

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION EU 596/2014 ("MAR").**

22 January 2018

**Angus Energy plc**

("Angus Energy" or the "Company")

**Angus Energy Agrees to Acquire a 25% Interest in the Balcombe Licence (PEDL244)**

**Company to form new partnership with Cuadrilla and Lucas**

Angus Energy Plc, a conventional oil and gas production and development company, is pleased to announce that it has entered into a definitive agreement to form a new partnership ("Partnership") with Cuadrilla Balcombe Limited ("Cuadrilla") and Lucas Bolney Limited ("Lucas"). Subject to satisfaction of the terms of the agreement, the Company will join the partnership through the acquisition of a 25.0% interest in licence PEDL244 (the "Acquisition") which includes the entire Balcombe Field discovery.

On behalf of the partnership, Angus Energy will, subject to Oil and Gas Authority ("OGA") approval, assume Operatorship of the Balcombe licence. The Company will commence a fully approved well test program of the Balcombe-2Z horizontal well at the earliest opportunity. Angus Energy will also establish a local Community Liaison Group and contact local residents, at the appropriate time, before work commences.

Under the terms of the agreement, Angus Energy will pay a cash amount in two parts as set out below along with the costs of the well test program of Balcombe-2Z. If the results of the well test are determined successful, the Company will assume the associated costs of a Field Development Plan ("FDP") submission to the Oil & Gas Authority ("OGA").

The Acquisition has been unanimously approved by the Board and will require additional sources of capital. Accordingly the Board is reviewing several financing options and is in the final stages of selection. An update will be provided in due course.

All operations at Balcombe will be performed through conventional production. There will be no hydraulic fracturing or "fracking".

**Terms of the Acquisition**

Under the terms of the Acquisition, Angus Energy Weald Basin No.3 Limited, a wholly owned subsidiary of Angus Energy, has conditionally agreed to acquire the 25% interest in PEDL244 on a pro-rata basis from Cuadrilla and Lucas (the Sellers) on the following terms. The current ownership of PEDL244 is 75% Cuadrilla and 25% Lucas:

- Pay within 20 working days of 20 January 2018 £2,000,000 less £150,000 already paid under a confidentiality agreement with the Sellers;
- Pay £2,000,000 following consent from the OGA for the Acquisition; and
- Carry out and pay for the well test of a horizontal well test program of the Balcombe-2Z (the "Well") to achieve the following objectives:
  - Measure the Well flowing production rates for oil and natural gas;

- Measure flowing bottom hole and wellhead Well pressures;
- Determine the gas oil ratio (GOR) of production from the Well;
- Collect and analyse Well oil, gas and water samples; and
- Measure and record Well shut-in bottom hole pressure over approximately one month.

Should the OGA not approve the Acquisition, the initial £2.0 million payment is refundable.

The Company notes a fully approved test program of Balcombe-2Z Well will require minimal preparation as the Well is drilled and ready for testing.

PEDL244 has been operated on a care and maintenance basis since 2013 with no production and limited costs. There are no assets, other than the Licence interest, associated with the Acquisition and the only liability is a restoration liability estimated at a gross amount of circa £200,000.

The Partnership of licence PEDL244 assuming completion of the Acquisition and following consent by the Oil & Gas Authority would be as follows:

Cuadrilla Balcombe Limited	56.25%
Angus Energy Plc	25.00%
Lucas Bolney Limited	18.75%

**Paul Vonk, the Company's Managing Director, commented:**

“This transaction complements our existing asset base and aligns with our goal of enhancing shareholder value. This joint venture is an important milestone as we execute our business plan. Both the new partnership and Cuadrilla’s and Lucas’ recognition of Angus Energy’s ability to manage and execute operations in a safe and efficient manner at Balcombe are gratifying to our entire team.

We are also looking forward to the near term testing of Balcombe-2Z horizontal well as it will further add to our knowledge base and understanding of the Kimmeridge layers.”

**Francis Egan, CEO of Cuadrilla, said:**

“Following the approval of our planning application to flow test and monitor the existing horizontal exploration well at Lower Stumble we are delighted to form this new partnership with Angus Energy, an existing and successful operator in the area. This agreement will enable the testing works to be undertaken in a timely way and to the highest standards, whilst we continue to also focus on our shale gas operations in the North West.”

**Balcombe Licence – PEDL244**

Highlights:

- Balcombe licence positioned in the centre of the thickest section of the Weald Basin’s Kimmeridge Clay
- 568 meters of Kimmeridge Clay penetrated by Balcombe-1

- The Balcombe-2Z horizontal well has ~1600 ft. of the Kimmeridge Upper Limestone.

The Balcombe field is located within exploration licence PEDL 244, approximately 8km south east of Crawley near the village of Balcombe. The conventional oil accumulation lies on the downthrown side of the Borde Hill Fault, with dip closure present both to the east and west at Upper Jurassic level. The field is positioned in a prime central location of the Weald Basin, where buried rock intervals are at their thickest, and oil source rock intervals at their most mature.

The discovery well Balcombe - 1 was first drilled in 1986 by Conoco, targeting the Great Oolite, Portland Sandstone and Kimmeridge limestones. Approximately 568m of Kimmeridge Clay was encountered in the well, including thick micritic limestone layers. Balcombe – 2 and its associated side track Balcombe–2Z completed drilling in September 2013 to a vertical depth of 2,200 ft, and horizontally through the Kimmeridge Upper Limestone to a length of some 1,714 ft.

Further information is available on the company website:

[www.angusenergy.co.uk/media/presentations](http://www.angusenergy.co.uk/media/presentations)

#### **Qualified Person's Statement:**

Chris de Goey, a Non-Executive Director of the Company, who has over 20 years of relevant experience in the oil and gas industry, has approved the information contained in this announcement. Mr de Goey is a member of the Petroleum Exploration Society of Great Britain and the Society of Petroleum Engineers.

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#### **About Cuadrilla**

Cuadrilla Resources is a Lancashire based company which aims to lead best practice for unconventional hydrocarbon exploration in Europe. It is acutely aware of the responsibilities this brings, particularly with regard to safety, environmental protection and working with local communities.

For further information and media enquiries please call the Cuadrilla press office on 0800 9012 494 or [press@cuadrillaresources.com](mailto:press@cuadrillaresources.com) or visit [www.cuadrillaresources.com](http://www.cuadrillaresources.com)

#### **About Lucas Bolney Limited**

Lucas Bolney Limited is a 100% subsidiary of AJ Lucas Group Limited (Lucas). Lucas is a specialist service provider to the energy, mining and infrastructure sectors. In each market, its multi-disciplined teams have earned a reputation for innovative solutions and reliable project delivery. For further details on Lucas, please see the following link: [www.lucas.com.au](http://www.lucas.com.au)

#### **About Angus Energy plc.**

Angus Energy plc. is a UK AIM quoted independent onshore oil and gas production and development company focused on leveraging its expertise to advance its portfolio of UK assets as well as acquire, manage and monetise select projects. Angus Energy majority owns and operates conventional oil production fields at Brockham (PL 235) and Lidsey (PL 241) and has a 12.5% interest in the Holmwood licence (PEDL143). For more information please see the following link: [www.angusenergy.co.uk](http://www.angusenergy.co.uk)

#### **Enquiries:**

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