SOCO International plc
("SOCO" or the "Company")

TRADING UPDATE

SOCO, an international oil and gas exploration and production company, announces its trading and operations update. This summarises the Company's current financial and operational status and provides guidance in respect of the financial year ended 31 December 2017 and for 2018. The information contained herein has not been audited and is subject to further review. Final audited results are scheduled for release on 22 March 2018.

Ed Story, President and Chief Executive Officer, commented:

"The new SOCO vision is to build a growth oriented E&P company of scale, generating through-cycle total shareholder returns whilst adhering to the company's historic focus on financial discipline and an annual dividend. In 2017, we stated we would focus on new business activity and, during the year, we reviewed a number of opportunities and continue to do so. As set out in the Company announcement on Monday 8 January 2018, discussions are ongoing with Kuwait Energy plc and the Company. There can be no certainty that any agreement will be reached between the parties and we will keep the market updated of any material developments.

Operationally, we made important advances on a number of fronts in 2017. Notably, in Vietnam, we gained government approval of the Te Giac Trang Full Field Development Plan, completed development infill drilling on time and within budget and installed additional water-handling facilities on the H1 Wellhead Platform under budget. We further expanded our Vietnam portfolio, adding two new offshore blocks in the Phu Khanh Basin.

Following a review of our strategic priorities, the Board has decided fully to impair the costs held on the balance sheet in relation to our non-core African assets, Marine XI and Cabinda North. There has been no change in our assessment of the potential of these assets; however, in the short term they are no longer a core priority for the Company and minimal capital will be spent on them in the near future.

Steady revenues, low operating costs and a disciplined approach to capital allocation have provided the Company with a unique financial stability from which it has delivered a $30.0m capital expenditure programme (Vietnam $26.0m, Africa $4.0m) in 2017, fully funded from existing cash resources, which included the full $42.7m Mongolia payable, which we collected during the year.

In addition, the Company has distributed a $21.0m cash return to shareholders though a £0.05 dividend and has embarked on a rigorous pursuit of portfolio rationalisation and business development opportunities."

2017 HIGHLIGHTS

OPERATIONAL

Vietnam

- Stable production rates were within guidance, averaging 28,506 BOEPD gross and 8,276 BOEPD net to SOCO's working interest during 2017
  - Te Giac Trang ("TGT") production averaged 6,724 BOEPD net
  - Ca Ngu Vang ("CNV") production averaged 1,552 BOEPD net
- TGT Full Field Development Plan was approved in February 2017

- Two infill wells, TGT-30P on the H1-WHP and TGT-29P on the H5-WHP, were executed on time and within budget
- A Production Sharing Contract ("PSC") for Blocks 125 & 126, offshore central Vietnam, was formally signed on 27 October 2017, awarding SOCO a 70% operated interest over the two blocks

Republic of Congo (Brazzaville) and Angola

- Following a strategic review, the assets in Congo (Brazzaville) and Angola have been fully impaired under IFR6
- An exploitation permit ("PEX") has been secured over each of the four prospect areas, which had together comprised the former Marine XI Block

FINANCIAL

- Further strengthened balance sheet, with cash and liquid investments of $137.7m and no debt
- Stable revenues in the region of $156.0m from Vietnam production
- $42.7m collected in March in association with the 2005 sale of Mongolia assets
- Low cash operating costs just under $14/bbl
- Cash capital expenditure in the region of $30.0m
- Net operating cash flow of around $45.0m
- Average realised crude oil price up at $56/bbl, a $2/bbl premium to Brent
- Following a review of its strategic priorities, the Board has fully impaired a sum in the region of $220.0m in relation to its non-core African assets
- $21.0m returned to shareholders via a final dividend of 5 pence per share for 2016 paid in June 2017

CORPORATE

- Work was ongoing throughout the year towards identifying and evaluating value enhancing opportunities
- Jann Brown and Mike Watts join the Board as Executive Directors, following the retirement of Cynthia and Roger Cagle
- Rob Gray appointed as Deputy Chairman

OUTLOOK

- Production guidance for 2018 is set at 8,000 to 9,000 BOEPD. Production levels above 9,000 BOEPD are dependent upon the outcome of the 2018 drilling programme on TGT and CNV.
- Vietnam capital expenditure for 2018 is expected to be $40.0m
- Ongoing focus on sustainable cash flow generation and commitment to strategy of cash returns;
    - The Company is committed to maintaining an annual dividend and will confirm its recommendation with the preliminary results in March.

OPERATIONS

VIETNAM

Production

Both TGT and CNV Fields achieved stable rates throughout 2017. Gross production averaged 28,506 BOEPD gross and 8,276 BOEPD net to SOCO's working interest. TGT Field production averaged 22.300 BOEPD gross and 6,724 BOEPD net to SOCO's working interest. CNV Field production averaged 6,206 BOEPD gross and 1,552 BOEPD net to SOCO's working interest.

Block 16-1 – TGT Field Development

(30.5% working interest; operated by Hoang Long Joint Operating Company ("HLJOC"))

Formal approval of the updated TGT Full Field Development Plan ("FFDP") was received from the Vietnamese Government in February 2017. Drilling operations on the TGT Field resumed in Q1 2017, to drill two additional infill wells. The jack-up drilling rig, PetroVietnam Drilling VI, spudded the TGT-30P well on 8 March 2017, targeting the Miocene and Oligocene reservoir horizons in the crestal part of the H1.1 fault block. TGT-30P came on-line producing approximately 2,500 BOEPD with an as-expected 40% water cut.

On completion of TGT-30P, the rig moved to the H5-WHP in the southern part of the TGT Field to drill the TGT–29P infill well. The well utilised smart completion technology to optimise hydrocarbons recovery. The TGT–29P well was tied into the production system in June 2017, after being completed on time and within budget, and came on-line producing at approximately 1,600 BOEPD.

The third and final drilling operation in the 2017 TGT Development Drilling Programme was the resumption of the TGT-14X step-out appraisal well on the H5 south fault block, initially spudded in 2015. The high angle and long reach of the well added complexity to drilling operations. The well was successfully drilled to the target depth; however, poor hole conditions prevented successful completion of the well. Smaller, non-standard drilling equipment will be required to re-drill the reservoir section of the well and, consequently, completion of drilling was deferred to the next campaign. The results of the TGT-14X were not factored into the production guidance for 2017.

TGT Production Optimisation

Construction and installation of new processing equipment on the H1-WHP has been completed. The start-up of the water handling system on H1-WHP experienced setbacks and delays due to issues resulting from damaged valves and production stabilisation issues. However, the system is now functioning in line with expectations and production guidance has been achieved.

Following installation, the operator identified a sub-optimal performance issue affecting two gas compressors on the FPSO. Evaluation of the technical solutions for and requirement for further investment in the gas compression issues is ongoing and these costs will be included in the 2018 budget and work programme.

Block 9-2 – CNV Field

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

The CNV Field is located in the western part of Block 9-2 offshore Vietnam. Discussions with the Bach Ho owners are ongoing to establish the most effective means of enhancing performance through modifications at the reception terminal. Fishing operations during 1H 2017 on CNV-6PST1 to recover wireline stuck in the completion were unsuccessful. Alternative operations to work over the well are being considered for execution in 2018, alongside a side-track to an existing well to enhance recovery from the field.

Blocks 125 & 126

SOCO signed a Production Sharing Contract ("PSC") for Blocks 125 & 126, offshore central Vietnam, with PetroVietnam and SOVICO Holdings on 27 October 2017. The PSC awards SOCO a 70% operated interest over the two blocks. Blocks 125 & 126 are in moderate to deep water in the Phu Khanh Basin, to the north of the Cuu Long Basin, and have multiple structural and stratigraphic plays observed on the available seismic data. Interpretation of the available data indicates there is good potential for source, expulsion and migration of oil with numerous reservoir and seal intervals likely. Initial activities will include reprocessing and interpretation of seismic data, with a view to there being a first exploration well potentially in 2021-2022.

2018 guidance

The 2018 Vietnam work programme includes modification works on the FPSO and drilling of 4 wells on the TGT Field and one well on CNV. Capital expenditure for 2018 is budgeted at $40m. Production guidance for 2018 is set at 8,000 to 9,000 BOEPD. Production levels above 9,000 BOEPD are dependent upon the outcome of the 2018 drilling programme on TGT and CNV.

REPUBLIC OF CONGO (BRAZZAVILLE) & ANGOLA

In 2017, progress was made on our African licences.

- In November 2017, we announced the award of three additional exploitation permits, Lideka, Viodo and Loubana, which were originally part of the Marine XI exploration block in the Republic of Congo (Brazzaville).

- Also in November 2017, Eni were appointed the operator of the Cabinda North Block where we agreed to increase our non-operating working interest in the Production Sharing Agreement from 17% to 22%.

Notwithstanding this progress, following a strategic review we have concluded that these assets are no longer core priorities for the Company.

The Cabinda North Block is dependent upon drilling a high-risk appraisal well down dip from the Dinge discovery well. With respect to the Marine XI block, the economics of the numerous discoveries made on the block are a function of firstly renegotiating the commercial terms for the permits, developing cost effective, economic development plans and also having access to nearby existing production and evacuation facilities. Work on full scale developments and discussions with the owners of those facilities have taken place over the past year, but no satisfactory arrangements could be concluded.

The Company has advanced discussions on investment opportunities in other areas that offer lower risk and greater growth opportunities with the potential for significantly higher rates of return than offered on these assets. Further, non-binding offers have been received for both its positions in West Africa. While there is no certainty that any transaction can be successfully concluded, in the Company's view the capital which could have been allocated to West Africa over the next three years, up to $180m before considering the cost of evacuation facilities, would be better held for investment in other opportunities; or returned to shareholders if those opportunities do not materialize.

Although work will continue, we have no formal plans in place for substantial future activity on these assets. The work will focus on maintaining the licences through continued engagement with the relevant authorities to reach agreement on modified economic terms and on evaluating stand-alone early production schemes. In these circumstances, the accounting rules require us to review their carrying value and we have decided fully to impair the costs held on the balance sheet, in the region of $220m. Further details of the accounting treatment are set out below.

Lidongo, Loubana, Lideka East and Viodo Prospect Areas, offshore Congo (Brazzaville)
(Operated, 40.39% working interest)

The former Marine XI Block area, located offshore Congo (Brazzaville) in the shallow water Lower Congo Basin, exists going forward as four distinct prospect areas following the expiry of the exploration licence in March 2017. Loubana comprises the north west section of the former block, Lideka East comprises the south west, Viodo the centre and south east and Lidongo the north east.

Activity in 2016 and 2017 has focused on the successful securing of a long term exploitation permit ("PEX") over each of the four prospect areas beyond the expiry of the Marine XI licence in March 2017. The PEX over the Lidongo prospect area commenced in October 2016 and has a duration of 20 years. Discussions to improve its commercial terms concluded in Q1 2017. Discussions with the authorities and the Marine XII partners on commercialisation of Lidongo continue. In Q1 2017, SOCO submitted three further PEX applications over the remaining prospect areas, which were adopted in November 2017, pending formal Congolese gazettal. Each of these PEXes has a 25-year duration.

SOCO Exploration and Production SA, the Operator of the former Marine XI Block, holds a 40.39% interest and continues as designated Operator.

Cabinda North Block, onshore Cabinda, Angola
(Non-operated, 22% working interest)

Following discussions amongst the partners and the Angolan authorities to agree a change of operatorship and a reassignment of interests amongst the block partners, SOCO has agreed to increase its non-operating working interest in the Cabinda North Block Production Sharing Agreement from 17% to 22%. ENI assumes the operatorship. The legal documents to complete the changes were formally approved in November 2017. Final details and timing of the formal governmental Executive Decree to enact the change of operator and the reassignment of interests are expected shortly.

FINANCIAL

The Group retains its strong financial position in the current oil price environment. The Group has a robust balance sheet with no debt, low operating cash costs and attractive Vietnam production economics, which underpin the SOCO business model.

Cash balances and liquid resources as of 31 December 2017 were $137.7m, including $42.7m collected in March 2017 in association with the Company's full and final collection of the receivable due following the disposal of its Mongolia assets in 2005 and after returning $21.0m in cash to shareholders through a 5p per share dividend.

Revenues for the year were approx. $156.0m. The average realised oil price per barrel achieved for the same period was approx. $56, representing a premium of approx. $2/bbl to Brent.

The final capital expenditure forecast for 2017 remains at approx. $30.0m, fully funded from existing cash resources. In Vietnam, in the region of $26.0m was included to cover the 2017 TGT Development Drilling Programme, the infrastructure upgrade on our existing assets and the purchase of existing seismic data for the Blocks 125 & 126 new venture. Around $4.0m was included for Africa to cover negotiations on for the Marine XI PEX bonuses.

Impairment of Intangible Assets
Under IFRS 6, the technical accounting rules for Exploration and Evaluation of Mineral Resources, an impairment test is required if facts and circumstances indicate that the asset's carrying amount may exceed its recoverable amount. Such facts and circumstances include situations such as those outlined above where there are neither budgets nor plans for any substantial activity or expenditure on the assets in question. Accordingly, we have tested our African exploration interests for impairment. With the lack of upcoming activity, our ability to realise value from these assets in the near future is limited. Accordingly, the amounts held on the balance sheet at 31 December 2017, approximately $220.0m have been fully impaired.

Dividend
The Company remains committed to maintaining an annual dividend and will confirm its recommendation for the year ending 31 December 2017 with the preliminary results in March.

CORPORATE

Corporate Strategy
The Company's stated objective is to strategically reshape the business and grow the portfolio. Accordingly, corporate efforts in 2017 were focused on identifying and evaluating value enhancing opportunities that optimise exposure to upside, without jeopardising sustainable cash flow. These efforts continue with a number of opportunities under review. One of these, Kuwait Energy, was the subject of the announcement made on 8 January 2018.

Appointment of Executive Directors
Jann Brown and Dr Mike Watts joined the Board on 12 November 2017 as Executive Directors. Jann Brown was also appointed Chief Financial Officer. Mike Watts re-joined the Board having stood down as a Non-Executive Director in January 2017 to co-head Business Development for the Group.

Following announcement of their retirement, Cynthia and Roger Cagle stepped down from the Board as Executive Directors on 12 November 2017 after over 20 years with the Company. Each will continue in employment with the Group until 11 September 2018.

Appointment of Deputy Chairman
In December 2017, the Board announced the appointment of Rob Gray as Deputy Chairman. Rob joined the Board as a Non-Executive Director in 2013. He is the Board's Senior Independent Director and is a member of each of the Board Committees, namely the Nominations Committee, Remuneration Committee, and the Audit & Risk Committee, which he has chaired since January 2017. Rob will continue to serve in these roles alongside his deputy chairmanship.

STRATEGIC OUTLOOK

The new SOCO vision is to build a growth oriented E&P company of scale, generating through-cycle total shareholder returns whilst adhering to the company's historic focus on financial discipline and an annual dividend. In pursuit of this vision the Company continues to focus upon:

1) Maintaining our disciplined approach to capital allocation;
2) Ongoing TGT production optimisation; and
3) Rationalisation and growing the portfolio of assets.

The Company is well positioned for growth and we will use this platform to grow the business and deliver value by maintaining focus on capital discipline, capital allocation and capital return.

ENQUIRIES:

SOCO International plc
Jann Brown, Managing Director and Chief Financial Officer
Mike Watts, Managing Director
Tel: 020 7747 2000

Camarco
Billy Clegg
Georgia Edmonds
Tel: 020 3757 4980

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 exploration, field development and production interests in Vietnam and exploration and appraisal interests in the Republic of Congo (Brazzaville) and Angola.