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Alba Mineral Resources PLC
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Alba Mineral Resources plc

("Alba" or the "Company")

Horse Hill Update

Alba Mineral Resources plc (AIM: ALBA) reports that UK Oil & Gas Plc ("UKOG"), as majority shareholder of Horse Hill Developments Limited (the Operator of the Horse Hill Oil Project in the Weald Basin in southern England) (together the "Operator"), has provided the following update in relation to the Horse Hill Oil Project:

Production and well intervention

- To date, the field has produced and exported over 132,000 barrels ("bbl") of Brent quality crude from its Kimmeridge and Portland oil pools.

- Despite the downtime for the Horse Hill-1 well ("HH-1") intervention in Q4 2020, the total Portland oil production for the December quarter was 7,045 bbl. The average production uptime was 57% over the period and ranged from 37% during October's main HH-1 intervention period, to 85% in November, post-intervention.

- As announced on 5 November 2020, an intervention was completed to reperforate the full Portland oil-producing section, insert a new simplified production tubing string and set the downhole pump at a deeper level to increase Portland pumping efficiency.

- The intervention was immediately followed by an ongoing series of multi-week production optimisation trials to achieve an optimum balance between oil revenues and water handling and other operational costs. Trials include well-cycling (i.e., shutting in the well for a set period each day to reduce water inflow) and pump fill optimisation. The trials are expected to continue for several months. The Operator reports that early results are encouraging, with stable water influx levels achieved by the end of 2020.

Water reinjection

- Horse Hill's planning consent includes a provision for a formation water reinjection well. Consequently, to remove the need for off-site water disposal via tanker and to also help maximise oil recovery by supporting reservoir pressure, the Operator reports that it plans to reconfigure Horse Hill-2z well ("HH-2z") into a water re-injection well as soon as practicable, subject to regulatory consent.

Infill drilling plans

- The Operator reports that it has completed the interpretation of static and flowing data from November's pressure build-up ("PBU") test sequence, confirming HH-1 connected oil in place volumes of 7-11 million barrels ("mmbbl") previously reported in October 2018. The PBU data also helped to identify a potentially significant contribution to Portland fluid flow from a natural fracture system. The Operator reports that technical work is ongoing to further characterise the Portland reservoir's delivery mechanisms and, in particular, the prevalence and role of the natural fracturing within the Portland section.

- The recent integration of the November 2020 PBU data, HH-2z rock data and a completely revised seismic interpretation has provided a far better understanding of the Portland reservoir. The Operator reports that several significant infill drilling opportunities have now been identified in the Portland oil pool, all up-dip of HH-1 (i.e., at a shallower depth within the oil pool) and significantly above the oil-water contact.

- The Operator reports that following the successful flow testing of the Kimmeridge oil pool, during which 52,780 bbl of 40° API oil were produced, further development of the Kimmeridge oil pool also remains a significant objective. Consequently, the Operator plans to drill an infill well to determine the lateral extent of the Kimmeridge oil pool, proven by HH-1 to lie within a natural fracture system of significant vertical extent.

- The Kimmeridge HH-4 well, also situated updip of both HH-1 and HH-2z, is likely to be a highly inclined or "slant" well, designed with a lateral orientation approximately orthogonal to the known regional open natural fracture direction, so as to maximise the number of open fractures penetrated.

- The Operator reports that it expects to plan and drill these Portland (HH-3) and Kimmeridge (HH-4) infill wells following the completion of UKOG's appraisal drilling campaign on another project unrelated to Horse Hill.

George Frangeskides, Executive Chairman, commented:

"We are encouraged by the Operator's revised strategy for the exploitation of the Horse Hill Oil Field. Their confirmation of the connected oil in place volumes of 7-11 million barrels from the Portland oil pool alone highlights the untapped production that remains in the Portland, production that cannot hope to be fully realised from HH-1 alone. The plans, therefore, to drill another two vertical wells up-dip of HH-1 are welcome, not least in the light of the sustained rally in the oil price over the past three quarters."

"Also encouraging is the Operator's reaffirmation of the potential of the Kimmeridge oil pool. HH-1 has already proven the Kimmeridge's ability to contribute substantial production to the overall field, so there is certainly merit in testing the Kimmeridge's producibility from a new vertical well. We look forward to the Operator delivering on this revised and reaffirmed strategy for enhancing production and delivering on the inherent value of the Horse Hill Oil Field."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

Forward Looking Statements

This announcement contains forward-looking statements relating to expected or anticipated future events and anticipated results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, competition for qualified staff, the regulatory process and actions, technical issues, new legislation, uncertainties resulting from potential delays or changes in plans, uncertainties resulting from working in a new political jurisdiction, uncertainties regarding the results of exploration, uncertainties regarding the timing and granting of prospecting rights, uncertainties regarding the timing and granting of regulatory and other third party consents and approvals, uncertainties regarding the Company's or any third party's ability to execute and implement future plans, and the occurrence of unexpected events.

Information which is provided to the Company for release by or on behalf of a third-party operator of a project in which the Company holds a minority interest is not independently verified by the Company. The Company relies upon the operator for the veracity of such information.

Without prejudice to the generality of the foregoing, uncertainties also exist in connection with the ongoing Coronavirus (COVID-19) pandemic which may result in further lockdown measures and restrictions being imposed by Governments and other competent regulatory bodies and agencies from time to time in response to the pandemic, which measures and restrictions may prevent or inhibit the Company from executing its work activities according to the timelines set out in this announcement or indeed from executing its work activities at all. The Coronavirus (COVID-19) pandemic may also affect the Company's ability to execute its work activities due to personnel and contractors testing positive for COVID-19 or otherwise being required to self-isolate from time to time.

Actual results achieved may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors.

Qualified Person's Statement

The technical information contained in this announcement has been reviewed and approved by Feroz Sultan (B.Sc (Hons) Geology, M.Sc, Petroleum and Structural Geology, Karachi and M.Sc Petroleum Geology, Imperial College London), a petroleum geologist with over 45 years' experience in the management, exploration, development and production of oil and gas.

Glossary

API: a measure of the density of crude oil, as defined by the American Petroleum Institute

natural fracturing or natural fracture systems: fractured reservoirs contain cracks or surface of breakage within rock. Fractures can significantly enhance the permeability of rocks by connecting pores together. Naturally fractured reservoirs have been created over geological time by nature, not man-made via hydraulic fracturing.

oil field: an accumulation, pool or group of pools of oil in the subsurface that produces, or can produce, oil to surface.

oil in place: the quantity of oil or petroleum that is estimated to exist originally in naturally occurring accumulations in the ground before any extraction or production.

For further information, please contact:

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Alba's Project and Investment Portfolio

Project (commodity)	Location	Ownership
Mining Projects		
Amitsoq (graphite)	Greenland	90%
Clogau (gold)	Wales	90%
Gwynfynydd (gold)	Wales	100%
Inglefield (copper, cobalt, gold)	Greenland	100%
Limerick (zinc-lead)	Ireland	100%
Melville Bay (iron ore)	Greenland	51%
TBS (ilmenite)	Greenland	100%
Oil & Gas Investments		
Brockham (oil)	England	5%
Horse Hill (oil)	England	11.765%

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