SOCO International plc

("SOCO" or the "Company" or, together with its subsidiaries, the "Group")

TRADING AND OPERATIONS UPDATE

SOCO International plc, an oil and gas exploration and production company, issues the following trading and operations update to summarise recent operational activities and to provide trading guidance in respect of the financial year to 31 December 2018. This is in advance of the Company's Full Year Results, due to be announced on 6 March 2019. The information contained herein has not been audited and may be subject to further review and amendment.

KEY HIGHLIGHTS

- Shareholder approval of the Merlon Transaction in Egypt received which will:
    - Complement and diversify SOCO's existing Vietnam-focused portfolio and add a material hub of operated onshore oil production
    - Build scale through incremental 2P (net) working interest reserves of 24 mmbbls, 2C of 37 mmbbls
    - Increase SOCO's through-cycle financial resilience through Merlon's low cost resource base
    - Completion of the transaction is on track for H1 2019
- Vietnam production 7,274 BOEPD
- Divestment of West Africa position completed in line with the Company's strategic priorities
- Reserve Based Lending Facility of $125 million in place
- Strategy of repositioning the company as a full-cycle, growth orientated E&P company of scale that delivers shareholder returns through dividends on track

OPERATIONS UPDATE

VIETNAM PRODUCTION

Production in 2018 from the TGT and CNV fields net to the Group's working interest average was 7,274 BOEPD. This is in line with the production guidance of 7,000-7,400 BOEPD given on 20 September 2018. TGT production averaged 18,857 BOEPD gross and 5,686 BOEPD net to SOCO. CNV production averaged 6,352 BOEPD gross and 1,588 BOEPD net to SOCO.

Significant cost savings for the TGT field were secured in 2018, through the extension of two key operational contracts; the Bare Boat Charter for the FPSO Armada TGT 1, which applies to the period 27 August 2018 to 14 November 2024, and the revised FPSO Operations and Maintenance Agreement. Overall, these two contract extensions have resulted in significant operating cost savings of over US$40 million (gross and pre-tax) over the extension period relative to extension of the original contract with no changes.

Production guidance for 2019 is 6,500 to 7,500 BOEPD net. Actual production at the higher end of this range will depend on several operational factors, including the timing of the drilling, completion and hook-up of the two firm TGT wells in the approved 2019 work programme given that the rig tendering process is outstanding.

In accordance with the requirements of its Reserve Based Lending Facility ("RBL"), the company has commissioned the engineering and reserves consultancy, RISC Advisory Pty Ltd, to conduct an independent audit and review of its producing assets and estimates of Commercial Reserves and Contingent Resources. This work will be completed in Q1 2019.

VIETNAM DEVELOPMENT

Block 9-2 - CNV Field, (25% interest; operated by HVJOC)

Production wells

The Japan Drilling Company Hakuryu-II jack-up rig finished drilling the CNV-5PST3 side-track well in mid-October. As a result of mechanical and operational difficulties completion of the well took longer than anticipated. Following the well completion, the rig was moved to the TGT H5-WHP.

Block 16-1 - TGT Field, (30.5% interest; operated by HLJOC)

Production wells

The PetroVietnam Drilling rig, PVD-1, successfully completed TGT-16AP, four days ahead of schedule and the rig was released on 29 September 2018.

The Hakuryu-II jack-up rig arrived at the H5-WHP on 19 October 2018 and has successfully drilled the TGT-14XST3 well. The well operations were completed on 2 December 2018 and the rig was moved to the TGT-31P location.

The TGT-31P well has drilled through the main reservoir sections and is currently operating in the deeper high temperature, high pressure section below the main producing horizons at the H5-WHP to appraise possible additional potential in the TGT area. This well is anticipated to be on-stream by mid-February 2019.

Compressors

In late November 2018 production from the TGT field was temporarily impacted due to Tropical Storm Usagi. In addition, production from the field was impacted by performance issues with the field's gas compressors. Tests to evaluate solutions for the inefficiencies in the gas compressors have identified an increase in low specific gravity gas being produced by a third party well; one of the Thang Long Joint Operating Company's (TLJOC) wells that access the FPSO through a third party Tie-In Agreement (TIA). The tests to date have indicated that the gas from this third party well is the main cause of the gas compressors suffering unplanned outages and delivering lower gas lift, which in turn has increased the amount of gas going to flare and resulted in the backing-out of some TGT oil production. Tests continue and the results are being used to design the most effective solution to both reduce the current flaring to previous levels and to minimise future compressor outages. This solution is likely to involve reduced flow from the third party well until the planned compressor upgrade work is completed later in 2019, which is anticipated to further improve TGT production performance.

The existing TIA between the HLJOC and TLJOC expired on 30 August 2018 and an interim agreement has been put in place while new terms for the third party production are being negotiated. SOCO and PTTEP command a majority in the HLJOC and both parties are working closely to ensure that any future FPSO TIA will guarantee a level of access to the facilities which will enable increased production from TGT.

2019 Work Programme

Agreement in principle has been reached on the 2019 Work Programme and Budget for TGT with a work programme of two firm and two contingent in-field wells, 18 well interventions, and costs associated with upgrade of the gas compressors. The HLJOC is currently preparing the necessary bid packages to source the relevant equipment and services ahead of concluding any specific timing for the execution of the drilling programme.

Blocks 125 & 126
(70% interest, SOCO-operated)
Review of the available existing geoscience and seismic data on the Blocks 125 & 126 has allowed the company to identify areas of focus for the new 2D seismic acquisition. Bid packages for a 2019 2D seismic acquisition programme have been agreed and issued targeting a mid-year commencement.

DIVESTMENTS

Marine XI Block, offshore Congo (Brazzaville) (40.39% working interest, SOCO-operated) and **Cabinda North Block, onshore Angola** (Non-operated, 22% working interest)
As previously announced, SOCO completed the sale of the Group's former interests in Congo (Brazzaville) on 25 June 2018 and the sale of the Group's former interest in the Cabinda North Block, Angola on 5 October 2018.

FINANCIAL UPDATE

On 17 September 2018, SOCO announced that it had signed a US$125 million RBL secured against the Group's producing assets in Vietnam. In addition to the committed US$125 million, a further US$125 million is available on an uncommitted "accordion" basis. SOCO has drawn down US$100 million under the RBL to fund part of the cash consideration for the proposed acquisition of Merlon Petroleum El Fayum Company.

Cash balances as at 31 December 2018 were approximately US$240 million, which includes the US$100 million drawn down from the RBL, with revenues for January-December 2018 of circa US$175 million. The average realised oil price per barrel achieved for the same period was approximately US$74/bbl, representing a premium of over US$3/bbl to Brent.

Given the delays in the 2018 drilling activity, some expenditure budgeted for 2018 will be deferred into 2019.

STRATEGIC UPDATE

M&A Activity
On 20 September 2018, SOCO announced that it had reached agreement with Merlon International LLC to acquire Merlon Petroleum El Fayum Company. As announced on 21 December 2018, SOCO received shareholder approval for the acquisition at the general meeting held on the same date. Completion of the acquisition remains subject to the satisfaction or, where permitted, waiver of certain conditions under the share purchase agreement, and is expected to occur in H1 2019.

The acquisition of Merlon is a significant step forward in SOCO's stated objective of expanding and diversifying its resource base to create a full-cycle, growth orientated E&P company of scale that delivers shareholder returns through dividends. SOCO's Board continues to pursue new business opportunities in line with its strict strategic, financial and operational criteria.

ENQUIRIES:

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NOTES TO EDITORS

SOCO is an international oil and gas exploration and production company, headquartered in London and traded on the London Stock Exchange. The Company has field development, production and exploration interests in Vietnam. SOCO holds a 30.5% working interest in the Te Giac Trang Field of Block 16-1, which is operated by the Hoang Long Joint Operating Company. Block 16-1 is located in the shallow water Cuu Long Basin, offshore southern Vietnam. SOCO holds a 25% working interest in the Ca Ngu Vang field of Block 9-2, which is operated by the Hoan Vu Joint Operating Company. Block 9-2 is located in the shallow water Cuu Long Basin, offshore southern Vietnam. SOCO holds a 70% interest in and is designated operator of Blocks 125 & 126, located in the moderate to deep water Phu Khanh Basin, offshore central Vietnam.

Glossary of Terms

US$
United States Dollar

£
UK Pound Sterling

2C
Best estimate scenario of Contingent Resources

2P
Equivalent to the sum of Proved plus Probable Reserves; denotes best estimate scenario of Reserves. Also referred to as 2P Commercial Reserves

BBL or bbl
Barrel

BLPD or blpd
Barrels of liquids per day

BOE or boe
Barrels of oil equivalent

BOEPD or boepd
Barrels of oil equivalent per day

CASH or cash
Cash, cash equivalent and liquid investments

CNV
Ca Ngu Vang

Congo (Brazzaville)
The Republic of the Congo

Contingent Resources
Those quantities of petroleum 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

E&P
Exploration and Production

FPSO
Floating, Production, Storage and Offloading Vessel

H1
First Half

HLHVJOC
Hoang Long and Hoan Vu Joint Operating Companies

HLJOC
Hoang Long Joint Operating Company

HVJOC
Hoan Vu Joint Operating Company

JOC
Joint Operating Company

M&A
Mergers and Acquisitions

MMBBL
Million barrels

MMBOE
Million barrels of oil equivalent

Petrovietnam
Vietnam Oil and Gas Group

PSC
Production sharing contract or production sharing agreement.

PTTEP
PTT Exploration and Production Public Company Limited

RBL
Reserves Bases Lending Facility

Reserves
Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial and remaining based on the development projects applied

Shares
Ordinary Shares

TGT
Te Giac Trang

WHP
Wellhead Platform