

6 March 2020

Hurricane Energy plc

("Hurricane" or the "Company")

GWA Joint Venture Agreements Update

Hurricane Energy plc, the UK based oil and gas company focused on hydrocarbon resources in naturally fractured basement reservoirs, provides an update in relation to the commercial arrangements with its joint venture partner in the Greater Warwick Area ("GWA"), Spirit Energy ("Spirit").

As part of the farm-in announced on 3 September 2018 ("2018 Farm-in"), Hurricane and Spirit (the "GWA Joint Venture") agreed a phased work programme including a planned tie-back of a GWA well to the Aoka Mizu FPSO, together with host modifications to the vessel and a gas export tie-in to the West of Shetland Pipeline System ("WOSPS"). This work was split across Phase 1 (Hurricane fully carried up to a gross cost of \$180.6 million) and Phase 2 (Hurricane 50% carried up to a gross cost of \$187.5 million), with Phase 2 to commence after a final investment decision on a GWA tie-back to the Aoka Mizu FPSO. Hurricane and Spirit are continuing their planning and negotiations, prior to confirming the future work programme and associated capital expenditure for the GWA.

As the Phase 2 final investment decision has not been taken, Phase 2 of the 2018 Farm-in has not commenced. All costs incurred in excess of the \$180.6 million (gross) carry cap on Phase 1, in preparation for Phase 2, have therefore been funded on a 50:50 basis at a net cost to Hurricane of \$8.5 million, as at 29 February 2020.

The GWA Joint Venture has now agreed a new cost allocation agreement to update the terms of the 2018 Farm-in. Under the amended terms:

- The GWA Joint Venture will build-out the equipment and materials required to tie-back a single well from the GWA to the Aoka Mizu FPSO on a 50:50 basis with an additional net cost to Hurricane of \$20.5 million. On completion, these items will be held in storage until the GWA Joint Venture sanctions the tie-back of a well to the Aoka Mizu FPSO, with the required regulatory consents to do so.
- Hurricane can elect to continue to build-out long-lead items related to the tie-in of the Aoka Mizu FPSO to WOSPS on a sole basis, at a cost of approximately \$28.0 million.
- While Hurricane has no current plans to proceed with the WOSPS installation, in the event that a decision is taken in future to proceed, subject to the required approvals and consents:
 - Hurricane would bear 100% of the associated costs currently estimated to be in the region of \$62.0 million; and
 - Hurricane would reimburse Spirit for related gas export past costs up to 31 January 2020 (excluding carry) of approximately \$18.0 million, only where installation occurs prior to GWA Joint Venture approval of Phase 2.
- If at any time Phase 2 is approved and a GWA tie-back to the Aoka Mizu FPSO proceeds, Hurricane will benefit from the original terms of the 2018 Farm-in through retrospective application of the carry in the proportions originally agreed.

The above cost estimates remain subject to further refinement and contract.

Dr Robert Trice, Chief Executive of Hurricane, commented:

"These amendments to our arrangements with Spirit give us greater optionality relating to gas export, whilst preserving the carry value of the Spirit farm-in in the event that the GWA joint venture partners proceed with a GWA tie-back in the future.

"In addition, the Lancaster EPS is currently producing at 20,000 barrels of oil per day and I look forward to providing an update at the Capital Markets Day on 25 March 2020."

Contacts:

Hurricane Energy plc +44 (0)1483 862 820
Dr Robert Trice, Chief Executive Officer

Stifel Nicolaus Europe Limited +44 (0)20 7710 7600
Nominated Adviser & Joint Corporate Broker
Callum Stewart / Nicholas Rhodes / Ashton Clanfield

Morgan Stanley & Co. International plc +44 (0)20 7425 8000
Joint Corporate Broker
Andrew Foster / Tom Perry / Alex Smart

Vigo Communications +44 (0)20 7390 0230
Public Relations
Patrick d'Ancona / Ben Simons
hurricane@vigocomms.com

About Hurricane

Hurricane was established to discover, appraise and develop hydrocarbon resources associated with naturally fractured basement reservoirs. The Company's acreage is concentrated on the Rona Ridge, in the West of Shetland region of the UK Continental Shelf.

The Lancaster field (100% owned by Hurricane) is the UK's first producing basement field. Hurricane is pursuing a phased development of Lancaster, starting with an Early Production System consisting of two wells tied-back to the Aoka Mizu FPSO. Hydrocarbons were introduced to the FPSO system on 11 May 2019 and the first oil milestone was achieved on 4 June 2019.

In September 2018, Spirit Energy farmed-in to 50% of the Lincoln and Warwick assets, committing to a phased work programme targeting sanction of an initial stage of full field development.

Glossary

FPSO	Floating production storage and offloading vessel
Spirit Energy	Spirit Energy Limited

Inside Information

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