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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

THIS ANNOUNCEMENT AMOUNTS TO A FINANCIAL PROMOTION FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") AND HAS BEEN APPROVED BY PRIMARYBID LIMITED WHICH IS AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY (FRN 779021)

21 January 2021

Pharos Energy plc
Retail Offer via PrimaryBid.com

Retail Offer

Pharos Energy plc ("**Pharos**" or the "**Company**"), the premium listed oil and gas exploration and production company, is pleased to announce a retail offer via PrimaryBid of up to 9,937,892 new ordinary shares (the "**Retail Shares**") of 5 pence each in the capital of the Company (the "**Retail Offer**"), representing up to 2.5 per cent. of the Company's existing issued share capital.

As separately announced today, the Company is conducting a non-pre-emptive placing and subscriptions (respectively the "**Placing**" and the "**Subscription**") of, in aggregate, up to 39.8 million new ordinary shares in the capital of the Company at a price of 19.25p per placing share (the "**Placing Price**"). The Subscription comprises the indication from certain directors and existing shareholders of the Company to subscribe for an aggregate amount of new ordinary shares in the capital of the Company equivalent to up to \$2.47 million at the Placing Price, representing up to approximately 2.4 per cent. of the Company's existing issued share capital.

The issue price for the Retail Shares, as well as for the shares in the Subscription, will be equal to the Placing Price.

Reasons for the Retail Offer

While the Placing has been structured as a non-pre-emptive offer so as to minimise cost, time to completion and use of management time at an important and unprecedented time for the Company, the Company values its retail investor base and recognises the importance of pre-emption rights in the UK listed company environment.

After consideration of the various options available to it, the Company believes that the separate Retail Offer, which will give retail investors the opportunity to participate in the Company's equity fundraising alongside the Placing and the Subscription, is in the best interest of shareholders, as well as wider stakeholders in Pharos.

The net proceeds of the Retail Offer will be deployed to support the Company's investment programme in Egypt in order to provide reservoir pressure support and stimulate production.

This will include completion of two water injector wells that have already been drilled, well intervention of two wells and recompletions of 6 wells to add waterflooded zones to production.

Investment of the net proceeds of the Placing and the Subscription will be made in advance of the conclusion of the farm out in Egypt (as announced on 13 January 2021), which is intended to close during H2 2021.

Details of the Retail Offer

Members of the public may participate in the Retail Offer by applying exclusively through the www.PrimaryBid.com platform and the PrimaryBid mobile app available on the Apple App Store and Google Play. PrimaryBid does not charge investors any commission for this service.

The Retail Offer will be open to retail investors in the United Kingdom following release of this announcement. The Retail Offer will close at the same time as the bookbuilding process with respect to the Placing is completed.

Subscriptions under the Retail Offer will be considered by the Company with preference to be given to the Company's existing retail investors, subject to conditions which are available to view on PrimaryBid.com. Aggregate

demand under the Retail Offer will be limited to a maximum of 9,937,892 Retail Shares representing up to 2.5 per cent. of the Company's existing issued share capital .

The Placing Price of 19.25 pence represents a discount of approximately 9.8 per cent. to the closing price on 21 January 2021, the last practicable day prior to the announcement of the Retail Offer.

The Retail Shares, when issued, will be fully paid and will rank *pari passu* in all respects with each other and with the existing ordinary shares of the Company, including, without limitation, the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Applications will be made (i) to the Financial Conduct Authority for admission of the Retail Shares to trading on the premium listing segment of the Official List of the FCA; and (ii) to the London Stock Exchange plc (the "**London Stock Exchange**") for admission of the Retail Shares to trading on its main market for listed securities (together, "**Admission**").

Settlement for the Retail Shares and Admission are expected to take place on or before 8.00 a.m. on 27 January 2021. The Placing is conditional, inter alia, upon the Subscription, but is not conditional upon the Retail Offer. The Retail Offer is conditional upon, the Placing, the Subscription, Admission becoming effective and on the placing agreement entered into by the Company in connection with the Placing not being terminated in accordance with its terms prior to Admission.

It should be noted that a subscription for the Retail Shares and any investment in the Company carries a number of risks. Investors should make their own investigations into the merits of an investment in the Company. Nothing in this Announcement amounts to a recommendation to invest in the Company or amounts to investment, taxation or legal advice. Investors should take independent advice from a person experienced in advising on investment in securities such as the Company's ordinary shares if they are in any doubt.

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This Announcement should be read in its entirety. In particular, the information provided in the "Important Notices" section of this Announcement should be read and understood.

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The distribution of this Announcement and the offering, placing and/or issue of the Retail Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or any of its affiliates, agents, directors, officers or employees that that would permit an offer of the Retail Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Retail Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by the Company to inform themselves about and to observe any such restrictions.

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No prospectus will be made available in connection with the matters contained in this Announcement and no such prospectus is required (in accordance with Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018) to be published. Persons needing advice should consult a qualified independent legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

This communication is not a public offer of securities for sale in the United States. The securities referred to herein have not been and will not be registered under the US Securities Act 1933, as amended (the "Securities Act") or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold directly or indirectly in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or any other jurisdiction of the United States. The securities referred to herein may not be offered and sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Certain statements contained in this Announcement constitute "forward-looking statements" with respect to the financial condition, performance, strategic initiatives, objectives, results of operations and business of the Company. All statements other than statements of historical facts included in this Announcement are, or may be deemed to be, forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "anticipates", "estimates", "projects", "will", "may", "would", "could" or "should", or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of the Company's operations. Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results, performance or achievements to differ materially from those projected or implied in any forward-looking statements. The important factors that could cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the macroeconomic and other impacts of COVID-19, economic and business cycles, the terms and conditions of the Company's financing arrangements, foreign currency rate fluctuations, competition in the Company's principal markets, acquisitions or disposals of businesses or assets and trends in the Company's principal industries. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Announcement may not occur. The forward-looking statements contained in this Announcement speak only as of the date of this Announcement. The Company and its directors each expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law or regulation, the Listing Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules, the rules of the London Stock Exchange or the FCA.

This Announcement does not constitute a recommendation with respect to the Retail Offer. The price of shares and any income expected from them may go down as well as up and participants may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance. The contents of this Announcement are not to be construed as legal, business, financial or tax advice. Each participant or prospective participant should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

Any indication in this Announcement of the price at which ordinary shares have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Company, as appropriate, for the current or future years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Company.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this Announcement. The Retail Shares to be issued or sold pursuant to the Retail Offer will not be admitted to trading on any stock exchange other than the London Stock Exchange.