

30 March 2021

Concession Agreement Amendment

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

Concession Agreement Amendment El Fayum area, Western Desert, Egypt

Ed Story, President and Chief Executive Officer, commented:

"I am very pleased with the outcome following our constructive negotiations with EGPC/MOP concerning potential improvements in the Concession Agreement terms in order to support a return to operational investment. We have arrived at an agreement that mutually benefits both Pharos and EGPC. The improved cost recovery terms mean past and future investments in El Fayum can be recovered thanks to a significant increase in Pharos' total share of gross revenues. Together these new fiscal terms mean an improvement of up to \$5.7/bbl in the breakeven price. We appreciate the cooperation and commitment of the leadership team at EGPC and the support that we have received from the Egyptian Ministry of Petroleum and Mineral Resources, we look forward to working with them to realise the significant mutual benefits of these new arrangements".

Pharos is pleased to announce that it has received provisional approval from the Egyptian General Petroleum Corporation's (EGPC) Main Board to an amendment of the fiscal terms of its El Fayum Concession, which is now subject to the approval of the Egyptian Government.

Under the new terms, the Cost Recovery Petroleum percentage (i.e. the share of gross revenues that is available for the Contractor to recover its costs) will be increased from 30% to 40%, allowing Pharos a significantly faster recovery of all its past and future investments. In return, Pharos has agreed to (i) waive its rights to recover a portion of the past costs pool (\$115 million) and (ii) reduce its share of Excess Cost Recovery Petroleum from 15% to 7.5%.

El Fayum phased water flood programme

Work for phase 1b water flood programme in El Fayum has commenced, utilising the funds raised in the equity placing earlier this year.

El Fayum Farm-out

The Company has been encouraged by the level of interest and is currently reviewing a number of attractive bids. An update will be provided to the market in due course.

Enquiries

Pharos Energy plc

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Notes to editors

Pharos Energy plc is an independent oil and gas exploration and production company with a focus on sustainable growth and returns to stakeholders, headquartered in London and listed on the London Stock Exchange.

Pharos has production, development and/or exploration interests in Egypt, Israel and Vietnam.

In Egypt, Pharos holds a 100% working interest in the El Fayum oil Concession in the Western Desert. The Concession produces from 10 fields and is located 80 km south west of Cairo. It is operated by Petrosilah, a 50/50 JV between Pharos and the Egyptian General Petroleum Corporation (EGPC). Pharos is also an operator with a 100% working interest in the North Beni Suef Concession, which is located immediately south of the El Fayum Concession.

In Israel, Pharos together with Cairn Energy plc and Israel's Ratio Oil Exploration, has eight licences in the second offshore bid round in Israel. Each party has an equal working interest and Cairn is the operator.

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 (CVN) 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.