SOCO International plc

("SOCO" or the "Company")

TRADING AND OPERATIONS UPDATE

SOCO, an international oil and gas exploration and production company, announces a trading and operations update to summarise the Company's current financial and operational status and to provide guidance in respect of the financial year ended 31 December 2015, the results for which are scheduled for release on 17 March 2016, and guidance for 2016. The information contained herein has not been audited and is subject to further review.

Ed Story, Chief Executive, commented:
"With low cost production, no debt and our disciplined approach to capital allocation, SOCO is in a good position to weather a prolonged industry downturn. We will be frugal, spending only on commitments and work that is directly related to production whilst keeping an eye out for opportunities. Our outlook continues to be positive and we remain confident that we will continue to deliver on strategy through an extended low oil price environment."

Highlights

- Year-end cash balance of $104m with no debt, after payment of dividends to shareholders of $51m in June 2015 and capex for the year of $82m.
- Net production averaged c.12 thousand barrels of oil equivalent per day ("KBOEPD") at the top end of our previously upgraded guidance of 11.8-12.0 KBOEPD.
- The average realised crude oil price for 2015 was c.$54 per barrel, a premium of $2 per barrel to Brent, giving rise to c.$215m in revenue.
- Cash operating costs were under $10 per barrel.
- The updated TGT Reserve Assessment Report ("RAR") is approved for presentation to the relevant authorities. Formal approval is expected in the coming weeks.
- The Mer Profonde Sud ("MPS") commitment well is expected to spud in February 2016 once the rig is released from its current programme.
- 12 month extension granted on the Marine XI licence.
- The production threshold (>27.8 million barrels) to trigger the Subsequent Payment Amount (c.$52.7 million) associated with the 2005 disposal of the Mongolian assets has been achieved.

Operations

Vietnam

Te Giac Trang ("TGT") Field
(30.5% interest; operated by Hoang Long Joint Operating Company ("HLJOC"))

TGT field production for 2015 averaged c.34.0 KBOEPD gross and c.10.2 KBOEPD net to SOCO's working interest.

The H5 development was successfully brought on stream on 10 August 2015, more than one month ahead of schedule, under budget and with a total of 2.4 million man hours without a Lost Time Incident.

The updated RAR has been completed and approved by PetroVietnam with the formal presentation to the relevant Vietnamese authorities expected in the coming weeks. The revised Full Field Development Plan ("FFDP") is expected to be submitted for approval in Q1 2016. The scope of the development programme in the FFDP is expected to include additional wells and facilities options to increase water handling capacity.

For 2016, no firm production target has been agreed between the HLJOC partners pending agreement on the scope of the FFDP, as well as receipt of optimised 2016 production scenarios from the HLJOC utilising full reservoir potential from existing wells. Pending the FFDP, the HLJOC partners have agreed to purchase the long lead items for 4.5 wells (0.5 well cost being attributed to finishing drilling the TGT-14X appraisal well) with the 2016 contingent capex budget covering the drilling costs for the wells, as well as capex associated with water handling facilities upgrade following FFDP approval.

TGT Performance Evaluation and Prediction

SOCO has retained ERC Equipoise to update the Geological Model and the Dynamic Simulation Model of the TGT field with the new wells from 2015 and the additional production history. This work, once completed, will be evaluated by the reserve auditor to provide an updated 2015 reserve report.

Ca Ngu Vang ("CNV") Field

(25% interest; operated by Hoan Vu Joint Operating Company ("HVJOC"))

CNV field production for 2015 averaged c.7.0 KBOEPD gross and c.1.8 KBOEPD net to the Company's working interest.

The HVJOC is evaluating the impact of the reservoir pressure drop from reduced water injection on the long-term performance and recovery of the field, as well as looking into potential ways of maintaining production performance. The initiatives for the latter include conversion of the CNV-6ST1 injection well to a producer and modification of processing facilities on the Bach Ho platform to lower minimum tubing head pressure. Discussions with the owner of the Bach Ho processing facilities are under way.

Africa Portfolio

MPS (60% working interest)

SOCO has contracted a rig to drill the MPS commitment well. SOCO is carrying 100% of the expected c.$25-30m well cost. The well is targeting gross P50 prospective resource of c.330 million barrels of oil and is expected to be spudded in early February. It is estimated to take around one month to drill. The well plan does not include testing.

Marine XI (40.39% working interest)

SOCO continues discussions with the Congo authorities regarding commercialisation options for the Lidongo discovery area. The partners have prepared a Production Licence Application ("PEX"), which is in the process of being finalised for submission. Subject to finalising specific details, the Congolese authorities have agreed to a 12-month extension to the previous March 2016 licence expiry to allow for the completion of the evaluation and interpretation of the 2015 reprocessed seismic.

Cabinda North (17% working interest)

Discussions are ongoing among the partners and with the authorities to agree the new partnership, operator and activities during the licence extension period to April 2018.

Financial and Strategic Outlook

The Company's 2016 exploration and development programme is fully funded from existing cash resources. The 2016 capex budget is $54m, with c.$18m budgeted for Vietnam, which includes long lead items for 4 wells for the ongoing TGT field development, the cost attributed to finishing drilling the TGT-14X appraisal well and new venture costs associated with Block 125/126. The budget for Africa includes the completed fulfilment of SOCO's operational commitments on the MPS and the Cabinda North Blocks.

There are budget contingencies for 2016 covering the drilling costs for four wells, as well as capex associated with the upgrade of water handling facilities pending approval of the TGT FFDP and agreement on production uplifts.

Prior to such agreement on the TGT FFDP and optimised production scenarios for 2016 utilising full reservoir potential from the existing wells, SOCO sets preliminary guidance on 2016 group production at 10-11.5 KBOEPD. The lower end reflects limited reservoir management and natural field decline. The upper end reflects the additional optimised reservoir management with production from the four potential wells.

Due to the current low oil price, the CNV field is likely to incur a further non-cash impairment in the 2015 income statement.

SOCO continues working with PetroVietnam and SOVICO Holdings towards formalisation of a Production Sharing Agreement over Blocks 125-126, offshore Vietnam.

In our Africa portfolio, we are focused on the successful and safe execution of the MPS well, achieving commercialisation of the Lidongo discovery and the delivery of the re-processed Marine XI seismic evaluation. Meanwhile, the Company continues to review options to maximise value from its Africa portfolio. We are in discussions with various parties to explore ways to optimise the value of these regional assets to our shareholders whilst we refocus on SE Asia, particularly Vietnam.

The $52.7m earn-out payment associated with SOCO's disposal of its Mongolia interest in 2005 is expected to be substantially recovered during 2016 under the terms set out in the agreement.

The Company remains committed to its long-term strategy of targeting cash returns to shareholders and the Board will decide on the level and appropriate timing of future cash returns in light of the oil price, cash flow generation and expected capital expenditure.

ENQUIRIES:

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