

1 June 2021

AGM Trading and Operations Update

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

### **2021 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 on 8 June 2021. The information contained herein has not been audited and may be subject to further review and amendment.

#### **Ed Story, President and Chief Executive Officer, commented:**

"As a group, we are well positioned to allocate capital this year to drive cash flow and future value.

In Vietnam, we will start the next phase of our TGT development plan when we commence infill well drilling in Q3 2021. In Egypt, good progress has been made to find the right partner to support the funding of the development plan for the discovered resource in El Fayum. In addition, modest capital is being allocated to the organic growth potential of some of our exploration assets. In Egypt, the Batran exploration well is currently operating and in Vietnam, our 3D seismic programme in the north-western part of Block 125 is planned for H2 2021.

I would like to take this opportunity to thank all stakeholders for their continued support. The key investments in oil-field developments will deliver free cash flow and significant production growth."

#### **Summary**

- Group working interest production for the four months to April 2021 was 9,360 boepd net
  - Egypt production 4,010 bopd
  - Vietnam production 5,350 boepd
- Vietnam TGT infill well drilling campaign due to start Q3 2021
- Group revenue for January - April 2021 was c.\$40m after net hedging loss of \$9m
- Cash balances as at 30 April 2021 of c.\$31m, net debt of c.\$25m
- Forecast cash capex for full year of c.\$32m
- 2021 working interest production guidance unchanged from 7 April 2021
  - Egypt is 4,000-4,400 bopd, prior to any investment from a farm in partner
  - Vietnam is 5,200-6,200 boepd

#### **Operations Update**

##### **Egypt**

##### El Fayum

Production from El Fayum averaged 4,010 bopd from 1 January to 30 April 2021. The Group's Egypt production guidance for 2021 remains unchanged at 4,000-4,400 bopd, prior to any investment from a farm in partner. Phase 1B of the waterflood programme is underway. Good progress is being made on farm out negotiations and an announcement of the details will be made as soon as possible.

The Batran commitment exploration well, which is targeting 15 mmbbls in place in a prospect near to the Tera field, is currently operating close to planned TD. The well has encountered oil shows whilst drilling in the target Abu Roash A, D and E reservoirs and is expected to reach TD shortly when confirmatory wireline logs will be run. A separate statement on the well result will be released in due course.

##### **Vietnam**

##### TGT and CNV

Production from the TGT and CNV fields net to the Group's working interest averaged 5,350 boepd from 1 January to 30 April 2021. The Group's Vietnam production guidance for 2021 remains unchanged at 5,200-6,200 boepd.

In the period, production from TGT averaged 13,000 boepd gross and 3,877 boepd net to Pharos. CNV production averaged 5,894 boepd gross and 1,473 boepd net to Pharos.

1 June 2021  
AGM Trading and Operations Update

### Vietnam Development and Operations

On Block 16-1 - TGT Field, preparations are ongoing to start the first of four development wells in Q3 2021. On Block 9-2 – CNV Field, routine well intervention work, comprising acidising of plugged perforations in two existing producing wells, is ongoing to improve well performance.

### Blocks 125 & 126

A 3D seismic survey, over certain high graded leads in the north-western part of Block 125, is planned to be acquired this summer. Processed results will be expected in H2 2022. Blocks 125 & 126 are in the unexplored Phu Khanh Basin, which is considered to have high potential as it is geologically analogous to many of the existing hydrocarbon producing basins of southeast Asia.

## **Financial Update**

### **Cash/net debt**

The Company entered the year with cash of \$24.6m and net debt of \$32.6m. Cash balances as at 30 April 2020 were c.\$31m with net debt of c.\$25m.

### **Hedging and revenues**

In the first four months of 2021, 69% percent of the Group’s production was hedged at \$43.4/bbl and, for the remainder of 2021, 49% of the Group’s forecast production is hedged at \$52.7/bbl. Group revenues for the four months to 30 April were approx \$40m after a \$9m loss from hedging. The average realised oil price per barrel achieved for the same period from Vietnam was approx \$64/bbl, representing a premium of nearly \$2/bbl to Brent, and from Egypt was approx. \$57/bbl, representing a discount of just over \$4/bbl to Brent.

### **Capital expenditure**

As announced in our preliminary results on 7 April 2021, cash capital expenditure for 2021 is planned to be c.\$32m, of which \$17m is allocated to the four well drilling campaign in Vietnam to begin in Q3 2021 and \$8m is allocated to our programmes in Egypt, including the waterflood. Capital is also expected to be allocated to our 3D seismic programme on Blocks 125 & 126 in Vietnam, due to commence in H2 2021. Our capex forecast will be updated to reflect this in due course.

### **Cost base**

The Company remains focused on reducing costs and the Executive Directors have volunteered a reduction of 50% of their remuneration from 1 April 2021. A head office reorganisation and reduction in headcount will be completed by the end of 2021 with cost savings in excess of \$1.5m per annum targeted, effective from 2022.

## **Corporate**

### **Annual General Meeting**

As announced on 30 April, as a result of the requirements of the UK Government with regard to social distancing, and in order to protect the health and safety of our shareholders and employees, the Board has decided that the AGM on 8 June 2021 will be convened with 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. In line with the UK Government Stay at Home Measures, shareholders will not be permitted to attend the Company’s AGM in person and, if they attempt to do so, will regrettably be refused entry to the meeting under the Company’s Articles of Association.

### **Board Changes**

As previously announced in April, the appointment of Sue Rivett to the Board as Chief Financial Officer (“CFO”) becomes effective 1 July 2021. Jann Brown, who is currently Managing Director (“MD”) and CFO, will remain as MD, focused on delivering the next phase of the Group’s strategic plan.

### **Enquiries**

#### **Pharos Energy plc**

Ed Story, President and Chief Executive Officer  
Jann Brown, Managing Director and Chief Financial Officer  
Mike Watts, Managing Director  
Sharan Dhami, Group Head of Investor Relations

Tel: 020 7747 2000

#### **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

1 June 2021

AGM Trading and Operations Update

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.