

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.

22 June 2018

**Rose Petroleum plc**  
**("Rose", the "Company" or the "Group")**

**Competent Person's Report**

**Maiden Contingent Resource and NPV Estimate**

Rose Petroleum plc (AIM: ROSE), the North America-focused oil and gas company, is pleased to announce the results of the Competent Person's Report ("CPR") by Gaffney Cline & Associates ("GCA") on the Rose acreage within the Paradox Basin, Utah covered by the recently completed 3D seismic acquisition.

Rose engaged GCA to provide a CPR for the acreage held and covered by the 3D seismic acquisition completed in late 2017 (covering approx. 17,250 acres of the total circa. 80,000 acres held). The CPR focused solely on the single reservoir the Cane Creek reservoir (the "CCR" or "Clastic 21") of the multiple prospective reservoirs within the Paradox Formation.

Rose is pleased to report the results of the GCA report as summarised below:

Summary of Contingent Resources as at 30<sup>th</sup> April 2018:

Category	Gross	Gross	Net to Rose***	Net to Rose***
	Oil (MMBbl)*	Gas (Bscf)**	Oil (MMBbl)	Gas (Bscf)
1C	5.08	6.09	3.01	3.61
2C	15.61	31.23	9.25	18.50
3C	31.49	110.20	18.66	65.29

\* million barrels of oil \*\* Billion cubic feet \*\*\*Net of 25% working interest plus royalties and subject to earn-in completion

The unrisks Net Present Value at 10% Discounted Rate of Potential Future Cash Flow from Contingent Resources, Net to Rose, as at 30<sup>th</sup> April 2018, are reported as follows:

Category	Pre Tax NPV (US\$ MM)	Post Tax NPV (US\$ MM)
1C	6.7	2.5
2C	122.4	86.9
3C	335.3	242.8

This Contingent Resource, subcategorised as Development Pending, is a significant step change in the Clastic 21 project definition that started with the acquisition of the 3D seismic. The new data has enabled detailed reservoir mapping, reservoir characterisation, field analogue assessment, well

engineering and draft field development planning to be completed, leading to the first project valuation for this acreage. Further to this, the assessment has also identified the initial appraisal well locations that are planned to test the range in field potential, as described within the GCA report.

The significance of the report is that it shows an upgrade from Prospective to Contingent Resources for Clastic 21 within the specified area. This is due to the ability to tie the 3D seismic data into the producing well 28-11 and map the maximum extent of the producing field within this area. The initial appraisal wells are designed to test the viability of the fracture network and to potentially prove the extent and commerciality of the field.

Rose currently has a total net acreage position of circa 80,000 acres. Within this acreage the management believe there is additional prospectivity covering up to 37,000 acres in which Clastic 21 is likely to be present. Additional shallower clastic reservoir prospectivity also exists within the greater 80,000 acres and presents further upside as reiterated by the un-risked Prospective Resources reported by Ryder Scott Company in May 2014. Rose's assessment of this exploration potential will be updated in the near future with an additional CPR.

**Matthew Idiens, CEO, commented:** "We are hugely encouraged by the reclassification of Contingent Resources within the 3D seismic acquisition area, reporting, net to Rose, a 2C Contingent Resource of 9.25 million barrels of oil and 18.50 Bscf of Gas and an un-risked pre-tax NPV10 of US\$122 million. These metrics highlight the substantial scale and prospectivity of the Paradox project. The NPV estimate clearly demonstrates the significant upside potential compared to the Company's current valuation and this covers only a small portion of the total acreage position."

"This assessment very much justifies our appraisal plans, which will be the first combination of horizontal drilling steered by the 3D seismic data on Rose acreage. A similar approach has proven successful in the development of the Cane Creek Field analogue directly south of our acreage. We are working hard to evaluate the remaining Clastic 21 potential outside the 3D area and shallower prospective zones both within the 3D area and beyond, which represent further upside opportunities within Rose's existing acreage footprint."

"The farm-in process continues and is now supported by the CPR independently validating the geological and economic strength of the Project."

The previous CPR by Ryder Scott Company, reported in May 2014, covered all the Company's acreage at that time and included up to 15 separate reservoirs (clastics) and reported Unrisked Prospective (Recoverable) Hydrocarbon Resources on a Best Case (P50 equivalent) of:

- 966.37 MMBO (966 million barrels of oil) and
- 1,888.46 BCFG (1.88 trillion cubic feet of gas).

The Executive Summary from the CPR is set out further below. The CPR was prepared using definitions contained within the Petroleum Resources Management System (PRMS), which was approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in March 2007.

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Dr Gregor Maxwell, BSc Hons. Geology and Petroleum Geology, PhD, Technical Adviser to the board of Rose Petroleum plc, who meets the criteria of a qualified person under the AIM Note for Mining and Oil & Gas Companies – June 2009, has reviewed and approved the technical information contained within this announcement.

## Executive Summary

Rose Petroleum is in the process of earning a 75% Working Interest (WI) in circa 80,000 acres in the northwestern part of the Paradox Basin, Utah as a result of the Earn-In agreement signed on March 13th, 2014, with Rockies Standard Oil Company (RSOC). The earn-in will be completed by the drilling of a single appraisal well which is planned for later this year.

This CPR covers solely, a single reservoir, within the Paradox Formation. The single reservoir evaluated for the purpose of this report is the Cane Creek Reservoir Cycle (CCRC or Clastic 21) and only within the extent of the leased 3D area (approx. 17,250 acres of circa 80,000 acres held). Other reservoirs prospective potential within the Paradox Formation are not covered in this report.

Within Rose Petroleum's expected acreage, reservoir potential exists in the Cane Creek Reservoir Cycle of the Paradox Formation. This is an oil source rock containing interbedded tight reservoir cycles that forms a hybrid unconventional play; it has been productive at the nearby Cane Creek Field, and at the 28-11 well just outside the Rose Petroleum acreage. Two other wells, one inside the acreage, logged oil pay but failed to flow when tested. Productivity of the reservoir is believed to be linked to the presence of natural fractures, which in turn are believed to occur in areas on high curvature, which can be mapped from a very well defined 3D seismic framework.

Rose Petroleum is now planning an up to three-well appraisal plan to assess the productivity of the naturally fractured reservoir and to test the predictive model of fracture locations. If the appraisal results are positive, a field development comprising up to 60 horizontal wells would be implemented.

Rose Petroleum has performed extensive analysis and modelling work, which GCA has reviewed and generally found to be of good quality. Based on its review, GCA has made its own independent estimates of the Contingent Resources attributable to the proposed development plan as at 30<sup>th</sup> April, 2018, as shown in Table 1.

Table 2 summarises the unrisks pre- and post-tax NPVs of future cash flow from Contingent Resources at a discount rate of 10%. This evaluation is based on GCA's 2Q 2018 WTI and Henry Hub price scenario (see Section 5.2).

**Table 1: Summary of Contingent Resources,  
as at 30<sup>th</sup> April, 2018**

Category	Gross		Net to Rose Petroleum	
	Oil (MMBbl)	Gas (Bscf)	Oil (MMBbl)	Gas (Bscf)
1C	5.08	6.09	3.01	3.61
2C	15.61	31.23	9.25	18.50
3C	31.49	110.2	18.66	65.29

### Notes:

1. Gross Contingent Resources are 100% of the volumes estimated to be recoverable from the asset in the event that it is developed.
2. Contingent Resources Net to Rose Petroleum reflect Rose Petroleum's expected 75% working interest and deduction of Royalties, and are conditional on completion of the earn-in.

3. The volumes reported here are “unrisked” in the sense that no adjustment has been made for the risk that the asset may not be developed in the form envisaged or may not be developed at all (i.e. no “Chance of Development” factor has been applied).
4. Contingent Resources should not be aggregated with Reserves because of the different levels of risk involved.

**Table 2: Unrisked Net Present Value at 10% Discount Rate of Potential Future Cash Flow from Contingent Resources, Net to Rose Petroleum, as at 30<sup>th</sup> April, 2018**

Category	Pre-Tax NPV (US\$ MM)	Post-Tax NPV (US\$ MM)
1C	6.7	2.5
2C	122.4	86.9
3C	335.3	242.8

**Notes:**

1. The Net Present Values are calculated from discounted cash flows incorporating the fiscal terms governing the asset.
2. The reference NPVs reported here do not represent an opinion as to the market value of a property nor any interest therein.
3. The NPVs reported here are “unrisked” in the sense that no adjustment has been made for the risk that the asset may not be developed in the form envisaged or may not be developed at all (i.e. no “Chance of Development” factor has been applied).
4. Pre and Post-tax refer to pre and post State and Federal income taxes only; Severance Taxes are deducted in all cases.
5. NPVs Net to Rose Petroleum are conditional on completion of the earn-in.
6. Rose Petroleum holds US\$10 MM in Net Operating Losses (NOL) which can be offset against Federal Income Tax, which has not been accounted for in this evaluation.

**Oil and Gas Prices**

GCA’s 2Q 2018 WTI and Henry Hub price scenario (Table 4) was used for the economic analysis. Based on information provided by Rose Petroleum the realized prices are expected to include a US\$10/Bbl discount for crude and a US\$0.50/Mscf discount for natural gas.

**Table 3: GCA 2Q 2018 WTI and Henry Hub Price Scenario**

Year	WTI Price (US\$/Bbl)	Henry Hub Price (US\$/Mscf)
2019	59.21	2.79
2020	62.50	3.12
2021	63.75	3.39

2022	65.03	3.62
2023	66.33	3.81
2024	67.65	3.95
2025	69.01	4.08
2026	70.39	4.21
2027	71.79	4.30
2028	+2% p.a.	+2% p.a.

## Glossary of Terms and Definitions

### **1C Low Estimate of Contingent Resources**

### **2C Best Estimate of Contingent Resources**

### **3C High Estimate of Contingent Resources**

## CONTINGENT RESOURCES

*Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.*

Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Development Pending *A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.*

The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Note that disappointing appraisal/evaluation results could lead to a re-classification of the project to "On Hold" or "Not Viable" status. The project "decision gate" is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.

### **Development Unclarified or on Hold**

A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.

The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal/evaluation activities are required to clarify the potential

for eventual commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could lead to a reclassification of the project to “Not Viable” status. The project “decision gate” is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.

### **Development Not Viable**

*A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.*

The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project “decision gate” is the decision not to undertake any further data acquisition or studies on the project for the foreseeable future.

### **PROSPECTIVE RESOURCES**

*Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.*

Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.

### **Prospect**

*A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.*

Project activities are focused on assessing the chance of discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.

### **Lead**

*A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.*

Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the lead can be matured into a prospect. Such evaluation includes the assessment of the chance of discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.

### **Play**

*A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects.*

Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific leads or prospects for more detailed analysis of their chance of discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

### **Notes to editors**

Rose Petroleum plc (<http://rosepetroleum.com>) is a North America-focused oil and gas company whose primary asset is approximately 80,000 net acres in the prolific oil and gas producing Paradox Basin in Utah, U.S.A., where it is earning into a 75% working interest. Using high-quality data gathered in a 3D seismic survey completed in October 2017, the Company has identified drilling locations in naturally fractured areas of the Paradox Formation with the intention of commencing a drilling programme in H2 2018.

The Company's established management is supported by an expert technical team with extensive experience of the basin, where current operations nearby have proven successful, with significant initial production rates and low decline rates, offering strong economics even in the present oil price environment.

The Company's strategy is to grow both organically and through acquisition, identifying additional hydrocarbon assets, conventional or unconventional, that would benefit from the Company's fast-acting, entrepreneurial approach.

Rose Petroleum has been quoted on AIM since June 2004.