

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

Annual Report & Accounts and Notice of Meeting

The Company announces that the following documents are available to view and download from the Company's website, www.socointernational.com.

1. The Annual Report and Accounts 2016
2. A Shareholder Circular, which includes a Notice of Annual General Meeting

Paper copies of the above two documents are available on request from the Company Secretary at the Company's registered office at 48 Dover Street, London W1S 4FF, United Kingdom. Paper copies of the above two documents, together with a Form of Proxy, have been mailed to those shareholders having elected to receive paper copies.

In accordance with LR 9.6.1, copies of the above two documents, together with a Form of Proxy, have been submitted to the National Storage Mechanism and will shortly be available for inspection on the National Storage Mechanism's website, <http://www.morningstar.co.uk/uk/NSM>

The Company's Annual General Meeting will be held at The Bulgari Hotel, 171 Knightsbridge, London SW7 1DW on Tuesday 13 June 2017 at 10.00 a.m.

This dissemination announcement is based upon the Company's announcement of Preliminary Results for the Year Ended 31 December 2016 made on 23 March 2017 with the addition of information required by DTR 6.3.5 set out below in the Appendix.

Contact: Carol Fan, SOCO International plc. Tel: 020 7747 2000

Appendix

Following the release of the Company's Preliminary Results for the Year Ended 31 December 2016 made on 23 March 2017 additional information is set out below in accordance with DTR 6.3.5.

1. DIRECTORS' RESPONSIBILITY STATEMENT

The following is extracted from page 49 of the Company's Annual Report and Accounts 2016 at www.socointernational.com.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) the Financial Statements set out on pages 90 to 112, which have been prepared in accordance with applicable United Kingdom law and IFRS as adopted by the European Union, 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

(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 performance, business model and strategy.

By order of the Board
Cynthia Cagle
Company Secretary
22 March 2017

2. PRINCIPAL RISKS AND UNCERTAINTIES

The following description of the principal risks and uncertainties is extracted from the Risk Management Report (pages 26 to 31) of the Annual Report and Accounts 2016 at www.socointernational.com

Key: PR Principal Risks

PR	HEALTH, SAFETY, ENVIRONMENTAL AND SOCIAL RISKS	MITIGATION
	<p>The Group operates in an industry sector with high risk operating conditions and HSES risks. These risks include major equipment and materials failures, which could potentially harm the workforce, the public and/or the environment. Additionally, it operates in regions where there is a greater risk of economic or social instability and where local attitudes to risk differ compared with nations with more established or developed economies. Accordingly, the Group may be exposed to specific risks in relation to social and environmental factors as well as health and safety matters, including security.</p>	<p>SOCO aims to mitigate such risks by implementing the SOCO HSES MS on all SOCO-operated projects. The SOCO HSES MS facilitates best practice international standards, which exceed national requirements in some countries. Further details of how SOCO addresses these risks can be found in the CSR Report on pages 32 to 43.</p>

PR	COMMODITY PRICE RISK	MITIGATION
	<p>Crude oil and gas prices are impacted by a complex supply and demand matrix including global and regional supply, potential supply growth from unconventional sources, the global economy, refining capacity and initiatives to reduce carbon intensity. The rate of development of emerging economies, world population, geopolitical uncertainty, geopolitical developments, producing nation alliances and technical advances, are all factors in this complex supply and demand curve. Additionally, impacts arise from availability and cost of infrastructure, alternative energy sources, regulation, production levels, market speculation regarding future supply and demand, weather conditions and natural or other disasters, and many other significant and evolving underlying factors. Exposure to fluctuations in crude oil prices may lead to reduced cash flows, impairment of assets or assets stranded due to locked in losses in longer term contracts. The sustained lower oil price has significantly impacted the industry as a whole.</p>	<p>The Group does not currently maintain any fixed price, long term marketing contracts. Production is sold on 'spot' or near term contracts, with prices fixed at the time of a transfer of custody or on the basis of an average market price. The Board may give consideration in certain circumstances to the appropriateness of entering into fixed price, long term marketing contracts. Although oil prices may fluctuate widely, it is the Group's policy not to hedge crude oil sales unless hedging is required to mitigate financial risks associated with debt financing of its assets or to meet its commitments. The budget and various sensitivity cases, applying expert analysis and price forecasting, are regularly tested for downside scenarios and provide comfort that SOCO are able to meet its commitments. No price hedging mechanisms were in place during the year. During periods when the Group sees an opportunity to lock in attractive oil prices, it may engage in limited price hedging.</p>
PR	<p>EMPOWERMENT RISK</p> <p>The Group's international portfolio comprises oil and gas ventures in widespread, often remote locations with government and industry partners. The conduct of operations requires the delegation of a degree of decision making to partners, contractors and locally based personnel.</p>	<p>MITIGATION</p> <p>As operator in a project, SOCO can directly influence operations and decision making. Where SOCO is a co-venturer it seeks to maximise its influence through active participation with management, including direct secondments and application of internal control best practice under a procedural framework.</p>
PR	<p>LIQUIDITY AND CREDIT RISK</p> <p>The Group has continued to carry sizable cash balances throughout the year and has a non-current receivable in respect of two accumulating abandonment funds in Vietnam, which limits its exposure to liquidity risk but increases its exposure to credit risk.</p>	<p>MITIGATION</p> <p>To mitigate these risks and protect the Group's financial position, cash balances are generally invested in short term, non-equity instruments or liquidity funds, not generally exceeding three months forward. Investments are generally confined to money market or fixed term deposits in major financial institutions. The Group seeks to minimise credit risk by maintaining balances with creditworthy third parties including major multinational oil companies subject to contractual terms in respect of trade receivables. The credit risk on liquid funds is limited as the Company only selects institutions with high credit ratings assigned by international credit rating agencies and endeavours to spread cash balances and liquid investments to multiple institutions. The level of deposits held by different institutions is regularly reviewed.</p>
PR	<p>CAPITAL RISK MANAGEMENT</p> <p>The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of debt and equity balances.</p>	<p>MITIGATION</p> <p>The Group seeks to maintain a sizable free cash balance to fund its operations and shareholder distribution policy. There is regular reporting to the Board. Farm-out opportunities are considered where deemed appropriate to reduce exposure. There is daily reporting on cash balances and forecasts are regularly prepared to monitor cash requirements. Discretionary expenditures are reviewed for potential deferral and cost reduction programmes are in place. Sensitivity cases are monitored on an ongoing basis as funds are spent and forecasts are updated to determine the amount and timing of any additional financing required. The Group maintains relationships and active dialogue with various financial institutions and may consider</p>

		raising debt or equity finance at the appropriate time
PR	RESERVES RISK	MITIGATION
	<p>As discussed in Note 4b to the Financial Statements, the Group uses standard recognised evaluation techniques to estimate its proven and probable oil and gas reserves. Such techniques have inherent uncertainties in their application. SOCO has projects with booked reserves in the early stages of production, development or non-conventional fracture basement reservoirs. Upward or downward revisions to reserve estimates will be made when new and relevant information becomes available. Such revisions may impact the Group's financial position and results, in particular, in relation to DD&A costs and impairment provisions.</p> <p>Portfolio management through exploration, appraisal or acquisition may fail to yield reserves in commercial quantities sufficient to replace production. Commercial reserves must be technically and economically recoverable and are subject to risks associated with technical success, future commodity price and future capital and operating cost profiles. Changes in these factors may result in reserves being stranded due to premature writedowns, reduced valuations or conversion to liabilities.</p>	<p>Reserve estimates are reviewed regularly by independent consultants. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal and third-party engineers.</p> <p>The Group continues to evaluate projects in existing and potentially new areas of interest. The Group is focused on pursuing business development and growth opportunities deemed appropriate and commercial when applying the most current information on underlying trends and factors under various sensitivities.</p>
PR	STAKEHOLDER AND REPUTATIONAL RISK	MITIGATION
	<p>The Group operates in locations, and in an industry sector, where social and environmental matters may be highly sensitive both on the ground and as perceived globally. This can potentially lead to a reputational risk which may influence various Group stakeholders. The actions of international bodies may harm the objectives of the Company and its regional partners.</p>	<p>Where SOCO is operator, it implements its health, safety, environmental and social responsibility policies to ensure that Company activities conform to international best practice. For joint or non-operated projects, SOCO seeks to maximise its influence to promote best practice. SOCO garners the views of its stakeholders through direct and indirect engagement and by referring to external sources. Further details of how SOCO addresses these risks can be found in the CSR Report on pages 32 to 43.</p>
PR	OPERATIONAL RISK	MITIGATION
	<p>There are inherent risks in conducting exploration, drilling, and construction operations in the upstream industry. The level of risk is potentially impacted by harsh or unexpectedly extreme geological, geographical or weather conditions which may result in an associated impact on resource availability and increased costs.</p>	<p>SOCO seeks to mitigate its operational risks through the application of international best practice, including both in the design and build of its infrastructure and in its operating procedures. Further details of how SOCO addresses these risks can be found in the CSR Report on pages 32 to 43.</p> <p>Mitigation may also be achieved by transferring risk, for example, by entering into partnerships or farm-outs and by maintaining, at a minimum, standard industry best practice insurance. The Board of Directors does not believe that it is practical or prudent to obtain third-party insurance to cover all adverse circumstances it may encounter as a result of its oil and gas activities. However, the Board believes that SOCO's comprehensive property, control of well, casualty, liability and other policy cover conforms to industry best practice. As such, it provides substantial protection against typical industry operational risks. The Board believes it has struck an appropriate balance between exposure and coverage.</p>

PR	STR ATEGIC RISK	MITIGATION
	<p>There is a need to ensure that the Company is well funded to deliver on its capital commitments and business development opportunities whilst achieving its core strategies of Recognising Opportunity, Capturing Potential and Realising Value in order to deliver long term viability for the business.</p>	<p>The Company reviews a three year plan as part of its planning cycle and Going Concern and Viability Statement testing. The actual results to budget and forecasts are reviewed regularly by the Board. The Company also reviews regularly the remaining life of field economics given changes in economic conditions. Potential business development opportunities are assessed utilising the most current analysis for forecasting and sensitivities. The Board discusses strategy at each meeting of the Directors which includes an appropriate allocation between business development activities and shareholder returns.</p>
	<p>The retention and recruitment of high quality personnel is essential for SOCO to deliver on its strategy. The loss of key experience and expertise could result in serious gaps within the Company knowledge base.</p>	<p>The Remuneration Committee retains independent advisors to test the competitiveness of compensation packages for key employees. SOCO operates bonus and long term incentive plans as well as the share option plans to provide incentive. Succession planning is in place for all key areas of the business. Further details of SOCO's remuneration policies and practices can be found in the Directors' Remuneration Report on pages 65 to 81.</p>
	<p>CLIMATE CHANGE RISK</p>	<p>MITIGATION</p>
	<p>Global transition to a lower carbon intensity economy in response to climate change could result in reduced demand and increased operating cost, capital cost, regulation and taxation. Accordingly, it is a factor that impacts many of the Group's principal risks set out herein, including those associated with commodity price, reserves, operations, political, stakeholder and reputational.</p>	<p>This report sets out the manner in which the Group seeks to mitigate each of its principal risks, including those that may be impacted by a global transition to a lower carbon intensity economy. There continues to be a wide range of views regarding future global energy markets, from a relatively benign main scenario, considered most likely, to substantially more severe scenarios that may arise from a sharper transition. In applying the mitigation measures for each of the Group's principal risks, SOCO seeks to monitor and apply the most current and evolving information on trends and factors that may impact on its current projects and as may be applicable to proposed future projects and the strategy for developing the business. Further details on climate change can also be found in the CSR Report on pages 32 to 43.</p>
	<p>POLITICAL AND REGIONAL RISK</p>	<p>MITIGATION</p>
	<p>Many of the Group's projects are in developing countries or countries with emerging free market systems where the regulatory environment may not be as mature as in more developed countries. There may be a high level of risk in relation to compliance with and interpretation of emerging hydrocarbon law, taxation and other regulations. Some of the Group's interests are in regions identified as potentially more susceptible to business interruptions due to the consequences of possible unrest. Additionally, the energy sector is exposed to a wide range of international political developments which could impact the operating and regulatory environment resulting in increased operating costs, compliance and taxation.</p>	<p>SOCO seeks to minimise such risks by using both international and in- country professional advisors and by engaging directly with the relevant authorities where appropriate. The Group assesses the risks of operating in specific areas before beginning operations in order to determine these risks as commercially acceptable. Project reviews are conducted on a risk based basis considering the most relevant project-based factors under various sensitivities. SOCO does not currently carry political risk insurance or associated business interruption insurance coverage to mitigate such risks. However, it periodically assesses the cost and benefit of both and future circumstances may lead the Group to acquire such insurance cover.</p>
	<p>BUSINESS CONDUCT AND BRIBERY RISK</p>	<p>MITIGATION</p>
	<p>SOCO operates both in an industry sector and in certain countries where the promotion of transparent procurement and investment policies is perceived as</p>	<p>The Group seeks to mitigate these risks by ensuring that it has adequate procedures (including vendor due diligence) in place to eliminate bribery and that all</p>

	<p>having a low priority and where customary practice may fall short of the standards expected by the UK Bribery Act.</p>	<p>employees, agents and other associated persons are made fully aware of the Group's policies and procedures with regard to ethical behaviour, business conduct and transparency. The annual training and compliance certifications by all associated persons, refreshes and reinforces SOCO's Code of Business Conduct and Ethics.</p> <p>Running in parallel with the Group's general risk management process, the Audit & Risk Committee has established a detailed bribery risk assessment and mitigation reporting procedure. Bribery risks are monitored throughout the year along with implementation of procedures to mitigate any new risks identified. The Company has arrangements for 'whistleblowing', whereby staff may, in confidence, raise concerns regarding improprieties, which would be addressed with appropriate follow-up action. To facilitate such reporting the Company maintains an Ethics Hotline Service using an independent, confidential telephone service that can be used by staff members and other stakeholders to report a suspected breach of SOCO's Code of Business Conduct and Ethics. Further details on the Company's Anti-Bribery and Corruption programme can be found in the CSR Report on pages 32 to 43.</p>
	<p>FOREIGN CURRENCY RISK</p>	<p>MITIGATION</p>
	<p>Generally, it is the Company's policy to conduct and manage its business in US dollars. Cash balances in Group subsidiaries are primarily held in US dollars, but smaller amounts may be held in GB pounds or local currencies to meet immediate operating or administrative expenses, or to comply with local currency regulations. From time to time the Company may take short term hedging positions to protect the value of any cash balances it holds in non-US dollar currencies. The currency markets have been impacted by the Brexit decision in June 2016. SOCO's free cash flow from operations is USD based and any conversion to fund GBP based costs, is favourably impacted post the Brexit result. However, there could be an unfavourable impact on any funding of potential USD denominated acquisitions through an equity raise on the London Stock Exchange in GBP.</p>	<p>The Group seeks to minimise the impact that debt financing has on its balance sheet by negotiating borrowings in matching currencies. The impact of a 10% movement in foreign exchange rates on the Group's foreign currency denominated net assets as at 31 December 2016 would not have been material (2015: not material) and would not have been material with respect to the Group's profit in 2016 (2015: not material).</p>
	<p>CYBER RISK</p>	<p>MITIGATION</p>
	<p>Cyber security breaches could result in the loss of key confidential data, disrupt critical business systems or cause reputational and/ or financial harm.</p>	<p>SOCO continues to focus its efforts on prevention and detection to these threats and employs a programme of effective continuous monitoring.</p>
	<p>CONTR ACTUAL RISK</p>	<p>MITIGATION</p>
	<p>The Group enters into various contractual arrangements in the ordinary course of its business. Such contracts may rely on provisional information which is subject to further negotiation at a later date. This may give rise to uncertainty of such information.</p>	<p>The Group manages its commitments via the annual budget and regular forecasts, reporting against actuals on a monthly basis. Board delegated authority minimises the exposure to unauthorised commitments</p>

3. Related Party Transactions

The following is extracted from Note 35 to the Financial Statements (page 112) of the Annual Report and Accounts 2016 at www.socointernational.com

During the year, the Company recorded a net credit of \$1.1m (2015: net credit of \$4.5m) in respect of services rendered between Group companies. The Company had a short-term payable of \$1.4m to a Group company outstanding as at 31 December 2016 (2015: \$nil). Transactions between the Company and its subsidiaries have been eliminated on consolidation.

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 65 to 81.

	2016 \$ million	2015 \$ million
Short term employee benefits	4.7	3.5
Post-employment benefits	0.3	0.3
Share-based payments	2.9	1.9
	7.9	5.7

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.

Under the terms of an acquisition approved by shareholders in 1999, the Company and its Investor Group, including Qantic group of companies, of which Mr Rui de Sousa is a 50% beneficial interest holder, jointly participated in certain regions in which the Investor Group utilised its long established industry and government relationships to negotiate and secure commercial rights in oil and gas projects. In the 2004 Annual Report and Accounts the form of participation to be utilised was set out to be through equity shareholdings in which the Investor Group holds a non-controlling interest in special purpose entities created to hold such projects. The shareholding terms were modelled after the SOCO Vietnam arrangement which was negotiated with third parties. The non-controlling holdings by Qantic group of companies in the subsidiary undertakings, which principally affected the profits or net assets of the Group, are shown in Note 18. The Group has entered into a consulting agreement, which is terminable by either party on 30 days' written notice, wherein Qantic Limited, which is part of the Qantic group companies, is entitled to a consulting fee in the amount of \$50,000 per month in respect of such services as are required to review, assess and progress the realisation of oil and gas exploration and production opportunities in certain areas.

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