

20 July 2023  
Trading and Operations Update

Pharos Energy plc  
("Pharos" or the "Company" or, together with its subsidiaries, the "Group")

### Trading and Operations Update July 2023

Pharos Energy plc, an independent energy company, issues the following Trading and Operations Update in advance of the Company's Interim Results on 13 September 2023. The information contained herein is not audited and may be subject to further review and amendment.

**Jann Brown, Chief Executive Officer, commented:**

"The first half of the year has seen drilling successes in both Egypt and Vietnam. In Egypt, the first exploration well on the North Beni Suef Concession was declared a commercial success and is expected to start production in Q4, while in Vietnam the development well on the CNV field continues to deliver production levels far in excess of pre-drill estimates. The group also delivered in line with its overall production guidance in the first half and expects to do the same for the full year, helped by increasing Egyptian production in the second half reflecting the continued focus on recompletions and new water injection projects.

"We are delighted to publish today the independent report prepared by ERCE on Blocks 125 & 126 in Vietnam which makes estimates of prospective oil resources with an aggregated gross unrisks Mean of 13,328<sup>(1)</sup> MMstb, covering those Prospects and Leads already identified. The report supports Pharos' internal assessments and paves the way for further work to develop new Leads and mature Leads to Prospects. All work done to date highlights the scale of the potential in these blocks and, with the Exploration Period of the Blocks 125 & 126 Production Sharing Contract now extended to November 2025, Pharos is well placed to bring in a farm-in partner and complete all necessary work to drill the first exploration well on this basin opening play.

"We are also delighted to have made the first payment under our new dividend policy, the foundation of our commitment to regular shareholder returns."

### Operational Highlights

- Group working interest H1 production was 6,915 boepd net. Group working interest 2023 production guidance of 6,050 – 7,500 boepd net remains unchanged from the Preliminary Results announcement on 22 March 2023:
  - Vietnam H1 production was 5,566 boepd. Vietnam 2023 production guidance 4,700 – 5,700 boepd net
  - Egypt H1 production was 1,349 bopd. Egypt 2023 production guidance 1,350 – 1,800 bopd net
- In Vietnam:
  - On Block 9-2 – CNV Field, well CNV-2PST1 was completed and put on stream. Production results stabilised at c. 3,000 bopd (gross) compared to pre-drill estimates of c. 1,000 bopd (gross), taking overall field production to over 6,000 bopd (gross)
  - TGT Revised Field Development Plan (RFDP) for two new wells submitted to the regulator for approval. Drilling expected to commence in H2 2024
  - Application for five-year extensions to TGT & CNV licences, including licence terms and work programme commitments for the extension period, are being finalised between partners and PVN
  - Approval received from the Vietnamese Government for the two-year extension to Phase One of the Exploration Period to 8 November 2025 of the Blocks 125 & 126 Production Sharing Contract (PSC)
  - Work ongoing on rig availability and securing farm-in partner to drill the commitment well on Block 125
  - An independent assessment by ERCE for Block 125 confirms a range of gross unrisks prospective oil resources of between 1,178 MMstb (1U) and 29,785 MMstb (3U) with a Mean value of 13,328 MMstb for the Prospects in the North West area of Block 125 currently covered fully or partially by 3D seismic. These resources do not include Leads already identified in Blocks 125 & 126 but not yet covered by 3D seismic
  - Additional independent work is being undertaken by ERCE to extend the review to identify Leads and mature these into Prospects

(1) The full ERCE report, including the analysis of the COS, can be found at <https://www.pharos.energy/operations/vietnam/blocks-125-126/> and at <https://www.pharos.energy/investors/results-reports-and-presentations/>.

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- In Egypt:
  - In addition to drilling new wells, the operations team has focused on recompletions to bring new zones to production and implement new water injection projects, which have supported production in the first half and are expected to continue to contribute to production in the second half
  - Full year guidance remains unchanged due to higher production level expected in H2 2023 following work done to date
  - Two development wells were drilled on the El Fayum Concession and completed in Q1 before the rig was dispatched to NBS to drill NBS-1X. The rig is now back in El Fayum where it has completed another development well before moving to drill an exploration commitment well
  - The first exploration commitment well in the North Beni Suef Concession (NBS-SW1X) was declared a commercial discovery after encountering multiple pay zones in the Abu Roash G formation. The stabilised production test rate pre-frac is 470 bopd (gross). The operator has requested approval from EGPC for the grant of the NBS Development Lease with a view to starting production in Q4 2023
  - Acquisition of c.110 km<sup>2</sup> of additional 3D seismic at NBS is ongoing and the second exploration commitment well is expected to be drilled this year
  - The first exploration commitment well in the El Fayum Concession has reached total depth and encountered oil-bearing reservoirs in the Abu Roash G and Upper Bahariya formations. The well will be put on test to confirm deliverability over the coming weeks using one of the workover rigs

## Financial Highlights

- Group revenue for H1 2023 of \$86m, there were no realised hedging gains or losses
- Cash balances at 30 June 2023 of c.\$36m, resulting in net debt of c.\$16m which is down from \$28.9m at 31 December 2022
- Egypt receivable position stands at \$30.9m (Dec 2022: \$24m). The continuing volatility of the macro-economic environment in Egypt and further devaluation of EGP against the US dollar since year end means that it remains preferable to hold US dollar denominated receivables
- The half-yearly redetermination process under the RBL completed with a principal repayment of \$22.5m made in June 2023
- Forecast cash capex for the Group for the full year remains unchanged at c.\$23m, with continuing benefit of IPR carry over the Egyptian assets

## Corporate Highlights

- Continuation of \$3m share buyback programme announced back in January
- Final dividend for the 2022 financial year of 1p per share approved by shareholders at the AGM and paid out on 12 July 2023
- Net Zero roadmap to be published later in H2 2023

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**GLOSSARY OF TERMS**

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**boepd**

Barrels of oil equivalent per day

**bopd**

Barrels of oil per day

**CASH or cash**

Cash, cash equivalent and liquid investments

**CAPEX or capex**

Capital expenditure

**CNV**

Ca Ngu Vang field located in Block 9-2, Vietnam

**Company**

Pharos Energy plc

**COS**

Geological chance of success

**EGP**

Egyptian Pound

**EGPC**

Egyptian General Petroleum Corporation, an Egyptian state oil and gas company and the industry regulator

**El Fayum or the El Fayum Concession**

The concession agreement for petroleum exploration and exploitation entered into on 15 July 2004 between the Arab Republic of Egypt, EGPC and Pharos El Fayum in respect of the El Fayum area, Western Desert, as amended from time to time

**FFDP**

Full Field Development Plan

**Group**

Pharos and its direct and indirect subsidiary undertakings

**HLJOC**

Hoang Long Joint Operating Company

**HVJOC**

Hoan Vu Joint Operating Company

**IPR or IPR Energy Group**

The IPR Energy group of companies, including IPR Lake Qarun and IPR Energy AG, or such of them as the context may require

**IPR Lake Qarun**

IPR Lake Qarun Petroleum Co, an exempted company with limited liability organised and existing under the laws of the Cayman Islands (registration number 379306), a wholly owned subsidiary of IPR Energy AG

**JOC**

Joint Operating Company

**km**

Kilometre

**km<sup>2</sup>**

Square kilometre

**m**

million

**mmbbl**

Million barrels

**mmboe**

Million barrels of oil equivalent

**Mmstb**

Million stock tank barrel (42 US gallons measured at 14.7 pounds per square inch and 60 degrees Fahrenheit)

**NBS, North Beni Suef or the North Beni Suef Concession**

The concession agreement for petroleum exploration and exploitation entered into on 24 December 2019 between the Arab Republic of Egypt, EGPC and Pharos El Fayum in respect of the North Beni Suef area, Nile Valley

**Petrosilah**

An Egyptian joint stock company held 50/50 between the Contractor parties (being the Pharos Group and IPR Lake Qarun following completion of the farm-out of the El Fayum concession) and the Egyptian General Petroleum Corporation

**PSC**

Production sharing contract or production sharing agreement

**PVN**

PetroVietnam

**RBL**

Reserve Based Lending facility

**Share**

Ordinary Shares

**TGT**

Te Giac Trang field located in Block 16-1, Vietnam

**\$**

United States Dollar

**1U**

Denotes the unrisks low estimate qualifying as Prospective Resources

**3U**

Denotes the unrisks high estimate qualifying as Prospective Resources.

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**Enquiries**

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**Notes to editors**

Pharos Energy plc is an independent energy company with a focus on sustainable growth and returns to stakeholders, which is listed on the London Stock Exchange. Pharos has production, development and/or exploration interests in Egypt and Vietnam. In Egypt, Pharos holds a 45% working interest share in the El Fayum Concession in the Western Desert, with IPR Lake Qarun, part of the international integrated energy business IPR Energy Group, holding the remaining 55% working interest. The El Fayum Concession produces oil from 10 fields and is located 80 km southwest of Cairo. It is operated by Petrosilah, a 50/50 joint stock company between the contractor parties (being IPR Lake Qarun and Pharos) and the Egyptian General Petroleum Corporation (EGPC). Pharos also holds a 45% working interest share in the North Beni Suef (NBS) Concession in Egypt, which is located immediately south of the El Fayum Concession. IPR Lake Qarun operates and holds the remaining 55% working interest in the NBS Concession. In Vietnam, Pharos has a 30.5% working interest in Block 16-1 which contains 97% of the Te Giac Trang (TGT) field and is operated by the Hoang Long Joint Operating Company. Pharos' unitised interest in the TGT field is 29.7%. Pharos also has a 25% working interest in the Ca Ngu Vang (CNV) field located in Block 9-2, which is operated by the Hoan Vu Joint Operating Company. Blocks 16-1 and 9-2 are located in the shallow water Cuu Long Basin, offshore southern Vietnam. Pharos also holds a 70% interest in, and is designated operator of, Blocks 125 & 126, located in the moderate to deep water Phu Khanh Basin, north east of the Cuu Long Basin, offshore central Vietnam.