

***Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the UK Market Abuse Regulation. With the publication of this announcement, this information is now considered to be in the public domain.***

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

26 September 2024



**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 2024.

**Highlights**

- Farmed down a 25% interest in Licence P2437 including the Selene prospect to Dana Petroleum (E&P) Limited (“Dana”), resulting in Deltic now being fully carried for the estimated success case cost of the well.
- The Shell operated Selene exploration well, targeting Gross P50 Prospective Resources of 318 BCF in the UK Southern North Sea, was spudded on 28 July. Operations are expected to take approximately 90 days from spud and the Company will update the market as appropriate.
- Deltic accepted two out of the four licences provisionally awarded by the North Sea Transition Authority (“NSTA”) in the UK’s 33rd Offshore Licensing Round. Both licences contain attractive low risk, low cost, infrastructure led exploration opportunities with nominal capital commitments in Phase A of the licences.
- On 10 June Deltic notified its Joint Venture (“JV”) partners on Licence P2252, containing the Pensacola discovery, of the Company’s intention to withdraw from the licence.
- Deltic has now reached agreement with the JV partners on Licence P2252, limiting the Company’s liabilities associated with withdrawal from licence P2252 to £1.9 million with payment of circa 50% of this amount deferred for a period of 24 months.

- Cash position of £3.7 million at 30 June 2024 (31 December 2023: £5.6 million)

**Graham Swindells, CEO, commented:**

*“There is no doubt that the first half of the year has been one of the most challenging periods for the Company since its inception, with highly publicised fiscal and political pressures impacting companies operating across the UK’s domestic oil and gas sector. Despite these unprecedented headwinds, the Company continues to make significant commercial and operational progress, which has resulted in a farm-down to Dana which limits our potential cost exposure to the high impact Selene exploration well which is currently being drilled, as well as the award of two new UK licences located close to key production hubs in the Central and Southern North Sea.*

*Despite our necessary withdrawal from Pensacola, Deltic remains in a strong position to extract significant value for shareholders from our existing UK asset portfolio over the coming months and years. While limiting our cost exposure to UK exploration, the Company remains committed to continuing its exploration-led growth strategy and is actively evaluating investment opportunities in other jurisdictions where we can leverage our team’s core strengths and where a more supportive approach to the future oil and gas exploration and development prevails.”*

For further information please contact the following:

**Deltic Energy Plc**

Tel: +44 (0) 20 7887 2630

Graham Swindells / Andrew Nunn / Sarah McLeod

**Allenby Capital Limited** (Nominated Adviser)

Tel: +44 (0) 20 3328 5656

David Hart / Alex Brearley (Corporate Finance)

**Stifel Nicolaus Europe Limited** (Joint Broker)

Tel: +44 (0) 20 7710 7600

Callum Stewart / Simon Mensley / Ashton Clanfield

**Canaccord Genuity Limited** (Joint Broker)

Tel: +44 (0) 20 7523 8000

Adam James / Charlie Hammond

**Vigo Consulting** (IR Adviser)

Tel: +44 (0) 20 7390 0230

Patrick d’Ancona / Finlay Thomson / Kendall Hill

**Chairman’s Statement**

Looking back at over 40 years of my career in this sector, of which about half was spent in the North Sea, each year would have been a story of good news and bad news. An explorationist will tend to dwell on the good news and optimism but a good explorationist will reflect and learn from the less good news.

The outcome for Pensacola was undoubtedly a disappointment. We worked hard to interrogate the data and find an opportunity overlooked by others. The discovery was a cause for celebration. To lose it subsequently was a blow to the team. When we brought Pensacola forward for drilling, reservoir quality was the main uncertainty; an exploration risk. Fortunately, reservoir quality appeared good. Instead, timing of the next phase of investment got caught up in the politics of an election campaign where energy and the future of the North Sea sector were treated as a political football and our involvement in Pensacola ended for a different reason.

But we are prepared for this. Our business model was built to cope with some prospects inevitably falling by the wayside for various reasons. This was why we created a conveyor belt of opportunities; a portfolio of exploration opportunities which allow us to continue with our programme of discovering the oil and gas our country needs for decades, according to the Committee of Climate Change and our new Prime Minister.

We should be optimistic that the new government will eventually recognise the importance of our domestic natural resources for jobs, for treasury receipts, for energy security and for emissions, compared with imported supplies.

And this leads us to the good news: a jack-up drilling rig is currently conducting drilling operations at our Selene prospect. Selene is another prospect the Deltic team uncovered and successfully brought in Shell and Dana, not only to share in the resources of the opportunity but to cover our costs of technical work and exploration drilling. The whole team is happy to be back to the part of exploration where we open the box and find out what's in it.

This is exploration in a mature basin. You examine, you discover, and you move on.

Mark Lappin

Chairman

25 September 2024

### **CEO Statement**

I reflect on the year to date with mixed emotions, ranging from the hugely disappointing forced withdrawal from the Pensacola licence to the positive progress on Selene with a successful farm-out to Dana in February, the spudding of the high impact Selene exploration well in July and the award of new licences with significant potential as a result of success in the 33<sup>rd</sup> offshore licensing round. All this has been achieved against the highly publicised backdrop of continual degradation of the UK fiscal regime, as it pertains to exploration and production operations on the UK Continental Shelf (UKCS), and negative sentiment driven by policy announcements from a Labour government in waiting in the run-up to the general election in July.

Despite this the Company has always believed in the strength of its portfolio to deliver value for shareholders and through selective acceptance of 33<sup>rd</sup> Round awards we have moved our UK portfolio away from higher

risk greenfield exploration to a more infrastructure-led asset base which we believe will be relevant and valuable under any future regime, especially as access to further new licences is likely to be highly restricted.

Over the next year the focus will be on limiting our cost exposure, through farm-down or deferral of planned work programmes on our existing assets, while looking to extract value from our investment in the UK to date. The team has demonstrated its ability to identify high quality opportunities, execute the technical work that much larger organisations respect and to attract investment from these larger oil and gas companies to move projects forward into drilling and hopefully beyond. These core skillsets can continue to be leveraged as we look to deliver value both from our existing portfolio but also as we look forwards towards future opportunities and expansion of the portfolio.

### **Pensacola**

Despite an exhaustive process, increasing political and fiscal uncertainty exacerbated by the timing of the general election meant that Deltic was ultimately unable to secure a farm-out or an alternative funding solution which would allow the Company to fulfil its future commitments with respect to the Pensacola appraisal well which was due to be drilled in the second half of this year. Consequently, Deltic had to withdraw from the licence prior to being required to formally undertake further drilling obligations in early June.

In the course of this process, the Company examined a wide variety of funding solutions which included potential industry partners, including existing partners, via traditional farm-out or asset sale, the equity capital markets, strategic investors and debt providers. However, paralysis amongst potential farm in partners unable to make investment decisions in such a politically toxic environment, coupled with erosion of confidence amongst the investor community, resulted in the Company being unable to find a solution to continue with Pensacola.

The Company subsequently notified the partners of Licence P2252 of the Company's intention to withdraw from the licence. An agreement with the JV partners to limit Deltic's trailing liabilities for costs incurred prior to withdrawal under the Joint Operating Agreement (JOA) has been reached along with a deferred repayment agreement which is positive for Deltic's short term working capital position. Further details of this agreement are set out below.

While the withdrawal from Pensacola has been extremely disappointing, this draws a line under what has been a very difficult period for Deltic and its shareholders. Now this has been settled we can look forward to the results of the ongoing Selene well operations in the coming months.

### **Selene – Farm-out and Drilling**

Excellent progress was made on Selene throughout the course of the first half of 2024. The farm out to Dana was completed and the rig contract was entered in February for the Valaris 123, a heavy duty jackup rig. The Valaris rig was mobilised in July with drilling operations commencing on 28 July 2024. Well operations are

underway and are planned to take approximately 90 days after which the rig will be demobilised from the Selene well location.

The farm-out to Dana formed part of the strategy to mitigate Deltic's cost exposure to the upcoming well while bringing in a further high-quality partner. As a result of this transaction, and when combined with the existing Shell carry, Deltic retains a 25% interest in Licence P2437 and has no exposure to the success case drilling costs up to a gross cap of \$49M, which is in excess of the success case well cost estimates.

The Selene exploration well is the first exploration well drilled on the UKCS in 2024 and is an equally important milestone for Deltic. The Selene prospect is a high impact, infrastructure-led exploration opportunity which, in the case of exploration success, we believe should remain commercially viable under any envisaged future fiscal regime.

In contrast to Pensacola, the 318 BCF (Gross P50 Prospective Resources) Selene prospect is a simple Leman Sandstone structure in an established, well understood play and located close to existing production infrastructure. In a successful outcome, Selene is not expected to require further appraisal prior to field development planning commencing and could therefore be brought into production relatively quickly following discovery given the proximity of existing infrastructure.

We note the proposed acquisition of a package of Shell and ExxonMobil's South North Sea assets, which includes the Selene prospect, by Viaro Energy ("Viaro"). Based on released information we would expect this transaction to complete in mid-2025 with Viaro assuming operatorship of the Selene asset and the proposed evacuation route via Barque, Clipper and the Bacton Gas Terminal onshore Norfolk. It is encouraging that Viaro continue to take a positive counter-cyclical approach to the UK exploration and production sector and we believe that they will inherit the same significant commercial drivers that should support a rapid development of Selene in the event of exploration success, that initially attracted Shell to the asset in the first place.

We look forward to successful drilling and updating the market in relation to the well.

### **Other licences - Syros (P2542)**

The farm-out process on the Syros prospect located in the Central North Sea, in close proximity to the production infrastructure associated with the Montrose and Arbroath fields, generated an encouraging level of interest from potential farminees interested in joining Deltic on this asset. However, as we have seen across the industry, planned farm-in discussions have been suspended pending a review of the expected update to the UK's taxation regime which will be presented in the October budget.

Given the impact that previous alterations to the Energy Profits Levy, the General Election earlier in the year and the ongoing uncertainty associated with the October budget, have had on corporate decision making, Deltic has requested a 12 month extension to Phase A of the licence from 1 December 2024 to 1 December

2025 from the NSTA. If this extension is granted, it will allow potential partners sufficient time to assess the impacts of any changes to the EPL and re-engage with Deltic in relation to farming into this asset.

### **Licence Awards**

In the first half of 2024, Deltic continued to add to its portfolio of licences through further success in the UK's 33rd Offshore Licensing Round.

#### **Dewar (P2646)**

On 1 February 2024, we were pleased to announce the award of the Dewar licence which has previously been licenced and matured by Deltic. Dewar is considered a low-risk prospect in the Forties Sandstone, located close to existing and proposed new infrastructure associated with the redevelopment of the Murlach Field (formerly known as Skua) with P50 Prospective Resources estimated at 21 mmboe.

The work programme associated with the initial phase of the licence is restricted to upgrading the seismic data sets held by the Company at relatively low cost and is focussed on providing greater confidence around prospect volumetrics and risk before embarking on a farm out process.

#### **Blackadder (P2672)**

We were subsequently pleased to confirm the formal award of Licence P2672 which lies immediately to the west of the West Sole gas field in the Southern North Sea. The licence contains the Pharos and Teviot discoveries with Pharos and Blackadder now considered to be one single structure with P50 Prospective Resources of 165 BCF. The location and nature of the Blackadder project provide it with many similarities to Selene, where the reworking of legacy datasets has identified a potential missed pay opportunity of material scale. Blackadder's location, in close proximity to existing infrastructure, should enhance its value in a basin where new licences are likely to become increasingly scarce.

Over the coming year, we will progress our work on the legacy data in preparation for farm-out, in anticipation of drilling an appraisal well on Blackadder.

These awards are a direct result of the hard work that our technical team put into the application process and the licences accepted have been selected by Deltic to have the best potential to be progressed and create additional drilling opportunities in the future.

### **Outlook**

The first half of 2024 has seen the outlook for the UK's oil and gas industry become increasingly uncertain, further heightened by the recent election and the proposals put forward by the Labour government. This uncertainty remains following the Government's policy update on 29 July 2024, which increases and extends

the EPL, removes the uplift on allowances while leaving a decision on other allowances until the next budget on 30 October 2024. Deltic continues to engage in and support industry lobbying efforts and it is hoped that the new Government's first budget will provide an element of clarity and much needed stability if the UK oil and gas industry is to avoid an accelerated decline.

Despite these challenges, we are nonetheless pleased to have added to the Company's portfolio of licences with further success in the latest licensing round with the award of the Dewar and Blackadder licences and we are particularly excited to have started drilling at Selene with our partners Shell and Dana.

The fact that we are in the second half of the year and Selene is the first exploration well to be drilled in the UKCS clearly demonstrates the impact that political and fiscal instability has had on levels of activity and investment. Therefore, until further clarity exists Deltic intends to limit further investment in its UK portfolio (other than Selene) and will look to pursue opportunities overseas in jurisdictions that are more favourable and supportive of the oil and gas industry. Our team has significant international experience and believes that it can bring this to bear on such opportunities.

Although our industry faces ongoing uncertainty, we look forward to successful operations at Selene, and continue to believe exploration on the UKCS has a hugely important role to play in supporting the provision of energy security, jobs within the energy sector and the ability to offset higher carbon intensity imported energy.

I would like to take this opportunity to thank the entire Deltic team for their continued hard work and dedication throughout the year to date.

Graham Swindells  
Chief Executive Officer  
25 September 2024

## **Operating Review**

### **Pensacola – Licence P2252 and P2558**

As previously announced, Deltic has withdrawn from licence P2252, which contains the Pensacola discovery, due to an inability to secure a further farm-out or alternative funding structures given the perceived political threats to the industry and ongoing fiscal uncertainty in the run-up to the UK general election on 4 July. The process of transferring Deltic's equity share in Licence P2252 to the remaining partners Shell U.K. Ltd and ONE-Dyas is ongoing.

The Shell-Deltic JV has completed the technical review of potential follow-on opportunities in the Zechstein on adjacent licence P2558. While exploration potential remains within the licence area, no immediately viable drilling opportunity has been identified by the JV and the NSTA has been notified of the JV's intention not to proceed beyond Phase A of the licence. The licence will be allowed to expire on 30 November 2024.

### **Selene – Licence P2437**

The Selene prospect is a 4-way dip closed structure in the Lemn Sandstone in the heart of the play fairway and close to offtake infrastructure which is located some 20km to the south of the well location. Deltic has a 25% non-operated interest in the P2437 licence and estimates the Selene structure to contain gross P50 Prospective Resources of 318 BCF (P90 to P10 range of 132 to 580 BCF) and a geological chance of success (GCoS) of 69%.

As previously announced, the Valaris 123 rig was mobilised to the Selene site from the Central North Sea on the 21<sup>st</sup> July. Drilling operations commenced on the 28<sup>th</sup> July with well operations expected to take approximately 90 days to complete. The well is being operated by Shell U.K. Ltd.

The Selene opportunity with its material recoverable volumes, low development CAPEX and proximity to existing offshore production infrastructure has what we consider to be an almost unique combination of characteristics in the Southern North Sea which, in the case of exploration success, we believe makes it remain relevant and commercially viable under almost any future fiscal regime.

We will update the market in due course upon completion of drilling operations.

### **Blackadder – Licence P2672**

The Blackadder prospect was provisionally awarded to Deltic on a 100% basis in Tranche 3 of the 33rd Offshore Licensing Round and formal licence documentation was received and executed in early July.

The licence is located immediately to the west of the West Sole gas field and covers blocks 47/5e, 47/10c and 48/6c and contains the Pharos and Teviot discoveries. Deltic's preliminary evaluation, completed as part of the application process, has resulted in an updated understanding of the structural setting, which suggests that the Pharos discovery and the Blackadder prospect are in fact a single Lemn Sandstone structure.

Deltic's preliminary evaluation of the combined structure estimates P50 Prospective Resources of 165 BCF (P90 to P10 range of 66 to 293 BCF) with a GCoS of 65%. These estimates will be reviewed and updated as part of the Phase A work programme associated with the licence.

Blackadder is highly analogous to the Selene opportunity both in terms of its geological setting but also in relation to access to offtake infrastructure which should speed up commercialisation timelines in the event of a discovery.

The Phase A work programme commitments are focussed on the reprocessing of legacy 3D seismic data to improve reservoir imaging and refine the structural model in order to further de-risk the Blackadder structure. Total expenditure associated with the Phase A work programme is estimated at less than £200,000.



## **Syros – Licence P2542**

The Syros licence is held 100% by Deltic and contains the Syros prospect, which is hosted in the Jurassic aged Fulmar Sandstone, a prolific producing reservoir on the western flank of the Montrose-Arbroath High in the Central North Sea.

The prospect is mapped as simple rotated fault block on modern high quality 3D and is estimated to contain a light gassy oil with P50 Prospective Resources of 24.5mmboe (P90 to P10 range of 13.7 to 39.7mmboe) with a GCoS of 58%. While a number of potential development options exist, the most likely would be a short subsea tieback to the existing production infrastructure located on the Montrose-Arbroath High.

Following a number of management team changes and corporate ownership changes in licences around the Syros prospect, the Company saw an uptick in interest in the ongoing Syros farm-out process prior to the announcement of the general election in May 2024. The ongoing political and fiscal uncertainty is proving extremely unhelpful in drawing these discussions to a conclusion and Deltic has requested a 12 month extension to Phase A of the licence from the NSTA.

Licence P2542 will expire on the 30 November 2024 unless either a farm-down can be secured or an extension to Phase A is granted by the NSTA.

## **Dewar – Licence P2646**

Licence P2646 containing the Dewar prospect was awarded to Deltic on a 100% basis in Tranche 2 of the 33<sup>rd</sup> Offshore Licensing Round. Dewar is a low-risk prospect in the Forties Sandstone, located close to existing and proposed new infrastructure associated with the redevelopment of the Murlach Field (formerly known as Skua) in the CNS.

Deltic currently estimates the Dewar prospect to contain P50 Prospective Resources of 20.8 mmboe (P90 to P10 range of 10 to 38.2 mmboe) with a GCoS of 36%.

The Phase A work programme associated with the licence is restricted to upgrading the key seismic data sets held by the Company at relatively low cost and is focussed on providing greater confidence around prospect volumetrics and risk. The early stage work will also look in detail at the alternative development and export options that were not available last time the company had an interest in this particular opportunity.

## **Portfolio and Resource Summary**

The Company's current licence portfolio and prospect inventory, as of the end July 2024, is summarised below:

## Southern North Sea – Prospective Resources

Licence Ref:	Block ID	Deltic Equity	Project ID	Discovery (D) Discovery (D) Prospect (P) Lead (L)	Net to Deltic Prospective Resource (BCF)			GCoS GCoS %
					P90 Low	P50 Best	P10 High	
					P2672	48/6c, 47/5e & 47/10c	100%	
Teviot	D	9	17	27				65
P2437 <sup>1</sup>	48/8b	25%	Sloop - Leman	D	2	4	10	100
			Selene - Leman	P	33	80	145	70
			Endymion - Leman	L	9	12	15	27
			Rig & Jib - Leman	L	4	9	15	35

<sup>1</sup> Operated by Shell

## Central North Sea – Prospective Resources

Licence Ref:	Block ID	Deltic Equity	Project ID	Discovery(D) Prospect (P) Lead (L)	Net to Deltic Prospective Resource (MMBOE)			GCoS %
					P90 Low	P50 Best	P10 High	
					P2542	22/17a	100%	
P2646	22/24f & 22/25e	100%	Tesla - Jurassic	D	1.9	3.6	6.4	100
			Dewar – Forties	P	10	20.8	38.2	36

Andrew Nunn  
Chief Operating Officer  
25 September 2024

## **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**

The Company started the year with a cash balance of £5.6 million and ended the period to 30 June 2024 with a cash balance of £3.7 million. The first half of 2024 saw the Company farm out a 25% interest in Licence P2437, containing the Selene Prospect, and the Company providing its notice of withdrawal from the Pensacola licence.

### **Income Statement**

The Company incurred a loss, before the impairment of Pensacola, for the period of £1.3 million compared with a loss of £1.2 million for the six months to 30 June 2023. Administrative expenses of £1.5 million (1H 2023: £1.4 million) were incurred during the period.

Deltic farmed out a 25% interest in Licence P2437, containing the Selene Prospect, to Dana. Dana paid the Company £1.1 million in cash on completion in relation to back costs incurred by Deltic. The Company recognised a gain of £0.1 million on the farm out of Licence P2437 to Dana which is included as other operating income.

Finance income of £0.1 million (1H 2023: £0.2 million) was earned on short term high interest-bearing deposits.

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 2023: £0.1 million). The Company has incurred expenditure since incorporation on UK exploration and appraisal activities that gives rise to a potential tax asset of over £57 million that can be utilised to offset future taxation.

The Company recognised an impairment in the period of £18.0 million resulting from the decision to notify the partners of Licence P2252 of the Company’s intention to withdraw from the Pensacola licence.

### **Balance Sheet**

The value of exploration assets decreased by £16.5 million to £1.0 million (31 December 2023: £17.5 million), mainly reflecting the Pensacola impairment of £18.0 million, the Selene farm-out to Dana and operational cost spend to June 2024.

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 2024 was £3.7 million (31 December 2023: £5.6 million), with the £1.9 million decrease in the period arising from general and administrative costs, investment in pre-drilling operational costs offset by proceeds from the farm-out of Selene to Dana.

Total current liabilities, which include short-term creditors, accruals, provisions and lease liabilities increased by £0.7 million to £2.3 million (31 December 2023: £1.6 million). Trade creditors of £0.7 million (31 December 2023: £0.1 million) are due to Shell for payments associated with Pensacola appraisal pre-drilling operations. Other payables and accruals of £1.2 million (31 December 2023: £0.1 million) mainly represent the Pensacola appraisal pre-drilling value of work done but yet to be billed by Shell.

The Company continues to operate with no debt.

### **Cash Flow**

As at 30 June 2024, the Company held cash and cash equivalents totalling £3.7 million (31 December 2023: £5.6 million). The Company had a net cash outflow for the period of £1.8 million (1H 2023: £11.3 million).

A net cash outflow from operating activities of £1.3 million (1H 2023: £1.5 million) was incurred for general and administrative costs.

Net cash of £0.5 million was used in investing activities (1H 2023: £9.8 million). £1.6 million was invested on exploration and evaluation assets (1H 2023: £10.1 million); £0.5 million (H1 2023: £10.0 million) was paid to Shell during the period for Pensacola appraisal pre-drilling operations, £1.0 million (H1 2023: nil) was spent on Selene pre-drill operations. The majority of Selene costs incurred between the effective date and completion of the Selene farm-out were reimbursed by Dana as part of the Selene farm-out. Dana paid the Company £1.1 million (1H 2023: nil) proceeds for the farm-out of Selene being £0.4 million initial contribution and a further £0.7 million as repayment of Shell costs incurred by the Company between the effective date and completion of the transaction. A further £0.1 million (1H 2023: £0.1 million) was spent developing the other licences in the exploration portfolio. Bank interest of £0.1 million (1H 2023: £0.3 million) was earned on short term high interest-bearing deposits on surplus funds following the 2022 Fundraise.

### **Going concern**

The Directors have completed the going concern assessment, including considering cash flow forecasts up to the end of Q3 2025, sensitivities, and stress tests to assess whether the Company is a going concern. The inherent nature of the Company means it is dependent on its existing cash resources, farming down of assets and its ability to raise additional funding in order to progress its operational programme on an ongoing basis.

Although it was expected that Deltic may be required to honour further expenditure in relation to the Pensacola appraisal well which was approved by the JV prior to the withdrawal notice being issued, agreement has been reached with the other Pensacola JV parties that these liabilities will be capped at £1.9 million of pre-drilling costs incurred on the Pensacola appraisal well up until the date of withdrawal on 10 June 2024. These costs are recognised in the interim financial statements. Under a deferred repayment agreement agreed with the JV, Deltic will pay £1.0 million in September 2024 with the payment of the remaining £0.9 million deferred for a 24 month period. The deferred payment terms include a non-compounding interest of Bank of England Base Rate plus 8%, repayable quarterly in arrears commencing in December 2024.

Having undertaken careful assessment, the Directors are of the view the Company will need to access additional funds within twelve months in order to fund on-going operations. It is anticipated these funds will primarily be sourced through farm downs, asset disposal, issuing new equity or a combination of these actions. The interim statements for the period to 30 June 2024 have been prepared assuming the Company will continue as a going concern. In support of this, the Directors believe the liquid nature of the UK asset market means it is likely that adequate funds can be accessed when required. However, the ability to access funds is not guaranteed. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Sarah McLeod  
Chief Financial Officer  
25 September 2024

## UNAUDITED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE LOSS

For the period ended 30 June 2024

	Note	Period ended 30 June 2024 Unaudited £	Period ended 30 June 2023 Unaudited £	Year ended 31 December 2023 Audited £
Other administrative expenses		(1,487,503)	(1,372,918)	(3,035,896)
Exceptional administrative expenses:				
Impairment on intangible assets	4	(17,974,542)	-	(184,242)
<b>Total administrative expenses</b>		<u>(19,462,045)</u>	<u>(1,372,918)</u>	<u>(3,220,138)</u>
Other operating income	4	108,987	-	-
<b>Operating loss</b>		<u>(19,353,058)</u>	<u>(1,372,918)</u>	<u>(3,220,138)</u>
Finance income		84,643	239,309	388,403
Finance costs		<u>(6,223)</u>	<u>(9,366)</u>	<u>(16,788)</u>
<b>Loss before tax</b>		<u>(19,274,638)</u>	<u>(1,142,975)</u>	<u>(2,848,523)</u>
Income tax expense		<u>(21,161)</u>	<u>(77,060)</u>	<u>(112,830)</u>
<b>Loss and comprehensive loss for the period attributable to equity holders of the Company</b>		<u>(19,295,799)</u>	<u>(1,220,035)</u>	<u>(2,961,353)</u>
<b>Loss per share from continuing operations expressed in pence per share: Basic and diluted</b>	3	(20.73)p	(1.31)p	(3.18)p

## UNAUDITED BALANCE SHEET

As at 30 June 2024

	Note	30 June 2024 Unaudited £	30 June 2023 Unaudited £	31 December 2023 Audited £
<b>NON-CURRENT ASSETS</b>				
Intangible Assets	4	958,721	16,303,338	17,463,225
Property, Plant and Equipment		119,547	222,450	171,627
Investment in subsidiary		1	-	1
Other receivables		37,422	37,422	37,422
		<u>1,115,691</u>	<u>16,563,210</u>	<u>17,672,275</u>
<b>CURRENT ASSETS</b>				
Trade and other receivables		189,400	145,019	112,598
Cash and cash equivalents		3,731,200	9,075,911	5,580,259
		<u>3,920,600</u>	<u>9,220,930</u>	<u>5,692,857</u>
<b>TOTAL ASSETS</b>		<u>5,036,291</u>	<u>25,784,140</u>	<u>23,365,132</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>				
Share capital	5	9,309,660	9,309,660	9,309,660
Share premium		33,145,477	33,145,477	33,145,477
Share-based payment reserve		2,288,196	1,789,860	1,999,834
Accumulated retained deficit		(42,012,416)	(21,022,988)	(22,716,617)
<b>TOTAL EQUITY</b>		<u>2,730,917</u>	<u>23,222,009</u>	<u>21,738,354</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		2,112,891	2,310,088	1,402,375
Current tax payable		109,935	77,060	88,775
Lease liability		82,548	105,806	124,282
		<u>2,305,374</u>	<u>2,492,954</u>	<u>1,615,432</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liability		-	69,177	11,346
<b>TOTAL LIABILITIES</b>		<u>2,305,374</u>	<u>2,562,131</u>	<u>1,626,778</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,036,291</u>	<u>25,784,140</u>	<u>23,365,132</u>

## UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2024

	Share capital £	Share premium £	Share-based payment reserve £	Accumulated Retained deficit £	Total equity £
Balance at 1 January 2024	9,309,660	33,145,477	1,999,834	(22,716,617)	21,738,354
<b>Comprehensive income for the year</b>					
Loss for the period	-	-	-	(19,295,799)	(19,295,799)
<b>Total comprehensive loss for the period</b>	-	-	-	(19,295,799)	(19,295,799)
<b>Contributions by and distributions to owners</b>					
Share-based payment	-	-	288,362	-	288,362
<b>Total contributions by and distributions to owners</b>	-	-	288,362	-	288,362
<b>Balance at 30 June 2024 (Unaudited)</b>	<b>9,309,660</b>	<b>33,145,477</b>	<b>2,288,196</b>	<b>(42,012,416)</b>	<b>2,730,917</b>
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>					
Issue of shares	-	22	-	-	22
Costs of share 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 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 year	-	-	-	(2,961,353)	(2,961,353)
<b>Total comprehensive loss for the year</b>	-	-	-	(2,961,353)	(2,961,353)
<b>Contributions by and distributions to owners</b>					
Issue of shares	-	22	-	-	22
Costs of share issue	-	(5,331)	-	-	(5,331)
Expired share options	-	-	(47,689)	47,689	-
Share-based payment	-	-	512,321	-	512,321
<b>Total contributions by and distributions to owners</b>	-	(5,309)	464,632	47,689	507,012
<b>Balance at 31 December 2023 (Audited)</b>	<b>9,309,660</b>	<b>33,145,477</b>	<b>1,999,834</b>	<b>(22,716,617)</b>	<b>21,738,354</b>



## UNAUDITED STATEMENT OF CASH FLOWS

For the period ended 30 June 2024

	Period ended 30 June 2024 Unaudited £	Period ended 30 June 2023 Unaudited £	Year ended 31 December 2023 Audited £
<b>Cash flows from operating activities</b>			
Loss before tax	(19,274,638)	(1,142,975)	(2,848,523)
Adjustments for:			
Finance income	(84,643)	(239,309)	(388,403)
Finance costs	6,223	9,366	16,788
Depreciation	57,250	57,615	115,099
Loss on disposal of property, plant and equipment	-	-	500
Gain on farm in	(108,987)	-	-
Impairment of intangible assets	17,974,542	(441)	184,243
Foreign exchange movement in operating loss	(9,589)	-	-
Share-based payment	288,362	254,658	512,321
	<u>(1,151,480)</u>	<u>(1,061,086)</u>	<u>(2,407,975)</u>
(Increase)/Decrease in trade and other receivables	(84,326)	10,402	10,112
Decrease in trade and other payables	(92,631)	(427,968)	(203,603)
Tax paid	-	-	(24,055)
<b>Net cash used in operating activities</b>	<u>(1,328,437)</u>	<u>(1,478,652)</u>	<u>(2,625,521)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	(1,632,008)	(10,102,094)	(12,547,872)
Purchase of property, plant and equipment	(12,330)	(520)	(1,130)
Proceeds from licence farm in	1,091,345	-	-
Interest received	92,167	302,412	446,795
	<u>(460,826)</u>	<u>(9,800,202)</u>	<u>(12,102,207)</u>
Net cash used in investing activities	(460,826)	(9,800,202)	(12,102,207)
<b>Cash flows from financing activities</b>			
Proceeds from share consolidation / issue	-	22	22
Expense of share consolidation / issue	-	(5,331)	(5,331)
Payment of principal portion of lease liabilities	(50,873)	(40,252)	(79,608)
Interest on lease liabilities	(8,430)	(9,366)	(16,788)
	<u>(59,303)</u>	<u>(54,927)</u>	<u>(101,705)</u>
Net cash outflow from financing activities	(59,303)	(54,927)	(101,705)
<b>Decrease in cash and cash equivalents</b>	<u>(1,848,566)</u>	<u>(11,333,781)</u>	<u>(14,829,433)</u>
Cash and cash equivalents at beginning of period / year	5,580,259	20,409,692	20,409,692
Effect of exchange rate changes on balance of cash held in foreign currencies	(493)	-	-
<b>Cash and cash equivalents at end of period / year</b>	<u>3,731,200</u>	<u>9,075,911</u>	<u>5,580,259</u>

## **NOTES TO THE FINANCIAL INFORMATION**

### **For the period ended 30 June 2024**

#### **1. GENERAL**

The interim financial information for the period to 30 June 2024 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 2023 together with new and amended standards applicable to periods commencing 1 January 2024, 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 Accounting Standards (IAS).

UK adopted IAS 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 2024, with the exception of IAS 34 Interim Financial Reporting.

The condensed financial information for the period ended 31 December 2023 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 2023, 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 UK adopted IAS, 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.

#### **Going Concern**

The Directors have completed the going concern assessment, including considering cash flow forecasts up to the end of Q3 2025, sensitivities, and stress tests to assess whether the Company is a going concern. The inherent nature of the Company means it is dependent on its existing cash resources, farming down of assets and its ability to raise additional funding in order to progress its operational programme on an ongoing basis.

Although it was expected that Deltic may be required to honour further expenditure in relation to the Pensacola appraisal well which was approved by the JV prior to the withdrawal notice being issued, final agreement was reached with the other Pensacola JV parties Operator that liabilities will be capped at £1.9 million of pre-drilling costs incurred on the Pensacola appraisal well up until the date of withdrawal on 10 June 2024. These costs are recognised in these interim financial statements. Under the Deferred Repayment Agreement agreed with the JV, Deltic will pay £1.0 million in September 2024 with the payment of the remaining the £0.9 million deferred for a twenty four month period. The deferred payment terms include a non-compounding interest of Bank of England Base Rate plus 8% repayable quarterly in arrears, commencing in December 2024.

Having undertaken careful assessment, the Directors are of the view the Company will need to access additional funds within twelve months in order to fund on-going operations. It is anticipated these funds will primarily be sourced through farm downs, asset disposal, issuing new equity or a combination of these actions. The interim statements for the period to 30 June 2024 have been prepared assuming the Company will continue as a going concern. In support of this, the Directors believe the liquid nature of the UK asset market means it is likely that adequate funds can be accessed when required. However, the ability to access funds is not guaranteed. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

### 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 2024	Period ended 30 June 2023	Year ended 31 December 2023
Loss for the period (£)	(19,295,799)	(1,220,035)	(2,961,353)
Weighted average number of ordinary shares (number)	93,096,600	93,096,600	93,096,600
Loss per share from continuing operations	<u>(20.73)p</u>	<u>(1.31)p</u>	<u>(3.18)p</u>

### 4. INTANGIBLE ASSETS

	Exploration & evaluation assets £	Software licences £	Total £
<b>Cost</b>			
At 1 January 2023	9,769,477	39,257	9,808,734
Additions	7,877,990	-	7,877,990
Write down on relinquished assets	(21,127)	-	(21,127)
At 31 December 2023	17,626,340	39,257	17,665,597
Additions	2,392,971	-	2,392,971
Disposals	(922,933)	-	(922,933)
Write down on relinquished assets	-	-	-
At 30 June 2024	19,096,378	39,257	19,135,635
<b>Amortisation and impairment</b>			
At 1 January 2023	-	39,257	39,257
Impairment charge for the year	163,115	-	163,115
At 31 December 2023	163,115	39,257	202,372
Impairment charge for the period	17,974,542	-	17,974,542
At 30 June 2024	18,137,657	39,257	18,176,914
<b>Net Book Value</b>			
At 30 June 2024	958,721	-	958,721
At 30 June 2023	16,303,338	-	16,303,338
At 31 December 2023	17,463,225	-	17,463,225

Aggregate cash proceeds arising from the farm-out of the Selence licence to Dana during the period amounted to £1,091,345, including a foreign exchange gain of £10,082. At 30 June 2024, the Company is due £49,343 from Dana as part of a final completion adjustment on the transaction. An amount of £922,933 was deducted from exploration and evaluation assets, being the previously capitalised amount relating to the licence. The surplus of the proceeds over the carrying value amount to £108,987 and was recognised as a gain on disposal of the partial interest and included as other operating income in the Income Statement for the period.

The Company recognised an impairment in the period of approximately £18.0 million resulting from the decision to notify the partners of License P2252 of the Company's intention of withdraw from the Pensacola licence.

## 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 2024 £	30 June 2023 £	31 December 2023 £
93,096,600 ordinary shares of 10p each (30 June 2023: 93,096,600 ordinary shares of 10p each)	9,309,660	9,309,660	9,309,660

## 6. SUBSEQUENT EVENTS

It was announced on 8 July 2024 that the Company accepted one the two licences that were provisionally awarded by the North Sea Transition Authority (“NSTA”) in Tranche 3 of the UK’s 33<sup>rd</sup> Offshore Licensing Round (“33<sup>rd</sup> Round”). Licence P2672 (Deltic 100% WI) is located immediately to the west of the West Sole gas field and covers blocks 47/5e, 47/10c and 48/6c and contains the Pharos and Teviot discoveries.

It was announced on 30 July 2024 that the Company had been informed by Shell U.K. Ltd, the Operator of Licence P2437, that drilling operations on the Selene exploration well, have commenced.

In September 2024, agreement was reached with the other Pensacola JV parties in relation to liabilities associated with Deltic’s withdrawal from Licence P2252. These liabilities have been capped at £1.9 million which relates to expenditure incurred prior to Deltic’s withdrawal on 10<sup>th</sup> June 2024. Under the Deferred Repayment Agreement agreed with the JV, Deltic will pay £1.0 million in September 2024 with the remaining £0.9 million deferred for a 24 month period. The deferred payment terms include non-compounding interest of Bank of England Base Rate plus 8% repayable quarterly in arrears, commencing in December 2024.

## 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>Geological 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\*\***