



19 December 2017

**Alba Mineral Resources Plc
("Alba" or the "Company")**

**Operational Update
Horse Hill-1 Oil Discovery, Weald Basin, UK**

Highlights:

- **150-day production flow test and new drilling programme set to commence in late winter 2017/18**
- **Programme aims to confirm commerciality of Portland and Kimmeridge oil discoveries and gear-up for first permanent oil production targeted for early 2019**
- **Drilling of HH-2 appraisal well as future producer to directly follow flow-testing programme**
- **Permanent production consent application underway, submission to SCC expected in spring 2018**
- **Swift and successful eviction of protesters completed at Horse Hill site**

Alba announces that it has been advised by Horse Hill Developments Ltd ("HHDL"), the operator of the Horse Hill-1 ("HH-1") oil discovery, in which entity the Company holds a 18.1% interest, that key contracts and the requisite funding commitments from all participants are in place to undertake the production flow-testing and drilling campaign which was approved by Surrey County Council ("SCC") in October 2017. The 2018 programme is planned to commence directly upon the discharge of SCC's pre-commencement planning conditions, expected by the end of winter 2017/18. Environment Agency approval for the full programme was granted in September 2017.

Horse Hill Oil Discovery

The HH-1 Portland Sandstone and Kimmeridge Limestone oil discoveries lie within onshore Weald Basin licences PEDL137 and PEDL246 covering an area of 55 square miles (143 km²) north of Gatwick Airport. As previously reported on 21 March 2016, HH-1 flow-tested at a significant commercial aggregate stable dry oil rate of 1,688 barrels of oil per day ("bopd") from the Portland, Kimmeridge Limestone 3 ("KL3") and Kimmeridge Limestone 4 ("KL4") reservoir horizons.

2018 Horse Hill Flow Test Programme

Following a short period of civil works to upgrade site facilities, a 150-day production testing programme focused upon the Portland, KL3 and KL4 reservoirs will commence. As commercially viable initial flow rates were established by the 2016 flow tests, the 2018 testing programme's goal is to confirm that HH-1's reservoirs are each connected

to a commercially viable oil volume, thus enabling a declaration of commerciality to be made.

The Portland, KL3 and KL4 flow tests, each planned for around 30-40 days duration, will consist of a sequence of stabilised steady state flow and shut in periods to establish the oil in place ("OIP") directly connected to the well. A short maximum flow-rate test will also be included for each reservoir. If time permits, a further short-term test of a deeper untested Kimmeridge reservoir may be undertaken.

Testing will commence with the Portland reservoir which, given the 323 bopd stable pumped rate achieved in 2016 and the 32 million barrels most likely OIP calculated by Xodus in 2017, is considered a strong candidate for commercial viability. Subject to a successful test, a Portland declaration of commerciality is expected to be made by mid-2018. A Kimmeridge declaration of commerciality would follow programme completion and analysis of reservoir engineering data.

2018 Horse Hill Drilling Programme

Subject to a successful testing outcome in the Kimmeridge and Portland, the HH-2 well is planned as a future Portland producer, with an expected spud towards the end of summer 2018. Drilling plans include optionality to deepen HH-2 into the Kimmeridge to gather core and image log data, together with a possible northwards deviation to access the adjacent oil-bearing Collendean Farm fault block's significant Portland OIP.

The HH-1z Kimmeridge sidetrack spud is now planned for 2019 following construction of a Kimmeridge reservoir model utilising HH-1 Kimmeridge production data and any future HH-2 Kimmeridge core.

Production Planning Application

To achieve its goal of stable, long-term Horse Hill oil production by spring 2019, HHDL now plans to submit a further production planning application to SCC in late spring 2018. This application will seek consent to produce oil initially from HH-1&1z, and HH-2, together with further production wells in a second contingent drilling phase.

Horse Hill Eviction

We are informed by HHDL that on Saturday 2 December 2017, a 42-person team, including High Court bailiffs and the UK's pre-eminent specialist protester removal contractor, successfully removed around 20 activists who had illegally occupied part of the Horse Hill site since Thursday 30 November 2017.

An increased security presence will now remain on the site until completion of the 2018 programme. We understand that HHDL is rigorously pursuing all available legal means to seek recourse for this and any future events that prevent or obstruct its right to conduct its lawful business.

George Frangeskides, Alba's Executive Chairman, commented: *"We are pleased that, together with our consortium partners and the operator HHDL, we have now clearly mapped the path towards commercial production at Horse Hill. The execution of this programme in 2018 will be a key step towards delivering the goal of commercial production and significant cash flow at Horse Hill."*

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

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Glossary

core or coring	a drilling technique that involves using a doughnut-shaped drilling bit to capture or "cut" a continuous cylinder-shaped core of undamaged in-situ rock. The core is captured in a steel pipe or "core barrel" above the bit. Core is normally cut in 30 feet lengths, or multiples of 30 feet, and normally with a diameter of 3.5 or 4 inches. Core is taken in petroleum reservoir rocks for detailed laboratory analyses of petrophysical and geomechanical parameters
discovery	a discovery is a petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons
flow test	a test period where hydrocarbons are flowed to surface through a test separator. Key measured parameters are oil and gas flow rates, downhole pressure and surface pressure. The overall objective is to identify the well's capacity to produce oil at a commercial flow rate and to recover oil in commercial quantities or volumes
limestone	a sedimentary rock predominantly composed of calcite (a crystalline mineral form of calcium carbonate) of organic, chemical or detrital origin. Minor amounts of dolomite, chert and clay are common in limestones. Chalk is a form of fine-grained limestone, being made of the remains of calcareous planktonic algae called coccoliths. The Kimmeridge Limestones are comprised of fine grained coccoliths, fine grained calcium carbonate mud, clay minerals, together with dark grey organic matter
oil in place (OIP)	the quantity of oil or petroleum that is estimated to exist originally in naturally occurring accumulations before any extraction or production
sandstone	a clastic sedimentary rock whose grains are predominantly sand-sized. The term is commonly used to describe a consolidated and cemented rock made predominantly of quartz grains
sidetrack	re-entry of a well from the well's surface location with drilling equipment for deviating from the existing well bore to achieve production or well data from an alternative zone or bottom hole location

Alba's Project Portfolio

Oil & Gas

Horse Hill (Oil & Gas, UK): Alba holds a 18.1 per cent interest in Horse Hill Developments Limited, the company which has a 65 per cent participating interest and operatorship of the Horse Hill oil and gas project (licences PEDL 137 and PEDL 246) in the UK Weald Basin.

Brockham (Oil & Gas, UK): Alba has a direct 5 per cent interest in Production Licence 235, which comprises the previously producing onshore Brockham Oil Field.

Mining

Amitsoq (Graphite, Greenland): Alba owns a 90 per cent interest in the Amitsoq Graphite Project in Southern Greenland and has an option over the remaining 10 per cent.

Black Sands (Ilmenite, Greenland): Alba owns 100 per cent of mineral exploration licences 2017/29 and 2017/39 in the Thule region, north-west Greenland.

Clogau (Gold, Wales): Alba owns 49 per cent of Gold Mines of Wales Limited, the owner of the Clogau Gold Project in north Wales incorporating the historic Clogau-St David's Mine.

Melville Bay (Iron Ore, Greenland): Alba is entitled to a 51 per cent interest in mineral exploration licence 2017/41 in Melville Bay, north-west Greenland. The licence area benefits from an existing inferred JORC resource of 67 Mt @ 31.4% Fe.

Inglefield Land (Copper, Cobalt, Gold): Alba owns 100 per cent of mineral exploration licence 2017/40 in north-west Greenland.

Limerick (Base Metals, Ireland): Alba has 100 per cent of the Limerick base metal project in the Republic of Ireland.

El Mreiti (Uranium, Mauritania): Alba has applied for the reissue of a uranium permit in northern Mauritania, centred on known uranium-bearing showings.