THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU No. 596/2014) ("MAR"). THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

25 October 2019

Angus Energy Plc

("Angus Energy" or the "Company")

Potential Decommissioning Liabilities and Associated Funding

Decommissioning of Wells and Restoration of Sites

The Board has reviewed the totality of the Company's long-term potential liabilities toward decommissioning of wells and restoration of sites across its asset portfolio and summarises its findings as below:

Field	Basis of Calculation	Share of decommissioning liability	Net Liability to the Company
Saltfleetby	Third party estimate for wells; extrapolation for site	51%*	£1.25m
Balcombe	Extrapolation based on Brockham	25%	£0.1m
Lidsey	Extrapolation based on Brockham	80%	£0.35 m
Brockham	Third party estimate	65%	£0.3 m

* The interest in Saltfleetby is currently wholly contingent and remains subject to OGA approval as one of the final conditions of the Farmin Agreement announced on 19 June 2019. As per that announcement, Angus Energy is liable for 100% of liabilities until reconnection of Saltfleetby is complete.

The Board has further taken the view that where a) an asset has been on the portfolio for any length of time sufficient to make full evaluation of it and b) the asset has no near term cash flow horizon sufficient to absorb abandonment reserving from prospective and identifiable revenues, then the Board will set aside a full provision for eventual abandonment into a dedicated bank account. Having evaluated the portfolio of assets, the Board considers that both Brockham and Lidsey, whilst being valuable assets which the Company still expects to exploit, nonetheless fall into this category.

Where, however, the asset does have a high probability of generating significant revenues sufficient to absorb abandonment costs over time, such as with Balcombe and Saltfleetby (to the extent that all regulatory approvals are obtained for this Licence), the Board is committed to reserving quarterly at 15% of revenues into a similarly dedicated bank account over the life of the asset until 100% of the potential liability is covered. In the case of Saltfleetby, the commitment would extend to present and future partners under the Joint Operating Agreement covering the Field.

The Company is also exploring the acquisition of insurance against abandonment as an alternative to long term cash reserving given the very low interest rate environment which is likely to continue in coming years.

The Company is committed to reviewing all of these estimates and the associated reserves annually beginning 31 December 2020 in the light of changing costs and regulatory requirements and announcing the same to Shareholders by RNS.

Separately from the above, a decision on whether to impair or fully write down the Company's carrying value of Brockham will be made at the time the full year accounts to 30 September 2019 are prepared and reviewed by the Company's auditors. At that time the abandonment liability provision of £500,000 in the Company's financial statements will be raised to £650,000 so as to match the cash reserve proposed here together with the abandonment provision for Saltfleetby.

Convertible Loan Note

Accordingly, to meet the additional cash requirement identified by the Company's decommissioning review above and in taking pre-emptive action, the Company has today entered into a £1.5 million Convertible Loan Note facility led by Riverfort Global Opportunities PCC Limited (the "Loan Note"). £1 million of this facility will be drawn down immediately and the net proceeds of £897,500 will be applied as to £650,000 directly to the above mentioned designated abandonment reserve account for Brockham and Lidsey with the balance of £247,500 to be retained for the time being to explore third party credit insurance or other surety on the Company's prospective interest in the Saltfleetby Gas Field and any other potential future assets.

The Loan Note carries no interest and allows for conversion of amounts drawn down at the option of the holder at the lower of a 7.5% discount to the average of the 3 lowest daily Volume Weighted Prices ("VWAP") (over the previous 10 days) into shares in Angus Energy or, up to a maximum of 50% of any tranche, at a price equivalent to 130% of the 5 day VWAP prior to drawdown of any tranche. Absent conversion, amounts must be repaid after 12 months. Up to 20% of the outstanding principal may be converted into shares in Angus Energy before 31 December 2019.

The Loan Note carries a commitment fee of 3.5% for a two year term of the full £1.5m payable in full at outset together with an implementation fee of 5% of the drawn down amount. The remaining £500,000 balance of the facility may be drawn down, subject to material adverse change and liquidity restrictions equally on 31 March and 30 June 2020

The facility carries warrants equal to 20% of the full facility amount of £1.5 million. The warrants are issued upon execution of the facility and are exercisable at a price of £0.01664 per share with a three year term. The facility has a prepayment fee of 10%.

The terms of the Facility agreement stipulate, for as long as any portion of an Advance is outstanding, neither the Noteholders nor any of their affiliates shall hold any net short position with respect to Angus Energy ordinary shares and they shall not, during any calendar month, sell greater than 20% of the number of Angus Energy ordinary shares that have traded during such calendar month.

George Lucan, Managing Director, writes:

"The Board considered full 100% cash reserving for eventual abandonment of all of our assets but has rejected this approach given the exceptionally low interest rate environment and the significant cost of tying up shareholders' capital in assets which have long working lives.

Instead the policy adopted, we believe, draws a line under this issue and sets Angus up as best in class in the industry in the thoroughness and professionalism of its approach to its statutory duties to properly abandon and restore its sites to the satisfaction of all stakeholders. Most importantly, and as regards new business opportunities, Angus is able to evidence to potential partners its commitment to behave as a responsible and financially capable Operator.

At the beginning of this year Angus raised ordinary share capital precisely in order to redeem a very similar convertible loan note because the Board did not believe that such funding was suitable for the challenges which then we faced.

At this point in time, we believe that a convertible loan note, with the bulk of conversion limited to 2020 when the market will have better visibility on significant cash revenues from Balcombe and Saltfleetby, is a better option than an equity placing at a significant discount today."

Technical Sign off

Andrew Hollis, the Technical Director of the Company, who has over 40 years of relevant experience in the oil and gas industry, has approved the information contained in this announcement. Mr Hollis is a Fellow of the Geological Society and member of the Society of Petroleum Engineers.

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Notes

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 25% interest in the Balcombe Licence (PEDL244) and a 12.5% interest in the PEDL143 Licence (A24 Prospect).