

Corporate

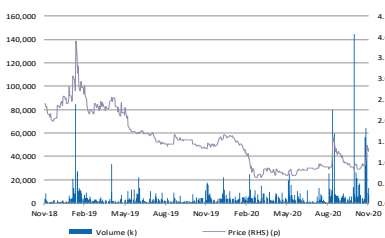
 Current price **1.30p**

 Sector **Oil & Gas**

 Code **DELT.L**

 AIM **AIM**

Share Performance



	1m	3m	12m
DELT.L	46.4%	50.6%	-0.5%

Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m) **17.6**

 Shares in issue (m) **1,406**

 52 weeks (p) **High** **Low**
1.65 **0.625**

 Financial year end **30 December**

Source: Company Data, Allenby Capital

Key Shareholders

 IPGL (Michael Spencer) **16.8%**

 Canaccord Genuity **9.5%**

 Richard Sneller **8.0%**

 Hargreaves Lansdown **7.8%**

 Janus Henderson Investors **4.7%**

 Fiske plc **4.5%**

Source: Company Data, Allenby Capital

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Deltic Energy plc (DELT.L)

Risked resource upgrade

Following the granting of the 32nd round licence awards in September 2020, Deltic has greatly strengthened its presence in the prolific Carboniferous/Zechstein fairway towards the northern margin of the Southern North Sea (SNS) Basin. Deltic's acreage position is now among the largest in the zone and is also highly prospective. The company has just released its estimate of the prospective resources for licence P2567 which includes the promising Cadence prospect. P50 gross resources for the licence are put at a sizeable 1.12 tcf. As a result, we have upgraded our risked P50 resource estimate from 13.6p to 15.8p/share. Importantly, considerable de-risking work has already been undertaken on P2567 given that it had previously been held by Deltic. The farm-out process for Cadence is scheduled to commence shortly in another example of the 'conveyor belt' exploration strategy.

- Location:** P2567 lies immediately to the north of the Spirit Energy operated West Pegasus project and to the south of Deltic's P2428 licence which contains the Cupertino prospect. The location is in the core of the Carboniferous/Zechstein SE-NW trending fairway which hosts some of the largest gas fields in the UK sector of the Southern North Sea (SNS). Key examples are the Neptune Energy operated Cygnus and Ineos operated Breagh fields.
- Cadence prospect:** P2567 contains the Cadence prospect. It is potentially a large prospect based on the Carboniferous Scremerston and Fell sandstone formations which are producing reservoirs elsewhere in the fairway. Using 2-D seismic, Deltic has undertaken a comprehensive evaluation programme. Deltic puts gross P50 prospective resources for Cadence at 597 bcf split 143 bcf and 454 bcf for the Scremerston and Fell formations respectively. The GCOS (geological chances of success) is given as 18%. Deltic has also identified for P2567 prospectivity beneath the Base Permian Unconformity (BPU) and in the Triassic Bunter Sandstone formation. Overall, the implied GCOS for P2567 is 22%.
- P2258:** This licence (70% Shell WI) is located immediately to the north of the Shell/Deltic joint-venture licence P2252, which contains the Pensacola Zechstein reef prospect. Interestingly 3-D seismic was shot across most of the licence by Shell in Q3 2019. Deltic believes that P2258 potentially contains an extension of the Pensacola prospect.
- South of Breagh:** In the 32nd Round Deltic obtained three licences to the south of the giant Breagh field and Deltic's P2424 which contains the Cortez prospect. The zone is under-explored but Deltic believes it has potential in Carboniferous sandstones with additional upside in Zechstein structures and the Leman sandstone in the southern most blocks. Legacy 2-D and 3-D seismic of varying vintages is available.
- Valuation:** Our net risked P50 valuation across Deltic's asset portfolio after including P2567 is £222m or 15.8p/share. This compares with 13.6p/share previously. Note, that the valuation continues to reflect potential farm-in terms. The stock has firmed of late but continues to trade at a substantial discount to our risked valuation estimate.

Year End: 31 December

(£'000)	2018	2019	2020E	2021E	2022E
EBITDA	(1,653)	(1,589)	(1,403)	(1,468)	(1,520)
NET CASH FLOW	409	12,423	(1,847)	(5,871)	(6,403)
NET CASH	1,426	13,849	12,002	6,132	(271)

Allenby Capital acts as Nomad & Broker to Deltic Energy plc (DELT.L).

Please refer to the last page of this communication for all required disclosures and risk warnings.

Exhibit 1: Revised risked valuation

Projects	Licence	Location/ geology	WI %	Gross un-risked		Net un-risked		GCOS %	Net risked		Valuation		Net risked	
				P50 resources bcfe	P50 resources mmboe	P50 resources bcfe	P50 resources mmboe		P50 resources bcfe	P50 resources mmboe	\$/boe	\$m	£m	p/share
Three leading projects														
Pensacola	P2252	SNS PZ, Csst	30	310	52	93	16	20	19	3	5.0	15.5	11.9	0.8
Selene	P2437	SNS PLsst	50	346	58	173	29	70	121	20	5.0	100.9	77.6	5.5
Dewar	P2352	CNS Pal Fsst	50	237	40	119	20	40	47	8	5.0	39.5	30.4	2.2
Total leading projects				893	149	385	64		187	31		155.9	119.9	8.5
Other projects														
Other	P2252	SNS PZ, Csst	30	213	36	64	11	44	28	5	2.0	9.3	7.2	0.5
Other	P2437	SNS PLsst	50	95	16	48	8	43	21	3	2.0	6.9	5.3	0.4
Other	P2424	SNS Tr, C sst	50	656	109	328	55	32	105	17	2.0	35.0	26.9	1.9
Other	P2428	SNS Csst, PLsst, PZ	50	904	151	452	75	23	104	17	2.0	34.7	26.7	1.9
Other	P2435	SNS PLsst	25	135	23	34	6	54	18	3	2.0	6.1	4.7	0.3
Other	P2567	SNS Tr, C sst		1124	187	562	94	22	124	21	2.0	41.2	31.7	2.3
Total				3127	521	1487	248		399	67		133.1	102.4	7.3
Total all licences				4020	670	1872	312		586	98		289.0	222.3	15.8

Source: Company; Allenby Capital

Exchange rate: £1=\$1.30

Per share calculations based on 1405.96m shares in issue

Note: Working interests for P2252 and P2437 take into account the Shell farm-in

Working interests for P2352, P2424 and P2428 assume a farm-down from 100%

Working interests for P2352, P2424 and P2428 assume a farm-down from 100%

Working interest for P2435 is the actual status as of November 2020.

SNS is Southern North Sea, CNS is Central North Sea, PZ is Permian Zechstein

Csst is Carboniferous sandstone; PLsst is Permian Leman sandstone; Pal Fsst is Paleocene Forties sandstone; Trsst is Triassic sandstone

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