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24 May 2022

Angus Energy Plc

("Angus Energy", the "Company" or together with its subsidiaries, the "Group")
(AIM:ANGS)

Acquisition of remaining 49% interest in the Saltfleetby Project Subscription of £3,000,000 Conditional Subscription of up to a further £3,000,000

Angus Energy Plc (AIM:ANGS) is pleased to announce that it has executed a share purchase agreement ("SPA") to acquire the entire issued share capital of the Company's current joint venture partner in the Saltfleetby Project (the "**Project**"), Saltfleetby Energy Limited, ("**SEL**" or the "**Target**") which owns a 49% working interest in the Project (the "**Acquisition**") thereby giving Angus Energy a 100% interest in the Project. To fund the Acquisition and other working capital requirements, the Company has concurrently arranged a direct subscription with affiliates of Aleph International Holdings (UK) Limited ("**Aleph**") pursuant to which Aleph has subscribed for a total of 546,000,000 Ordinary Shares in the Company at a price of 1.09896011 pence, being £6,000,000 (**Direct Subscription**) split into an initial unconditional tranche of £3,000,000 and a second tranche of £3,000,000 conditional on Shareholder approval.

Summary of the Acquisition

The Company has executed a share purchase agreement to acquire the entire issued share capital of the Target from Forum Energy Services Limited ("**Forum**" or the "**Seller**"). The total effective consideration payable pursuant to the SPA is the sum of £14,052,000, which comprises:

- £250,000 to be paid in cash at Completion;
- the issue of 91 million Ordinary Shares at 1.09896011 pence per share (the "**Funding Price**") at Completion (the "**Initial Consideration Shares**");
- the issue and allotment of the 546,000,000 Ordinary Shares at a price of 1.2 pence per Ordinary Share (the "**Acquisition Price**") at Completion (the "**Additional Consideration Shares**") which are subject to lock-up provisions detailed below; and
- up to £6,250,000 deferred consideration to be paid in instalments from net cash payments to Angus Energy from the Project through to 31 March 2025 (and subject to an upward or downward net cash adjustment) as and when those payments would have been available to SEL under the Company's Senior Debt Facility of May 2021.

Following completion of the Acquisition, the Group would own a 100% working interest in, and would continue to be operator of, the Saltfleetby Licence.

As a result of the issue of the Initial Consideration Shares and Additional Consideration Shares and following the issue of the Initial Subscription Shares detailed below, Forum, will hold 637,000,000

Ordinary Shares in Angus representing approximately 28% of the Enlarged Issued Share Capital and just under 25% of the Enlarged Issued Share Capital following the issue of the Secondary Subscription Shares below.

Under the terms of the SPA, Forum will also have the right to appoint one director to the Board of Angus Energy which, subject to regulatory checks by the Company's Nominated Adviser, is expected to be Paul Forrest, the beneficial owner of Forum. Whilst under the terms of the Direct Subscription, for so long as Aleph holds at least 10% of the issued Ordinary Shares, it shall have the right to approve the appointment of up to two Independent Non-Executive Directors to the board of the Company (and as a member of each and any committee of the Board) who are nominated by the Company.

Further details about the Acquisition and the risks associated with the transaction are set out below.

George Lucan, CEO, comments: "An opportunity has arisen to consolidate our partners' 49% holding in the Saltfleetby asset for up to £14.052 million which represents a significant discount to the October 2021 P90 valuation of our own 51% interest at £25.4 million. That October 2021 CPR used an average price per therm for gas of under 70 pence over the entire life of the field whilst the Heren NBP forward price for gas is presently trading at a level which is over double that number out to 2025. In that regard we should note that over 70% of overall field revenues are unhedged.

Equally important to the Company's long-term future is to attract the support of a strategic investors in the group led by Aleph, who have shown repeated commitment to Angus and have the resources and shared ambitions to grow Angus's production in hydrocarbons and support its plans in relation to alternative and renewable energies.

Project progress at Saltfleetby is excellent with all major equipment on site, electrical and pipework tie-in underway, and select dry commissioning already begun. With a conservative estimate for wet commissioning we are confident of being able to make initial nominations, or First Gas, toward the middle of June. We aim to focus on new opportunities as soon as this milestone is achieved."

Summary of Conditional Subscription

To support the Acquisition, and the Company's growth ambitions, and to manage general working capital and Saltfleetby project capital expenditure in particular, Angus is pleased to announce that it has secured a group of strategic investors with whom the Company has completed, by way of a direct subscription, a conditional issue of 546,000,000 new Ordinary Shares (the "**Subscription Shares**") at 1.09896011 pence per share to raise £6,000,000 with a group of family offices and private investors led by Aleph (the "**Direct Subscription**"). Certain affiliates of Aleph are currently part of the lender group that, along with Mercuria Energy Trading Limited, has provided total debt of £12,000,000 to Angus Energy and SEL to fund development of Saltfleetby (see RNS of 13 May 2021).

The Subscription Shares carry in aggregate rights to a further 173,100,000 shares in the Company by way of the issue of warrants, which can be exercised at any time within the next 5 years at a price of 1.09896011 pence per share.

Due to the limitations of the Company's headroom, 273,000,000 Ordinary shares (the "**Initial Subscription Shares**") are being issued and allotted today for £3,000,000, with the remaining 273,000,000 ordinary shares (the "**Secondary Subscription Shares**") being issued and allotted for £3,000,000 subject to shareholder approval at the next general meeting of the Company (the "GM") together with all of the warrants (being 86,550,000 warrants in respect of the Initial Subscription Shares and 86,550,000 in respect of the Secondary Subscription Shares). The GM is expected to be

held on 15 June 2022. A further announcement will be made when the Shareholder Circular is sent to Shareholders to convene the GM.

The Funding Price represents a discount of approximately 14% per cent. to the Closing Price of 1.28 pence per Ordinary Share on 23 May 2022, being the latest practicable business day prior to the publication of this Announcement.

The Acquisition Price represents a discount of approximately 6% per cent. to the Closing Price of 1.28 pence per Ordinary Share on 23 May 2022, being the latest practicable business day prior to the publication of this Announcement.

Lender Shares

Further to the announcement made by RNS on 3 June 2021, 5,000,000 Lender Shares are to be issued and allotted in lieu of a cash facility fee pursuant to the Company's Saltfleetby Loan Development Facility to the Lenders or their representatives at or around the first anniversary of the Loan Completion.

Admission to trading

Application will be made to the London Stock Exchange for Admission of the Initial Consideration Shares, Additional Consideration Shares, Initial Subscription Shares and Lender Shares (together the "New Shares"). It is expected that admission will become effective and dealings in the New Shares will commence at 8.00 a.m. on or around 27 May 2022 ("Admission").

Following the issue of the New Shares, the Company will have 2,283,650,514 Ordinary Shares in issue (the "Enlarged Issued Share Capital"), each share carrying the right to one vote. The Company does not hold any Ordinary Shares in treasury. The above figure of 2,283,650,514 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

FULL DETAILS OF THE ACQUISITION AND SUBSCRIPTION ARE SET OUT BELOW

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Further details of the Acquisition

The Company has executed an SPA with Forum, SEL and Paul Forrest, as the legal and beneficial owner of Forum, pursuant to which, the Company intends to acquire the entire issued share capital of the Target and accordingly, following completion of the Acquisition, the Group would own a 100% working interest. Pursuant to the SPA, completion of the Acquisition remains subject solely to application for admission of the New Shares to trading on AIM which is expected to occur later today with Admission expected to occur on 27 May 2022 (“**Completion**”).

The effective aggregate consideration payable pursuant to the SPA is the sum of £14,052,000, which comprises:

- £250,000 to be paid in cash on Completion;
- the issue and allotment of 91 million Ordinary Shares at 1.09896 pence per share at Completion;
- the issue and allotment of the 546,000,000 Ordinary Shares at a price of 1.2 pence per Ordinary Share (the “Consideration Shares”) at Completion; and
- up to £6,250,000 deferred consideration to be paid in instalments from net cash payments to Angus from the Project through to 31 March 2025 (and subject to an upward or downward net cash adjustment) as and when those payments would have been available to SEL under the Company’s Senior Debt Facility of May 2021 and the Joint Operating Agreement of the PEDL005 Licence.

The Company has also agreed to assume a debt of £1,400,000 owed by the seller to the Target which is expected to result in £nil cash outflow to Angus.

SEL is being acquired on a £nil net cash/ debt basis. A closing statement is issued detailing creditors and debtors of the Company and any deviation from which results in positive or negative adjustments to the quantum of deferred consideration of £6,250,000.

The Initial Consideration Shares and Additional Consideration Shares are to be issued on the day prior to Admission. The 91 million Initial Consideration Shares can be disposed of immediately but Forum has undertaken not to dispose of any Additional Consideration Shares for the first 3 months from the date of Acquisition and not to dispose of more than 25% of the 546,000,000 Additional Consideration Shares in each 3-month period thereafter.

Each of the Company and the Seller have given customary warranties to the other.

The obligations of the Seller under the SPA are guaranteed by its shareholder although this guarantee is limited to facts known, given reasonable enquiries, at the date of disposal and is further limited to a term of one year.

Pursuant to the SPA, Forum Energy Services Limited will be entitled to appoint and maintain in office a director of the Company. Further details of any such appointment shall be announced in due course, assuming that the Acquisition is completed.

Regulatory Consents and Other Legislation

The North Sea Transition Authority (“NSTA”) (formerly Oil & Gas Authority) must approve all UK oil and gas licence transfers none of which are contemplated here. NSTA also have authority to overturn corporate transactions, or revoke licences, involving licensees where they believe that the transfer may “*prejudiced that licensee’s ability to meet its [Licence] Commitment*” whether on “*technical or financial*” grounds.

No consent is required for these corporate transactions but a formal comfort letter, itself limited, may be applied for. Given the present advised timing of such an application, the Company has instead written to NSTA explaining its reasons for believing that the transaction will not prejudice SEL’s ability to fulfil its licence commitments and this substantial equity raise is part of the assurance of the same.

Given Angus’ existing technical resources and much increased financial resources, the Directors believe the risk of any direction by NSTA to be extremely low nevertheless the potential exists that without a formal comfort letter, NSTA can overturn the transaction set out in this announcement. The SPA with Forum contains an alternative arrangement involving the issue of notes by SEL giving rights to all Field income after loan and hedging costs which arrangement may be further modified by mutual consent to meet the requirements of the NSTA as to the Licensing system.

In addition, SEL was also a “qualifying entity” under the new National Security and Investment Act 2021 solely by virtue of its holding of a site-specific OFGEM gas transporter licence. Notification has been made to the National Security Unit at BEIS to obtain approval but, as a contingency, SEL has also lodged a unilateral transporter licence relinquishment letter in escrow, such that it may cease to be a qualifying entity if the transaction is challenged. The Directors do not believe that the transaction should be challenged on national security grounds.

Schedule Four disclosures

In the year to 31 May 2021 SEL reported losses of £0.333 million and had net assets of £12.453 million.

In the Company’s annual accounts to 30 September 2021, Angus Energy’s recognised 100% of the liabilities of the Debt Facility and Derivative Liability relating to the Saltfleetby Field, thereby reporting liabilities of £12 million owed under the Debt Facility and a Derivative Liability of £25.770 million. Angus Energy recognised a debtor of £3.240 million and £12.627 million in respect of these last two amounts, thereby accounting for SEL’s 49% interest. Following completion of the Acquisition, Angus Energy will recognise 100% of the Project revenues, costs and liabilities with no farnee interest represented.

Use of Proceeds

The Company has undertaken the Direct Subscription of £6 million to progress its corporate and operational strategy and the net proceeds will therefore be applied as follows:

Of the Initial Subscription Shares:

- £0.25m in respect of payment of the initial cash consideration in respect of the Acquisition;
- £0.75m to meet the budget overspend in respect of the Saltfleetby Project;
- Transaction costs – legal and advisory of £0.5m; and
- Working capital and future acquisition finance of £1.50m.

Of the Secondary Subscription Shares:

- £2.5m as reserves to satisfy lenders and regulators; and
- Working capital and future acquisition finance of £0.5m

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