

22 August 2023

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 2023.

#### **Highlights**

- Significantly increased estimate of oil and gas resources for the transformational Pensacola discovery on Licence P2252 (Deltic interest 30%) in the Southern North Sea ("SNS").
  - Discovery contains total gross P50 Estimated Ultimate Recovery (“EUR”) of c.99 mmboe, nearly double initial expectations
  - Pensacola now estimated to contain material volumes of oil, representing c. 30% of the combined recoverable hydrocarbons
  - Work is progressing with partners to develop the appraisal and development programme for Pensacola, with an appraisal well targeted for Q4 2024
- The well planning process for drilling the Selene prospect (Deltic interest 50%) in the SNS is progressing well.
  - The geophysical site survey currently underway with the geotechnical survey planned for later in the year
  - Selene still expected to be drilled in Q3 2024
- Deltic is withdrawing from three Licences (P2560, P2561 and P2562) it held with Capricorn Energy (“Capricorn”), and the partnership will move to relinquish these licences as soon as practicable.
- Deltic intends to continue with Licences P2567 (Cadence) and P2428 (Cupertino), the two most prospective licences in this acreage, and apply for extensions to both licences as it seeks to attract another partner.
- Deltic has submitted multiple applications for blocks and part blocks in the Southern and Central North Sea during the UK's 33rd Offshore Licensing Round in FY 2022, with awards expected to be announced before the end of Q3 2023.

- Cash position of £9.1 million at 30 June 2023 (31 December 2022: £20.4 million), with a net cash outflow for the period of £11.3 million (H1 2022: £2.5 million). The first half of 2023 saw significant planned investment and use of capital to complete the drilling of the Pensacola discovery.

**Graham Swindells, CEO, commented:**

*“It is no exaggeration to say that the first half of 2023 has been transformational for Deltic, following the discovery of material quantities of hydrocarbons at Pensacola in the Southern North Sea. With an estimated 100 million barrels of oil equivalent, the majority of which is natural gas, this represents one of the biggest UK discoveries in over a decade, and is particularly significant considering the enormous energy security issues that the country currently faces. I am very proud of the entire Deltic team which has delivered this success, and I am confident that we will continue to build upon this going forward.”*

## Chairman's Statement

While a Chairman's statement rightly covers the broader outlook, leaving the CEO and COO to focus on the results and plans, it wouldn't make sense to open this statement without highlighting the recent success of our well at Pensacola in the North Sea off the coast of Teesside.

This prospect was acquired 100% by Deltic in an exploration licence round. Following the thorough technical assessment which we consider a hallmark of our operations, we were able to demonstrate the potential to Shell and bring them on-board to work with us as an experienced operator. We drilled the well together with a common understanding that it had a roughly 50/50 chance of success. Not only did it discover hydrocarbons, but subsequent evaluation of data from the well by ourselves and the operator show it to be at the high end of our expectations and approximately twice the volumes of recoverable resource of our 'most likely' case prior to drilling.

Doing this and doing it again and again is, quite simply, our business model. I'll leave it to Graham and Andrew to go into detail on this and our wider portfolio of exploration opportunities.

Many have commented upon some tough external factors in recent months and years, but we remain focused on the fundamental aspects which support our business model.

Our portfolio is in the UK North Sea where we have a lot of experience in a small team, primarily on gas in the Southern North Sea ("SNS").

Over the years we have built a conveyor belt which begins with high quality, low cost technical screening of available licences; acquiring attractive licences; working acquired licences to the level that attracts an operator with the technical, commercial and financial resources to take a Joint Venture ("JV") through exploration and to migrate theoretical in-place volumes to discovered recoverable resources which can be developed.

We now have assets at all stages along this conveyor belt; a portfolio of opportunities which are moving through the process from a successful Pensacola discovery, far along the conveyor belt, to Selene drilling plans, through to opportunities that are under assessment, and back to licences expected to be added via the current licensing round.

Alongside this, on the demand side, we have a society highly dependent upon these resources, spending more on the import of these resources than on national defence or education, based on the Government's own figures for 2022. Imports are bad for jobs, bad for Treasury receipts, bad for energy security and bad for emissions compared with the domestic supply within our portfolio.

With an election looming, once again our sector is a political football, but we should have confidence that the demand is there and we have the supply. The external environment may seem hostile at times, but the political

environment isn't picking on Deltic specifically. With or without future licensing, the Deltic portfolio remains robust.

Mark Lappin  
Chairman  
21 August 2023

### **CEO Statement**

The first half of 2023 has been transformational for Deltic, having drilled our first exploration well at Pensacola and resulting in a major discovery. At the same time, the Company has continued to progress its other key licence with Shell over the Selene gas prospect while also maintaining the potential to further enhance the Company's portfolio of assets through the current UK licensing round.

Having commenced drilling towards the end of last year, we were delighted to announce details of a very significant discovery of gas at Pensacola in February which was very much in line with pre-drill estimates. The well also discovered relatively light oil, although at that point it was too early to provide a meaningful indication of the scale of the oil opportunity.

Following the discovery, the JV has carried out the necessary post-well analysis which has allowed us to quantify the potential volume of the oil and associated gas, and we were delighted to report in July that the contribution of the oil and associated gas has led to a near doubling in our original expectations of P50 Estimated Ultimate Recovery from approximately 50 mmbœ to 99 mmbœ.

The positive results of the post-well analysis mean that Pensacola is now at the upper end of our expectations. At current estimated volumes, Pensacola is the largest discovery in the SNS in a decade and arguably one of the most significant discoveries in the North Sea in many years, particularly bearing in mind Pensacola's play opening potential.

The JV will now move forward its appraisal and development plans while assessing development concepts and is working towards an appraisal well being drilled in Q4 2024.

This well has been a fantastic result for Deltic. This first discovery reinforces the quality of our technical team and the Deltic model of taking licences from award through to successful drilling. Critically for Deltic, this well moves Pensacola from an exploration opportunity to being a highly valuable appraisal and development asset and the Company is now undertaking a process to seek to farm down an element of its interest in Pensacola while retaining exposure to its successful development and ensuing cash flow.

We look forward to working with our partners, Shell and ONE-Dyas to continue moving this exciting asset through the appraisal phase and onward towards development.

Having achieved success at our first well at Pensacola, we are increasingly excited about the prospect of drilling our next exploration well at Selene, again with Shell as our JV partner. Selene is another similarly-sized prospect with gross P50 Prospective Resources of 318 BCF, in excess of 50 mmboe. Unlike the play-opening Pensacola discovery, Selene is an established play, with a high (70%) geological chance of success and in close proximity to existing infrastructure.

The planning process for Selene is already well underway with the focus on detailed well design, planning, rig procurement and other key preparations to support drilling operations. Long lead items are in the process of being ordered and the geophysical site survey over the proposed well location has already commenced. We also anticipate the rig contract for Selene to be put in place in the coming months which will represent another significant milestone as we move further down the runway towards the drilling of this high impact prospect. Depending on the exact timing of the Pensacola appraisal well, Selene and Pensacola may also have the added benefit of forming part of the same drilling programme.

Having found gas and oil at our first well at Pensacola, we are excited about drilling this prospect and having the potential to add another discovery to Deltic's asset base. Accordingly, we look forward to providing regular updates as we progress through the planning phase towards the commencement of operations.

Having only brought Capricorn Energy PLC ("Capricorn") into our five contiguous licences in an underexplored area of the SNS in 2021, changes in ownership, management and strategy have prevented Capricorn from being able to continue to invest in assets outside of Egypt, resulting in their withdrawal from these licences. Despite this, as a result of promising technical work already undertaken, Deltic has decided to focus on the two most prospective licences in this acreage, being P2567 (Cadence) and P2428 (Cupertino) and retain 100% equity in each of these licences. An extensive work programme has been progressed by Capricorn over these licences which has identified multiple prospects and leads in the Carboniferous, with a total estimated P50 gas-initially-in-place of more than 2.6 TCF.

As the current phase of licences P2567 and P2428 ends on 30 November 2023 and 31 March 2024 respectively, Deltic is applying to the North Sea Transition Authority ("NSTA") to seek an extension to both of the licences to allow time to attract another partner with the ultimate aim of drilling one or more of these prospects.

This year has also presented Deltic with the opportunity to further enhance its portfolio of licences. Applications over various blocks and licences were made in the UK's 33<sup>rd</sup> Licensing Round in January. The Company had its interviews with the NSTA in June and awards are expected to be made before the end of Q3 2023.

Over the first half of the year our sector has, as ever, been impacted by certain challenges. Gas prices have inevitably continued to soften from the record levels seen in the course of 2022, but nonetheless remain above long term historic averages. In any event, our projects do not rely on elevated gas prices and remain economically robust at very low gas prices.

The Windfall Tax and political risk have also been factors which have created uncertainty, albeit the investment allowance associated with the Energy Profits Levy continues to make the economics associated with investing in Deltic projects very attractive. Despite these factors, Deltic has continued to deliver on its business plan of taking licences from award through to drilling and now has its all-important first major discovery. The success at Pensacola also now means that we expect to be drilling wells at both Selene and Pensacola next year such that Deltic and our shareholders have much to look forward to as we progress towards these key catalysts.

I would like to take this opportunity to thank the entire Deltic team for their continued hard work which has been instrumental in a successful first half of the year.

Graham Swindells  
Chief Executive Officer  
21 August 2023

## **Operating Review**

### **Southern North Sea Assets**

#### **P2252 Pensacola (30% Deltic, 65% Shell, 5% ONE-Dyas) & P2558 Pensacola North (30% Deltic, Shell 70%)**

Following the announcement of the successful flow of hydrocarbons to surface from the Shell-operated well 41/5a-2 on the Pensacola structure on 8 February 2023, work has focused on the completion of the post-well laboratory analysis and integration of the various geotechnical datasets into the geological and reservoir models for the Pensacola discovery.

This work included the updating of the intra-salt seismic interpretation, velocity model and depth conversion using the recently acquired well base data as well as updating various reservoir parameters including porosity and permeability based on the revised geological model and updated analogue analysis. This work predicts the presence of thicker, higher quality oolitic shoal reservoir over the reef top area and when combined with the updated depth conversion pushing the southern part of Pensacola slightly deeper, results in the northern part of Pensacola being filled with gas while the southern part is anticipated to be filled with oil.

Based on the outcome of this work, Deltic updated its volumetric assessment of the Pensacola discovery and now estimates that Pensacola contains P50 Estimated Ultimate Recovery of 99 mmbbl as reported on 12 July 2023. The majority of this increase has resulted from the incorporation of the oil resources into the model and these liquids now comprise approximately 30% of the total combined recoverable resources.

<b>PENSACOLA DISCOVERY - EUR (gross, Deltic WI: 30%)</b>				
<b>Hydrocarbon Type</b>	<b>Units</b>	<b>P90</b>	<b>P50</b>	<b>P10</b>
Gas	BCF	198	320	499
Oil	MMBO	11	30	67
Associated gas	BCF	24	95	272
<b>COMBINED TOTAL</b>	<b>MMBOE*</b>	<b>48</b>	<b>99</b>	<b>196</b>

\* Gas is converted at 5.98 BCF to 1 MMBOE

Licence P2252 which contains the Pensacola discovery is operated by Shell

Deltic continues to work closely with Shell and our JV partners to develop the appraisal programme for the Pensacola discovery. Subject to JV and other regulatory approvals, the drilling of an appraisal well on Pensacola remains targeted for Q4 2024. In parallel, the JV will undertake various studies to define optimal development plans for the Pensacola discovery.

In line with the Company's stated strategy, Deltic has also commenced a formal process to pursue the value crystallisation options that exist for the Pensacola discovery which may involve monetisation and/or farm down of an element of its equity interest in it.

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

Following the progression of Licence P2437 into Phase C on 31 October 2022, and with Shell assuming the role of Licence Operator, the preparatory work to support drilling operations at Selene has continued at pace during the period. While rig schedules for 2024 are yet to be finalised, the JV is still working towards a spud date during Q3 2024.

The geophysical site survey is already underway and the geotechnical survey is planned for later this year. Following completion of the well design process, critical long lead items including casing have been identified with procurement processes underway. It is expected that final well costings will not be available until after a suitable rig has been contracted, however Deltic is planning for gross well costs in the order of US\$30-40m.

Given the increase in drilling costs since the farm-out to Shell in 2019, Deltic is also planning to reduce its working interest position in Licence P2437, and therefore capital exposure to the Selene well, and has launched a farm-out process to attract interest from industry in the Selene opportunity.

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%.

### **P2428 Cupertino & P2567 Cadence (Deltic 40%, Capricorn 60%)**

Following Capricorn's well publicised change in corporate strategy away from exploration to focus on building an Egyptian production-focused company, Capricorn and Deltic have agreed to end the JV over five licences P2428, P2567, P2560, P2561 and P2562. As part of ongoing rationalisation and high grading of its portfolio, Deltic has decided to withdraw from three of the Licences (P2560, P2561 and P2562) and therefore the JV partnership will move to relinquish these three licences as soon as practicable.

Since the farm-out to Capricorn was completed in November 2021, Deltic has been fully carried through an extensive subsurface work programme which has included the acquisition of nearly 700km<sup>2</sup> of new 3D seismic and reprocessing of a number of legacy 3D data sets, which has confirmed the significant exploration potential within licences P2428 and P2567. The Capricorn-led work has matured 17 leads and prospects with a combined P50 GIIP of more than c. 2.6 TCF within the early Carboniferous play, which has been proven at Pegasus and Andromeda located immediately to the south of the licences.

Deltic recognises the significant prospectivity identified and intends to continue with these two licences at the 100% level. The current licence terms of P2567 and P2428 are due to expire on 30 November 2023 and 31 March 2024 respectively and, once Deltic has been re-appointed as Administrator of these licences, Deltic intends to request an extension of the current licence terms from the NSTA. If the extension requests are approved by the NSTA, Deltic would continue to assure and high grade the prospects identified by Capricorn while seeking to attract another partner or partners to assist with future drilling activity across the licences.

The firm work programme has been completed in relation to both licences and Deltic does not anticipate further capital expenditure in relation to either licence unless, and until, a suitable partner to progress drilling activity on these licences opportunity can be secured.

### **Central North Sea Assets**

#### **P2542 – Syros (Deltic 100%)**

The Syros prospect is located immediately to the west of the Montrose-Arbroath production platforms in the Central North Sea and in close proximity to a number of fields which produce from the same Fulmar sandstones which are expected to be present within the Syros rotated fault block. The Syros prospect is estimated to contain P50 Prospective Resources of 24.5 mmboe (P90 to P10 Range = 13.7 to 39.7 mmboe), with a geological chance of success of 58%.

While efforts are ongoing to find a partner to drill the Syros opportunity, Deltic has experienced a significant drop-off in interest in the farm-out process for this particular asset following the UK Government's introduction of further windfall taxes on the industry in November 2022.

The firm work programme has been completed in relation to Syros and there has been no material expenditure on the P2542 licence during the reporting period. Phase A of the current licence runs until 30 November 2024 and Deltic does not anticipate further capital expenditure in relation to this licence unless a suitable partner to progress this attractive opportunity can be secured.

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

The NSTA announced the launch of the 33rd Licensing Round on 7 October 2022, with 931 blocks and part blocks available for licensing. The round closed for applications on 12 January 2023 and following an extensive review of a large number of opportunities Deltic submitted a number of applications for blocks and part blocks in both the Southern and Central North Sea.

Deltic attended licensing interviews with the NSTA on 14 June 2023. Following completion of that process we expect that the NSTA will begin to award new licences resulting from the 33rd Licensing Round before the end of Q3 2023.

Andrew Nunn  
Chief Operating Officer  
21 August 2023

### **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

### Overview

Following, Deltic's equity fundraise of £16.0 million (gross) in September 2022 ("the Fundraise"), the Company started the year with a cash balance of £20.4 million and ended the period to 30 June 2023 with a cash balance of £9.1 million. The first half of 2023 saw significant planned investment and use of capital to complete the drilling of the Pensacola discovery. Over the period, the Company invested £10.0 million (2022: £2.1 million) on completing Pensacola drilling operations.

### Income Statement

The Company incurred a loss for the period of £1.2 million compared with a loss of £1.0 million for the six months to 30 June 2022. Administrative expenses of £1.4 million (1H 2022: £1.0 million) were incurred during the period. Finance income of £0.2 million (1H 2022: nil) was earned on short term high interest-bearing deposits on surplus funds following the Fundraise. Corporation tax is payable on finance income earned, and accordingly the Company has recognised an income tax expense in the period of less than £0.1 million (1H 2022: nil).

### Balance Sheet

The Company continues to retain a strong balance sheet with total Capital and Reserves at 30 June 2023 of £23.2 million (2022: £24.2 million). On 25 May 2023, the Company undertook a Share Consolidation (the 'Consolidation'). The Consolidation consisted of a consolidation of the existing 1,861,932,000 Ordinary Shares of 0.5 pence each in the capital of the Company ("Existing Ordinary Shares"), such that every 20 Existing Ordinary Shares were consolidated into one new ordinary share of 10p each ("New Ordinary Shares"). Following the Consolidation, the Company has a single class of ordinary shares of 10p each in issue, being 93,096,600 New Ordinary Shares.

The value of exploration assets increased by £6.5 million to £16.3 million (2022: £9.8 million), mainly reflecting the completion of Pensacola drilling operations in February 2023. The value of Pensacola work done in the period to 30 June 2023 was £6.3 million. The total net cost to Deltic of drilling the Pensacola well is £12.8 million.

The Company spent £0.2 million further progressing the Company's exploration licence portfolio, in particular the Syros and Selene licences. The Selene pre-drill expenditure will largely be incurred in H2 2023. All costs associated with the five licences held jointly with Capricorn Energy PLC were fully paid by Capricorn Energy PLC.

Property, plant and equipment of £0.2 million (2022: £0.3 million) includes a right of use asset relating to the office lease with a net book value of £0.1 million (2022: £0.2 million). The Property, Plant and Equipment reduction reflects the depreciation charge for the year on the office lease, fixtures and fittings and computer equipment.

The Company's cash position at 30 June 2023 was £9.1 million (2022: £20.4 million), with the year-on-year decrease arising from the investment and use of cash to drill the Pensacola discovery. As at 30 June 2023, Deltic is still to pay Shell, as operator of the Pensacola licence, approximately £2 million in H2 2023.

Total current liabilities, which include short-term creditors, accruals, provisions and lease liabilities decreased by £3.9 million to £2.5 million (2022: £6.4 million). Trade creditors of £1.1 million (2022: £3.3 million) are due to Shell for payments associated with Pensacola drilling operations. Other payables and accruals of £1.1 million (2022: £1.3 million) mainly represent the Pensacola discovery drilling value of work done but yet to be billed by Shell. At 31 December 2022, a provision of £1.3 million was recognised for the costs incurred in early 2023 for the planned and completed plugging and abandonment of the Pensacola exploration well.

The Company continues to operate with no debt.

### **Cash Flow**

As at 30 June 2023, the Company held cash and cash equivalents totalling £9.1 million (2022: £20.4 million). The Company had a net cash outflow for the period of £11.3 million (1H 2022: £2.5 million).

A net cash outflow from operating activities of £1.5 million (1H 2022: £1.3 million) was incurred for general and administrative costs.

Net cash of £9.8 million was used in investing activities (1H 2022: £1.2 million). £10.1 million (1H 2022: £1.3 million) was invested on exploration and evaluation assets. The total net cost of drilling the Pensacola discovery well is £12.8 million of which £10.0 million cash (1H 2022: £1.0 million) was paid to Shell during the period. A further £0.1 million (1H 2022: £0.3 million) was spent developing the other licences in the exploration portfolio. Bank interest of £0.3 million (1H 2022: nil) was earned on short term high interest-bearing deposits on surplus funds following the Fundraise.

Sarah McLeod  
Chief Financial Officer  
21 August 2023

**UNAUDITED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE LOSS**  
**For the period ended 30 June 2023**

	Note	Period ended 30 June 2023 Unaudited £	Period ended 30 June 2022 Unaudited £	Year ended 31 December 2022 Audited £
Write down on relinquished intangible assets		-	(48,188)	(347,610)
Other administrative expenses		(1,372,918)	(980,673)	(2,745,350)
<b>Total administrative expenses</b>		<u>(1,372,918)</u>	<u>(1,028,861)</u>	<u>(3,092,960)</u>
<b>Operating loss</b>		(1,372,918)	(1,028,861)	(3,092,960)
Finance income		239,309	11,662	129,301
Finance costs		<u>(9,366)</u>	<u>(14,081)</u>	<u>(25,745)</u>
<b>Loss before tax</b>		(1,142,975)	(1,031,280)	(2,989,404)
Income tax expense		<u>(77,060)</u>	<u>-</u>	<u>-</u>
<b>Loss and comprehensive loss for the period attributable to equity holders of the Company</b>		<u>(1,220,035)</u>	<u>(1,031,280)</u>	<u>(2,989,404)</u>
<b>Loss per share from continuing operations expressed in pence per share: Basic and diluted</b>	3	(1.31)p	(1.47)p*	(3.94)p*

\* Following the Share Consolidation on 25 May 2023, loss per share amounts in the interim financial statements and notes thereto have been retroactively adjusted for all periods presented to illustrate the effect of the Share Consolidation.

## UNAUDITED BALANCE SHEET

As at 30 June 2023

	Note	30 June 2023 Unaudited £	30 June 2022 Unaudited £	31 December 2022 Audited £
<b>NON-CURRENT ASSETS</b>				
Intangible Assets	4	16,303,338	3,129,688	9,769,477
Property, Plant and Equipment		222,450	328,993	279,545
Other receivables		37,422	37,421	37,422
		<u>16,563,210</u>	<u>3,496,102</u>	<u>10,086,444</u>
<b>CURRENT ASSETS</b>				
Trade and other receivables		145,019	72,578	181,102
Cash and cash equivalents		<u>9,075,911</u>	<u>7,627,843</u>	<u>20,409,692</u>
		<u>9,220,930</u>	<u>7,700,421</u>	<u>20,590,794</u>
<b>TOTAL ASSETS</b>		<u>25,784,140</u>	<u>11,196,523</u>	<u>30,677,238</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>				
Share capital	5	9,309,660	7,029,824	9,309,660
Share premium		33,145,477	20,296,030	33,150,786
Share-based payment reserve		1,789,860	1,287,041	1,535,202
Accumulated retained deficit		<u>(21,022,988)</u>	<u>(17,844,829)</u>	<u>(19,802,953)</u>
<b>TOTAL EQUITY</b>		<u>23,222,009</u>	<u>10,768,066</u>	<u>24,192,695</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		2,310,088	162,516	4,988,307
Current tax payable		77,060	-	-
Lease liability		105,806	90,588	90,132
Provisions		-	-	1,281,000
		<u>2,492,954</u>	<u>253,104</u>	<u>6,359,439</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liability		<u>69,177</u>	<u>175,353</u>	<u>125,104</u>
<b>TOTAL LIABILITIES</b>		<u>2,562,131</u>	<u>428,457</u>	<u>6,484,543</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>25,784,140</u>	<u>11,196,523</u>	<u>30,677,238</u>

## UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2023

	Share capital £	Share premium £	Share-based payment reserve £	Accumulated Retained deficit £	Total equity £
Balance at 1 January 2023	9,309,660	33,150,786	1,535,202	(19,802,953)	24,192,695
<b>Comprehensive income for the year</b>					
Loss for the period	-	-	-	(1,220,035)	(1,220,035)
<b>Total comprehensive loss for the period</b>	-	-	-	(1,220,035)	(1,220,035)
<b>Contributions by and distributions to owners</b>					
Share consolidation / Issue of shares	-	22	-	-	22
Costs of share consolidation / issue	-	(5,331)	-	-	(5,331)
Share-based payment	-	-	254,658	-	254,658
<b>Total contributions by and distributions to owners</b>	-	(5,309)	254,658	-	249,349
<b>Balance at 30 June 2023 (Unaudited)</b>	<b>9,309,660</b>	<b>33,145,477</b>	<b>1,789,860</b>	<b>(21,022,988)</b>	<b>23,222,009</b>
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 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 year	-	-	-	(2,989,404)	(2,989,404)
<b>Total comprehensive loss for the year</b>	-	-	-	(2,989,404)	(2,989,404)
<b>Contributions by and distributions to owners</b>					
Issue of shares	2,279,836	13,679,014	-	-	15,958,850
Costs of share issue	-	(824,258)	-	-	(824,258)
Share-based payment	-	-	384,502	-	384,502
<b>Total contributions by and distributions to owners</b>	<b>2,279,836</b>	<b>12,854,756</b>	<b>384,502</b>	<b>-</b>	<b>15,519,094</b>
<b>Balance at 31 December 2022 (Audited)</b>	<b>9,309,660</b>	<b>33,150,786</b>	<b>1,535,202</b>	<b>(19,802,953)</b>	<b>24,192,695</b>

## UNAUDITED STATEMENT OF CASH FLOWS

For the period ended 30 June 2023

	Period ended 30 June 2023 Unaudited £	Period ended 30 June 2022 Unaudited £	Year ended 31 December 2022 Audited £
<b>Cash flows from operating activities</b>			
Loss before tax	(1,142,975)	(1,031,280)	(2,989,404)
Adjustments for:			
Finance income	(239,309)	(11,662)	(129,301)
Finance costs	9,366	14,081	25,745
Depreciation	57,615	57,276	114,698
Loss on disposal of property, plant and equipment	-	(279)	-
Write down on relinquished intangible assets	(441)	48,188	347,610
Share-based payment	254,658	136,341	384,502
	<u>(1,061,086)</u>	<u>(787,335)</u>	<u>(2,246,150)</u>
Decrease in trade and other receivables	10,402	64,467	81,991
Decrease in trade and other payables	<u>(427,968)</u>	<u>(432,495)</u>	<u>(18,228)</u>
<b>Net cash used in operating activities</b>	<b>(1,478,652)</b>	<b>(1,155,363)</b>	<b>(2,182,387)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	(10,102,094)	(1,257,542)	(2,557,582)
Purchase of property, plant and equipment	(520)	(749)	(9,003)
Interest received	302,412	11,662	56,606
	<u>(9,800,202)</u>	<u>(1,246,629)</u>	<u>(2,509,979)</u>
Net cash used in investing activities			
<b>Cash flows from financing activities</b>			
Proceeds from share consolidation / issue	22	-	15,958,850
Expense of share consolidation / issue	(5,331)	-	(824,258)
Payment of principal portion of lease liabilities	(40,252)	(48,289)	(98,994)
Interest on lease liabilities	<u>(9,366)</u>	<u>(14,081)</u>	<u>(25,745)</u>
Net cash (outflow)/inflow from financing activities	<u>(54,927)</u>	<u>(62,370)</u>	<u>15,009,853</u>
<b>(Decrease) / increase in cash and cash equivalents</b>	<b><u>(11,333,781)</u></b>	<b><u>(2,464,362)</u></b>	<b><u>10,317,487</u></b>
Cash and cash equivalents at beginning of period / year	<u>20,409,692</u>	<u>10,092,205</u>	<u>10,092,205</u>
<b>Cash and cash equivalents at end of period / year</b>	<b><u>9,075,911</u></b>	<b><u>7,627,843</u></b>	<b><u>20,409,692</u></b>

## **NOTES TO THE FINANCIAL INFORMATION**

### **For the period ended 30 June 2023**

#### **1. GENERAL**

The interim financial information for the period to 30 June 2023 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 2022 together with new and amended standards applicable to periods commencing 1 January 2023, which complied with UK adopted 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 UK adopted International Financial Reporting Standards (IFRS).

UK adopted 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 2023, 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. Having taken the decision to raise funds in 2022 the Company is currently funded during the going concern period with no debt. Based on the cash and cash equivalents balance at 30 June 2023 and the Company’s commitments in the going concern period, the Directors are of the opinion that the Company has adequate financial resources to fund the final working capital commitments on the Pensacola exploration programme, Pensacola appraisal pre-drilling costs and Selene pre-drilling costs, based upon anticipated costs per the planned work schedule, and its general 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 2022 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 2022, which were prepared under UK adopted 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 2023	Period ended 30 June 2022	Year ended 31 December 2022
Loss for the period (£)	(1,220,035)	(1,031,280)	(2,989,404)
Weighted average number of ordinary shares (number)	93,096,600	70,298,243	75,919,756
Loss per share from continuing operations	<u>(1.31)p</u>	<u>(1.47)p*</u>	<u>(3.94)p*</u>

\* Following the Share Consolidation on 25 May 2023, loss per share amounts in the interim financial statements and notes thereto have been retroactively adjusted for all periods presented to illustrate the effect of the Share Consolidation.

#### 4. INTANGIBLE ASSETS

	Exploration & evaluation assets £	Software licences £	Total £
<b>Cost</b>			
At 1 January 2022	2,203,118	39,257	2,242,375
Additions	7,913,969	-	7,913,969
Write down on relinquished assets	(347,610)	-	(347,610)
At 31 December 2022	9,769,477	39,257	9,808,734
Additions	6,533,861	-	6,533,861
At 30 June 2023	16,303,338	39,257	16,342,595
<b>Amortisation and impairment</b>			
At 1 January 2022	-	39,257	39,257
Charge for the year	-	-	-
At 31 December 2022	-	39,257	39,257
Charge for the period	-	-	-
At 30 June 2023	-	39,257	39,257
<b>Net Book Value</b>			
At 30 June 2023	16,303,338	-	16,303,338
At 31 December 2022	9,769,477	-	9,769,477
At 1 January 2022	2,203,118	-	2,203,118

The net book value of exploration and evaluation assets at 30 June 2023 and 31 December 2022 relates solely to the Company's North Sea Licences.

Additions in H1 2023 of £6.5 million (2022: £7.9 million) mainly reflect the completion of Pensacola drilling operations in February 2023. The value of Pensacola work done in the period to 30 June 2023 was £6.3 million. The total net cost to Deltic of drilling the Pensacola well is £12.8 million.

## 5. 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 2023 £	30 June 2022 £	31 December 2022 £
93,096,600 ordinary shares of 10p each (30 June 2022: 1,405,964,855 ordinary shares of 0.5p each)	9,309,660	7,029,824	9,309,660

On 30 September 2022, the Company announced that it had raised approximately £16 million, before expenses, through the aggregate placing and subscription and open offer of 455,967,137 new ordinary shares at 3.5 pence per share. The shares were allotted and admitted to trading on AIM on 3 October 2022.

On 25 May 2023, the Company undertook a Share Consolidation. The Share Consolidation consisted of a consolidation of the existing ordinary shares of 0.5 pence each in the capital of the Company ("Existing Ordinary Shares"), such that every 20 Existing Ordinary Shares were consolidated into one new ordinary share of 10p each ("New Ordinary Shares"). Following the Share Consolidation, the Company has a single class of ordinary shares of 10p each in issue, being the New Ordinary Shares.

## 6. SUBSEQUENT EVENTS

Following Capricorn Energy's publicly stated decision to exit from its assets outside of Egypt, the Company has been formally notified of Capricorn Energy's intention to withdraw from the licences that were farmed out to Capricorn Energy in 2021. As part of ongoing rationalisation and high grading of its portfolio, Deltic has also decided to withdraw from three of these licences (P2560, P2561 and P2562) and therefore the partnership will move to relinquish these three licences as soon as practicable.

With respect to Licences P2567 and P2428, Deltic recognises the significant prospectivity highlighted by the technical work programmes completed by Capricorn, on behalf of the JV, and intends to continue with these two licences following the withdrawal of Capricorn. Deltic has been fully carried by Capricorn, and accordingly there is no impairment to be recognised.

## **7. 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](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 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**

<b>BCF:</b>	Billion Cubic Feet
<b>Estimated Ultimate Recovery or EUR:</b>	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
<b>Gas Initially in Place or GIIP:</b>	The quantity of gas that is estimated to exist originally in naturally occurring accumulations before any extraction or production
<b>Chance of Success (GCoS):</b>	for prospective resources, means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This, then, is the chance or probability of the prospective resource maturing into a contingent resource. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment and political risks). The chance of commerciality is the product of these two risk components. These estimates have been risked for chance of discovery but not for chance of development.

<b>MMBO:</b>	Million Barrels of Oil
<b>MMBOE or million barrels of oil equivalent:</b>	million barrels of oil equivalent. Gas is converted at 5.98 BCF to 1 MMBOE
<b>P90 resource:</b>	reflects a volume estimate that, assuming the accumulation is developed, there is a 90% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a low estimate of resource
<b>P50 resource:</b>	reflects a volume estimate that, assuming the accumulation is developed, there is a 50% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a median or best case estimate of resource
<b>P10 resource:</b>	Reflects a volume estimate that, assuming the accumulation is developed, there is a 10% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a high estimate of resource
<b>Prospective Resources:</b>	Are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled.
<b>PRMS:</b>	the June 2018 Society of Petroleum Engineers ("SPE") Petroleum Resources Management System
<b>TCF:</b>	Trillion Cubic Feet
<b>WI:</b>	Working Interest

## Standard

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

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

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