

24 March 2022

Completion of the farm-out Transaction to IPR

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

Completion of the Farm-Out Transaction and Transfer of Operatorship of Egyptian Assets to IPR

Pharos Energy plc, an independent oil and gas exploration and production company, is pleased to announce that it has been notified of the signature by the Egyptian Minister of Petroleum and Mineral Resources (the "Minister") of the Deeds of Assignment in relation to its Egyptian El Fayum and North Beni Suef Concessions (the "Assets"). The Minister's signature of the Deeds of Assignment, which occurred on 21 March 2022, was the remaining condition to completion of the farm-out and sale of a 55% working interest share and operatorship in each of the Assets to IPR Lake Qarun Petroleum Co ("IPR Lake Qarun"), a wholly owned subsidiary of IPR Energy AG ("IPR") (the "Transaction"). Accordingly formal completion of the Transaction has now taken place.

As set out in the announcement of 15 September 2021, the firm consideration payable to the Group at completion is US\$5 million, US\$2 million of which was received as a deposit on signing of the farm-out agreements relating to the Assets. The Group will also receive, going forward, a disproportionate funding contribution from IPR Lake Qarun of US\$38.425 million net to Pharos (to be adjusted for working capital and interim period adjustments from the effective economic date of 1 July 2020). In addition, the Group will be entitled to contingent consideration depending on the average Brent Price each year from 2022 to the end of 2025, capped at a maximum total payment of US\$20 million. Pharos will continue to receive its retained 45% working interest share of all revenues, both cost oil and profit oil, throughout.

As announced on 13 January 2022, Jann Brown assumed the role of Chief Executive Officer with effect from 23 March 2022, the date of receipt of the signed Deeds of Assignment from the Minister. Jann is now one of two executive directors of Pharos, alongside Chief Financial Officer Sue Rivett. On the same date, Ed Story and Dr Mike Watts resigned as directors of Pharos, with Ed assuming a new role as President of the Group's Vietnam business. The information in this paragraph is provided in accordance with the notification requirements of LR 9.6.11R and LR.9.6.12R of the Listing Rules.

Jann Brown, Chief Executive Officer, commented:

"I am delighted that we have now completed the farm-out transaction with IPR, a key step in reshaping both our portfolio and our financial position, and one which sets Pharos on a path to a new phase of growth in Egypt. IPR's long track record of success in Egypt, the enhanced field economics agreed with the Egyptian General Petroleum Corporation ("EGPC") in January, plus the carry over our remaining 45% interest all combine to put us in the right place to deliver the full potential from these assets. We look forward to working closely with IPR, EGPC and our joint Operating Company (Petrosilah) to grow production, cash flow and the value of our Egyptian Assets.

It is truly an exciting time to take over the reins at Pharos. I look forward to continuing to work with Ed to maximise the value from our assets in Vietnam and would like to take this opportunity to thank Mike for his considerable dedication and contribution to Pharos over many years."

Enquiries

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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, following completion of the farm-out to IPR Energy announced today, Pharos holds a 45% working interest share 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 the contractor parties (being IPR Lake Qarun and Pharos) and the Egyptian General Petroleum Corporation (EGPC). Similarly, following completion of the Transaction, Pharos now holds a 45% working interest share 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' unutilised 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 Capricorn Energy PLC (formerly known as Cairn Energy PLC) and Israel's Ratio Oil Exploration, has eight licences offshore Israel. Each party has an equal working interest and Capricorn Energy is the operator.