

30 April 2021

Annual Report & Accounts and Notice of Annual General Meeting

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

Annual Report & Accounts and Notice of Annual General Meeting

The Annual Report & Accounts of the Company for the year ended 31 December 2020, a Shareholder Circular, which includes Notice of the 2021 Annual General Meeting, and a Form of Proxy are now available on the Company's website and can be accessed via www.pharos.energy. Mailing of the above two documents, together with a Form of Proxy, to those shareholders having elected to receive paper copies will commence shortly.

In accordance with LR 9.6.1, copies of the above two documents, together with a Form of Proxy, have also been submitted to the FCA's National Storage Mechanism and will shortly be available for inspection on the National Storage Mechanism's website, <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

This dissemination announcement is based upon the Company's announcement of Preliminary Results for the Year Ended 31 December 2020 made on 7 April 2021 with the addition of information required by Disclosure and Transparency Rule (DTR) 6.3.5R set out below in the Appendix.

Annual General Meeting ('AGM')

The 2021 Annual General Meeting will be held on 8 June 2021 at 11.00 a.m.

The Board has been considering how to deal with the impact of the COVID-19 pandemic on arrangements for the 2021 AGM. Our preference would have been to welcome shareholders in person to our 2021 AGM, particularly given the constraints we faced in 2020 and, following the UK Government's announcement on 22 February 2021, setting out its "roadmap out of lockdown", it appears that from 17 May 2021 legal restrictions on public gatherings under the Health Protection (Coronavirus Restrictions) (Steps) (England) Regulations 2021 ('the Coronavirus Restrictions') will be lifted to a certain extent. However, there will still be a limit on the number of individuals and households permitted to gather indoors and, due to the continued unpredictability caused by the COVID-19 pandemic and the uncertainty relating to the lifting of the Coronavirus Restrictions, we are strongly discouraging shareholders from attending the Annual General Meeting in person. We will ensure that the minimum quorum is met (as detailed below) and shareholders can be represented by the Chair of the meeting, acting as their proxy.

The health and wellbeing of our employees, shareholders and wider community is a priority for Pharos and our AGM arrangements must take this into account. The Board recognises that the AGM is an important event for shareholders in the corporate calendar and is committed to ensuring that shareholders can exercise their right to vote and ask questions in connection with this meeting.

In light of the Coronavirus Restrictions, the AGM arrangements will be as set out below:

- The Company expects only one Director and another Pharos designated shareholder representative to be in attendance at the venue for quorum purposes to conduct the business of the meeting.
- No other Directors will be present in person.
- In line with the Coronavirus Restrictions, shareholders are strongly discouraged from attending the Company's AGM in person and, if they attempt to do so, may be refused entry to the meeting under the Company's Articles of Association.
- There will be no update on trading or other management statements given at the AGM although a trading and operations update will be published on the Company's website around one week before the AGM.
- The Company encourages shareholders to submit questions about the business of the meeting in advance of the meeting by email to info@pharos.energy and in so far as relevant to the business of the meeting questions will be responded to by email and taken into account as appropriate at the meeting itself.
- Voting at the AGM will be carried out by way of a poll so that the votes cast in advance and the votes of all shareholders appointing the Chair of the Meeting as their proxy to vote on their behalf can be taken into account.
- The results of the AGM will be announced as soon as practical after it has taken place.

Shareholders wishing to vote on any of the matters of business at the AGM are therefore strongly encouraged to:

- Submit their votes (as soon as possible) in advance of the meeting through the proxy and electronic voting facilities and to appoint the Chair of the meeting as their proxy for this purpose.
- Submit any questions in connection with the business of the meeting in advance.

30 April 2021

Annual Report & Accounts and Notice of Annual General Meeting

- Look out for any updates in connection with the arrangements for the AGM via RNS and on the Company's website.

Enquiries

Pharos Energy plc
Tony Hunter, Company Secretary

Tel: 0207 603 1515

Camarco
Billy Clegg | Owen Roberts | Monique Perks

Tel: 020 3757 4980

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, which is listed on the London Stock Exchange.

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

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 southwest 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 (NBS) Concession, which is located immediately south of the El Fayum 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 (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.

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

Appendix

Following the release of the Company's Preliminary Results for the Year Ended 31 December 2020 made on 7 April 2021, additional information is set out below in accordance with DTR 6.3.5R.

1) The following is extracted from page 108 of the Company's Annual Report and Accounts 2020 at www.pharos.energy.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that, to the best of each person's knowledge:

- (a) the Financial Statements set out on pages 110 to 144, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with International Financial Reporting Standards as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and loss of the Company and the Group taken as a whole;
- (b) this Directors' Report along with the Strategic Report, including each of the management reports forming part of these reports, includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face and how these are being managed and mitigated as set out in the Risk Management Report on pages 40 to 49; and
- (c) the annual report and the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Group's position, performance, business model and strategy.

Approved by the Board and signed on its behalf.

Jann Brown

Managing Director and Chief Financial Officer

6 April 2021

30 April 2021

Annual Report & Accounts and Notice of Annual General Meeting

2) *The following description of the principal risks and uncertainties is extracted from the Risk Management Report (pages 40 to 49) of the Annual Report and Accounts 2020 at www.pharos.energy.*

PRINCIPAL RISKS AND UNCERTAINTIES

A summary of the key risks affecting Pharos and how these risks are mitigated to enable the Company to achieve its strategic objectives is as follows.

Key to change in likelihood: ↑ Increase ↔ No Change ↓ Decrease N New Risk

STRATEGIC			
Principal risks	Change in likelihood	Causes	Risk Mitigation
<p>1. Further lockdowns dampening oil demand</p> <ul style="list-style-type: none"> ▪ Sub-optimal pricing on commodity sales ▪ Reduced revenue to finance operations 	N	<ul style="list-style-type: none"> • Global vaccine rollouts less effective than expected and new variants spread • COVID-19 infections continue to go up • The virus maintains its pandemic status throughout 2021 • Emergence of other infectious diseases 	<ul style="list-style-type: none"> • Continue to maintain and promote precautionary measures to minimise disruption to business • Procure long lead items as early as possible from reliable suppliers / contractors • Tight cash management and forecasting • Hold back on discretionary spend • Oil price hedging • The bulk of our output sold on the local markets where demand remains strong • Closely follow and comply with all respective legislations on preventing the spread
<p>2. Insufficient funds to meet commitments</p> <ul style="list-style-type: none"> ▪ Inability to invest in line with growth strategy 	↑	<ul style="list-style-type: none"> • Reallocation of capital away from Oil and Gas • Fluctuating oil prices • Depressed economic conditions • Global debt crises emerging • Inadequate cost control • Poor technical data to support allocations • Resourcing limitations 	<ul style="list-style-type: none"> • Regular review of funding options • Proactive dialogue with banks and other providers of capital • Opportunity Screening • Effective project management and resourcing • Farm-out options • Thorough capital allocation process
<p>3. Volatility in Production levels</p> <ul style="list-style-type: none"> ▪ Sub-Optimal well performance 	↑	<ul style="list-style-type: none"> • Inadequate waterflood responses • Incorrect well placements • Development wells uncommercial • Poor reservoir models • Lack of financing for drilling programme 	<ul style="list-style-type: none"> • Develop a clear Wells Strategy, focusing on performance improvement, regulatory compliance and increased activity • Increase drilling activity / plan-drill additional injection wells / frac injection zone • Reduce cost of well construction • Increase surveillance and intervention rates

			<ul style="list-style-type: none"> • Perform Target workovers on Producer / injection wells • De-risk best prospects / drill best prospects • Improve Reservoir models • Explore farm-out opportunities
<p>4. Health, Safety, Environmental and Social Risk</p> <ul style="list-style-type: none"> ▪ Reputational ▪ Operational outages leading to lower production 	<p>↑</p>	<ul style="list-style-type: none"> • Business disruption due to workforce affected by COVID-19 • Health and safety and environmental risks of major explosions, leaks or spills • Face O&G high risk operating conditions and HSES risks • Climate change impacts on the sector - Production faces increasing risks from the impacts of climate change from extreme weather, sea level rise and water availability • Security of workforce supply and human rights violations of workers and communities - child labour, terrorism and sabotage, social conflict and unrest • Coastal and marine ecology - impact on corals and marine biodiversity from offshore and coastal operations and tankers (spills) • Gas venting and flaring Natural hazards and risks - well blow outs, localised land subsidence, land/water contamination • Non-alignment of new acquisitions HSES practices with Pharos Corporate standards • Increased disparities and societal risks in health, technology or workforce opportunities 	<ul style="list-style-type: none"> • Implement precautionary measures based on WHO guidance, restrict business travel and facilitate working from home • Better understanding of our risks, implementing a bottom-up approach at managing risk registers and proactive mitigation plan • Improve structural and Asset Integrity through strong operational and maintenance processes which are critical to preserving a safer environment • Comply with all legislative / regulatory frameworks and transitioning to a goal based approach focused on improving safety • Promote a positive health and safety culture where workers are given proper training and incentives to work “safe” with a zero tolerance for non-compliance • Environmental and Social Impact Assessment forward looking assessment of <ul style="list-style-type: none"> ➢ climate impacts and need to adapt to changing climate conditions over the life of the asset ➢ regulatory developments • Enhance emergency preparedness and spill prevention plan <ul style="list-style-type: none"> ➢ Controlled venting ➢ Control and management of pressurised oil and gas from boreholes ➢ Use of low impact extraction chemicals where alternatives exist ➢ Water management - securing of a sustainable water

			<ul style="list-style-type: none"> ➤ supply, recycling and reuse wastewater ➤ Marine management plan - especially for offshore drilling ➤ Carry out scenario exercises to improve preparedness • Put in place an adequate Energy insurance programme for the Group
<p>5. Climate Change Concerns</p> <ul style="list-style-type: none"> ▪ Lack of Capital ▪ Reputational ▪ Increased operating costs ▪ Physical Damage to Assets ▪ Potential pressure on commodity prices ▪ Risk of additional impairment of assets 	↑	<ul style="list-style-type: none"> • Pressure on investors to divest / avoid fossil fuel companies / projects • Inability to find economically viable CO₂ reduction solutions • Potential additional compliance obligations • Global transition to a lower carbon intensity economy • Increased climate regulation and disclosure • Increase in carbon taxes / decarbonisation charges • Eco-consumers are on the march, potentially causing radical / transformational shifts in consumption of fossil fuels • Climate activists pressing prominent institutions and investors to abandon fossil investments - “greening” the financial system • Increased frequency of extreme weather occurrences 	<ul style="list-style-type: none"> • Transparent reporting and participation in Carbon Disclosure Project (CDP) • Embrace the TCFD recommendations, prepare and align Pharos’ growth strategy to tackle climate concerns • Embed Climate change scenarios and Evaluate “strategic fit” of climate change decisions on key business operations / directions • Continuous improvement of GHG emissions management and persuade JOCs to accept CO₂ emissions reduction initiatives • “Making Climate Change risk visible” - factoring in climate hazards when investing in exploration / development projects so that corporate models embed resilience into projects • Embrace the Group’s Climate Change Policy and keep it up-to-date and in line with evolving developments in carbon footprint reduction • Comprehensive insurance cover for Physical Damage • Close monitoring of extreme weather developments so that evacuation or shut-down are activated on time

FINANCIAL*			
Principal risks	Change in likelihood	Causes	Risk Mitigation
<p>6. Commodity Price risk</p> <ul style="list-style-type: none"> ▪ Uncertainty on planning 	↑	<ul style="list-style-type: none"> • On-going oil market volatility • Geo-political factors, including pressure on 	<ul style="list-style-type: none"> • Oil commodity Hedging <ul style="list-style-type: none"> ➤ Comply with RBL requirements

30 April 2021

Annual Report & Accounts and Notice of Annual General Meeting

<ul style="list-style-type: none"> ▪ Inability to fund work programme / dividend 		<p>investors to divest / avoid fossil fuel companies / projects</p> <ul style="list-style-type: none"> • Lower long-term prices tighten the margin of error for investments • Forecasting volatility swings are more complex as it is challenging to gauge what that means for the industry, affected communities and end users but is necessary for the future understanding of oil market dynamics • Negative cash flows & earnings degradation • Market speculation and trading in oil futures • Slower than expected economic and social recovery from the COVID-19 pandemic 	<ul style="list-style-type: none"> ➤ Maintain robust processes around treasury, governance, forecasting, credit and risk • Close monitoring of business activities, financial position cash flows • Control over procurement costs / effective management of supply chains derived from third parties - suppliers, joint venture partners, investors, and contractors • Stress test scenarios and sensitivities via Principal compound risks analysis to ensure a level of robustness to downside price scenarios • Capital discipline with focus on controlling and managing costs • Discretionary spend actively managed
<p>7. Egypt Farm-out</p> <ul style="list-style-type: none"> ▪ Insufficient funds to finance operations ▪ Unable to grow the assets 	<p>N</p>	<ul style="list-style-type: none"> • Prolonged uncertainty in oil price • Long process with a number of execution challenges • Shareholder and EGPC approval required 	<ul style="list-style-type: none"> • Robust investment case for future prospects • Extensive network of interested parties • Egypt currently attractive destination for oil and gas investment

* Note: Financial discipline and Governance was reported as a principal risk of last year but for 2021, this risk has been removed as it is adequately captured in two of the other principal risks in this section: no.2 - Insufficient funds to meet commitments and risk no.12 - sub-optimal capital allocation.

OPERATIONAL			
Principal risks	Change in likelihood	Causes	Risk Mitigation
<p>8. Reserves Risk</p> <ul style="list-style-type: none"> ▪ Future cash flows and value depend on producing our reserves 	<p>↔</p>	<ul style="list-style-type: none"> • Inaccurate reserves estimates • Pharos Energy bears the responsibility of developing these reserve estimates, but subcontracts some of this work out to independent reserve engineers • Earlier impairment triggers due to low 	<ul style="list-style-type: none"> • Improve Reserves Reporting by adhering to three key considerations: consistency, transparency and utility <ul style="list-style-type: none"> ➤ disclose movements in reserves on a country-by-country basis ➤ Subjective judgments are moderated ➤ Material projects disclosed

30 April 2021

Annual Report & Accounts and Notice of Annual General Meeting

		<p>commodity price and / or capital constraints jeopardise planned exploration / development initiatives</p> <ul style="list-style-type: none"> • Inherent uncertainties in the evaluation techniques to estimate the 2P reserves • Increased DD&A costs • Lower than expected well performances and drilling results 	<ul style="list-style-type: none"> • On-going evaluation of projects in existing and potential new areas of interest and pursue development opportunities • Regular reviews of Reserves estimates by independent consultants (Lloyds Registered) • Ensure continuing adherence to industry best practice regarding technical estimates and judgements • Ensuring peer and independent verification of future production profiles and reserve recovery • RBL compliance - Vietnam Reserves are audited independently by reserves consultants approved by lenders
<p>9. Partner Alignment Risk</p> <p>Vietnam</p> <ul style="list-style-type: none"> ▪ Misalignment at JV/JOC level can delay investment ▪ Adverse impact on Production and Cash flow <p>Egypt</p> <ul style="list-style-type: none"> ▪ Technical Misalignment of JV Company ▪ Adverse impact on Production and Cash flow 	↑	<ul style="list-style-type: none"> • Co-venturers divergent views on Drilling and Upgrade programme 2021/22 • FPSO Tie-in Agreement from other Operator • Delay in the Field Development Plans <ul style="list-style-type: none"> • Technical disagreement caused by quality of JV staff, work ethic, low productivity, competency issues • Geological Modeling differences resulting in sub-optimal well locations • Divergent views on waterflooding, and difference in value-drivers. 	<ul style="list-style-type: none"> • Active Participation in JOC management • Direct secondment • Build Senior Management level relationship with local Partners • Continue good relationship with other Foreign Partner • 2021 TGT Work Programme agreed in principle and preliminary preparation of bid packages <ul style="list-style-type: none"> • Support JV training initiatives. • Engage with new JV Exploration Manager. Achieve technical buy-in to ERCE model • Waterflood analogue success education
<p>10. Cyber risk</p> <ul style="list-style-type: none"> ▪ Major cyber security breach may result in loss of key confidential data ▪ Unavailability of key systems 	↑	<ul style="list-style-type: none"> • Sophistication and frequency of cyber attacks increasing • Heavy reliance on and disruption to critical business systems • Infiltration of spam emails corrupting our systems 	<ul style="list-style-type: none"> • Offsite Installation of back-up system and Business Recovery Plan in place • Enhance our Cloud back-up data and solutions • Prevention & detection of cyber threats via a programme of effective continuous monitoring

		<ul style="list-style-type: none"> Critical reliance on remote working 	<ul style="list-style-type: none"> Plan for staged integration (new acquisition) and upgrade of IT systems
<p>11. Human Resource Risk</p> <ul style="list-style-type: none"> Good skilled people are essential to ensure success 	↔	<ul style="list-style-type: none"> Failure to recruit and retain high calibre personnel to deliver on and implement growth strategy Challenges in the Recruitment & integration of additional technical expertise for the new acquisition High costs for recruiting experienced workforce Weakened Corporate culture due to remote working 	<ul style="list-style-type: none"> Remuneration Committee retains independent advisors to test the competitiveness of compensation packages for key employees On-going succession planning Maintain a competitive remuneration mix re bonus, long-term incentive and share option plans Build and use people networks in each country and advertise vacancies in these networks Maintain a programme for staff wellbeing Facilitate and encourage workforce communication

REPUTATION			
Principal risks	Change in likelihood	Causes	Risk Mitigation
<p>12. Sub-optimal capital allocation</p> <ul style="list-style-type: none"> Adverse reaction from current / future stakeholders Investment decisions based on realistic / achievable economic assumptions 	↑	<ul style="list-style-type: none"> Scarcity of capital for investment projects Investment decisions are guided by economic analyses based on key assumptions which may differ significantly in a volatile macroeconomic environment Pressure to invest and produce growth and returns in the short term to maintain dividend payments Relentless focus on better returns Inability to “switch-off” drilling / investment commitments if economic assumptions change rapidly 	<ul style="list-style-type: none"> Carry out robust economic analyses based on opportunities high-grading to support capital allocation Key KPIs such as NPV, IRR and payback used to compare across many project scenarios Rig count investment scenarios are stress-tested against a range of Brent oil price Non-operated ventures - Pharos Energy always seeks to maximize its influence to promote best practice Earns the views of its stakeholders through direct and indirect engagement Maintain a balanced investment portfolio which allows a degree of resilience in adjusting short-term investment commitments

30 April 2021

Annual Report & Accounts and Notice of Annual General Meeting

<p>13. Political and Regional risk</p> <ul style="list-style-type: none"> ▪ Energy sector exposed to a wide range of political developments which may impact adversely on operating costs, compliance and taxation 	<p>↑</p>	<ul style="list-style-type: none"> • Operations in challenging regulatory and political environments • Fiscal regimes can be subject to sudden change • Approval processes can be protracted causing delays • Government reform, political instability, civil unrest 	<ul style="list-style-type: none"> • Canvass support in risk management by using both international and in-country professional advisors • Engage directly with the relevant authorities on a regular basis • Assess country risk profiles, trend analyses and on-the-ground reports by journalists / academics • Thoroughly evaluate the risks of operating in specific areas and assess commercial acceptability • Buy Political risk insurance • All operations are located outside of the EU and USD is the main currency of our business
<p>14. Business Conduct and Bribery</p> <ul style="list-style-type: none"> ▪ Reputational damage and exposure to criminal charges 	<p>↔</p>	<ul style="list-style-type: none"> • Present in countries with below average score on the Transparency International Corruption Index • Lack of transparent procurement and investment policies • Compliance with Criminal Crime Offences (CCO) and UK Bribery Act • Corruption, Human rights issues 	<ul style="list-style-type: none"> • Ensure adequate due diligence prior to on-boarding with a risk based approach, including independent “Red flags” checks • Annual training and compliance certifications by all associated persons • Increase awareness of Pharos Energy’s ABC policies for all employees and associated persons • Gifts and Hospitality declaration • Whistleblowing facility in place • CCO risk assessment and on-going implementation of adequate procedures to prevent facilitation of tax evasion across all operations • Comply with to the principles of the Extractive Industries Transparency Initiative

3) *The following is extracted from Note 35 to the Financial Statements (page 143) of the Annual Report and Accounts 2020 at www.pharos.energy.*

RELATED PARTY TRANSACTIONS

During the year, the Company recorded a net cost of \$0.1m (2019: net cost of \$0.2m) in respect of services rendered between Group companies.

30 April 2021

Annual Report & Accounts and Notice of Annual General Meeting

Remuneration of key management personnel

The remuneration of the Directors of the Company, who are considered to be its key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 87 to 104.

	2020	2019
	\$ million	\$ million
Short-term employee benefits	2.7	4.8
Post-employment benefits	0.3	0.3
Share-based payments	1.8	2.8
	4.8	7.9

Directors' transactions

Pursuant to a lease dated 20 April 1997, Comfort Storyville (a company wholly owned by Mr Ed Story) has leased to the Group, office and storage space in Comfort, Texas, USA. The lease, which was negotiated on an arm's length basis, has a fixed monthly rent of \$1,000.