

19 May 2022  
AGM Trading and Operations Update

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

### **2022 AGM Trading and Operations Update**

Pharos Energy plc, an independent oil and gas exploration and production company, issues the following Trading and Operations update in advance of the Company's AGM today at 0900 BST. The information contained herein has not been audited and may be subject to further review and amendment.

#### **Summary**

- Group working interest production for the four months to end of April 2022 was 8,291 boepd net
  - Egypt production 2,391 bopd
  - Vietnam production 5,900 boepd
- Commencement of the main El Fayum multi-year and multi-well development programme in Egypt
- Drilling two TGT infill development wells in Vietnam H2 2022
- Drilling one CNV well in Vietnam H2 2022
- Final results of 3D seismic processing in Block 125 expected July 2022
- Group revenue for January - April 2022 was \$89m prior to hedging loss of \$11m
- Cash balances as at 30 April 2022 of c.\$42m (YE2021: \$27.1m), net debt of c.\$43m (YE2021: \$57.5m)
- Forecast cash capex for full year of c.\$29m, post carry in Egypt starting 21 March 2022
- 2022 working interest production guidance:
  - 1,350-1,800 bopd in Egypt (equivalent to gross production of 3,000-4,000 bopd)
  - 5,000-6,000 boepd in Vietnam, unchanged from 16 March 2022 Preliminary Results announcement

#### **Jann Brown, Chief Executive Officer, commented:**

"The completion of the farm down of our Concessions in Egypt, announced on 24 March, means that we are now fully funded to move forward with our new partner IPR such that we can in time access the full 2P reserves base. The capex programme and production guidance for Egypt provided for this year reflect the challenges in the local rig markets, while in Vietnam a rig has been secured for the drilling programme due to commence in H2 2022. With our corporate cost base reset, our carried position in Egypt and the fast payback on investments in Vietnam, we are well positioned to deliver strong cash flow and drive value for our stakeholders."

#### **Operations Update**

##### **Egypt**

###### El Fayum Production

The transaction with IPR and transfer of operatorship completed on 21 March 2022. Working interest production has therefore been calculated as 100% through to completion and 45% thereafter. Production from El Fayum from 1 January to 30 April 2022 averaged 3,001 bopd gross and 2,391 bopd net to Pharos. The Group's Egypt production guidance for 2022 is 1,350-1,800 bopd, equivalent to gross production of 3,000-4,000 bopd.

###### El Fayum Development and Operations

Development drilling in El Fayum continues, with three new wells brought online as of 5 May 2022 and a fourth well is currently being drilled. The Company expects that at least one further well will be drilled using this current rig, which would deliver the lower end of the guidance range. Rig availability remains a priority focus this year due to the levels of activity in country and securing a rig for the remainder of the year is a key driver of delivering the top end of guidance. Subject to securing that rig, with several options under consideration, IPR has included a further four wells in the plan for the year. IPR current development plan is focused on drilling high value wells with a steady ramp up in activities. This approach allows the incorporation of new subsurface learnings and optimisation of future well locations and is based on their experience in other operations in Egypt.

Two workover rigs continue to restore production through well repairs and recompletions. Gross oil production from El Fayum has steadily increased from 2,800 bopd in January to 3,300 bopd in April.

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### North Beni Suef (NBS)

Following the completion of the farm-down to IPR, the partners now plan to drill a commitment well in Q4 2022, acquire ~ 110 km<sup>2</sup> of seismic data and request a one year extension to the exploration period from EGPC.

## **Vietnam**

### Vietnam Production

Production from the TGT and CNV fields net to the Group's working interest averaged 5,900 boepd from 1 January to 30 April 2022. The Group's Vietnam production guidance for 2022 remains unchanged from the Preliminary Results announcement on 16 March 2022 at 5,000-6,000 boepd.

In the period, production from TGT averaged 15,229 boepd gross and 4,518 boepd net to Pharos. CNV production averaged 5,527 boepd gross and 1,382 boepd net to Pharos.

### Vietnam Development and Operations

On Block 16-1 – TGT Field, two additional development wells are planned to be drilled in H2 2022.

On Block 9-2 – CNV Field, one well is planned to be drilled in H2 2022. The revised field development plan, including the additional well, has been approved by the Vietnam Ministry of Industry and Trade on 19 April 2022.

A Letter of Award has been signed with Velesto for the Naga 3 drilling rig for two wells, with an option for a third well.

### Vietnam Exploration

On Block 125, final 3D seismic processed results are expected in July 2022. Following this, the Group will proceed to seismic mapping to identify prospects and expects to seek a funding partner on Blocks 125 & 126 PSC before drilling.

## **Financial Update**

### **Cash/net debt**

The Company entered the year with cash of \$27.1m and net debt of \$57.5m. Cash balances as at 30 April 2022 were c.\$42m with net debt of c.\$43m.

### **Revenues and hedging**

Group revenues for the four months to 30 April were approx. \$89m prior to a \$11m loss from hedging. The revenue is inclusive of an additional \$7m from Egypt as a result of the Third Amendment to the El Fayum Concession Agreement, as announced in our Preliminary Results on 16 March 2022. The average realised oil price per barrel achieved for the same period from Vietnam was approx. \$106/bbl, representing a premium of over just \$3/bbl to Brent, and from Egypt was approx. \$95/bbl, representing a discount of just over \$6/bbl to Brent.

In the first four months of 2022, 44% of the Group's production was hedged, securing a minimum price for this hedged volume of \$66.9/bbl and, for the remainder of 2022, 28% of the Group's forecast production is hedged, securing a minimum price for this hedged volume of \$68.7/bbl. The RBL requires the Company to hedge at least 35% of Vietnam RBL production. We are pleased to report that the H2 2022 premium for TGT crude in Vietnam has been agreed at \$5.65/bbl.

### **Cash capital expenditure**

The cash capital expenditure for 2022 is planned to be c.\$29m post carry in Egypt, of which \$24.0m is allocated to the 3 well drilling campaign in Vietnam to begin in Q3 2022 and our exploration programme on Blocks 125 & 126 also in Vietnam, and c.\$5m capital expenditure is for Egypt's 3 well programme in Q1 2022.

## **Corporate**

### **Annual General Meeting**

As announced on 22 April 2022, due to the continued unpredictability and potential health risks from public gatherings because of the COVID-19 pandemic, shareholders wishing to attend the AGM physically were asked to register their intention to attend by email to [info@pharos.energy](mailto:info@pharos.energy) in advance to allow the Company, if practical, to make appropriate arrangements. As at the close of business on the day preceding this announcement, no individual had registered their intention to attend the AGM. The Company is hopeful that physical meetings can be resumed from next year.

### **Directorate change**

As announced on 13 January 2022, Deputy Chair, Senior Independent Director and Non-Executive Director Rob Gray will be stepping down from the Board at the AGM after nearly 9 years of service. Geoffrey Green, currently a Non-Executive Director, has agreed to assume the Senior Independent Director role with effect from the conclusion of the AGM, subject to shareholders passing the resolution for his re-election as a Director.

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### July Trading & Operations Update

The Company will be issuing a Trading & Operations update on 20 July 2022, ahead of the Company's Interim Results announcement in September.

### 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, Pharos holds a 45% working interest share in the El Fayum Concession in the Western Desert, with IPR Lake Qarun, part of the international integrated energy business IPR Energy Group, holding the remaining 55% working interest. The El Fayum Concession produces oil from 10 fields and is located 80 km southwest of Cairo. It is operated by Petrosilah, a 50/50 joint stock company between the contractor parties (being IPR Lake Qarun and Pharos) and the Egyptian General Petroleum Corporation (EGPC). Pharos also holds a 45% working interest share in the North Beni Suef (NBS) Concession in Egypt, which is located immediately south of the El Fayum Concession. IPR Lake Qarun operates and holds the remaining 55% working interest in the NBS 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 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.