

29 January 2020

## Hurricane Energy plc

("Hurricane" or the "Company")

### Trading and Operational Update

Hurricane Energy plc, the UK based oil and gas company focused on hydrocarbon resources in naturally fractured basement reservoirs, provides its first quarterly production update, and a trading and operational update ahead of its results for the year ended 31 December 2019, due to be announced on 19 March 2020. This information is unaudited and subject to further review.

#### Highlights

- Continued strong production performance from the Lancaster Early Production System ("Lancaster EPS")
  - Well productivity above pre-start up expectations
  - Facility availability above 90%
- Commencing Lancaster EPS quarterly production reporting
  - Q3 2019: 15,400 barrels of oil per day - significantly above guidance of 9,000 barrels of oil per day on good facilities availability
  - Q4 2019: 11,800 barrels of oil per day - exceeding updated guidance of 11,000 barrels of oil per day despite ongoing commissioning activities and commencement of individual well tests
- FY2019 Production and oil sales
  - Production: 3.0 million barrels of oil (average of 12,900 barrels of oil per day from introduction of hydrocarbons on 11 May 2019)
  - Oil sales: 2.9 million barrels of oil across seven cargoes
- Financials for the year ended 31 December 2019
  - Revenue: \$170 million
  - Year-end unrestricted cash: \$157 million
  - Year-end net payables balance: \$25 million
- 2020 update
  - Eighth lifting successfully completed on 22 January 2020
  - Individual well flow test on 205/21a-6 well ("6 Well") due to complete before month-end, following which two well production is expected to resume at 20,000 barrels of oil per day (subject to facilities availability)
  - Additional Lancaster production well being considered

#### Lancaster EPS Production Update

Having completed two full calendar quarters of production, Hurricane now plans to provide quarterly production reports going forward. Updates will be made in the first month of each calendar quarter. The first such update is provided below.

		Q3 2019	Q4 2019	FY 2019
<b>Oil Production</b>	Million barrels	1.4	1.1	3.0
<b>Oil Rate</b>	Barrels of oil per day	15,400	11,800	12,900
<b>Average Water Cut</b>	% total fluids	6.2%	10.3%	7.4%

As described in the Company's 2019 interim results on 20 September 2019, production from start-up through Q3 was significantly above guidance of 9,000 barrels of oil per day due to better than expected system availability. This was expected to decline into Q4 due to a number of outstanding facilities related issues. However, continued good facilities availability of over 90% allowed Hurricane to commence individual well flow tests during Q4 2019, whilst continuing to deliver full year production above the Company's updated guidance (12,500 barrels of oil per day).

Hurricane has been carrying out these individual flow tests to establish individual well performance and the optimum combined well flowrate in light of the immediate and strong pressure communication between the wells. During Q4, the 205/21a-7Z well ("7Z Well") was produced on its own for 25 days, including periods at relatively low rates as part of the reservoir evaluation process. This resulted in lower oil production and a higher average water cut than observed during Q3.

The Lancaster 6 Well flowed at an average rate of approximately 12,500 barrels of oil per day from the start of individual well flow period on 20 November 2019 until the latest (eighth) lifting on 22 January 2020.

Hurricane intends to complete its individual well flow test on the 6 Well before the end of this month and thereafter intends to flow both the 6 Well and the 7Z Well at a combined rate of approximately 20,000 barrels of oil per day. The Company intends to discuss the data acquired from the separate well tests and the subsequent combined flow at the Capital Markets Day on 25 March 2020, unless at any time prior, that data is outside of expectations.

## Future Data Provision

As production from the Lancaster EPS continues, the Company is working towards gathering the data it believes will enable it to present a comprehensive picture of the Lancaster reservoir's performance and its potential. The Company's guidance on this process since the inception of the Lancaster EPS has been consistent; that it would take 6-12 months of stable production following first oil for the Company to be in a position to draw meaningful conclusions from the data gathered from production, and from the tests and analysis being undertaken. The planned Capital Markets Day, on 25 March 2020, represents the earliest date that the Company anticipates being in possession of data and analysis suitable for dissemination to shareholders and the wider market.

## 2019 Financial Results

Hurricane successfully completed its seventh lifting from the Aoka Mizu FPSO on 22 December 2019. Total oil sales for the year were 2.9 million barrels, generating \$170 million in revenue in the period, having introduced hydrocarbons on 11 May 2019.

Year-end unrestricted cash was \$157 million, \$25 million of which is expected to be used in relation to the Company's net payables position, after deducting amounts due from the Company's joint venture partner.

The Company expects to report its full financial results for the year ended 31 December 2019 on 19 March 2020.

## 2020 Update

As announced on 13 December 2019, Hurricane's 2020 work programme has been amended as a result of the terms of the P1368 licence extension, which will include the drilling of one or more appraisal wells on Lincoln, and the terms of the 205/26b-14 (Lincoln Crestal) well suspension approval. Hurricane is also exploring several options to drill an additional Lancaster production well in 2020 to allow for the full utilisation of the Aoka Mizu FPSO's throughput capacity and to provide dynamic data from another part of the Lancaster reservoir.

All proposed activity remains subject to regulatory consent and, where related to joint activity with Spirit Energy, partner approval. A further update will be provided as soon as possible with respect to the 2020 work programme.

## Dr Robert Trice, Chief Executive of Hurricane, commented:

*"The start-up of the Lancaster EPS has gone very well, with 2019 production exceeding the guidance that we provided when we announced first oil. We've also had a strong start to 2020 with the 6 Well test continuing on Lancaster, delivering steady production. A return to two-well production is imminent.*

*"Work continues on the analysis of the results of the 2019 drilling campaign, planning of future wells, and obtaining the relevant approvals. I look forward to presenting on what we have learnt and what we expect from this reservoir at our Capital Markets Day in March.*

*"We note the recent weakness in the Company's share price and I can confirm that we are not aware of any subsurface, operational or commercial reasons that would have caused such decline. The production performance of the Lancaster EPS wells is above our base case expectations and we remain on target to provide an update at the Capital Markets Day in March whilst continuing to make progress towards the next operational steps for our portfolio.*

*"Hurricane remains focussed on delivering operational progress, on budget and on schedule, and, in so doing, delivering returns to shareholders. We look forward to continuing to update the market with quarterly production figures, and will announce any material variations to expectations as required."*

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## 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**

<b>FPSO</b>	Floating production storage and offloading vessel
<b>Spirit Energy</b>	Spirit Energy Limited

#### **Inside Information**

This announcement does not contain inside information.

#### **Competent Person**

The technical information in this release has been reviewed by Dr Robert Trice, who is a qualified person for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies. Dr Robert Trice, Chief Executive Officer of Hurricane Energy plc, is a geologist and geoscientist with a PhD in geology and has over 30 years' experience in the oil and gas industry.

#### **Standard**

Resource estimates contained in this announcement have been prepared in accordance with the Petroleum Resource Management System guidelines endorsed by the Society of Petroleum Engineers, World Petroleum Congress, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers.

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