Sea natural resources investments that are ready to be progressed.

Mark Lappin  
Chairman  
24 August 2022

## CEO Statement

I am delighted with what we have achieved in the year so far and excited about what we have to look forward to. The year to date has seen considerable progress made across our business, with the key developments involving our two flagship prospects, Pensacola and Selene, which we hold with Shell, as well as progressing the five licences which formed part of our transformational farm out and partnership with Capricorn Energy. Our achievements so far this year have reinforced and demonstrated our company's business model and strategy which is centred around identification of opportunities at early stage and taking them from licensing through to drilling whilst introducing partners of the highest calibre. As such, our company is now about to drill its first well with Shell with an additional well just announced, further enhancing and de-risking the Deltic investment case.

In terms of near term drilling activity, in June we confirmed that a rig contract had been signed with Maersk for the drilling of the Pensacola exploration well. Pensacola will be drilled using the Maersk Resilient, a high quality jack-up rig, which has previously been under contract to Shell and is currently drilling a production well for Shell in the Dutch sector of the Southern North Sea. We are particularly pleased to be using a quality rig which is fully operational, which should allow us to benefit from the operational efficiencies that are associated with a "hot" rig. The commitment to the Maersk rig has also allowed us to firm up the drilling schedule and represents another important step and a key milestone as we move closer to drilling the much anticipated Pensacola well. Well planning is in its final stages and Pensacola is expected to be drilled in October. A successful outcome on this first well would be transformational for Deltic and our shareholders.

Most recently, we confirmed that Shell had taken the key step of making a positive well investment decision and, hence, commitment to drilling our Selene Gas Prospect on Licence P2347 in the Southern North Sea. The industry's regulator has been informed of the well investment decision which importantly, means that Selene is now a firm well. A well slot has yet to be confirmed and will be subject to drilling schedules, but this is expected to be firmed up as well planning progresses.

The importance of the further firm commitment from Shell to drill this material, high-impact, low-risk gas prospect cannot be underestimated and represents another highly significant milestone for Deltic. The addition of another committed well to our programme, following recent confirmation that Pensacola will be drilled, significantly de-risks Deltic's investment case, and is a further endorsement of the quality of Deltic's assets. It demonstrates the success of our business model to identify opportunities and create a conveyor belt of exploration opportunities moving from licensing to drilling whilst attracting the highest quality partners such as Shell.

At the start of the year, we had only just completed our groundbreaking farm out with Capricorn Energy across a contiguous group of five licences within our Southern North Sea gas exploration portfolio. I have been very pleased to see the commitment that has been made throughout the course of the year following this wide ranging partnership. Significant investment has been made across the licences, focused primarily on licence P2428 (Cupertino Area) on which new seismic was acquired and is being interpreted. However, significant investment is also being made into work programmes to advance licences P2567 (Cadence), P2560, P2561 and P2562 (South Breagh Area).

We remain confident that the partnership has the potential to yield a number of drilling opportunities as this work continues and look forward to continuing to build our partnership with Capricorn as we jointly progress the next high impact drilling targets.

In the Central North Sea, although it has not been possible to secure a partner to drill the Dewar prospect, we have made excellent progress in maturing our recently awarded Syros prospect on Licence P2542. The purchase of recently reprocessed seismic data has facilitated a revised and more robust interpretation of the prospect by our technical team. Following this work, we now consider Syros to be a low risk prospect with estimated P50 prospective resources of 24.5 mmboe and a 58% geological chance of success. Syros also sits in close proximity to existing infrastructure with multiple offtake opportunities which would allow it to be quickly and easily developed. We are in the process of launching a farm out process with the aim of introducing a partner to drill this prospect.

Although not always obvious, Government support for the North Sea is strong. This was highlighted when the UK's Energy Security Strategy was announced in April, which, in addition to stressing the importance of UK energy security and the need for further investment, confirmed that a further licensing round would be launched in autumn this year. Acquiring new licences through licensing rounds has been, and remains, an important component of Deltic's strategy and success to date, and we are keenly anticipating the opportunity this provides to further enhance the Company's asset base and portfolio of potential drilling opportunities.

Whilst the much publicised introduction of the Energy Profits Levy ("Levy") in May was not a move Deltic would have supported or felt made a great deal of sense economically, it has however created a significant opportunity for Deltic. As an exploration company, Deltic is not subject to the Levy, however, as a company that thrives on partnerships for drilling, the associated introduction of the Investment Allowance, which creates a 90% cost saving on new investment in the North Sea, means that the economics of Deltic's projects are significantly enhanced such that active companies subject to the Levy will have a greater incentive to invest in new projects and exploration, such as those within the Deltic portfolio. Accordingly, Deltic will seek to take advantage of this opportunity to create further partnerships, farm outs and to facilitate drilling activity.

Gas prices have continued to surge in the course of 2022, and the critical importance of energy security is now being recognised. At the start of the year, most commentators believed that the spike in prices would be relatively short lived. However, as the energy crisis and conflict between Russia and Ukraine has continued, there appears to be a general acceptance that a structural shift has occurred in how our energy needs will be met such that energy prices will remain significantly higher than historic averages in the longer term, which should encourage further investment in exploration. Fortunately, Deltic is not in the business of predicting gas prices and its projects are all robust and profitable at low prices down to 30p/therm and below (five year forward curve (August 2022) is +120 p/therm). Importantly, we believe that overall outlook for our company and our industry remains very positive.

Looking ahead, we are incredibly excited at being on the verge of drilling our first well with Shell. That will inevitably be the primary focus over the coming months, but we are equally excited about having added a further well to our drilling schedule in the form of Selene, as well as advancing our other prospects to the drilling stage and continuing to build our portfolio of opportunities. The quality of our prospects, coupled with strong partners committed to exploration and the opportunity to further grow our business, gives us a great deal of confidence in our potential to build on what we have achieved so far, to progress multiple

drilling opportunities over time, and to grow a business which will play its part in the energy transition whilst creating long term value for our shareholders.

Graham Swindells  
Chief Executive Officer  
24 August 2022

## **Operating Review**

It has been another positive period with the Company announcing a number of key milestones, including the signing of the rig contract for the Pensacola well, which is due to spud in October, and the announcement that the Shell-Deltic JV had reached a positive well investment decision on the Selene prospect. This means Deltic and its shareholders are now participating in two firm wells, operated by our partner Shell, which Deltic estimates are targeting combined gross P50 prospective resources of 627 BCF with 252 BCF (50 mmboe) net to Deltic.

The benefits of Deltic's portfolio of licences, which contain a diverse range of prospects in different geological plays, is becoming apparent as Capricorn continues to invest significant time and resources in maturing the prospect inventory across the five Southern North Sea licences which were farmed out to Capricorn in 2021. It is anticipated that this work could result in a number of further exploration wells in the coming years.

The initial geotechnical evaluation of the Syros prospect, located on Licence P2542 in the Central North Sea close to existing infrastructure on the Montrose-Arbroath high, has been completed with the revised prospect estimated to contain P50 prospective resources of 24.5 mmboe. On the back of this re-evaluation, work is now commencing on attracting partners to take this opportunity through to drilling.

Additionally, the Deltic technical team has been planning for the upcoming 33rd Licensing Round which the North Sea Transition Authority ("NSTA") has indicated will commence before the end of this year with licence awards expected mid-2023.

### **Southern North Sea Assets**

#### **P2252 – Pensacola (30% Deltic, Shell 70% (Operator))**

During the period, the partnership has been focused on the preparatory works required for the drilling of the Pensacola exploration well. It was announced on 29 June that the rig contract had been signed by Shell and that the Maersk Resilient would be drilling the Pensacola well once it has completed operations on a Shell operated development well in the Dutch sector. Preparation of the seabed at the well location, in anticipation of arrival of the drilling rig, has been completed and the well is scheduled to be spudded in October.

A drilling the well on paper ("DWOP") exercise was recently carried out with Shell, Deltic, Maersk and other key service companies in The Netherlands to refine the well design and operations in general. A further separate session was held focussing specifically on data acquisition, wireline logging, coring and well testing plans.

Pensacola is a Zechstein Reef prospect located to the north-west of the Breagh gas field in the Southern North Sea. Deltic estimates the prospect to contain gross P50 prospective resources of 309 BCF, with a 55% geological chance of success, which will rank Pensacola as one of the highest impact exploration targets to be drilled in the gas basin in recent years.

Under the terms of the farm out to Shell, Deltic was carried through the initial work programme including the acquisition of new 3D seismic across the Pensacola prospect. Costs for the Pensacola well are shared in-line with the licence working interests, and Deltic remains funded for the costs of the Pensacola well.

#### **P2437 – Selene (50% Deltic, 50% Shell (Operator))**

On 26 July, Deltic was delighted to announce that the JV has made a positive well investment decision in relation to the Selene prospect. The NSTA have been informed of the partnership's intention to move to Phase C of the licence, and, as a result of the positive well investment decision, the process of appointing Shell as the licence and well operator has commenced. Well timing is yet to be confirmed, although, based on previous timelines, Deltic expects the well will be spudded within the next 18 months. Meanwhile, efforts will focus on refining the well location and data acquisition programmes to support site survey work, well engineering, and permitting work during the summer of 2023.

Deltic remains convinced that the Selene Prospect is one of the largest unappraised structures in the Leman Sandstone fairway of the Southern Gas Basin and estimates that it contains 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%.

Under the terms of the farm out with Shell, Deltic holds a 50% working interest in the licence, but will be carried for 75% of the costs of drilling and testing the well on the Selene prospect, up to a gross aggregate of USD\$25 million.

#### **P2428 – Cupertino Area (Deltic 40%, Capricorn 60% (Operator))**

The final processed version of the new 3D seismic data over Licence P2428 was delivered at the beginning of May with further additional products to aid interpretation developed by Capricorn during June and July. The new 3D data is generally of good quality and vastly superior to the legacy 2D data that had been available prior to the 3D seismic being acquired. Naturally, the Plymouth prospect was the initial focus, given the potential read-across from the Pensacola well to be drilled later this year. However, the new 3D data does not support the earlier interpretation made on the legacy 2D seismic and the prospect has been downgraded in relation to the other prospects and leads which exist on the licence. Interpretation of the new data is ongoing, with Capricorn now directing its attention towards maturing the other prospects and leads in the Carboniferous, Leman Sandstone, and the Triassic Bunter Sandstone, including the Cupertino and Richmond prospects which were the original focus of the licence application.

In addition to the seismic interpretation, Capricorn is completing and integrating a number of other geological workflows into local and regional models, including petrophysical analysis, sedimentological studies, basin modelling and structural analysis to support the maturation of the various prospects and leads identified on the block.

#### **P2567 – Cadence (Deltic 40%, Capricorn 60% (Operator))**

During the period, Capricorn has been focused on acquiring and integrating the available legacy seismic data, various geotechnical datasets, and the results of new petrophysical analysis into its regional model. Significant effort has been expended on understanding the legacy VE08 3D seismic survey that covers the entire licence area to determine the best technical way forward for reprocessing, and improving the data quality of that survey, using the most up-to-date seismic reprocessing workflows. This enhanced dataset is expected to be delivered before the end of the year and will allow for a robust assessment of the Triassic and Carboniferous prospectivity identified across the licence area.

### **P2560, P2561 and P2562 – South Breagh Area (Deltic 40%, Capricorn 60% (Operator))**

Similar to Licence P2567, Capricorn has been focused on acquiring and integrating the available legacy seismic and geotechnical datasets into its regional model. This has included the purchase of a number of seismic datasets and commencement of seismic reprocessing of the Lochran 3D seismic survey which covers much of Licence P2560 and the northern part of P2562. It is expected that the reprocessed seismic dataset will be available in early 2023.

### **P2435 – Blackadder (Deltic 25%, Parkmead 75% (Operator))**

Deltic has been informed by the Operator, The Parkmead Group, that a farm out partner could not be found to assist in the maturation of the Blackadder prospect, and that a positive well investment decision could not be taken within the current licence timelines. There are a number of technical challenges with the Blackadder prospect, including inadequate seismic image quality associated with the legacy datasets and a structurally complex setting. The Operator has recommended that the licence be relinquished and the NSTA has been informed that the partnership intends to relinquish the licence at the end of the current licence term on 30 September.

### **Central North Sea Assets**

#### **P2542 – Syros (Deltic 100%)**

During the period, the Deltic technical team has been focused on maturing the Syros oil prospect based on a newly reprocessed seismic dataset that was delivered in Q1 2022. The Syros prospect has been recognised by previous operators, however the new seismic dataset with significantly enhanced image quality has allowed for a significant reinterpretation, resulting in a simpler and more robust prospect. The Syros prospect is now considered to be a simple rotated fault block, with the Fulmar reservoir very similar to the adjacent Godwin and Caley fields which produced first hydrocarbons in 2014 and 2017, respectively.

The prospect is estimated to contain P50 prospective resources of 24.5 mmboe with P90-P10 range of 12.4 to 33.3 mmboe and a GCOS of 58%. There are multiple offtake options locally with the Arbroath-Carnoustie infrastructure located only 6.5km to the east, and multiple other offtake options including Cayley, Arbroath, Shaw and Gannet within 13km of the licence.

Initial feedback from operators in the area has been positive and a farm out process is commencing with the aim of receiving offers before the end of the year.

#### **P2352 – Dewar (Deltic 100%)**

Despite extensive efforts and a significant amount of interest from the industry, a farm out partner could not be found to participate in the drilling of the Dewar prospect within the current licence timelines. Consequently, the intention is to relinquish the licence at the end of its current term on 30 September 2022 and the NSTA has been informed of our intention. The Company will, however, consider re-applying for the Dewar licence as part of its applications for new licences in the 33<sup>rd</sup> Licensing Round.

### **33rd Offshore Licensing Round**

As part of the new UK Energy Security Strategy, the UK Government announced that the 33rd Offshore Licensing Round would commence before the end of 2022. The exact dates, process and areas to be included

in the licensing round have yet to be clarified by the NSTA, but Deltic expects the round to be opened in Q4 2022 with potential licence awards in Q2 or Q3 2023.

Work has begun in-house to identify areas and prospects of interest, as well as potential partnerships on certain opportunities. Given recent changes to the UK tax regime, high resource prices and general industry sentiment, especially towards natural gas opportunities, we are expecting this upcoming round to generate significant interest.

Andrew Nunn  
Chief Operating Officer  
24 August 2022

**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 2022 in good financial health with a cash position of £7.6m (30 June 2021: £11.1m), having started investing in the pre-drilling stage of the Pensacola well.

## **Income Statement**

The Company incurred a loss for the period of £1,031,280, compared with a loss of £691,754 for the six months to 30 June 2021.

The operating loss of £1,028,861 (six months to 30 June 2021: £674,718) included operating activity cash expenditure of £1,155,363 (six months to 30 June 2021: £607,626), non-cash share-based payment expense of £136,341 (six months to 30 June 2021: £61,435), a write down on the Blackadder licence of £48,188 (six months to 30 June 2021: £nil), and other non-cash costs of £56,997 not directly attributed to existing licences (six months to 30 June 2021: £62,585).

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, primarily related to Pensacola well costs, totalled £1,257,542 during the period (six months to 30 June 2021: £210,884).

Trade and other payables of £162,516 (31 December 2021: £931,148) decreased by £768,632 relating to operating and investing activities.

## **Balance Sheet**

The Company's cash position was £7,627,843 at 30 June 2022 (31 December 2021: £10,092,205), reflecting a net cash outflow of £2,464,362 for the period (six months to 30 June 2021: £873,064). Cash used in operating activities for the six months to 30 June 2022 was £1,155,363 (six months to 30 June 2021: £607,626). A further £1,246,629 was used in investing activities (six months to 30 June 2021: £210,993), including £1,257,542 relating to expenditure capitalised in intangible assets (six months to 30 June 2021: £210,884), and £749 relating to the purchase of property, plant and equipment (six months to 30 June 2021: £1,393).

Sarah McLeod  
Chief Financial Officer  
24 August 2022

**UNAUDITED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE LOSS**  
**For the period ended 30 June 2022**

	Note	Period ended 30 June 2022 Unaudited £	Period ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Write down on relinquished intangible assets		(48,188)	-	(288,551)
Other administrative expenses		(980,673)	(674,718)	(1,912,987)
<b>Total administrative expenses</b>		<u>(1,028,861)</u>	<u>(674,718)</u>	<u>(2,201,538)</u>
<b>Other operating income</b>		-	-	298,173
<b>Operating loss</b>		(1,028,861)	(674,718)	(1,903,365)
Finance income		11,662	1,284	2,905
Finance costs		<u>(14,081)</u>	<u>(18,320)</u>	<u>(34,592)</u>
<b>Loss before tax</b>		(1,031,280)	(691,754)	(1,935,052)
Income tax expense		<u>-</u>	<u>-</u>	<u>-</u>
<b>Loss and comprehensive loss for the period attributable to equity holders of the Company</b>		<u>(1,031,280)</u>	<u>(691,754)</u>	<u>(1,935,052)</u>
<b>Loss per share from continuing operations expressed in pence per share:</b>				
<b>Basic and diluted</b>	3	(0.07)p	(0.05)p	(0.14)p

**UNAUDITED BALANCE SHEET****As at 30 June 2022**

	Note	30 June 2022 Unaudited £	30 June 2021 Unaudited £	31 December 2021 Audited £
<b>NON-CURRENT ASSETS</b>				
Intangible Assets		3,129,688	1,859,523	2,203,118
Property, Plant and Equipment		328,993	443,076	385,240
Other receivables		37,421	37,422	37,422
		<u>3,496,102</u>	<u>2,340,021</u>	<u>2,625,780</u>
<b>CURRENT ASSETS</b>				
Trade and other receivables		72,578	84,740	190,398
Cash and cash equivalents		7,627,843	11,095,794	10,092,205
		<u>7,700,421</u>	<u>11,180,534</u>	<u>10,282,603</u>
<b>TOTAL ASSETS</b>		<u>11,196,523</u>	<u>13,520,555</u>	<u>12,908,383</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>				
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		1,287,041	1,051,813	1,150,700
Accumulated retained deficit		(17,844,829)	(15,570,251)	(16,813,549)
<b>TOTAL EQUITY</b>		<u>10,768,066</u>	<u>12,807,416</u>	<u>11,663,005</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		162,516	352,811	931,148
Lease liability		90,588	94,388	98,995
		<u>253,104</u>	<u>447,199</u>	<u>1,030,143</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liability		175,353	265,940	215,235
<b>TOTAL LIABILITIES</b>		<u>428,457</u>	<u>713,139</u>	<u>1,245,378</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>11,196,523</u>	<u>13,520,555</u>	<u>12,908,383</u>

## UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2022

	Share capital £	Share premium £	Share-based payment reserve £	Accumulated Retained deficit £	Total equity £
Balance at 1 January 2022	7,029,824	20,296,030	1,150,700	(16,813,549)	11,663,005
<b>Comprehensive income for the year</b>					
Loss for the period	-	-	-	(1,031,280)	(1,031,280)
<b>Total comprehensive loss for the period</b>	-	-	-	(1,031,280)	(1,031,280)
<b>Contributions by and distributions to owners</b>					
Share-based payment	-	-	136,341	-	136,341
<b>Total contributions by and distributions to owners</b>	-	-	136,341	-	136,341
<b>Balance at 30 June 2022 (Unaudited)</b>	<b>7,029,824</b>	<b>20,296,030</b>	<b>1,287,041</b>	<b>(17,844,829)</b>	<b>10,768,066</b>
Balance at 1 January 2021	7,029,824	20,296,030	990,378	(14,878,497)	13,437,735
<b>Comprehensive income for the year</b>					
Loss for the period	-	-	-	(691,754)	(691,754)
<b>Total comprehensive loss for the period</b>	-	-	-	(691,754)	(691,754)
<b>Contributions by and distributions to owners</b>					
Share-based payment	-	-	61,435	-	61,435
<b>Total contributions by and distributions to owners</b>	-	-	61,435	-	61,435
<b>Balance at 30 June 2021 (Unaudited)</b>	<b>7,029,824</b>	<b>20,296,030</b>	<b>1,051,813</b>	<b>(15,570,251)</b>	<b>12,807,416</b>
Balance at 1 January 2021	7,029,824	20,296,030	990,378	(14,878,497)	13,437,735
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(1,935,052)	(1,935,052)
<b>Total comprehensive loss for the year</b>	-	-	-	(1,935,052)	(1,935,052)
<b>Contributions by and distributions to owners</b>					
Share-based payment	-	-	160,322	-	160,322
<b>Total contributions by and distributions to owners</b>	-	-	160,322	-	160,322
<b>Balance at 31 December 2021 (Audited)</b>	<b>7,029,824</b>	<b>20,296,030</b>	<b>1,150,700</b>	<b>(16,813,549)</b>	<b>11,663,005</b>

**UNAUDITED STATEMENT OF CASH FLOWS**  
**For the period ended 30 June 2022**

	Period ended 30 June 2022 Unaudited £	Period ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
<b>Cash flows from operating activities</b>			
Loss before tax	(1,031,280)	(691,754)	(1,935,052)
Adjustments for:			
Finance income	(11,662)	(1,284)	(2,905)
Finance costs	14,081	18,320	34,592
Depreciation	57,276	57,317	115,355
Amortisation	-	5,268	5,625
Loss on disposal of property, plant and equipment	(279)	-	1,842
Gain from farm-out of licence interest	-	-	(298,173)
Write down on relinquished intangible assets	48,188	-	288,551
Share-based payment	136,341	61,435	160,322
	<u>(787,335)</u>	<u>(550,698)</u>	<u>(1,629,843)</u>
Decrease / (increase) in trade and other receivables	64,467	(30,853)	(136,511)
(Decrease) / increase in trade and other payables	<u>(432,495)</u>	<u>(26,075)</u>	<u>143,297</u>
<b>Net cash used in operating activities</b>	<b>(1,155,363)</b>	<b>(607,626)</b>	<b>(1,623,057)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	(1,257,542)	(210,884)	(853,744)
Purchase of property, plant and equipment	(749)	(1,393)	(5,895)
Proceeds from exploration licence farm-ins	-	-	719,953
Interest received	11,662	1,284	2,905
	<u>(1,246,629)</u>	<u>(210,993)</u>	<u>(136,781)</u>
Net cash used in investing activities	(1,246,629)	(210,993)	(136,781)
<b>Cash flows from financing activities</b>			
Payment of principal portion of lease liabilities	(48,289)	(36,125)	(82,223)
Interest on lease liabilities	<u>(14,081)</u>	<u>(18,320)</u>	<u>(34,592)</u>
Net cash used in financing activities	<u>(62,370)</u>	<u>(54,445)</u>	<u>(116,815)</u>
<b>Decrease increase in cash and cash equivalents</b>	<b>(2,464,362)</b>	<b>(873,064)</b>	<b>(1,876,653)</b>
Cash and cash equivalents at beginning of period / year	<u>10,092,205</u>	<u>11,968,858</u>	<u>11,968,858</u>
<b>Cash and cash equivalents at end of period / year</b>	<b>7,627,843</b>	<b>11,095,794</b>	<b>10,092,205</b>

## **NOTES TO THE FINANCIAL INFORMATION**

### **For the period ended 30 June 2022**

#### **1. GENERAL**

The interim financial information for the period to 30 June 2022 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 2021 together with new and amended standards applicable to periods commencing 1 January 2022, which complied with UK adopted International Accounting Standards (IFRS) 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.

The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 December 2022, 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 faces a period of change under the current geopolitical environment, the Company does not anticipate any negative issues impacting its ability to operate as a going concern. Based on the cash and cash equivalents balance at 30 June 2022 and the Company's commitments, the Directors are of the opinion that the Company has adequate financial resources to meet its committed Pensacola exploration programme, based upon anticipated drilling costs per the planned work schedule, 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 signing these interim financial statements.

The condensed financial information for the period ended 31 December 2021 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 2021, which were prepared under UK adopted International Accounting Standards (IFRS) 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.

<b>Basic and diluted loss per share</b>	Period ended 30 June 2022	Period ended 30 June 2021	Year ended 31 December 2021
Loss for the period (£)	(1,031,280)	(691,754)	(1,935,052)
Weighted average number of ordinary shares (number)	1,405,964,855	1,405,964,855	1,405,964,855
Loss per share from continuing operations	<u>(0.07)p</u>	<u>(0.05)p</u>	<u>(0.14)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 2022 £	30 June 2021 £	31 December 2021 £
1,405,964,855 ordinary shares of 0.5p each (30 June 2021: 1,405,964,855 ordinary shares)	7,029,824	7,029,824	7,029,824

### 5. SUBSEQUENT EVENTS

Subsequent to 30 June 2022, Deltic-Shell JV made a positive well investment decision to drill the Selene Prospect (Licence P2437), and Deltic has taken the decision to relinquish both the Blackadder Prospect (P2535) and Dewar Prospect (Licence P2352).

### 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, SE1 8SB 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](http://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 statement**

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**

PRMS: Petroleum Resources Management System (2007)

BCF: Billion Cubic Feet

mmboe: Million barrels of oil equivalent

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.

Geological 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.

P90 resource: 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.

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.

P10 resource: 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.

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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