

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

## **TRADING AND OPERATIONS UPDATE**

SOCO International, an international oil and gas exploration and production company, issues the following trading and operations update in advance of its Half Year Results due to be announced on 20 September 2018.

### **OPERATIONS UPDATE**

#### **VIETNAM PRODUCTION**

Production for H1 2018 from the TGT and CNV fields net to the Group's working interest averaged 7,772 barrels of oil equivalent per day (BOEPD). TGT production for January-June averaged 20,565 BOEPD gross and 6,201 BOEPD net to SOCO. CNV production for January-June averaged 6,287 BOEPD gross and 1,571 BOEPD net to SOCO.

Production from the TGT and CNV fields in Vietnam is currently lower than previous guidance. This is due to the delayed start-up of drilling operations including the late arrival of a rig and equipment delivery delays. A number of options are being reviewed to complete the planned three to four well 2018 drilling programme and therefore minimise the impact on production. Options under consideration include running multiple rigs and revising the order in which wells are drilled.

The operational delays do not impact on the fields' reservoirs or resources and the Company's revised average production guidance is 7,400 - 8,200 BOEPD for the remainder of 2018. SOCO will provide updates on progress once options to optimise the 2018 work programme are confirmed.

#### **VIETNAM DEVELOPMENT**

##### **Block 9-2 - CNV Field**

(25% interest; operated by HVJOC)

The Japan Drilling Company Hakuryu-II jack-up rig arrived at the CNV-WHP to drill the CNV-5P side-track well on 19 June, but operational issues in removing the existing completion string delayed the start-up of side track drilling for 14 days. Once this well is complete, the rig is expected to move to the H5-WHP located in TGT.

##### **Block 16-1 - TGT Field**

(30.5% interest; operated by HLJOC)

A second jack-up rig, the PetroVietnam Drilling PVD-1, is expected to drill from the H1-WHP. The arrival of this rig has been delayed due to extended operations by its current contractor.

SOCO is also continuing to evaluate solutions to the compressor issues encountered on the FPSO and is reviewing a selection of technical alternatives prior to committing to an agreed solution. The final negotiations for the extension to the FPSO Bare Boat Charter have progressed well and are anticipated to be finalised in the next month.

### **AFRICA PORTFOLIO**

**Marine XI Block, offshore Congo (Brazzaville)** (40.39% working interest, SOCO-operated) **and Cabinda North Block, onshore Angola** (Non-operated, 22% working interest).

As announced on 25 June 2018, SOCO sold its interests in Congo (Brazzaville). On 2 July 2018 SOCO announced it had entered into a sale and purchase agreement (SPA) for the sale of the Group's entire 80% shareholding in SOCO Cabinda Limited, the company holding a 22 percent, non-operating, working interest in the production sharing contract for the Cabinda North Block, Angola.

As indicated in the announcement, the original long stop date for satisfaction or, where applicable, waiver of the SPA conditions was 31 July 2018. The parties to the SPA have agreed an extension of this long stop date to 17 August 2018 to allow additional time for receipt of the customary approvals required for completion. A further update will be provided to the market in due course.

### **FINANCIAL UPDATE**

Cash balances as at 30 June 2018 were approximately \$130m with revenues for January-June 2018 in excess of \$93m. The average realised oil price per barrel achieved for the same period was circa \$74/bbl, representing a premium of over \$3/bbl to Brent.

A dividend of 5.25 pence per share for 2017 which amounts to \$23m, was approved at the AGM in June 2018 and paid on the 15 June 2018.

The capital expenditure budget for 2018 is likely to change given the delays in the drilling activity noted above as some expenditure may be deferred into 2019.

### **STRATEGIC UPDATE**

SOCO remains committed to sustainable cash flow generation and to annual returns to shareholders. With its sale of Marine XI, the Company has retained a royalty interest on all future gross liquids production to help underpin and support these objectives.

SOCO's Board continues to pursue new business opportunities in line with its strict strategic, financial and operational criteria.

### **ENQUIRIES:**

#### **SOCO International plc**

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Ed Story, President and Chief Executive Officer

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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.