OPHIR ENERGY PLC

Preliminary Results for the year ended 31 December 2013

London, 20 March 2014: Ophir Energy Plc ("Ophir", the "Company" or the "Group") announces its preliminary results for the year ended 31 December 2013.

Full Year Results Highlights:

- Announced the divestment of a 20% interest in Blocks 1, 3 and 4 Tanzania to Pavilion Energy for US$1.288 billion. This transaction is now unconditional with all conditions precedent satisfied and is due to complete imminently
- Added 254mmboe of net contingent resources with a 3 year average finding cost of US$0.90/boe
- Net loss after tax for the year of US$245.8 million (2012: US$40.7 million) reflecting asset impairments on Block 7, Tanzania and AGC and exploration write-offs in Ghana, Madagascar, Congo and Kenya
- Strengthened the Company's financial position by raising US$837.6 million (gross) via the successful March Placing and Rights Issue. Net cash and short-term investments at 31 December 2013 were US$666.7million
- Executed a successful exploration and appraisal programme in Tanzania Blocks 1, 3 and 4 which included two exploration discoveries, Ngisi (Block 4) and Mkizi (Block 1), and three Drill Stem Tests which confirmed good reservoir deliverability and flow rates at the upper end of expected range. Significantly derisked the two train LNG project which is moving into the pre-development planning phase
- Made significant progress on commercialising the Company's Equatorial Guinea gas resources with Floating LNG the preferred development solution
- Agreed a comprehensive farm-out of the Company's Gabonese acreage to OMV
- Extended the rig contract for Deepsea Metro I drillship and secured the Vantage Titanium Explorer drillship under contract to be able to deliver the 2013 and 2014 drilling programmes across both West and East African portfolios
- High-impact 2014 exploration campaign targeting wells across Tanzania, Gabon and Equatorial Guinea

Nick Cooper, CEO of Ophir Energy plc commented

"2013 saw the Company continue its operational progress. In Tanzania we added further resource, derisked the discovered gas volumes with appraisal drilling and flow-tests and then partially monetised our position through the transaction with Pavilion Energy. This progress demonstrates the benefits of our strategy of creating shareholder value through the exploration and appraisal phase of the industry investment cycle and then realising that value at the appropriate time.

We have entered 2014 well financed to deliver the most extensive exploration programme in the Ophir's history; targeting wells in Tanzania, Gabon and Equatorial Guinea. This programme will include several new plays, which, if successful, have significant follow on potential beyond any initial discovery."

A call with management will be held at 0830 GMT following this announcement. Participants can dial in using the following details:

Dial-in number: +44 (0) 1452 555 566
Conference ID: 10783102

ENDS

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Notes to Editors

Ophir Energy (OPHR.LN) is an African focused, upstream oil and gas exploration company which is listed on the London Stock Exchange (FTSE 250). Ophir has an extensive deepwater acreage position in West and East Africa acquired since its foundation in 2004.

The Group's headquarters are located in London (England), with operational offices in Perth (Australia), Dar es Salaam and Mtwara (Tanzania), Malabo (Equatorial Guinea), Libreville (Gabon), Nairobi (Kenya) and Accra (Ghana).

For further information on Ophir, please refer to www.ophir-energy.com

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S JOINT REVIEW

2013 was another year of significant operational and strategic progress for Ophir. The Company enters 2014 with the largest discovered resource base and the strongest financial position in its history, well placed to deliver a potentially transformational exploration programme and capitalise on new opportunities to enhance the portfolio and add value.

Delivering on our clear and focused strategy

Our strategy and business model is straightforward and remains unchanged. Our aim is to create shareholder value through the exploration and appraisal phase of the E&P cycle and then at the appropriate time monetise that value. We demonstrated this during 2013 with the announcement of the sale of 20% of our interest in Blocks 1, 3 and 4 in Tanzania to Pavilion Energy for US$1.288 billion[i]. This transaction was the culmination of several years of hard work, technical achievement and industry leadership. The project saw Ophir enter a then unfashionable play in East Africa and achieve material exploration success to the point where the discovered gas resources are now on the cusp of commercial development. In addition, we executed an extensive farm-out agreement with OMV across our acreage in Gabon[ii], and relinquished acreage in Madagascar, Congo, Ghana and Kenya as we continue to focus investment on areas that can add the highest value for shareholders.

Further drilling success and resource additions in Tanzania

During 2013 Ophir drilled eight exploration and appraisal wells. Six of these were successful, with the two disappointments being the Starfish-1 exploration well offshore Ghana and the Mlinzi Mbali-1 exploration well in Block 7 Tanzania. All appraisal wells in Tanzania either confirmed or increased the discovered gas resources in Blocks 1, 3 and 4. We undertook successful appraisal drilling with our Joint Venture partner BG Group on the Jodari, Mzia and Pweza discoveries which included gas flow tests on all three fields that came in ahead of expectations. These results have de-risked the commerciality of the resource base and are likely to lead to significant cost savings on the upstream development due to a reduction in the number of planned development wells.

We made two new exploration discoveries, Mkizi and Ngisi, which, along with the appraisal results, increased the total discovered resource on Blocks 1, 3 and 4 to 15.7 TCF at year-end. This volume will underpin a minimum two 5-million tonne per annum LNG Train development along with domestic market commitments under the PSCs, and provides encouragement for a potential third LNG Train. We have made good progress on project planning for the LNG development with the preferred site for the onshore processing and liquefaction facilities having been submitted to the Government of Tanzania for approval.

Through the drilling success in Tanzania, Ophir added 254mmboe to the Company's net 2C contingent resources with a three-year average finding cost of US$0.90/boe.

Equatorial Guinea FLNG moving forward

In 2013 Ophir agreed to progress a Floating LNG (FLNG) project on Block R with the Government of Equatorial Guinea. This led to preparations for a three-well exploration and appraisal programme on the block that is planned for mid-2014. In February 2014 we announced an agreement with Petrofac to provide upstream development services[iii] and that we had also received several proposals for the provision of the FLNG vessel and related midstream services. We are confident that 2014 will see continued progress in both the resource base and commercialisation of Block R's substantial gas resources.

2014 represents a potentially transformational year with the drillbit

Interpretation of the substantial number of 3D seismic surveys we acquired across the portfolio in 2012 and early 2013 has allowed us to firm up a high-impact exploration and appraisal drilling programme in 2014 which will see up to 11 wells drilled. Further drilling is planned in Tanzania on Blocks 1, 3 and 4 and we will also drill a well on the Tende prospect on the East Pande licence, which is primarily prospective for gas but could have the potential for liquids.

In West Africa, a multi-well campaign has commenced offshore Gabon. Although the first well on the pre-salt play, Padouck Deep-1, has been commercially unsuccessful, it has reduced a number of play risks providing encouragement for further exploration. This will be followed by the Affanga Deep-1 well on an extension to the Ogooué Delta play and then another pre-salt test, Okala-1. Having made progress on the development of our discovered resource base in Equatorial Guinea, we plan three more wells in 2014 to add further resource, to appraise the existing discoveries and to test the deeper liquids play on Block R.

In 2013 we secured access to two drilling rigs under long-term contract with options to extend; these being the Deepsea Metro I drillship for our programmes in Tanzania and potentially Kenya and the Vantage Titanium Explorer for our programmes in Gabon and Equatorial Guinea. If successful, Ophir has additional slots under option on both rigs to accelerate appraisal and further exploration.

Ophir continued to broaden its exploration portfolio in 2013 with new Blocks provisionally awarded in Gabon, subject to the successful negotiation of PSCs, which cover the emerging deepwater play outboard of our existing acreage and more recently in February 2014 with entry into acreage offshore the Seychelles in the Indian Ocean[iv].

Capital management

In March 2013 Ophir raised US$837.6 million through a Placing and Rights Issue and ended the year with net cash balances of US$666.7 million. This excludes the proceeds from the sale of a 20% interest in Blocks 1, 3 and 4 to Pavilion Energy[i].

A key element of our strategy is to maintain a strong balance sheet and Ophir is well funded both to meet its 2014 commitments and to capture new opportunities to create shareholder value.

Commitment to Health, Safety and the Environment

A resounding commitment to Health, Safety and the Environment remains at the core of our business and it is pleasing to report that in 2013 we had only one minor Lost Time Injury. Ophir continues to support sustainable CSR programmes in the countries we operate, and we value highly our reputation as an integral, positive part of the communities that host our personnel and operations.

Strengthening the team

During 2013 we added significant further expertise throughout the Company, particularly at an operational and technical level. We also strengthened the Board at an executive and non-executive level, with four new members. Jonathan Taylor, a co-founder of the Company, stepped down from his executive and Board roles. Jonathan has played a pivotal part in the first chapter of Ophir's growth and the Board thanks him for his invaluable efforts over the past eight years.

Disappointing share price performance

Whilst 2013 was a year of considerable achievement for the company, it was not without its disappointments, including the unsuccessful Starfish-1 and Mlinzi Mbali-1 wells. On Block 1 in Tanzania we were unable to reach agreement with the operator BG Group to drill the high impact 1C prospect after seismic interpretation failed to de-risk its potential. We delivered two material commercial transactions (Pavilion Energy and OMV deals) but we were not able to farm-down our interest in Block 7 ahead of drilling. Drilling in Gabon was also delayed as we were unable to secure a drilling unit as early as expected and the first well in 2014, Padouck Deep-1, has been unsuccessful.

Although we believe our accomplishments during the year significantly outweighed these disappointments, the sector, especially exploration-focused stocks, are currently out of favour with investors. Ophir was not alone amongst our peers in suffering a year of negative market returns and we are clearly disappointed with our share price performance. The Board and management remain focused on operational delivery and executing our business model which we believe will ultimately reward shareholders over the long-term.

In summary, 2013 was an extremely active period for Ophir both operationally and commercially, with record net discovered resources, continued success with the drillbit and the partial sale of our interests in Tanzania underpinning the shareholder value created since our formation in 2005. While the progress we have made in growing the net asset value of the firm has clearly not been reflected in the performance of the share price, we thank shareholders for their patience and their ongoing support and our staff for their hard work and dedication during the year. The Board looks forward to 2014 with enthusiasm and anticipation as we embark on one of the most extensive and dramatic drilling programmes undertaken by a European E&P company in recent times.

Mr Nicholas Smith
Chairman

Dr Nick Cooper
Chief Executive Officer

REVIEW OF OPERATIONS

Tanzania

Overview and key highlights

Ophir has interests in five offshore blocks with a gross area of 28,817km^2. The Company has a 40% interest in Blocks 1, 3 and 4[i] operated by BG Group, an 80% operated interest in Block 7 and a 70% operated interest in East Pande. Blocks 1, 3 and 4 contain several large gas discoveries which will be commercialised by a multi-train LNG export development.

Blocks 1, 3 and 4

- Sale of 20% interest to Pavilion Energy for US$1.288 billion announced in November 2013
- Following on from the exploration success in prior years, the BG-Ophir JV drilled six successful exploration and appraisal wells across Blocks 1 and 4, including the Mkizi and Ngisi discoveries, extending the JV's 100% drilling success rate
- Flow tests were completed on the Mzia, Jodari and Pweza discoveries confirming world-class reservoir deliverability, significantly de-risking the commerciality of the discoveries
- Gross recoverable resources (2C) were increased to 15.7 TCF which will underpin a minimum two Train LNG project
- Preferred site selected for the onshore LNG facility with FID on track for 2016 and first gas provisionally expected in 2020
- Further exploration planned on Blocks 1 and 4 during 2014

Block 7 and East Pande

- The first well drilled on Block 7, Mlinzi Mbali-1, although commercially unsuccessful, is providing significant geological information as the first well in the area and the stratigraphically deepest well drilled to date offshore Tanzania. Additional prospectivity on the Block was confirmed by the Upanga 3D survey and will be assessed alongside the Mlinzi Mbali-1 result
- Drilling on the Tende prospect on the East Pande licence is expected in Q3 2014. This is primarily a gas target but has the potential for liquids

Sale of interest in Blocks 1, 3 and 4 to Pavilion Energy, delivering value in line with Company strategy

In November 2013 it was announced that Pavilion Energy had agreed to buy a 20% interest in Blocks 1, 3 and 4 from Ophir for US$1.288 billion, of which US$38 million is payable at the time of FID on the proposed LNG project. All conditions precedent to the transaction have been satisfied (or waived.) The transaction is now unconditional and is expected to close shortly. This deal brings in a strong partner to the JV, and is an endorsement of the quality of the planned LNG project. The sale is in line with Ophir's strategy of monetising exploration success at the appropriate time, to maximise returns for shareholders, while avoiding significant expenditure through the development phase of a project.

Significant further exploration and appraisal success in Block 1

The key operational highlight in 2013 was the successful appraisal of the Jodari and Mzia discoveries in Block 1 utilising the Deepsea Metro I drillship secured under long-term contract by Ophir and BG. A Drill Stem Test (DST) was undertaken on the Jodari-1 well which flowed at an equipment-constrained rate of 70mmcfd, demonstrating excellent reservoir deliverability. This was followed by the Mzia-2 appraisal well drilled 4km to the south east of the original discovery well and which encountered 62m of net pay in Cretaceous reservoirs. The well-established pressure communication between the Mzia-1 and Mzia-2 gas columns and a DST on the well flowed at 57mmcfd (equipment constrained), which was at the upper end of the expected range. Further appraisal on Mzia continued in October with the Mzia-3 well which proved a deeper gas down to level than in the previous wells.

The Mkizi-1 well was drilled in July 2013 on a prospect situated between Mzia and Jodari. The well encountered 33m of net pay in high quality Tertiary reservoirs with gross recoverable resources estimated at 0.6 TCF.

The Block 1 'hub' area including the previously discovered Chaza field, now has mean discovered recoverable resource estimates of close to 10 TCF.

Activity in Block 4 confirms potential of a second development hub
The Pweza discovery drilled in 2010 was appraised with two wells in Q3 2013. The Pweza-2 well was drilled on the southern flank of the field and confirmed existing resource estimates while the Pweza-3 well was drilled into the main reservoir channel. A DST on Pweza-3 flowed at a constrained rate of 57mmcfd, consistent with the world-class deliverability seen from the Tertiary reservoirs in Block 1.

The Ngisi-1 exploration well was drilled in June 2013 and encountered an excellent quality gas-bearing reservoir. Two planned side-tracks were completed which demonstrated the ability to drill highly deviated wells on the discoveries in Blocks 1, 3 and 4, a factor which is expected to assist in reducing development costs. These side-tracks also appraised the underlying Chewa discovery.

Gross recoverable Block 4 resource estimates now stand at over 5 TCF across the Chewa-Pweza-Ngisi discoveries and a second development hub is now being considered on the Block to maximise the value of the resource position in Block 1.

Additional exploration planned in 2014
The inboard and outboard 3D seismic surveys on Block 1 were fully interpreted during 2013 and helped refine the remaining prospect inventory. A number of large Basin floor fan features and amalgamated channel sequences of Tertiary age have been identified in the outboard and although they have not been significantly de-risked with the results from the seismic interpretation, we expect to explore these plays in future years. In addition, a number of inboard prospects on Block 1 have been identified and the Taachui prospect will be drilled in H1 with mean recoverable resource potential in excess of 1 TCF.

The prospectivity of Blocks 3 and 4 continues to be evaluated and the Kamba prospect will be drilled in 2014 on Block 4 with mean recoverable resource potential of c.0.5 TCF. The well will be designed to also test the shallower low-risk Pweza North prospect with mean recoverable resource estimated at c.0.2 TCF.

LNG development planning progressing
The discovered resource base has now comfortably exceeded the threshold for two, 5 million tonnes per annum Trains of LNG from the JV acreage. The appraisal activity on Blocks 1, 3 and 4, including the multiple flow-tests, has not only increased recoverable resource estimates but also substantially de-risked the commercial delivery of volumes for the planned LNG development. The success of the appraisal programme and the flow-tests will lead to material development cost savings, as the number of wells is expected to be reduced against pre-appraisal expectations.

The JV has been working closely with Statoil and Exxon, the partners in neighbouring Block 2, which have made a number of gas discoveries, over the site for a shared LNG facility. A preferred location for the facility has been selected and the Government of Tanzania has been informed of this preference. At this stage it is envisaged that the common facilities at the LNG site will be managed by a single operator while the individual trains will be operated and owned by the separate JVs. The BG-Ophir JV is working towards commencing pre-FEED studies in 2014 with a view to making a FID in 2016. First gas exports are expected in 2020.

Block 7 exploration underway
Interpretation of the Upanga 3D survey acquired in 2012 was completed during the year and confirmed the potential of the Mlinzi channel complex. The first well on the structure, Mlinzi Mbali-1, spudded in November and reached target depth at the end of the year. Although the well did not encounter live hydrocarbons, it has provided valuable

stratigraphic and geochemical information from the deepest well drilled offshore Tanzania to date. The results of the Mlinzi Mbali-1 well will be integrated into the ongoing technical analysis to quantify the remaining prospectivity of the Block.

In the west of Block 7, the 3D survey acquired by Dominion Petroleum in 2012 has been reprocessed and confirmed the presence of the Ngao prospect with a potential resource in excess of 5 TCF. The Ngao prospect will be reviewed in light of the results of the Mlinzi Mbali-1 well.

East Pande drilling to be undertaken in 2014

Interpretation of the Ndizi 3D survey was completed in the first half of the year and confirmed our view of the prospectivity of the acreage, with multiple prospects and plays of Tertiary and Cretaceous age identified. The first prospect to be drilled during 2014 will be Tende-1 in the southern section of the Block, with mean recoverable resource potential of c.2.4 TCFe. The licence area is primarily prospective for gas but regional charge modelling suggests the Block could have the potential for oil generation in the south. In total, we have identified prospects and leads with mean recoverable resource potential of c.18 TCFe across the licence.

East Pande is strategically located inboard and adjacent to Blocks 1, 3 and 4 in relatively shallow water and is likely to be close to gas export pipelines that will supply gas from these blocks into the planned onshore LNG plant.

Equatorial Guinea

Overview and key highlights

Ophir has an 80% operated interest in Block R to the west of Bioko Island in water depths of up to 1,950m.

- Gross 2C recoverable resources now stand at 2.6 TCF with remaining prospective resource estimated at c.7 TCF, of which c.2 TCF is considered low-risk
- FLNG development solution being progressed as preferred option with Letter of Intent (LoI) signed with Petrofac as development operator up to FID and process to select vessel provider nearing completion
- Further drilling planned in 2014 to increase proven gas resources and test the deeper liquids play identified on the Block and will also include a DST on the Fortuna-2 appraisal well

Focus on commercialisation

Having successfully completed a second drilling programme in 2012, which saw gross mean recoverable resources increase to 2.6 TCF, the focus in 2013 has been on finalising and progressing the preferred development solution to commercialise the discovered resource base.

Equatorial Guinea has an established LNG operation with gas from the Alba Field supplying the 3.4 million tonnes per annum plant at Punta Europa (EGLNG 1) on Bioko Island operated by Marathon. We have considered a number of options to monetise our gas resource including supplying the existing LNG train as production from the Alba field declines or building a second LNG train at Punta Europa sharing facilities with the existing plant. However, we are progressing Floating LNG as the preferred development solution. This option is aided by the quality of the gas which needs minimal processing and the benign sea conditions in the Gulf of Guinea.

In February 2014 a non-binding LoI agreement was signed with Petrofac to act as development operator up to FID while a process to select the preferred vessel provider is nearing conclusion. On completion of further drilling this year, Ophir will look to bring in upstream partners to progress the development with FID expected in 2015 and first gas likely in 2018.

Further drilling planned in 2014
We are planning to drill a further three wells on Block R, starting mid-2014 to secure additional low risk gas resource while testing a deeper liquids play on the licence. Silenus East-1 is an exploration well targeting a mean recoverable c.0.4 TCF of gas and will be deepened to target the liquids play, while Tonel North-1 and Fortuna-2 will appraise existing discoveries. A DST will be carried out on Fortuna-2 to demonstrate the deliverability of the reservoir and aid in dynamic reservoir modelling. In total, excluding the potential from liquids, we estimate there is remaining prospective upside of c.7 TCF on the Block, with c.2 TCF on the proven Thrust Belt play.

Gabon

Overview and key highlights
Ophir has a 100%[ii] operated interest in the Gnondo and Manga Blocks together with a 50%[ii] operated interest in the Mbeli and Ntsina Blocks. All four are located offshore in the North Gabon basin in water depths up to 2,500m.

- Completed processing and interpretation of 3D seismic over the pre-salt play in the Mbeli and Ntsina Blocks confirming the prospectivity of the play
- First pre-salt well Padouck Deep-1 completed in March 2014 unsuccessful but further test of the play planned with Okala-1
- The Ogooué Delta play extension to be tested with the Affanga Deep-1 well
- The outboard play, which is analogous to the successful Sergipe-Alagoas Basin in the conjugate margin in Brazil, continues to be evaluated with encouraging results. Additional adjacent Blocks provisionally awarded that are expected to contain further prospects in this play
- Extensive 3D seismic acquisition planned across the outboard play on the existing acreage and newly awarded Blocks
- Farm-out of interests across all four existing Blocks on a promoted basis to OMV[ii]

Targeting the high impact pre-salt play
The pre-salt play is extensive across Ophir's two northern Blocks, Mbeli and Ntsina, and contains potential upside similar to that seen onshore in North Gabon in the same play, across the Atlantic offshore Brazil as well as offshore Angola where there have been several recent discoveries. Total's Diaman-1 well completed in August 2013 in the South Gabon basin was the first deepwater pre-salt test offshore Gabon and confirmed both a working petroleum system and the existence of thick, high quality clastic reservoirs.

Processing and interpretation of the Stenella 3D seismic survey which was acquired in 2012 was completed during 2013, and confirmed the prospectivity of the play. The Vantage Titanium Explorer has been contracted to drill two of the pre-salt prospects as part of a wider West African drilling campaign which commenced in February 2014. The first well targeting the Padouck Deep prospect has completed and whilst not commercially successful, it encountered thick, reservoir quality sands and provided evidence of a woking hydrocarbon system. The second well to test the play will target the Okala prospect with mean recoverable resource potential of 354mmbbl. In total, remaining leads and prospects with mean recoverable resource potential of c.3.0BBbbl have been identified on the pre-salt play across the Mbeli and Ntsina Blocks.

A well is also planned on the Affanga Deep prospect in the Gnondo Block. This will test an extension to the Ogooué Delta play which has been proven on the shelf. Success would de-risk several other adjacent prospects that could form a potential hub-based development around Affanga Deep.

Further progress on the deepwater outboard play, additional acreage added
An outboard deepwater play, analogous to the play in the Sergipe-Alagoas Basin in the conjugate margin offshore Brazil has been identified across all four blocks. Petrobras has had considerable exploration success with this play, including the Barra discovery. The Afo and Pachg Liba 3D seismic surveys which cover part of this play were acquired and

interpreted during 2012 and 2013. However, these surveys were not large enough to fully understand the play system and therefore further 3D seismic will be acquired during 2014 with a view to maturing leads into drillable prospects for 2015 and beyond.

We secured additional acreage in the recent offshore licensing round with the award of a 100% operated interest in Blocks A3, A4, A5 and A6 (subject to the successful negotiation of PSCs). These lie adjacent to and outboard of our existing offshore blocks and are expected to contain an extension to the deepwater play. It is planned that 3D seismic data will be acquired on these new blocks at the same time as the acquisition of seismic on the currently licensed acreage.

Farm-out of acreage to OMV

In December 2013 the Company announced that it had entered into a comprehensive farm-out agreement with OMV covering our existing deepwater blocks offshore Gabon. Under the terms of the agreement OMV has acquired 30% interests in the Manga and Gnondo Blocks and 10% interests in the Mbeli and Ntsina Blocks. Ophir continues to operate all four blocks. In consideration, OMV will pay past costs and will pay a promoted share of the Padouck Deep, Affanga Deep and Okala wells as well as a promoted share of two further wells and a 3D seismic survey across the blocks. Further conditional promotes are payable in the event of success with the Okala well. The farm-in agreements are subject to government approval.

Kenya

Overview and key highlights

Ophir has a 90%[v] operated interest in the offshore Block L9 with a gross area of 3,833km^2 in water depths of up to 1,400m.

- Reviewing 3D seismic data across both blocks with a view to maturing prospects
- Potential for both an inboard carbonate oil play and an outboard clastic gas play

The Mbawa-1 gas discovery in Block L8 drilled by Apache in 2012 opened up the offshore potential of Kenya and industry activity has increased with further wells drilled in 2013 by Anadarko. Ophir acquired the Nala 3D seismic survey over the eastern part of Block L9 in late 2012 and interpretation of that data is ongoing, with several gas leads having been identified in both Paleocene and Cretaceous-aged structures.

Inboard on Block L9 there is the potential for an oil play in Miocene carbonate features. This play trends to the south and has been tested by the Sunbird-1 well recently drilled by BG Group. The results of this well will be integrated into our analysis of the potential of the play.

We have completed our assessment of the 3D survey on Block L15; prospectivity is viewed as limited and Ophir has relinquished its stake.

Offshore Senegal and Guinea Bissau Joint Development Zone (AGC)

Ophir has a 79.2% interest in the Profond Block with a gross area of 9,838km^2 in water depths of up to 3,500m.

Following the unsuccessful Kora-1 well which was the first exploration well on the block drilled in 2011, a 1,000km^2 3D seismic survey was undertaken in the first half of 2013. Interpretation was ongoing at the year-end. At this stage we have identified a number of leads in two main plays, a Maastrichian canyon pinchout play and an Early Cretaceous/Jurassic toe thrust play. While it is expected one or more of these leads will be matured for drilling in the future, it is unlikely that this will take place before the current term of the licence expires in Q3 2014. The Company is looking at the possibility of negotiating a new PSC over the Block.

SADR

Ophir has a 50% interest in assurance agreements covering four blocks, Daora, Haouza, Mahbes and Mijek with a gross area of 74,327km^2 in water depths of 200m to 2,500m.

Ophir continues to monitor regional activity and opportunities to commence operations in SADR.

Somaliland

Ophir holds a 25% non-operated interest in the Berbera blocks (SL9 and SL12) with a gross area of 24,420km^2. The blocks cover both onshore and offshore areas.

During the year we farmed down a 50% stake and operatorship to RakGas in exchange for a carry on a seismic survey to be undertaken in 2014. We will use this data to firm up possible drilling targets.

Ghana

Ophir has a 20% operated interest in the Offshore Accra Contract Area of Ghana. The Offshore Accra Contract Area is situated in the frontier Keta Basin on the West African Transform Margin play which has yielded several major discoveries including Jubilee and Tweneboa further west offshore Ghana.

We entered the block in December 2012 and completed drilling the Starfish-1 well in July 2013 which fulfilled the outstanding PSC commitments. The well was drilled to a total depth of 4,348m and was targeting a Lower Cretaceous-aged prospect analogous to those that have been successful elsewhere on the West African Transform Margin play. Although the well encountered approximately 230m of sandstone in the primary target, this was found to be water wet. The Initial Exploration Period on the licence expires on 23 March 2014 and Ophir has elected not to proceed into the next PSC term.

FINANCIAL REVIEW

Ophir continues to focus on delivering shareholder returns through exposure to high-impact exploration. To achieve this the Company maintains flexibility in its financing strategy which includes the monetisation at the optimum time of resources proved up by drilling success to maximise returns. In addition, the Company will pursue and execute pre-drill farm-outs to minimise capital at risk.

Key achievements

- March 2013 - successful placing of 19.8 million shares raised £91.3 million (US$137.0 million) and a 2-for-5 share rights issue raised a further £462.1 million (US$700.6 million)

- November 2013 - Ophir entered into an agreement to sell to Pavilion Energy a 20% interest in Tanzania Blocks 1, 3 and 4 for a maximum consideration of US$1,288 million[vi]

- December 2013 - Ophir entered into a comprehensive farm-out agreement with OMV covering its deepwater offshore blocks in Gabon. OMV will acquire a 30% non-operated interest in the Manga and Gnondo Blocks and 10% non-operated interest in the Mbeli and Ntsina Blocks. On completion, Ophir's retained stakes will be 70% operated interests in the Manga and Gnondo Blocks and 40% operated interests in the Mbeli and Ntsina Blocks. In consideration OMV will pay past costs and a promoted share of well costs and seismic with further promotes in the event of success[vii]

- The Company continued to hi-grade its asset portfolio and has relinquished positions in Congo, Madagascar and Kenya L15. It has given notice to relinquish its position in Ghana and reduced its equity interest in Somaliland.

Results for the period

The Company recorded a post-tax loss of US$245.8 million for the year ended 31 December 2013 (2012: US$40.7 million). No dividends were paid or declared by the Company during the period.

Exploration expenditure

Pre-licence expenditure for the year ended 31 December 2013 was US$2.4 million (2012: US$4.5 million).

Exploration expenditure written-off for the year ended 31 December 2013 was US$54.0 million (2012: nil). This consisted of unsuccessful exploration activities in Ghana Accra Block of US$14.3 million and licence relinquishments in Congo Marine IX Block of US$3.3 million, Madagascar Marovoay Block 2102 of US$19.0 million, and Kenya L15 Block of US$17.4 million.

Impairment charges totalled US$172.4 million (2012: nil). US$167.3 million relates to Tanzania Block 7 following the drilling of Mlinzi Mbali-1. This well was the first well on Block 7 and targeted a structural crest within a Lower Cretaceous channel complex, with secondary targets in the Upper Cretaceous and the Jurassic. The Cretaceous targets were intersected and are interpreted to be water bearing. Subsequent evaluation of results continues and will provide crucial information that will be integrated into interpretation of the future potential of Block 7 and the wider deepwater basins of Tanzania. A further US$5.1 million relates to the AGC Profond Block. This was as a result of management's assessment that no further expenditure on exploration and evaluation of hydrocarbons in the Block was currently budgeted or planned within the current licence term.

Other operating expenses

Other operating expenses were US$46.4 million (2012: US$1.7m). The increase arose primarily from the US$36.3 million goodwill written off as a result of the impairment relating to Tanzania Block 7.

Finance income
Finance income for the period of US$27.1 million (2012: US$1.6 million) was associated with foreign exchange gains and losses arising primarily on the fluctuation of the Company's functional currency: the US Dollar, against other currencies the Company holds.

General and administration expenses
General and administration expenses of US$32.1 million (2012: US$36.4 million) include personnel costs, share based payment charges, office administration costs, professional and corporate costs (audit, legal, other professional advisors fees). The 12% decrease in general and administration expenses is predominately associated with a reduction in corporate project activity expensed when compared to the prior year. This is despite an increase in the Company's headcount to 119 (2012: 71).

Financing
During the year the Company strengthened its balance sheet with a successful Placing and Rights Issue in March 2013. The placing of 19.8 million shares raised £91.3 million (US$137.0 million) and a 2-for-5 share rights issue raised a further £462.1 million (US$700.6 million).

Exploration and evaluation investing activities
The Company's investment in exploration and appraisal activities have continued during 2013 with expenditure of US$389.1 million (2012: US$415.4 million).

The drilling of eight exploration and appraisal and three DST wells were completed during the year. 85% of exploration and appraisal expenditure was incurred during the year in Tanzania (US$328.0 million). This consisted of US$266.2 million in Blocks 1, 3 and 4 and US$61.8 million in Block 7. Expenditure outside of these areas was US$61.1 million including an amount of US$16.3 million in Block R, Equatorial Guinea.

Liquidity risk and going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman and Chief Executive Offcers Joint Review above**.** The financial position of the Company, consisting of cash resources of US$666.7 million, (including the proceeds from the Placing and Rights Issue completed in March 2013), its cash flows, liquidity position and borrowing facilities are described in the Financial statements .

In making their going concern assessment, the Directors have considered company budgets and cash flow forecasts for a period of at least the next 12 months from the approval of the financial statements. These include the anticipated proceeds from the completion of the disposal of a 20% interest in Blocks 1, 3 and 4 in Tanzania to Pavilion Energy. On 16 December 2013, the Company received shareholder approval to dispose of this interest. All conditions precedent to the transaction have been satisfied (or waived.) The transaction is now unconditional and is expected to close shortly.

The cash flow forecast prepared by management to March 2015 concluded that despite significant expenditure on ongoing and planned drilling programmes across the Company's blocks during 2014, particularly in Tanzania, the Company will have sufficient resources to pay its debts as and when they fall due for at least the next 12 months.

As a consequence of the near completion of the disposal of a 20% interest in Blocks 1, 3 and 4 in Tanzania, the Directors believe that the Company is well placed to meet its exploration and appraisal expenditure commitments for at least the next 12 months and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Events after the reporting period

On 14 November 2013, the Company announced its move to dispose of a 20% interest in Blocks 1, 3 and 4 in Tanzania to Pavilion Energy. On 16 December 2013, the Company received shareholder approval to dispose of this interest. All conditions precedent to the transaction have been satisfied (or waived.) The transaction is now unconditional and is expected to close shortly.

On 4 March 2014, the Company announced that it had entered into an agreement with WHL Energy Ltd ("WHL"), an Australian listed E&P company, to acquire a 75% operated interest in Blocks PEC-5B/1 and PEC-5B/2 located offshore to the south of the Seychelles Islands in the Indian Ocean. In exchange for the acquired interest, the Company will repay back costs to WHL of US$4 million and fund the acquisition of 1,500 km2 of 3D seismic data.

On 19 March 2014 the Company announced that the Padouck Deep-1 well in the Ntsina Block offshore Gabon had completed. Whilst the well encountered thicker than expected, good quality reservoir sands, there were no significant hydrocarbon shows.

Financial strategy and outlook for 2014

Ophir's financial strategy remains to maintain the appropriate financial flexibility to fund high-impact exploration and appraisal activities. The Company's focus is to fund our programme by seeking pre-drill farm-outs to minimise capital at risk and monetisation of success at the optimum time to maximise returns.

The Company intends to use the existing cash resources of US$666.7 million (2012: US$227.7 million) to:

- continue to explore and evaluate the resource potential of the Company's operated acreage position in Tanzania through a deepwater offshore exploration drilling programme in East Pande
- commence a multi-well offshore drilling programme in Gabon
- undertake further pre-development studies as well as exploration of is resource base in Block R, Equatorial Guinea including the deeper potential liquid play
- continue exploration and appraisal wells in Blocks 1, 3 and 4

The Company intends to use the aggregate net proceeds of the sale to Pavilion to continue the Company's strategy of adding significant value across its portfolio, as detailed in the circular dated 18 December 2013, through a combination of:

- acquiring further seismic data across its licences in Gabon targeting the deepwater oil plays
- accelerating appraisal and exploration activities, including drilling and further seismic acquisitions, in the event of drilling success on any of the new plays targeted in Tanzania, Gabon, Equatorial Guinea and Kenya
- progressing Ophir and the BG Group's Tanzanian gas assets towards commercialisation in a competitive timeframe and continuing to explore for additional resource in Blocks 1, 3 and 4
- completing the acquisition of additional assets through ongoing licensing rounds including those already announced in Tanzania and Gabon and by pursuing exploration farm-in opportunities or corporate transactions
- adding to Ophir's portfolio through one or more new country entries that leverage the Group's expertise which includes the acquisition of a 75% operated interest in Blocks PEC-5B/1 and PEC-5B/2 in the Seychelles as announced on 4 March 2014

Following the completion of the sale to Pavilion Energy, the Company is well-placed to execute its planned work programme during 2014.

Consolidated Income Statement and Statement of Comprehensive Income

For The Year Ended 31 December 2013

	Year Ended 31 Dec 2013 $'000	Year Ended 31 Dec 2012 [1] $'000
Consolidated Income Statement		
Continuing Operations		
Revenue	-	-
Other income	12	12
Exploration expenses	(229,103)	(4,521)
General & administration expenses	(32,098)	(36,394)
Other operating expenses	(46,357)	(1,676)
Operating loss	**(307,546)**	**(42,579)**
Finance income	27,079	1,636
Loss from continuing operations before taxation	**(280,467)**	**(40,943)**
Taxation	34,660	228
Loss from continuing operations for the year attributable to:	**(245,807)**	**(40,715)**
Equity holders of the Company	(245,777)	(40,609)
Non-controlling interest	(30)	(106)
	(245,807)	(40,715)
Loss per share (pence) attributable to equity holders of the parent		
Basic and diluted EPS on loss for the year (per share)	**(29) pence[2]**	**(6) pence [3]**
Consolidated Statement of Comprehensive Income		
Loss from continuing operations for the year	**(245,807)**	**(40,715)**
Other comprehensive income		
Other comprehensive income to be classified to profit or loss in subsequent periods:		
Exchange differences on retranslation of foreign operations net of tax	(1,396)	(28)
Other comprehensive income for the year, net of tax	**(1,396)**	**(28)**
Total comprehensive loss for the year, net of tax attributable to:		
Equity holders of the Company	**(247,173)**	**(40,637)**
Non-controlling interest	**(30)**	**(106)**
	(247,203)	**(40,743)**

[1] Restated (refer to note 4)
[2] (45) cents per share
[3] **(10) cents per share**

Consolidated Statement of Financial Position
As at 31 December 2013

	As at 31 Dec 2013 $'000	As at 31 Dec 2012 $'000
Non-current assets		
Exploration and evaluation assets	1,124,423	961,713
Goodwill	20,868	57,165
Property, plant and equipment	3,237	2,447
Financial assets	4,773	10,593
	1,153,301	**1,031,918**
Current assets		
Inventory	25,890	12,811
Trade and other receivables	8,236	9,500
Cash and cash equivalents	506,762	227,743
Investments	159,921	-
	700,809	**250,054**
Total assets	**1,854,110**	**1,281,972**
Current liabilities		
Trade and other payables	(120,787)	(119,416)
Provisions	(35,371)	(833)
	(156,158)	**(120,249)**
Non-current liabilities		
Deferred income tax	(20,806)	(56,996)
Provisions	(237)	(277)
	(21,043)	**(57,273)**
Total liabilities	**(177,201)**	**(177,522)**
Net assets	**1,676,909**	**1,104,450**
Capital and reserves		
Called up share capital	2,466	1,739
Reserves	1,674,719	1,102,957
Equity attributable to equity shareholders of the Company	1,677,185	1,104,696
Non-controlling interest	(276)	(246)
Total equity	**1,676,909**	**1,104,450**

Approved by the Board on 19 March 2014

Nicholas Smith
Chairman

Nick Cooper
Chief Executive Officer

Consolidated Statement of Changes in Equity
For The Year Ended 31 December 2013

	Called up share capital $'000	Other[1] Reserves $'000	Non-Controlling Interest $'000	Total Equity $'000
As at 1 January 2012	**1,448**	**711,612**	**-**	**713,060**
Loss for the period, net of tax	-	(40,609)	(106)	**(40,715)**
Other comprehensive income, net of tax	-	(28)	-	**(28)**
Total comprehensive Income, net of tax	-	(40,637)	(106)	**(40,743)**
New ordinary shares issued to third parties	276	415,722	-	**415,998**
Exercise of options	15	8,480	-	**8,495**
Share issue costs	-	62	-	**62**
Share-based payments	-	7,718	-	**7,718**
Acquisition of subsidiary	-	-	(140)	**(140)**
As at 31 December 2012	**1,739**	**1,102,957**	**(246)**	**1,104,450**
Loss for the period, net of tax	-	(245,777)	(30)	**(245,807)**
Other comprehensive income, net of tax	-	(1,396)	-	**(1,396)**
Total comprehensive income, net of tax	-	(247,173)	(30)	**(247,203)**
New ordinary shares issued to third parties	711	802,517	-	**803,228**
Exercise of options	16	7,324	-	**7,340**
Share-based payments	-	9,094	-	**9,094**
As at 31 December 2013	**2,466**	**1,674,719**	**(276)**	**1,676,909**

[1] Refer to Note 10

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2013

	Year Ended 31 Dec 2013 $'000	Year Ended 31 Dec 2012 $'000
Operating activities		
Loss before taxation	(280,467)	(40,943)
Adjustments to reconcile loss before tax to net cash flows:		
Interest income	(2,410)	(1,009)
Foreign exchange gains	(16,977)	-
Depreciation of property, plant and equipment	1,049	1,037
Impairment of goodwill	36,297	-
Amortisation of deferred costs	-	4
Loss on disposal of assets	11	636
Provision for employee entitlements	(203)	(94)
Allowance for provision	9,000	-
Share-based payments	9,094	7,718
Exploration expenditure - pre license costs	2,351	4,521
Exploration expenditure – written off	54,006	-
Exploration expenditure – provision for impairment	172,360	-
Inventory write off	386	-
Working capital adjustments		
Increase in trade and other payables	393	5,108
(Increase)/decrease in trade and other receivables	(584)	1,468
Increase in other current assets	-	(9,923)
Cash flows from operating activities	**(15,694)**	**(31,477)**
Income taxes paid	-	-
Interest Income	793	1,570
Net cash flows used in operating activities	**(14,901)**	**(29,907)**
Investing activities		
Purchases of property, plant and equipment	(2,016)	(1,010)
Exploration expenditure	(363,207)	(359,436)
Proceeds on disposals of assets	3	8,721
Purchase of inventory	(13,625)	(6,191)
Cash placed on deposit	(159,921)	-
Security deposits refunded	5,820	-
Acquisition of subsidiary	-	(38,682)
Cash acquired on acquisition of subsidiary	-	15,908
Net cash flows used in investing activities	**(532,946)**	**(380,690)**
Financing activities		
Share issue costs	(34,399)	(7,372)
Issue of ordinary shares	844,967	250,385
Net cash flows from financing activities	**810,568**	**243,013**
Increase/(decrease) in cash and cash equivalents for the year	**262,721**	**(167,584)**
Effect of exchange rates on cash and cash equivalents	16,298	(1,258)
Cash and cash equivalents at the beginning of the year	227,743	396,585
Cash and cash equivalents at the end of the year	**506,762**	**227,743**

1 Authorisation of preliminary announcement

Ophir Energy plc (the “Company” and the ultimate parent of the Group) is a public limited company incorporated, domiciled and listed in England and Wales. Its registered offices are located at 50 New Bond Street, London W1S 1BJ.

Ophir Energy’s business is the development of offshore and deepwater oil and gas exploration assets. The Company has an extensive and diverse portfolio of exploration interests across East and West Africa.

The preliminary announcement for the year ended 31 December 2013 were authorised for issue by the Board of Directors on 19 March 2013.

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation

The Group’s financial statements have been prepared in accordance with IFRS as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on a historical cost basis except for revaluation of certain derivative instruments measured at fair value. The consolidated financial statements are presented in US Dollars rounded to the nearest thousand dollars ($’000) except as otherwise indicated.

Comparative figures for the period to 31 December 2012 are for the year ended on that date.

The financial information for the year ended 31 December 2013 and 2012 contained in this document does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the years ended 31 December 2013 and 2012 have been extracted from the consolidated financial statements of the Company for the year ended 31 December 2013 which have been approved by the directors on 19 March 2014 and will be delivered to the Registrar of Companies in due course. The auditor‘s report on those financial statements was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

The accounting policies adopted are consistent with those set out in the 2012 Annual Report and Accounts except for the adoption of new accounting policies listed below and as described in Note 4.

New and Amended Accounting Standards and Interpretations

The Group has adopted the following relevant new and amended IFRS and IFRIC interpretations as of 1 January 2013:

IAS 1 ‘Presentation of Financial Statements’
IAS 19 ‘Employee Benefits’ (Revised)
IFRS 7 ‘Financial Instruments: Disclosures’ — Offsetting Financial Assets and Financial Liabilities (Amendment)
IFRS 13 ‘Fair Value Measurement’

These new and amended standards and interpretations have not materially affected amounts reported or disclosed in the Group’s financial statements for the year ended 31 December 2013.

Standards and Interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards relevant to the Group are not yet effective and have not been early adopted by the Group. The Group expects to adopt these standards in accordance with the effective dates.

IAS 27 ‘Separate Financial Statements’, effective for annual periods beginning on or after 1 January 2014. As a consequence of the new IFRS 10 ‘Consolidated Financial Statements’ and the new IFRS 12 ‘Disclosure of interests in

Other Entities', IAS 27 has been revised with the revisions limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements;

IAS 28 'Investments in Associates and Joint Ventures', effective for the periods beginning on or after 1 January 2014. IAS 28 sets out the requirements for the application of the equity method of accounting for investments in associates and joint ventures;

IAS 32 'Financial Instruments: Presentation', effective for annual periods beginning on or after 1 January 2014, clarifies the requirements for offsetting financial assets and financial liabilities on the balance sheet;

IAS 36 'Impairment of assets', effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal;

IFRS 11 'Joint Arrangements', effective for annual accounting periods beginning on or after 1 January 2014. IFRS 11 replaces IAS 31 'Interests in Joint Ventures' and overhauls the accounting for joint ventures (now called joint arrangements) and in particularly removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation and instead requires JCEs that are classified as a joint venture under IFRS 11 to be accounted for using the equity method;

IFRS 12 'Disclosure of Interests in Other Entities', effective for annual accounting periods beginning on or after 1 January 2014. IFRS 12 requires extensive disclosures enabling users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial statements;

Amendments to IFRS 10, IFRS 11 and IFRS 12. These amendments are effective for annual accounting periods beginning on or after 1 January 2014 and provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period; and

Improvements to IFRSs 2009-2011 cycle, effective for the annual accounting periods beginning on or after 1 January 2014. These amendments are effective for annual periods beginning on or after 1 January 2014. Key relevant amendments are to IAS 1 'Presentation of Financial Statements' which clarifies the disclosure requirements around comparative information, IAS 16 'Property, Plant and Equipment', which clarifies that the major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory and IAS 32 'Financial Instruments: Presentation' which removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

The following standards and interpretations, relevant to the company, have been issued by the IASB, but have not yet been endorsed by the EU for their application to become mandatory:

IFRS 9 'Financial Instruments', effective for annual accounting periods beginning on or after 1 January 2015. IFRS 9 amends the classification and measurement of financial instruments; and

Amendments to IAS 19 and improvements to IFRSs 2010-2012 and 2011-2013 cycles, with an effective date for the annual accounting periods beginning on or after 1 July 2014.

The Group has reviewed the impact to financial reporting for the changes arising from IFRS 10, 11 and 12 and they are not expected to materially affect amounts reported or disclosed in the Group's financial statements. The impact of the adoption of other standards noted above has not been assessed by the Group.

2.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and the entities it controls (its subsidiaries) drawn up to 31 December each year.

Subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising therefrom, are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying amount of any non-controlling interest; (iii) derecognises the cumulative translation differences, recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the

fair value of any investment retained; and (vi) recognises any surplus or deficit in profit and loss; (vii) reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent company and is presented separately within the Consolidated statement of financial position, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

	YEAR ENDED 31 DEC 2013 $'000	YEAR ENDED 31 DEC 2012 $'000
3 Operating loss		
The Group operating loss from continuing operations is stated after charging:		
(a) Exploration expenses		
- Pre licence exploration costs	2,351	4,521
- Inventory write down	386	-
- Exploration expenditure written off	54,006	-
	56,743	4,521
- Provision for impairment	172,360	-
	229,103	4,521
(b) General & administration expenses include:		
- Operating lease payments - minimum lease payments	2,376	2,332
- Share-based compensation charge	9,094	7,718
	11,470	10,050
(c) Other expenses		
- Loss on disposal of assets	11	635
- Depreciation of property, plant & equipment	1,049	1,041
- Impairment of goodwill	36,297	-
- Provision for exiting contract	9,000	-
	46,357	1,676
4 Finance income		
Finance income		
- Interest income on short-term bank deposits	2,410	1,009
- Net foreign currency exchange gains	24,669	627
	27,079	1,636

During the period the Group has reviewed the classification of interest income and has concluded that it is more appropriately classified as finance income. Previously, such income had been classified as revenue. The classification of interest income as finance income is considered by the Group to be consistent with industry standards and facilitates accurate comparison of Group results with industry peers. Prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the previously reported loss from operations before taxation or cash flows.

	YEAR ENDED 31 DEC 2013 $'000	YEAR ENDED 31 DEC 2012 $'000
5 Exploration and evaluation assets		
Cost		
Balance at the beginning of the year	961,713	327,060
Additions (1)	389,076	415,484
Expenditure written off (2)	(54,006)	-
Acquisition of subsidary (3)	-	228,000
Disposals (4)	-	(8,831)
Balance at the end of the year	1,296,783	961,713
Provision for impairment		
Balance at the beginning of the year	-	-
Additional allowance (5)	(172,360)	-
Balance at the end of the year	(172,360)	-
Net book value		
Balance at the beginning of the year	961,713	327,060
Balance at the end of the year	1,124,423	961,713

(1) Additions in the year include exploration activities in: Tanzania – Blocks 1,3 & 4 ($266.2 million), Tanzania – Block 7 ($61.8 million) and Equatorial Guinea – Block R ($16.3 million).
Additions in the prior year include exploration activities in: Tanzania – Blocks 1,3 & 4 ($159.0 million), Equatorial Guinea – Block R ($144.1 million), Kenya – Block L9 ($34.1 million) and Tanzania – East Pande ($23.6 million).

(2) Expenditure written off in the year comprise: Madagascar – Marovoay Block ($19.0 million), Kenya – Block L15 ($17.4 million), Ghana – Accra Block ($14.3 million) and Congo – Marine IX Block ($3.3 million). The Group has relinquished its interest in these assets.

(3) The amount of $228.0 million was recognised on the acquisition of Dominion Petroleum Limited.

(4) Net book value of 46.75% interest in Block V in the Albertine Graben in the Democratic Republic of Congo sold for $8.7 million on 20th July 2012.

(5) Allowance for impairment of $172.4 million comprise:

- Impairment loss of $167.3 million in respect of Tanzania – Block 7. The trigger for the impairment test was the conclusion of the Mlinzi Mbali-1 drilling operations which did not encounter live hydrocarbons and called into question the economic recovery of the block. The cash generating unit ("CGU") applied for the purpose of the impairment assessment is the block and the recoverable amount was based on management's estimate of value in use; and
- Impairmemt loss of $5.1 million in respect of AGC – Profond Block. The trigger for impairment was management's assessment that no further expenditure on exploration and evaluation of hydrocarbons in the Block was budgeted or planned within the current license term. The CGU applied for the purpose of the impairment assessment is the block and the recoverable amount was based on management's estimate of value in use.

The Group generally estimates value in use using a discounted cash flow model. Future cash flows are discounted to their present values using a pre-tax discount rate of 10%. Adjustments to cash flows are made to reflect the risks specific to the CGU.

	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000

6 Goodwill

Balance at the beginning of the year	57,165	-
Acquisition of subsidary	-	57,389
Impairment of goodwill [(1)]	(36,297)	-
Disposal [(2)]	-	(224)
Balance at the end of the year	20,868	57,165

[(1)] A goodwill impairment loss of $36.3 million was recognised in respect of Tanzania – Block 7. The impairment loss was primarily driven by the reduction in the deferred tax liability attributable to the Block, following the current year impairment loss which reduced the Block's carrying value (refer to note 5).

[(2)] Unwinding of goodwill on disposal of interest in Block V in the Albertine Graben in the Democratic Republic of Congo.

The goodwill balance is largely the result of recognising a deferred tax liability on the fair value uplifts of assets acquired through the Dominion acquisition.

Allocation of Goodwill

Goodwill has been allocated to a cash-generating unit (CGU) or groups of CGU's no larger than the reportable segment which are expected to benefit from the related acquisition. A CGU is the smallest identifiable group off assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This is usually considered a single operation or in some cases a number of operations that are in close geographic proximity or share operational efficiencies. The carrying values of goodwill by CGU are as follows:

Tanzania (Block 7)	-	107
Kenya (Block L9)	62	62
	62	169

The following goodwill balances result from the requirement on acquisition to recognise a deferred tax liability, calculated as the difference between the tax effect of the fair value of the acquisition assets and liabilities and their tax bases. For the purposes of testing this goodwill for impairment, any of the related deferred tax liabilities recognised on acquisition that remain at balance date are treated as part of the relevant CGU or group of CGU's.

Tanzania (Block 7)	-	36,190
Kenya (Block L9)	20,806	20,806
Deferred tax liability	20,806	56,996
Balance at the end of the year	20,868	57,165

Impairment test for Goodwill

The Group performs goodwill impairment testing on an annual basis at reporting date. The most recent test was carried out at 31 December 2013. In assessing whether goodwill has been impaired, the carrying amount of the CGU or reportable segment is compared with its recoverable amount. In determining whether goodwill is impaired the Group reviewed the status of projects including recent farm-out transactions and whether the Group's intention is to further develop the Groups various assets.

The Group recognised an impairment expense of $36.3 million (2012: nil) for the year ended 31 December 2013 (refer to note 3(c) and note 5).

	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000
7 Cash and cash equivalents		
Cash	326,764	227,743
Short-term deposits	179,998	-
	506,762	227,743

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates. The fair value of cash and cash equivalents is $506.8 million (2012: $227.7 million).

	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000
8 Investments		
Short term investments	159,921	-

Short-term investments consist of cash deposit accounts that are made for varying periods of between three months and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short term investment rates. The fair value of short term investments is $159.9 million (2012: nil).

	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000
9 Share capital		
a) Authorised		
2,000,000,000 ordinary shares of 0.25p each	7,963	7,963
b) Called up, allotted and fully paid		
400,004,189 ordinary shares in issue at the beginning of the year of 0.25p each (2012: 327,123,901)	1,739	1,448
4,081,558 ordinary shares issued of 0.25p each on exercise of options and warrants during the year (2012: 3,589,833)	16	15
187,875,675 (1) ordinary shares issued of 0.25p each during the year (2012: 69,290,455 (2))	711	276
591,961,422 ordinary shares of 0.25p each (2012: 400,004,189)	2,466	1,739

(1) 19,850,000 ordinary shares issued in relation to the placement announced by the Company on 4 March 2013 and subsequently issued on 5 March 2013. The market value of the Companies shares on these dates were: £4.62 ($6.94) and £5.13 ($7.72) respectively.

168,025,675 ordinary shares issued in relation to the 2 for 5 rights issue announced by the Company on 4 March 2013 and subsequently issued on 26 March 2013. The market value of the Companies shares on these dates were: £4.62 ($6.94) and £4.71 ($7.17) respectively.

(2) 38,790,455 ordinary shares were issued as part of the Dominion acquisition. 30,500,000 ordinary shares were issued at £4.95 each in relation to the placement and capital raising announced by the Company on 28 March 2012.

The balances classified as called up; allotted and fully paid share capital represents the nominal value of the total number of issued shares of the Company of 0.25p each.

Fully paid shares carry one vote per share and carry the right to dividends.

	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000
10 Reserves		
Other reserves	1,674,719	1,102,957
Non-controlling interest (1)	(276)	(246)
	1,674,443	1,102,711

(1) The non-controlling interest relates to Dominion Uganda Ltd, where the Group acquired a 95% shareholding during 2012.

11 Related party disclosures

(a) Identity of related parties

The Group has related party relationships with its subsidiaries, joint ventures and its Directors and companies associated with its Directors identified in the paragraph (b) below.

Recharges from the Company to subsidiaries in the year were $7,537,080 (2012: $6,217,298). Transactions between the Company and its subsidiaries have been eliminated on consolidation.

(b) Other transactions with key management personnel

The Company made payments of $10,311 (2012: $1,168) to Vectis Petroleum Limited, a company associated with Mr John Lander, for the provision of his service as a Non-Executive director.

12 Events after the reporting period

On 14 November 2013, the Company announced its move to dispose of a 20% interest in Blocks 1, 3 and 4 in Tanzania to Pavilion Energy. On 16 December 2013, the Company received shareholder approval to dispose of this interest. All conditions precedent to the transaction have been satisfied (or waived.) The transaction is now unconditional and will close shortly.

On 4 March 2014, the Group announced that it had entered into an agreement with WHL Energy Ltd ("WHL"), an Australian listed E&P company, to acquire a 75% operated interest in Blocks PEC-5B/1 and PEC-5B/2 located offshore to the south of the Seychelles Islands in the Indian Ocean. In exchange for the acquired interest, the Group will repay back costs to WHL of $4 million and fund the acquisition of 1,500 km2 of 3D seismic data.

On 19 March 2014 the Company announced that the Padouck Deep-1 well in the Ntsina Block offshore Gabon had completed. Whilst the well encountered thicker than expected, good quality reservoir sands, there were no significant hydrocarbon shows.

[i] On 14 November 2013, Ophir announced that it had entered into an agreement to sell to Pavilion Energy a 20% interest in Blocks 1, 3 and 4. This transaction is unconditional and subject to completion

[ii] On 18 December 2013, Ophir announced that it had entered into an agreement to sell to OMV a 10% interest in each of the Mbeli and Ntsina Blocks and a 30% interest in each of the Gnondo and Manga Blocks. Completion of this transaction remains subject to satisfaction of certain conditions.

[iii] On 20 February 2014, Ophir announced that it had signed a non-binding Letter of Intent with Petrofac to provide services as operator of the proposed gas development up to the FID.

[iv] On 4 March 2014, Ophir announced that it had entered into an agreement with WHL Energy to acquire a 75% operated interest in Blocks PEC-5B/1 and PEC-5B/2. Completion of this transaction remains subject to satisfaction of certain conditions.

[v] Ophir has a 90% participating interest with Government of Kenya having a 10% carried interest. Ophir has entered into an agreement to sell to FAR Limited a 30% interest in Block L9, Kenya. Completion of this transaction remains subject to satisfaction of certain conditions.

[vi] This transaction is unconditional and subject to completion

[vii] Completion of this transaction remains subject to satisfaction of certain conditions.