

16 June 2022

Longboat Energy plc
(“Longboat Energy”, “Longboat” or the “Company”)

Operational Update

Longboat Energy, the emerging full-cycle North Sea E&P company, is pleased to provide the following operational update.

Highlights

- Two high-impact exploration wells scheduled for Q3 targeting net, unrisked mean resources of 44 mmboe:
 - Oswig (Company 20%) expected to commence drilling in July
 - Copernicus (Company 10%) expected to commence drilling by the end of September
- A further firm, high-impact exploration well (Velocette, 20%) expected to be drilled in Q2 2023
- Longboat remains fully funded for its committed drilling programme
- Actively reviewing monetisation and commercialisation options of three existing discoveries
- Screening opportunities to participate in recently announced Norwegian APA licensing round
- Advantageous new Norwegian tax regime approved by the Norwegian parliament

Firm Drilling Programme 2022

Oswig (PL1100, PL1100B) – Company 20%

The Oswig prospect is expected to spud at the beginning of July using the Maersk Intrepid jack-up rig. Oswig consists of a high pressure, high temperature Jurassic rotated fault block nearby the producing Tune and Oseberg fields in the Norwegian North Sea. The well is targeting two separate intervals which are estimated by the operator to contain combined gross unrisked mean resources of 93 mmboe¹ (19 mmboe¹ net to Longboat). The Oswig geological chance of success is estimated to be 36%¹ and the key risks are reservoir quality and fault seal.

The Oswig prospect is located close to existing infrastructure with tie back potential to the Oseberg and Tune fields. Several additional fault blocks have been identified on PL1100 and PL1100B and are estimated to contain a further gross unrisked mean resources of 80 mmboe which would be significantly derisked by an Oswig discovery.

Copernicus (PL 1017) – Company 10%

Copernicus will be drilled using the Deepsea Yantai rig and is expected to spud by the end of September. The prospect lies in the Vøring Basin region of the Norwegian Sea. Copernicus is estimated to contain gross mean prospective resources of 254 mmboe² (25 mmboe net to Longboat) with further potential upside to bring the total to 471 mmboe². The chance of success associated with this prospect is 26%² with the key risks being reservoir presence/quality and trap.

Monetisation and Commercialisation of discoveries

Since commencement of drilling in Q3 2021, Longboat has made three hydrocarbon discoveries out of six wells at Egyptian Vulture (Company 15%), Rødhette (Company 20%) and Kveikje (Company 10%) representing an estimated 12 mmboe of resources net to the Company. Longboat is actively reviewing multiple options to monetise or commercialise those discoveries in the near term. This work includes both examining development scenarios for each of the assets and/or the potential for asset swaps or outright sales given the current high demand for assets in Norway.

While this process is at an early stage, Longboat remains committed to maximizing shareholder value at the earliest stage possible from its exploration success to date.

APA Licensing Round

The Norwegian Ministry of Petroleum and Energy recently announced the APA Licensing Round for 2022 encompassing blocks across the NCS. Leveraging its in-house technical expertise, the Company has a number of potential applications under review both as follow-on acreage around its existing licences and in new areas.

New Norwegian Tax Regime Approved

The new Norwegian Petroleum Tax System has now been approved by the Norwegian parliament (Storting) with no material changes to the original proposal and is effective from 1 January 2022. Longboat views the new system as positive for the Company, allowing for the expansion of existing financial structures to fund both exploration and development projects with improved economics and reduced working capital. The main elements of the new tax system are:

- Unchanged marginal rate (78%)
- Move to immediate expensing of investments
- 71.8% repayment of all losses in following year
- Corporate Tax (6.2%) carried forward until profitable

Longboat has reviewed the new tax system and is already in discussion with the banks about a smooth transition from the 'Exploration Finance Facility' regime to a new fit-for-purpose financing facility.

Longboat anticipates a significant benefit for these restructured credit facilities to meet the working capital requirement for future development expenditure.

Helge Hammer, Chief Executive of Longboat, commented:

"Longboat has a sequence of significant value catalysts between now and the middle of next year with two material gas-weighted exploration wells in the coming months following our recent success at Kveikje and our earlier discoveries at Egyptian Vulture and Rødhette. The well programme continues into 2023 with Velocette and with further potential licences to be added in the APA round.

"The new tax system gives us an additional option for realising the value of exploration success by carrying discoveries through to development as we look at all available options to progress to a full-cycle E&P company."

The information contained within this announcement is not considered to be inside information prior to its release.

Ends

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Notes:

1 *Operator estimates using, where appropriate, a gas-to-barrel of oil equivalent conversion factor of 5,600 scf/stb*

2 *Resource figures and chance of success estimates are from the ERC Equipoise Competent Person Report and using a gas-to-barrel of oil equivalent conversion factor of 5,600 scf/stb*

Background

Longboat Energy was established at the end of 2019 to create a full-cycle North Sea E&P company through value accretive M&A and low-risk, near-field exploration. In June 2021 the Company entered into three bi-lateral transactions to acquire interests in a portfolio of seven exploration wells which have resulted in three discoveries (Egyptian Vulture, Rødhette and Kveikje) out of six wells drilled to date.

Longboat's future exploration wells, after having farmed in to two additional gas wells, are high-impact, gas-weighted prospects drilling during 2022 and 2023. Longboat has targeted exploration prospects located in close proximity to existing infrastructure, with an overlap between exploration partners and infrastructure owners, providing a portfolio with a clear low-cost route to monetisation and low-carbon drilling and development opportunities, well aligned to Longboat's ESG targets which includes a corporate 'Net Zero' on a Scope 1 and 2 basis by 2050.

To finance the drilling programme, the Company raised gross proceeds of £35 million in 2021 by means of a share placing and a NOK 600 million (£52 million) Exploration Finance Facility (EFF) with SpareBank 1 SR-Bank ASA and ING Bank N.V.

Review by Qualified Person

The technical information in this release has been reviewed by Hilde Salthe, Managing Director Norge, who is a qualified person for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies. Ms Salthe is a petroleum geologist with more than 20 years' experience in the oil and gas industry. Ms Salthe has a Masters Degree from Faculty of Applied Earth Sciences at the Norwegian University of Science and Technology in Trondheim.

Standard

[Estimates of reserves and resources have been prepared in accordance with the June 2018 Petroleum Resources Management System \("PRMS"\) as the standard for classification and reporting with an effective date of 31 December 2020.](#)

Glossary

"mmboe"	Million barrels of oil equivalent
"NCS"	Norwegian Continental Shelf
"Prospective Resources"	those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations