

16 January 2024
Trading and Operations Update

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

Trading and Operations Update January 2024

Pharos Energy plc, an independent energy 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 2023 and outlook guidance for 2024. This is in advance of the Company's Preliminary Results on 27 March 2024. The information contained herein has not been audited and may be subject to further review and amendment.

Jann Brown, Chief Executive Officer, commented:

"Pharos delivered a strong operational performance across the portfolio in 2023 and there is significant operational momentum going into 2024. The Group had success on drilling in both Vietnam, with the CNV well coming in strongly, and in Egypt, with discoveries on the first NBS exploration well and the El Fayum exploration well. On Block 125, parallel discussions with several potential farm-in partners are ongoing and we have joined forces with another operator in the region to enhance our position in the rig market.

"The Company has built solid foundations of sustainable cash generation from a robust and diverse production base, which enabled us to make returns of \$8.4m to shareholders, invest in our assets and reduce our net debt to c.\$6.5m, despite the ongoing payment lags in Egypt. Alongside this solid base, in Block 125 in Vietnam we have an exploration prospect which offers significant upside potential and we are progressing plans to drill as quickly as possible. We continue to execute on our strategy of regular returns to shareholders plus growth, and we look forward to delivering value for all shareholders in 2024 and beyond."

Operational Highlights

- Group working interest 2023 production was 6,508 boepd net (2022: 7,166 boepd net), in line with 2023 guidance:
 - Vietnam 5,127 boepd (2022: 5,418 boepd)
 - Egypt 1,381 bopd (2022: 1,748 bopd)
- In Vietnam:
 - On TGT, Revised Field Development Plan ("RFDP") approved by MOIT on 9 January 2024
 - On CNV, strong performance from first new lateral well, delivered on time and under budget and put on production in 1Q 2023
 - CNV RFDP submitted to partners for approval, with discussions ongoing
 - Initial positive feedback received from PVN and MOIT on five-year extension proposals to the TGT & CNV licences
 - On Blocks 125 & 126, two-year PSC extension granted to 8 November 2025
 - CPR for Block 125 published in July 2023, confirming a range of gross unrisked prospective oil resources of between 1,178 MMstb (1U) and 29,785 MMstb (3U) with a Mean value of 13,328 MMstb
- In Egypt:
 - Three new wells (2 producers and 1 injector) put on production and injection in 2023 in line with expectations
 - On El Fayum, exploration success with the first commitment well in the Abu Roash G and Upper Bahariya formations in July 2023. The well is set up for re-entry and testing in 2024
 - On NBS, first exploration commitment well (NBS-SW1X) declared a commercial discovery in April 2023 and put on production in December 2023, opening up a new area for production and development
 - Second NBS exploration commitment well was drilled in the Abu Roash G formation at a deeper depth and failed to encounter oil-bearing sands. The result of this well does not hinder other mapped prospects in the concession
 - Approval received from EGPC in December 2023 for the grant of a 20 year development lease for NBS-SW1X
 - 3D seismic survey acquired on time and on budget in 2H 2023

16 January 2024
Trading and Operations Update

Financial Highlights

- Group revenue for 2023 was c.\$168m with minimal hedging losses (2022: \$221.6m before hedging loss of \$22.5m)
 - Vietnam c.\$149m
 - Egyptian c.\$19m ¹
- Cash balances as at 31 December 2023 were c.\$32.6m; net debt c.\$6.5m (2022: cash balances \$45.3m; net debt \$28.9m)
- Egypt receivable position as at 31 December 2023 stood at \$37.3m (31 Dec 2022: \$24.2m). The continuing volatility of the macro-economic environment in Egypt and further devaluation of EGP against USD during the year, plus the lack of ability to convert EGP into USD, means that it remains preferable to continue to hold USD denominated receivables, other than where they can be used to fund ongoing expenditures on expiry of the carry from IPR
- The December redetermination process under the RBL completed with a principal repayment of \$12.6m made in December 2023
- Following that repayment, the remaining amount drawn under the RBL stands at \$30.0m

¹ Egyptian revenues are given post government take including corporate taxes.

Corporate Highlights

- \$3m share buyback programme substantially completed by year end 2023
- Final dividend for the 2022 financial year of 1p per share, totalling \$5.6m, paid on 12 July 2023
- Net Zero roadmap published on 6 December 2023
- Appointment of Dr Bill Higgs as a new independent Non-Executive Director, as announced separately today
- Appointment of Shore Capital Stockbrokers Limited (Shore Capital) as the Company's joint broker with immediate effect

2024 Outlook

- Group working interest production guidance of 5,200 – 6,500 boepd net:
 - Vietnam 3,900 – 5,000 boepd
 - Egypt 1,300 – 1,500 bopd
- In Vietnam:
 - Planning underway for a two-well TGT drilling programme, expected to commence 2H
 - On Block 125, ongoing discussions with another operator to secure a well drilling slot in connection with their proposed multi-well drilling programme in the region
 - Parallel discussions with several potential farm-in partners for Block 125 in progress
- In Egypt:
 - Continuation of modest and measured approach to capital allocation and drilling in El Fayum and NBS, with an eye on the receivables balance
 - Focus for this year's work programme in El Fayum is low cost recompletions and waterflood
 - Processing and interpretation of c.130km² of 3D seismic data on NBS is underway and expected to be completed in 2H
 - Development drilling in the NBS SW field planned to start in 2H
- Forecast Group cash capex in the year is expected to be c.\$32.2m (c.\$27.3m after Egyptian carry by IPR)
- Continuation of share buyback programme, with a further \$3m committed as announced on 6 December 2023
- Interim dividend in relation to the financial year ending 31 December 2023 of 0.33p per share declared on 6 December 2023, amounting to c.\$1.8m, to be paid out on 24 January 2024. Final dividend, in line with the Company's policy announced in September 2022, to be paid in July 2024, subject to shareholder approval

16 January 2024
Trading and Operations Update

Ed Story

The Company noted with great sadness the death of its founder, Ed Story, in December 2023. Since retiring as CEO in March 2022, Ed had remained active as part of the team dealing with Vietnam and his responsibilities will now pass to Vincent Duignan, the Group Exploration Manager & General Manager South East Asia. Vinny will be supported at Board level by Dr Bill Higgs, whose appointment as Non-Executive Director was announced today.

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. The first development lease on the NBS Concession was awarded in September 2023 and production started in December 2023. 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.

16 January 2024
Trading and Operations Update

GLOSSARY OF TERMS

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

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

Group

Pharos and its direct and indirect subsidiary undertakings

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

km

Kilometre

km²

Square kilometre

m

million

MMstb

million stock tank barrels (of oil/liquids)

MOIT

the Vietnamese Ministry of Industry and Trade

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.