19 March 2015

OPHIR ENERGY PLC
(“Ophir” or “the Company”)

Full Year Results for the year ended 31 December 2014

Ophir Energy Plc announces its full year results for the year ended 31 December 2014.

Full Year Results Highlights:

- Completed the divestment of a 20% interest in Blocks 1, 3 and 4, Tanzania to Pavilion Energy for $1.288 billion* (pre-tax)
- Cash and cash investments of $1.17 billion** as at 31 December 2014 (2013: $667 million)
- Total net contingent resource of 1,031 mmboe at end 2014 – after resources divested to Pavilion and added through the drill bit (2013: 1,256 mmboe)
- Three-year average total finding cost*** of $1.34/boe (2013: $0.89/boe)
- Post tax profit of $54.8 million (2013: $245.8 million loss)
- Drilled 11 exploration and appraisal wells in 2014, six of which were successful
- More than doubled exploration acreage with no firm well commitments through addition of new licences in Gabon, Indonesia, Myanmar and the Seychelles
- Progressed with the Floating LNG project in Equatorial Guinea, having flowed hydrocarbons to surface at an implied rate of 180 MMscfd and amended fiscal terms

Nick Cooper, CEO of Ophir Energy plc commented
“We continued to drive the business forward in 2014, completing the Pavilion transaction, proving up more resource, and taking the first steps towards a sustainable financing strategy with the acquisition of Salamander Energy which brings low break even production (completed March 2015).

We have responded to the current oil price environment by identifying and actioning $250 million of budget savings and capex reductions over the next two years. However, there is a unique opportunity at the moment to acquire exploration acreage at low cost and with minimal work commitments. Ophir has doubled its exploration footprint during 2014 but only has $100 million of committed E&A spending in the portfolio between now and 2017. We are able to offer investors unique access to a high class exploration portfolio where only the prospects that offer the best potential returns are drilled.”

*Includes $38 million contingent payable at FID. This is applicable throughout this statement.
**Includes £294.9 million of short-term investments
***Defined as expenditure on exploration and appraisal activity divided by contingent resources added in the year

A presentation for analysts will be held at 10.30am following this announcement. This will be webcast live through the link on the Company website: www.ophir-energy.com/investors. A conference call facility is also available.

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ENDS

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Notes to Editors

Ophir Energy (OPHR.LN) is an upstream oil and gas exploration company which is listed on the London Stock Exchange (FTSE 250). Ophir has a large portfolio of assets across Africa and Asia.

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

CHAIRMAN'S STATEMENT

A major achievement in 2014 was the completion of the sale of a 20% interest in our LNG assets in Tanzania to Pavilion Energy of Singapore for a price of $1.288 billion. Following the Pavilion Energy transaction, our financial position is the strongest it has ever been. Ophir is well placed to navigate this period of lower commodity prices, and utilise its financial strength to emerge from the downturn as a larger, stronger and better balanced company.

The completion of the Salamander Energy acquisition is evidence of this. This has moved Ophir a step closer to our goal of a self-sustaining funding model. It also brings into the Group a well-balanced Asian portfolio of high quality assets with upside and a platform for future growth in the region. On behalf of the Board, I would like to welcome our new employees in Asia to Ophir; we look forward to working together to unlock significant value from the expanded portfolio.

Health and safety

Ophir operated two deepwater drilling rigs in tandem for a large part of 2014, testing our ability to complete parallel operations whilst adhering to the highest standards of health and safety. I am delighted that we completed these operations with only one, minor, Lost Time Incident. This is a clear testament to Ophir's commitment to health, safety and the environment. Ophir also places a strong emphasis on maintaining excellent relationships with local communities and, amongst other activities, continues to support sustainable Corporate Responsibility (CR) programmes in the countries in which it operates.

People

The Ophir Board, conscious of the changing environment, restructured the organisation in late 2014 both to reduce cost and to ensure it was appropriately resourced to deliver its key projects. This process resulted in the decision to reconfigure the Board, which led to Lisa Mitchell stepping down as Chief Financial Officer and Dennis McShane stepping down from the position of Strategy Director. I would like to reiterate the Board's thanks to Lisa and Dennis for their contributions to Ophir and wish them every success in the future.

As part of the review process we were delighted to appoint Bill Higgs to the role of Chief Operating Officer. Bill has more than 25 years' experience in the industry, much of it spent with Chevron Corporation.

Following the completion of the Salamander Energy acquisition, Dr Carol Bell joined us as an independent Non-Executive Director. Carol served on Salamander's Board from 2012 until 2015 and I am very pleased to welcome her to the Board.

Lastly, I should like to thank John Lander who retired from the Board on 28 January 2014. John joined the Board in 2008 and latterly had been Chairman of the Remuneration Committee from 2011. His contribution has been much appreciated.

Governance

The Board accords the highest importance to corporate governance matters and during 2014 we completed a review of our governance arrangements. This resulted in updated Terms of Reference for the Board Committees, and a number of key policies have been refreshed to ensure we uphold the highest ethical standards. We also completed a review of our Board evaluation process. More details on these changes can be found in the Corporate Governance section of our Annual Report.

Mr Nicholas Smith
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

Despite a profoundly challenging period for the E&P sector, Ophir delivered a number of milestones during 2014. Foremost amongst these was the completion of the divestment of a 20% interest in Blocks 1, 3 and 4 in Tanzania for $1.288 billion.

The Pavilion transaction provided Ophir with one of the strongest balance sheets in the international E&P sector and positioned it to take advantage of the opportunities presented by the industry downturn. In early 2015 we have taken steps to further strengthen our financial liquidity, by significantly reducing capex from previous levels. 2015 capex is now forecast at between $250 million and $300 million (2014: $580 million) of which only approximately $35 million is committed exploration expenditure highlighting our financial flexibility. Ophir has the strength to emerge from the current period of low oil prices as a significantly larger, stronger and better balanced company.

Our business model

Ophir's model for value creation is through the exploration and appraisal phases of the E&P cycle; and through monetising assets at the appropriate time to capture optimum value for shareholders. Simply put our job is to find resources for the minimal capital outlay and then to monetise them for the highest possible price.

In 2014 we took the decision, in consultation with major shareholders, to move towards sustainability. A key part of this financing model is the addition of production assets which generate cash flow to fund exploration and appraisal activity. The acquisition of Salamander was the first step towards achieving this goal.

Strategy

Our strategy has three key components:

- Value creation through exploration
- Active portfolio management
- Disciplined approach to capital allocation and returns

The Pavilion Energy transaction is an example of the first two elements of this strategy. It demonstrated the ability of the Company both to find resource and monetise it, in this case creating a return on investment of 4.5x.

A proportion of the funds generated by this transaction have enabled us to act counter-cyclically adding new exploration acreage to the portfolio, with a low level of commitment spending, that provide a series of options for future drilling. We also exited a number of licences that did not have the potential to deliver material returns to shareholders in the near term.

The acquisition of Salamander Energy completed in March 2015. This diversifies our source of funding through the addition of cash flow, and also by adding a prudent level of debt to the balance sheet.

Finally, we maintain extreme discipline in capital allocation. Every dollar we spend must have the potential to deliver a significant return to shareholders in a low oil price environment. Alongside this, we have reviewed our cost base and believe we can make savings of $250 million over the next two years.

Operations

Another major achievement in 2014 was the progress made with the FLNG project in Equatorial Guinea. Having hit all of the key project milestones for 2014, the project has now been significantly de-risked and a clear commercial framework established. We are confident of making further progress in 2015, when we expect to commence the upstream and midstream FEED projects.

Drilling performance and new acreage

In 2014 Ophir undertook its busiest ever drilling campaign and participated in 11 deepwater wells, of which eight we operated. Although the five-well exploration programme in Gabon and in Blocks 7 and East Pande, Tanzania, was disappointing, we were successful in our remaining six exploration and appraisal wells in Equatorial Guinea and Tanzania. Ophir's three year finding and drilling costs rose from $0.89/boe to $1.34/boe and the Company retains a healthy 66% success rate with exploration and appraisal drilling.

A key focus of the past year has been to rebuild Ophir's exploration portfolio, as we position the Company for the next phase of drilling. During 2014, Ophir added a total of 47,000 square kilometres in acreage, across four countries. There are no well commitments across this acreage meaning Ophir will be able to offer shareholders access to a high-graded exploration portfolio of world class potential, with only prospects we truly believe can deliver commercial returns being drilled.

Outlook

A dramatic fall in the oil price, approaching 50% from its high point in the past year, has resulted in a significant scaling back of capex budgets, overhead costs and activity levels across the E&P sector. Ophir has similarly prioritised its capital expenditure to protect its balance sheet and reduce its cost structure. As a consequence of the sector-wide reduction in activity, service costs have fallen significantly and we expect this trend to continue. Ophir is selectively exploiting this shift in the market: seismic costs have now dropped to a third of 2014 prices and we commenced 3D acquisition in Myanmar in February 2015, where we have been able to triple the size of the survey for the same cost as originally budgeted.

2015 will see Ophir continue to progress its two LNG projects in Tanzania and Equatorial Guinea. Both of these are presently scheduled for FID in 2017 and, with drilling behind us and construction not commencing until after FID, these projects have low capital requirements. With only $150 million of capital expenditure through to FID we can continue to push both projects forward whilst also maintaining capital discipline.

The Salamander business is now being integrated, thereby building a stronger, larger and better balanced company. Whilst 2015 will not see the levels of exploration drilling that we undertook in 2014, we shall be investing and analysing our pre-existing and new acreage. At these low oil prices there is rightly a focus on capital discipline and cost management. However, whilst the risk profiles of the world's reservoir rocks remain constant, the cost of assessing that risk via exploration has fallen considerably in recent months. With our strong balance sheet, and with the Salamander transaction delivering a more sustainable business model, Ophir is exceptionally placed to selectively explore when most others are unable. It is our ambition to build the business further over the next 12 to 24 months, exposing our shareholders to material value creation at a markedly lower cost.

Dr Nick Cooper
Chief Executive Officer

REVIEW OF OPERATIONS

Ophir has 35 blocks in nine countries across Africa and Asia. In Africa we have stakes in LNG and FLNG projects in Tanzania and Equatorial Guinea respectively. In Asia, we have recently been awarded one deepwater block in Myanmar and agreed to acquire seven deepwater blocks in Indonesia.

During 2014 Ophir achieved two significant operational milestones - the simultaneous operation of two deepwater drilling rigs and the first operated drill stem test (DST), which resulted in the testing of hydrocarbons at the surface (in Block R, Equatorial Guinea). These successes demonstrate our substantial and continually growing capabilities as an operator. Our exploration and appraisal activity saw the addition of 97 mmboe of contingent resource with six out of 11 wells being successful. Considerable progress was made in carrying forward the Equatorial Guinea FLNG project, which delivered all key milestones for the year.

In addition, during the year the Company has taken decisive action, acting counter-cyclically, to rebuild its exploration footprint. Ophir was among the first to exploit a marked shift in the sector that allowed us to significantly expand our footprint in new, untested plays at compelling costs, thereby safeguarding our strong balance sheet.

Africa

Tanzania

In March 2014 Ophir completed the sale of a 20% interest in Blocks 1, 3 and 4 to Pavilion Energy for $1.288 billion. This transaction was in line with Ophir's strategy of monetising exploration success at the appropriate time to capture optimum returns for shareholders.

The sale to Pavilion further enhanced what is already a strong joint venture partnership. Ophir is seeking to further reduce its balance sheet exposure to development spending ahead of Final Investment Decision.

There was further exploration success in Tanzania during 2014. Three wells were drilled on Blocks 1 and 4, Kamba-1, Taachui-1 and Mzia-3, which were successful and resulted in a further 1.7 Tcf being added to the gross contingent resources. Total Tanzania contingent resources, in Ophir's licences, now stand at 17.1 Tcf, which we believe is sufficient to support a three train LNG development. There remains considerable upside potential on the licences with over 50 Tcf of prospective resources still to be targeted.

The assets have now entered the pre-development phase for the Tanzania LNG project. In 2014 significant milestones were accomplished to deliver Tanzania's first onshore LNG project and, following the Government of Tanzania's request in April 2014, the JV partners in Blocks 1, 3 and 4 and the partners in Block 2, Statoil and Exxon, signed a Heads of Agreement (HoA) setting out how the companies will collaborate on development of a potential joint LNG project. Under the HoA, BG Group was designated as the lead developer during the pre-FEED phase and a contract for the LNG plant pre-FEED was awarded in August 2014. Subsequently, a Memorandum of Understanding (MoU) between the Government of Tanzania, the partners in Blocks 1, 3 and 4 and the partners in Block 2 was signed in April 2014. The MoU covers the site selected for the joint LNG plant, the process for acquiring the site, the lease to be negotiated and how any resettlement will be managed.

As per the arrangements within the HoA, the partners of Blocks 1, 3 and 4 and the partners of Block 2 formed an integrated project team in early 2014 to develop an integrated LNG project. The team is currently conducting pre-FEED studies, leading to an expected selection of a preferred project concept in 2015 and entry into full FEED in 2016.

A two-well exploration campaign was also undertaken in the Ophir operated Block 7 and East Pande licences. The Tende-1 well in East Pande found traces of gas without delivering commercial success. In Block 7 the Mkuki-1 well did not find any trace of hydrocarbons. We are reviewing the forward plans for both Block 7 and East Pande. In 1Q 2015 Ophir gave notice that it does not intend to continue into the next phase on the Block 3 licence.

Equatorial Guinea

During 2014, four major milestones were reached in Equatorial Guinea, materially progressing the concept of a Floating LNG project toward delivery.

The Silenus East exploration well encountered an estimated 400 Bcf of gas, substantiating the case for a new production hub and demonstrating that sufficient gas resources had been established to support a 3MTPA FLNG vessel. Gas was flowed to surface with the Fortuna-2 drill stem test, which achieved a constrained flow rate of 60 MMscfd (implied unconstrained rate of 180 MMscfd) with a drawdown of less than 20 psi at the reservoir, suggesting that fewer wells than previously anticipated will be needed to achieve first gas. In addition, fiscal terms were agreed with the government and a midstream partner was selected; together these define the commercial framework for an economic development.

An MoU with a midstream partner was signed in November 2014. The vessel is likely to be capable of producing around 3.0 MTPA for a base-case, production profile with a plateau life of around 18 years. The current schedule builds on the signature of gas fiscal terms and includes a substantial commercial workstream in 2015 with the intention of reaching FID in 2016. Formal declaration of commerciality, the submission of the development and production plan and the finalisation of the project agreement ahead of FID will, in turn, provide further assurance to potential buyers that the project has the appropriate validation from the Government of Equatorial Guinea.

In line with its strategy of reducing balance sheet exposure to FLNG/LNG development capex, Ophir will look to reduce its equity interest in Block R over the coming year, which will help to self-fund Ophir's remaining equity.

Management estimates that there is 3.4 Tcf of gross mean risked prospective resource on Block R. Once the ongoing core and log analysis from the Fortuna 2 appraisal well is incorporated into the reserves calculation, the Directors believe that an increase in these figures could be announced in 2015. In addition, there is further upside potential in respect of other leads and prospects in the exploration area within Block R. These prospects provide an additional 7 Tcf of gross mean unrisked prospective resources. These distal, low relief, stratigraphic traps are however considered high risk and will be risk-weighted accordingly.

Gabon

Three exploration wells were drilled in the Mbeli, Ntsina and Gnondo Blocks, offshore Gabon. The Padouck Deep-1 well encountered thicker than expected, good quality reservoir sands but there were no significant hydrocarbon shows.

The Affanga Deep-1 well encountered thinner than expected sandstone sections with poor reservoir characteristics. Gas and indications of liquids were encountered during drilling but significant hydrocarbon shows were not encountered in the target formations. The Okala-1 well encountered a thick section of Aptian salt as prognosed and well developed sandstones in the Gamba and Dentale formations, but there were no significant hydrocarbon shows in the target reservoirs.

Although the results were disappointing, the costs to Ophir of the Padouck Deep-1 and Okala wells were largely carried by Petrobras and OMV, and the cost of the Affanga Deep-1 well was partially carried by OMV.

Ophir's analysis of its 2014 North Gabon drill campaign has enhanced our understanding of the deepwater distal margin of the North Gabon basin and the Company continues to be excited by the prospectivity of the region. The Company has subsequently acquired the Olumi Rouge survey, an 8,500 km2 3D seismic data programme, on this play in the Mbeli Marin, Ntsina Marin, Manga Marin and Gnondo Marin Blocks and a similar survey has also been completed in the Nkouere and Nkawa Blocks which Ophir was awarded in the second half of 2014. Management believe that this seismic data set will illuminate the deepwater prospects in this material acreage holding.

Seychelles

The Seychelles blocks are located within a frontier basin with a large number of potential structural oil targets.

In March 2014, the Group announced that it had entered into an agreement with WHL Energy Ltd (WHL) to acquire a 75% operated interest in Blocks PEC 5B/1, 5B/2 and 5B/3, located offshore to the south of the Seychelles Islands in the Indian Ocean, in water depths of less than 75 metres.

These blocks are located within a frontier basin with a large number of potential structural oil targets. Four wells have previously been drilled in the area, all of which encountered hydrocarbons. A 3D seismic survey over 1,500km2 was completed in July 2014. The interpretation of the fast-track 3D volume commenced in September 2014. Final interpretation is expected to be completed during 2015 with a prospect inventory finalised ahead of the drill/drop decision deadline in 2015, with a view to potentially drilling in 2016.

Other African assets

In Kenya, Block L9 is interpreted to contain multiple play systems, in both carbonate and clastic reservoirs. Sunbird-1, which was drilled by BG in Block L10a immediately to the south of L9, reportedly encountered both gas and liquids in the Miocene carbonate play and Ophir is currently assessing the implications of this well to Block L9. Ophir holds 100% participating interest in the Block and Ophir commenced a farm-in process in March 2015 ahead of finalising the activity programme for the remainder of the current exploration period.

Ophir exited a number of African licences in 2014 as they were considerred not to be commercially attractive at the current oil price. These included licences in SADR, AGC and Somaliland.

Asia

Myanmar

Ophir currently has a 95% operated participating interest in deepwater Block AD-03 offshore Myanmar. In December 2014, a PSC was signed with Myanmar Oil and Gas Enterprise, Parami Energy Development Co., Ltd ('Parami') and the Myanmar Ministry of Energy.

Block AD-03 is located in the Rakhine basin, on trend with the 9+ Tcf Shwe gas field which is in production and exporting volumes to China. The preparation period and the study period of two years will see Ophir acquire 3D seismic data. The 3D survey is planned to be acquired during the first half of 2015 and will cover the entire 10,000 sq km of the Block for a similar price to that previously paid for 2,500 sq km, reflecting the softening of service rates.

Indonesia

Following on from previous acreage acquisitions, Ophir continued its expansion into Asia during 2014, with the agreement to acquire seven PSCs in Indonesia, with equity interests ranging from 18.5 to 100%.

Six of the licences are operated positions, with partners including Statoil and ENI. In total, the acreage covered by the PSCs is approximately 31,500km2 with significant 2D and 3D seismic data already acquired over the blocks. Multiple leads and prospects have been identified across the portfolio with a mix of clastic and carbonate play types in both proven and frontier basins.

Broadly, the licences are split into three core areas - West Papua, Western Birds Head and the Makassar Strait. The West Papua area is frontier and potentially high-impact, primarily prospective for oil within a carbonate play where reservoir quality has been partially de-risked by drilling to date. The Western Birds Head area, prospective for both oil and gas in clastic and carbonate plays, has been de-risked by existing discoveries on the Kofiau PSC. The Makassar Strait area is a proven, world class hydrocarbon province in which several large fields feed the multi-train, but currently underutilised, Bontang LNG plant located onshore East Kalimantan.

The acquired acreage has already seen some 3D seismic acquisition and the maturing of several leads and prospects that could be commercialised via Bontang LNG facility with the threshold for commercial volumes as low as c.200 Bcf.

The initial focus of activity will be to re-interpret the existing 3D seismic data and to commission new 3D surveys on several blocks. It is expected that the first drilling campaigns are likely to start early 2017.

Outlook

Successfully integrating Salamander within the Group will be among the key priorities in 2015. This will include the integration of the asset base within our portfolio, as well as the teams and capabilities that Salamander will bring to Ophir.

Further priorities for 2015 are two-fold: continue to achieve operational milestones on existing assets, and, in line with our longer-term strategic priorities, continue to analyse and assess our new acreage with the aim to prepare Ophir for its next drilling campaign.

Exploration drilling in 2015 is likely to centre round the low cost, high value prospects in the G4/50 Block, Gulf of Thailand. Elsewhere in the portfolio exploration activity will be focused on acquisition and interpretation of seismic data in Indonesia, Myanmar, Seychelles and Gabon. There is one commitment well across the entirety of this portfolio.

Through the Salamander acquisition we now have production from the Sinphuhorm gas field and Bualuang oil field in Thailand. This is expected to generate around $150 million of cash in 2015. Work is also ongoing to determine the most capital efficient means of bringing the Bualuang contingent resource onstream. The Kerendan gas field in Indonesia is likely to deliver first gas in H2 2016 once PLN has finished work on the transmission network.

In the second half of 2015 we expect to be in a position to high grade our prospect inventory and determine which blocks contain prospects that merit drilling and then be in position to take advantage of the softening rig market to contract rigs for our 2016/2017 drilling programme.

FINANCIAL REVIEW

Ophir's balance sheet was materially transformed during 2014 with the completion of the Pavilion transaction bringing in $1.250 billion of cash. As a result Ophir had $1.173 billion of cash on the balance sheet at year end 2014. This balance sheet strength means Ophir is well positioned to navigate through a period of oil price uncertainty.

Key numbers

In the current oil price environment Ophir is focused on preserving its balance sheet and during 2014 and into 2015 there has been an increased focus on cost management and capital allocation. With only $100 million exploration and appraisal commitment capital expenditure outstanding over the next three years, the Company is well positioned and has the financial flexibility to manage its future capex and preserve balance sheet strength.

Ophir's strategy remains to monetise discoveries at the appropriate time to maximise shareholder value and the Company will seek to transact in line with this strategy to reduce its balance sheet exposure to material capex associated with its major projects. Furthermore, in keeping with the strategy agreed with its major shareholders, Ophir has moved towards a self-sustaining financial model through the acquisition of Salamander Energy. This adds a production base, with significant growth potential, that breaks even at around $15 per barrel and will generate free cash flow to fund Ophir's exploration activity.

Performance

Results for the period

The Company recorded an operating profit of $294.4 million (2013: $307.6 million loss) for the year ended 31 December 2014. The recording of a profit follows the successful farm-out of a 20% interest in Tanzania Blocks 1, 3 and 4 which resulted in a gain of $671.7 million (2013: nil). After finance expenses and taxation this resulted in a post-tax profit of $54.8 million (2013: $245.8 million loss).

Exploration expenditure

Total exploration expenditure associated with pre-licence expenditure, exploration expenditure written off and impairment charges for the year ended 31 December 2014 were $333.8 million (2013: $229.1 million).

Pre-licence expenditure consisted of $23.9 million (2013: $2.4 million) and impairment charges totalled $309.8 million (2013: $172.4 million). This consisted of an amount of $59.4 million which was impaired against the Kenya L9 Block asset as a result of management's revised assessment of the carrying value. $62.8 million related to the unsuccessful drilling operations in the Affanga Deep-1 well in Gabon. A further $187.6 million was impaired against Tanzania assets following the drilling of the Tende-1 well in the East Pande Block and the drilling of Mlinzi Mbali-1 in Block 7 as a result of management's assessment that no further expenditure on exploration was currently budgeted or planned within the current licence terms.

General and administration expenses

General and administration expenses of $20.7 million (2013: $32.1 million) include personnel costs, share-based payment charges, office administration costs and professional and corporate costs (audit, legal, other professional advisors' fees). In line with the Company's objective to manage its underlying cost base a 36% decrease in general and administration expenses was reported compared to 2013, predominantly associated with an increase in cost recovery despite an overall increase in the Company's drilling activity and headcount to 133 (2013: 119). This is an area that has been targeted for further reduction during 2015.

Other operating expenses

Other operating expenses were $22.8 million (2013: $46.4 million). This mainly consisted of an amount of $20.9 million which was goodwill expensed as a result of the impairment assessment relating to the Kenya L9 Block.

Finance costs and income

Finance costs for the period were $5.9 million (2013: Income $27.1 million). An amount of $3.4 million related to interest paid following the completion of the Pavilion deal in March and $3.6 million of interest from short-term investment. The remainder is associated with foreign exchange losses and gains arising primarily on the fluctuation of the Company's functional currency, the US Dollar, against other currencies the Company holds.

Taxation

Taxation for the period totalled $233.7 million (2013: $34.6 million) of which $222.4 million was paid as a result of the gain on farm-out of the 20% interest in Tanzania Blocks 1, 3 and 4.

Financial position

Financing

During the year the Company strengthened its balance sheet with the successful sale of a 20% interest in Tanzania Blocks 1, 3 and 4, which generated net proceeds after taxation of $462.4 million.

During the latter part of the year the Company started a share buyback programme. At the end of the financial year, in accordance with the parameters of the programme, the Company had purchased 15,522,066 ordinary shares for the consideration of $44.2 million****.

Exploration and evaluation investing activities

The Company's investment in exploration and appraisal activities has continued during 2014 with expenditure of $594.3 million (2013: $389.1 million).

The drilling of nine exploration and appraisal and two DST wells was completed during the year as well as an extensive 3D seismic acquisition programme. An amount of $202.4 million which represented 34% of the total exploration and appraisal expenditure was invested in Block R, Equatorial Guinea. A further 36% ($212.8 million) of exploration and appraisal expenditure was incurred during the year in Tanzania. This consisted of $112.1 million in Blocks 1, 3 and 4, $29.7 million in Block 7 and $71.0 million in East Pande. Total expenditure in Gabon was $153.5 million which represented 26% of the total spend in the Ntsina, Mbeli, Gnondo and newly acquired Nkawa and Nkouere blocks. However, with the farm-out of four of its Gabon blocks to OMV in mid-2014, the Company managed to reduce its net spend in Gabon to $64.1 million.

Liquidity risk and going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's statement and Chief Executive's review above. The financial position of the Group, consisting of cash resources of $1,173 million, its cash flows and its liquidity position are described in the financial statements.

In making their going concern assessment, the Directors have considered Group budgets and cash flow forecasts, which include the impact of the completed acquisition of Salamander Energy plc subsequent to year-end for a period of at least 12 months. As a result of this review the Directors have a reasonable expectation that the Group 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 3 March 2015 the Group acquired 100% of the share capital of Salamander Energy Plc a South East Asian focused independent exploration and production company quoted on the LSE.

The Group announced that the scheme of arrangement was approved by Salamander Energy shareholders on 6 February 2015 and was sanctioned by the Supreme Court in London effective on 2 March 2015. The transaction has therefore closed and the entire issued ordinary share capital of Salamander Energy is now owned by Ophir. The consideration of $326.1 million was satisfied in full by equity by which Salamander shareholders received 0.5719 Ophir ordinary share for each Salamander Energy Plc ordinary share held.

The enlarged Group enhances Ophir's operating capabilities in both Africa and South East Asia and deepwater expertise across key technical and commercial functions. The combined Group provides shareholders with a diversified exposure to 21 production, development and exploration blocks in Africa and South East Asia.

The acquisition will be accounted for as a single business combination, full details of which are set out in note 14 of the Financial Statements.

Financial strategy and outlook for 2015

Ophir's financial strategy remains focused on cost management and capital discipline to preserve its balance sheet strength. The Company will also retain the flexibility to monetise proven resources in keeping with its strategy. The Company will continue to self-fund its exploration activities, where appropriate executing pre drilling farm-outs and continue to pursue revenue generating business opportunities which together will minimise the overall costs of capital.

With the acquisition of Salamander Energy, the Company's capital expenditure in 2015 is expected to be between $250 million and $300 million. This will be used to fund:

- pre-development expenditure in Tanzania and Equatorial Guinea
- acquisition of further seismic data across the expanded exploration portfolio
- drilling of exploration wells on the G4/50 Block, Gulf of Thailand and
- develop Bualuang and Kerendan fields

Looking further ahead to 2016 and 2017, given the Company's limited exposure to committed exploration and appraisal capital expenditure of only $100 million over the next three years, and its balance sheet strength, the Company should be well positioned to manage and leverage to its advantage the changing market conditions.

****Amount includes associated broker fees and stamp duty

Consolidated Financial Statements

Consolidated Income Statement and Statement of Comprehensive Income
For the Year Ended 31 December 2014

	Notes	Year Ended 31 Dec 2014 $'000	Year Ended 31 Dec 2013 $'000
Consolidated Income Statement			
Continuing operations			
Gain on farm-out	3 (a)	**671,677**	**-**
Other income		26	12
Exploration expenses	3 (b)	(333,782)	(229,103)
General & administration expenses	3 (c)	(20,746)	(32,098)
Other operating expenses	3 (d)	(22,821)	(46,357)
Operating profit/(loss)	3	**294,354**	**(307,546)**
Net finance (expense)/income		(5,861)	27,079
Profit/(loss) from continuing operations before taxation		**288,493**	**(280,467)**
Taxation	4	(233,651)	34,660
Profit/(loss) from continuing operations for the year attributable to:		**54,842**	**(245,807)**
Equity holders of the Company		54,846	(245,777)
Non-controlling interest		(4)	(30)
		54,842	(245,807)
Earnings per share (pence)			
Basic – Profit/(loss) for the period attributable to equity holders of the Company		6.0 pence [1]	(29.0) pence [3]
Diluted – Profit/(loss) for the period attributable to equity holders of the Company		6.0 pence [2]	-
Consolidated Statement of Comprehensive Income			
Profit/(loss) from continuing operations for the year		**54,842**	**(245,807)**
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be classified to profit or loss in subsequent periods:			
Exchange differences on retranslation of foreign operations net of tax		1,784	(1,396)
Other comprehensive income/(loss) for the year, net of tax		**1,784**	**(1,396)**
Total comprehensive income/(loss) for the year, net of tax attributable to:			
Equity holders of the Company		**56,630**	**(247,173)**
Non-controlling interest		**(4)**	**(30)**
		56,626	**(247,203)**

[1] 9.4 cents per share
[2] 9.4 cents per share
[3] (45.0) cents per share

Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	As at 31 Dec 2014 $'000	As at 31 Dec 2013 $'000
Non-current assets			
Exploration and evaluation assets	5	764,933	1,124,423
Goodwill	6	-	20,868
Property, plant and equipment		6,307	3,237
Financial assets		17,104	4,773
		788,344	**1,153,301**
Current assets			
Inventory		23,902	25,890
Trade and other receivables		12,839	8,236
Taxation receivable		13,424	-
Cash and cash equivalents	7	877,872	506,762
Investments	8	294,904	159,921
		1,222,941	**700,809**
Total assets		**2,011,285**	**1,854,110**
Current liabilities			
Trade and other payables		(242,148)	(120,787)
Provisions		(26,787)	(35,371)
		(268,935)	**(156,158)**
Non-current liabilities			
Deferred income tax		(44,048)	(20,806)
Provisions		(263)	(237)
		(44,311)	**(21,043)**
Total liabilities		**(313,246)**	**(177,201)**
Net assets		**1,698,039**	**1,676,909**
Capital and reserves			
Called up share capital	9	2,474	2,466
Reserves	11	1,695,845	1,674,719
Equity attributable to equity shareholders of the Company		1,698,319	1,677,185
Non-controlling interest	11	(280)	(276)
Total equity		**1,698,039**	**1,676,909**

The financial statements of Ophir Energy plc (registered number 05047425) were approved by the Board of Directors on 18 March 2015. On behalf of the Board

Nicholas Smith
Chairman

Nick Cooper
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	CALLED UP SHARE CAPITAL $'000	TREASURY SHARES $'000	OTHER[1] RESERVES $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
As at 1 January 2013	**1,739**	**-**	**1,102,957**	**(246)**	**1,104,450**
Loss for the period, net of tax	-	-	(245,777)	(30)	**(245,807)**
Other comprehensive loss, net of tax	-	-	(1,396)	-	**(1,396)**
Total comprehensive loss, 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 payment	-	-	9,094	-	**9,094**
As at 31 December 2013	**2,466**	**-**	**1,674,719**	**(276)**	**1,676,909**
Profit/(loss) for the period, net of tax	-	-	54,846	(4)	**54,842**
Other comprehensive income, net of tax	-	-	1,784	-	**1,784**
Total comprehensive income/(loss), net of tax	-	-	56,630	(4)	**56,626**
Purchase of own shares	-	(59)	(44,168)	-	**(44,227)**
Exercise of options	8	-	1,847	-	**1,855**
Share-based payment	-	-	6,876	-	**6,876**
As at 31 December 2014	**2,474**	**(59)**	**1,695,904**	**(280)**	**1,698,039**

[1] Refer to Note 12

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2014

	Notes	Year Ended 31 Dec 2014 $'000	Year Ended 31 Dec 2013 $'000
Operating activities			
Profit/(loss) before taxation		288,493	(280,467)
Adjustments to reconcile profit/(loss) before tax to net cash flows:			
Gain on farm-out	3 (a)	(671,677)	–
Interest income		(7,049)	(2,410)
Foreign exchange losses/(gains)		12,910	(16,977)
Depreciation of property, plant and equipment	3 (d)	1,955	1,049
Impairment of goodwill	3 (d)	20,868	36,297
(Profit)/loss on disposal of assets	3 (d)	(2)	11
Provision for employee entitlements		(207)	(203)
Allowance for provision	3 (d)	–	9,000
Share-based payment expense	3 (c)	6,876	9,094
Exploration expenditure - pre licence costs	3 (b)	23,947	2,351
Exploration expenditure – written off	3 (b)	–	54,006
Exploration expenditure – provision for impairment	3 (b)	309,835	172,360
Inventory write off		–	386
Working capital adjustments			
(Decrease)/increase in trade and other payables		(4,409)	393
Decrease/(increase) in trade and other receivables		2,066	(584)
Cash utilised in operations		**(16,394)**	**(15,694)**
Income taxes paid		(3,226)	–
Interest Income		8,307	793
Net cash flows used in operating activities		**(11,313)**	**(14,901)**
Investing activities			
Proceeds from farm-out		1,329,672	–
Tax paid on gain on farm-out		(222,411)	–
Purchases of property, plant and equipment		(4,770)	(2,016)
Exploration expenditure		(521,302)	(363,207)
Proceeds on disposals of assets		2	3
Disposal/(purchase) of inventory		1,988	(13,625)
Cash placed on deposit		(134,983)	(159,921)
Security (deposits)/refunds		(12,331)	5,820
Net cash flows from/(used in) investing activities		**435,865**	**(532,946)**
Financing activities			
Share issue costs		–	(34,399)
Proceeds from issue of ordinary shares		–	837,627
Proceeds from exercise of share options		1,914	7,340
Purchase of own shares		(44,230)	–
Net cash flows (used in)/from financing activities		**(42,316)**	**810,568**
Increase in cash and cash equivalents for the year		**382,236**	**262,721**
Net effect of foreign exchange rates on cash and cash equivalents		(11,126)	16,298
Cash and cash equivalents at the beginning of the year		506,762	227,743
Cash and cash equivalents at the end of the year	7	**877,872**	**506,762**

1 Authorisation of preliminary announcement

Ophir Energy plc (the 'Company' and ultimate parent of the Group) is a public limited company incorporated, domiciled and listed in England. Its registered offices are located at 123 Victoria Street, London SW1E 6DE.

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 Africa and Asia.

The preliminary announcement for the year ended 31 December 2014 was authorised for issue by the Board of Directors on 18 March 2015.

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union (EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements are prepared on a going concern basis.

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 2013 are for the year ended on that date.

The financial information for the year ended 31 December 2014 and 2013 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 2014 and 2013 have been extracted from the consolidated financial statements of the Group for the year ended 31 December 2014 which have been approved by the Directors on 18 March 2015 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 2013 Annual Report and Accounts except for the adoption of new accounting policies listed below:

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 2014:

IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures
IAS 32 Financial Instruments: Presentation
IAS 36 Impairment of Assets
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRIC 21 Levies

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 2014.

Standards and Interpretations issued but not yet effective

The following interpretation to existing standards relevant to the Group is not yet effective and had not been early adopted by the Group. The Group expects to adopt this interpretation in accordance with the effective date.

Disclosure Initiative (Amendments to IAS 1). The narrow-focus amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to overly prescriptive interpretations of the wording in IAS 1.

The following standards and interpretations, relevant to the Group, 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

IFRS 14 'Regulatory Deferral Accounts', effective for annual accounting periods beginning on or after 1 January 2016. IFRS 14 allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS.

IFRS 15 'Revenue from Contracts with Customers', effective for annual accounting periods beginning on or after 1 January 2017. IFRS 15 replaces all existing revenue requirements (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) in IFRS and applies to all revenue arising from contracts with customers.

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.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, Amendments to IAS 27: Equity Method in Separate Financial Statements, Amendments to IAS 16 and IAS 41: Bearer Plants, Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation, Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations, and Annual Improvements to IFRSs 2012–2014 Cycle, with effective date for annual accounting periods beginning on or after 1 January 2016.

The Group has reviewed the impact to financial reporting for the changes arising from these standards and interpretations 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 incorporate the financial statements of the Company, subsidiaries controlled by the Company and joint operations that are subject to joint control, 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 2014 $'000	YEAR ENDED 31 DEC 2013 $'000
3 Operating profit/(loss)		
The Group operating profit/(loss) from continuing operations is stated after charging/(crediting):		
(a) Gain on farm-out		
- Gain on farm-out (note 5)	(671,677)	-
(b) Exploration expenses		
- Pre licence exploration costs	23,947	2,351
- Inventory write down	–	386
- Exploration expenditure written off	–	54,006
	23,947	56,743
- Provision for impairment (note 5)	309,835	172,360
	333,782	229,103
(c) General & administration expenses include:		
- Operating lease payments - minimum lease payments	4,865	2,376
- Share-based payment expense	6,876	9,094
	11,741	11,470
(d) Other expenses		
- (Profit)/loss on disposal of assets	(2)	11
- Depreciation of property, plant & equipment	1,955	1,049
- Impairment of goodwill (note 6)	20,868	36,297
- Allowance for provision	–	9,000
	22,821	46,357

	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000
4 Taxation		
(a) Taxation charge/(credit)		
Current income tax:		
UK corporation tax	-	1,530
UK corporation tax - adjustment in respect of prior periods	341	-
Foreign tax	209,259	-
Foreign tax - adjustments in respect of prior periods	809	-
Total current income tax charge	210,409	1,530
Deferred tax:		
Origination and reversal of temporary differences	23,242	(36,190)
Tax charge/(credit) in the income statement	233,651	(34,660)
(b) Reconciliation of the total tax charge/(credit)		
The tax benefit not recognised in the income statement is reconciled to the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are reconciled below:		
Profit/(loss) on operations before taxation	288,493	(280,467)
Profit/(loss) on operations before taxation multiplied by the UK standard rate of corporation tax of 21.50% (2013: 23.25%)	62,026	(65,209)
Non-deductible expenditure	6,132	14,517
Share-based payments	634	953
Expenditure in tax exempt jurisdictions	-	2,662
Effect of overseas tax rates	92,492	-
Unrecognised deferred tax assets	71,389	12,417
Other adjustments	(172)	-
Adjustment in respect of prior year periods	1,150	-
Total tax charge/(credit) in the income statement	233,651	(34,660)
(c) Deferred income tax		
Deferred income tax balances at 31 December relate to the following:		
Deferred tax liabilities:		
Exploration and evaluation assets	(38,048)	-
Fair value adjustment in respect of exploration assets	(6,000)	(20,806)
	(44,048)	(20,806)

4 Taxation (continued)

(d) Unrecognised tax losses

The Group has gross tax losses arising in the UK of $135,921,762 (2013: $68,623,000) and Australia $7,331,000 (2013: $3,400,365) that are available to carry forward indefinitely to offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as there is not sufficient certainty that taxable income will be realised in the future due to the nature of the Group's international exploration activities and the long lead times in either developing or otherwise realising exploration assets.

(e) Other unrecognised temporary differences

The Group has other net unrecognised temporary differences in the various African countries where we are active totalling $164,441,000 (2013: $244,620,000) in respect of provisions and exploration expenditure for which deferred tax assets have not been recognised.

(f) Change in corporation tax rate

Deferred tax has been calculated at the rates substantively enacted at the statement of financial position date.

The standard rate of UK corporation tax in the year changed from 23% to 21% with effect from 1 April 2014 and a further rate change to 20% from 1 April 2015 was substantively enacted as part of the Finance Bill 2013 on 2 July 2013. Any UK deferred tax that is recognised is therefore recognised at the reduced rate of 20%. Deferred tax in Kenya and Tanzania is provided for at the statutory rates of 30% (2013: 30%).

	YEAR ENDED 31 DEC 2014 $'000	YEAR ENDED 31 DEC 2013 $'000
5 Exploration and evaluation assets		
Cost		
Balance at the beginning of the year	1,296,783	961,713
Additions (1)	594,340	389,076
Expenditure written off (2)	–	(54,006)
Recovery of costs incurred on farm-out of exploration interests (3)	(643,995)	
Balance at the end of the year	1,247,128	1,296,783
Provision for impairment		
Balance at the beginning of the year	(172,360)	-
Additional allowance (4)	(309,835)	(172,360)
Balance at the end of the year	(482,195)	(172,360)
Net book value		
Balance at the beginning of the year	1,124,423	961,713
Balance at the end of the year	764,933	1,124,423

5 Exploration and evaluation assets (continued)

(1) Additions in the year include exploration activities in: Equatorial Guinea – Block R ($200.8 million), Tanzania – Blocks 1, 3 & 4 ($112.1 million), Gabon - Gnondo Block ($97.1 million), Tanzania – East Pande ($71.0 million) and Tanzania - Block 7 ($29.7 million).

Additions in the prior 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).

(2) Expenditure written off in the prior 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).

(3) Recovery of costs incurred on farm-out of exploration interest relates to:

- The Group's disposal of a 20% interest ($566.2 million) in Tanzania Blocks 1, 3 & 4 to Pavilion Energy PTE LTD. The transaction completed on 22 March 2014. The Group received cash consideration of $1,250 million plus a completion adjustment of $5.3 million to reflect interest ($3.4 million) and working capital movements ($1.9 million) from the effective date of the transaction of 1 January 2014. A further $38.0 million is payable following the final investment decision in respect of the development of Blocks 1, 3 & 4, currently expected in 2016. The total gain on disposal, after taking into account working capital adjustments and direct costs of the transaction ($13.9 million), recognised for the year ended 31 December 2014 was $671.7 million.
- The Group also received $77.8 million relating to back costs ($13.3 million) and interim costs ($64.5 million) relating to the farm-out of the Gabonese exploration blocks.

(4) Allowance for impairment of $309.8 million comprise:

- Impairment loss of $107.3 million in respect of Tanzania – East Pande Block. The trigger for the impairment test was the conclusion of the Tende-1 drilling operations which did not encounter live hydrocarbons and indicated that the carrying value of the block was not recoverable. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount of $nil was based on management's estimate of value in use;
- Impairment loss of $62.8 million in respect of Gabon – Gnondo Block. The trigger for the impairment test was the conclusion of the Affanga Deep-1 drilling operations which did not encounter live hydrocarbons and indicated that the carrying value of the block was not recoverable. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount of $nil was based on management's estimate of value in use;
- Impairment loss of $80.3 million in respect of Tanzania - Block 7. The trigger for the impairment test was the conclusion of the Mkuki-1 drilling operations which did not encounter live hydrocarbons and indicated that the carrying value of the block was not recoverable. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount of $nil was based on management's estimate of value in use; and
- Impairment loss of $59.4 million in respect of Kenya - Block L9. 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 licence term. 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.

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.

Allowance for impairment of $172.4 million for the year ended 31 December 2013 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 indicated that the carrying value of the block was not recoverable. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount of $50 million was based on management's estimate of value in use; and
- Impairment 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 licence term. The CGU applied for the purpose of the impairment assessment is the block and the recoverable amount of $nil 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 2014 $'000	YEAR ENDED 31 DEC 2013 $'000
6 Goodwill		
Balance at the beginning of the year	20,868	57,165
Impairment of goodwill [(1)]	(20,868)	(36,297)
Balance at the end of the year	-	20,868

(1) A goodwill impairment loss of $20.9 million (2013: $36.3 million) was recognised in respect of Kenya – Block L9 (2013: Tanzania – Block 7). The impairment loss was primarily driven by the impairment review of the Blocks' CGUs which resulted in impairment losses in the current and prior years, reducing the carrying values of the Blocks (refer to note 5).

The goodwill balance was 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:

	YEAR ENDED 31 DEC 2014 $'000	YEAR ENDED 31 DEC 2013 $'000
Kenya (Block L9)	-	62
	-	62

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.

Kenya (Block L9)	-	20,806
Deferred tax liability	-	20,806
Balance at the end of the year	-	20,868

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 2014. 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 $20.9 million (2013: $36.3 million) for the year ended 31 December 2014 (refer to note 3(d) and note 5).

		YEAR ENDED 31 DEC 2014 $'000	YEAR ENDED 31 DEC 2013 $'000
7	**Cash and cash equivalents**		
	Cash	138,603	326,764
	Short-term deposits	739,269	179,998
		877,872	506,762

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 $877.9 million (2013: $506.8 million).

8	**Investments**		
	Short-term investments	294,904	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 $294.9 million (2013: $159.9 million).

		YEAR ENDED 31 DEC 2014 $'000	YEAR ENDED 31 DEC 2013 $'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		
	591,961,422 ordinary shares of 0.25p each in issue at the beginning of the year (2013: 400,004,189)	2,466	1,739
	1,849,373 ordinary shares of 0.25p each issued on exercise of share options during the year (2013: 4,081,558)	8	16
	Nil ordinary shares of 0.25p each issued during the year (2013: 187,875,675 [(1)])	-	711
	593,810,795 ordinary shares of 0.25p each in issue at the end of the year (2013: 591,961,422)	2,474	2,466

[(1)] 19,850,000 ordinary shares issued in relation to the placement announced by the Company on 4 March 2014 and subsequently issued on 5 March 2014. 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 2014 and subsequently issued on 26 March 2014. The market value of the Companies shares on these dates were: £4.62 ($6.94) and £4.71 ($7.17) respectively.

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 2014 $'000	YEAR ENDED 31 DEC 2013 $'000
10 Treasury shares		
Nil ordinary shares of 0.25p each held by the Group as treasury shares at the beginning of the year (2013: nil)	-	-
15,522,066 ordinary shares of 0.25p each acquired during the year (2013: nil)	62	-
611,952 ordinary shares of 0.25p each disposed of on exercise of share options during the year (2013: nil)	(3)	-
14,910,114 ordinary shares of 0.25p each held by the Group as treasury shares at the end of the year(2013: nil)	59	-

Treasury shares represents the cost of shares in the Group purchased in the market and held by the Group to satisfy options under the Group's employee incentive share option plans. On 14 August 2014, the Company announced that the Board had approved a share buyback programme of up to $100 million of ordinary shares (the 'Programme'). During the year, the Group repurchased shares under the Programme for a total consideration of $44.2 million, including costs of $0.3 million. The remaining facility as at 31 December 2014 was $56.1 million.

	YEAR ENDED 31 DEC 2014 $'000	YEAR ENDED 31 DEC 2013 $'000
11 Reserves		
Treasury shares (note 10)	(59)	-
Other reserves (note 12)	1,695,904	1,674,719
	1,695,845	1,674,719
Non-controlling interest [(1)]	(280)	(276)
	1,695,565	1,674,443

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

12 Other Reserves

	Share Premium [1] $'000	Capital Redemption [2] Reserve $'000	Options Premium [3] Reserve $'000	Special [4] Reserve $'000	Consolidation [5] Reserve $'000	Merger [6] Reserve $'000	Equity Component on Convertible Bond [7] $'000	Foreign Currency Translation [8] Reserve $'000	Accumulated Losses $'000	Total Other Reserves $'000
As at 1 January 2013	**798,256**	-	**34,244**	**156,435**	**(500)**	**415,722**	**669**	**5,852**	**(307,721)**	**1,102,957**
Loss for the period, net of tax	-	-	-	-	-	-	-	-	(245,777)	**(245,777)**
Other comprehensive loss, net of tax	-	-	-	-	-	-	-	(1,396)	-	**(1,396)**
Total comprehensive loss, net of tax	-	-	-	-	-	-	-	(1,396)	(245,777)	**(247,173)**
New ordinary shares issued to third parties	-	-	-	-	-	802,517	-	-	-	**802,517**
Exercise of options	7,324		-	-	-	-	-	-	-	**7,324**
Share-based payment	-	-	9,094	-	-	-	-	-	-	**9,094**
Transfers within reserves [6]	-	-	-	(156,435)	-	-	-	-	**156,435**	-
As at 1 January 2014	**805,580**	-	**43,338**	-	**(500)**	**1,218,239**	**669**	**4,456**	**(397,063)**	**1,674,719**
Profit for the period, net of tax	-	-	-	-	-	-	-	-	54,846	**54,846**
Other comprehensive income, net of tax	-	-	-	-	-	-	-	1,784	-	**1,784**
Total comprehensive income, net of tax	-	-	-	-	-	-	-	1,784	54,846	**56,630**
Purchase of own shares	-	62	-	-	-	-	-	-	(44,230)	**(44,168)**
Exercise of options	1,847	-	-	-	-	-	-	-	-	**1,847**
Share-based payment	-	-	6,876	-	-	-	-	-	-	**6,876**
Transfers within reserves [6]	-	-	-	-	-	(876,447)	-	-	**876,447**	-
As at 31 December 2014	**807,427**	**62**	**50,214**	-	**(500)**	**341,792**	**669**	**6,240**	**490,000**	**1,695,904**

12 Other Reserves (continued)

(1) The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 0.25p per share less amounts transferred to any other reserves.

(2) The capital redemption reserve represents the nominal value of shares transferred following the Company's purchase of them.

(3) The option premium reserve represents the cost of share-based payments to Directors, employees and third parties.

(4) The special reserve was created on reduction of the Company's share capital on 26 July 2007. Following the Company's subsequent recording of increase in paid up share capital the special reserve has been realised and transferred to accumulated losses.

(5) The consolidation reserve represents a premium on acquisition of a minority interest in a controlled entity.

(6) In the prior year the provisions of the Companies Act 2006 relating to Merger Relief (s612 and s613) were applied to the March 2013 share placement and rights issue raising performed through a cash box structure. The 'cash box' method of affecting an issue of shares for cash is commonplace and enabled the Company to issue shares without giving rise to a share premium. The premium on shares issued, net of applicable transaction costs of $34.5 million, as part of the 'cash box' arrangement is instead recognised in the Merger Reserve. Following on from the completion of the Group's farm out of 20% of its interest in Tanzania Blocks 1, 3 & 4 in March 2014 Ophir Ventures (Jersey) Limited and Ophir Ventures (Jersey) No.2 Limited, which are wholly owned subsidiaries of the Company, redeemed the preference shares that had been acquired by the Company as part of the 'cash box' arrangement. This has allowed the Company to realise $876.4 million of the Merger Reserve to accumulated profits / (losses) as the redemption of the preference shares was considered to be performed with qualifying consideration in the form of free cash and a readily recoverable receivable from Ophir Holdings Limited, a 100% owned subsidiary of the Company and beneficial holder of the Group's interest in Tanzania Blocks 1, 3 & 4.

(7) This balance represents the equity component of the convertible bond, net of costs and tax as a result of the separation of the instrument into its debt and equity components. The bond was converted into 21,661,476 ordinary shares of 0.25p each on 21 May 2008.

(8) The foreign currency translation reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US Dollars.

	YEAR ENDED 2014 $'000	YEAR ENDED 2013 $'000
13 Capital commitments - Exploration		
In acquiring its oil and gas interests the Group has pledged that various work programmes will be undertaken on each permit/interest. The exploration commitments below are an estimate of the net cost to the Group of performing these work programmes.		
Due within one (1) year	63,328	516,134
Due later than one (1) year but within two (2) years	28,600	40,877
Due later than two (2) years but within five (5) years	6,630	47,837
	98,558	604,848

14 Events after the reporting period

On 3 March 2015 (the acquisition date), the Group acquired 100% of the share capital of Salamander Energy Plc ('Salamander'), a South East Asian focused independent exploration and production company quoted on the LSE.

The Group announced that the scheme of arrangement was approved by Salamander's shareholders on 6 February 2015 and was sanctioned by the Supreme Court in London effective on 2 March 2015. The transaction has therefore closed and the entire issued ordinary share capital of Salamander is now owned by Ophir. The consideration of $326.1 million was satisfied in full by equity by which Salamander shareholders received 0.5719 Ophir ordinary share for each Salamander ordinary share held.

The enlarged Group enhances Ophir's operating capabilities in both Africa and South East Asia and deepwater expertise across key technical and commercial functions. The combined Group provides shareholders with a diversified exposure to 21 production, development and exploration blocks in Africa and South East Asia.

The acquisition will be accounted for as a single business combination. The fair value assessment of the Salamander identifiable assets and liabilities acquired as at the date of acquisition have been reviewed in accordance with the provisions of IFRS 3 - Business Combinations.

The fair values of the assets acquired have been calculated using valuation techniques based on discounted cash flows using forward curve commodity prices, a discount rate based on market observable data and cost and production profiles.

14 Events after the reporting period (continued)

Assets acquired and liabilities assumed:

	FAIR VALUE RECOGNISED 3 MARCH 2015 $'000
Assets	
Exploration & evaluation assets	150,000
Property, plant & equipment	877,000
Financial assets	58,054
Investments accounted for using the equity method	228,000
Inventory	51,228
Trade and other receivables	25,033
Cash and cash equivalents	113,133
	1,502,448
Liabilities	
Trade and other payables	(95,857)
Current tax liability	(75,436)
Bank borrowings	(303,858)
Convertible bonds	(91,897)
Bonds payable	(145,596)
Provisions	(52,614)
Deferred tax liability	(530,559)
	(1,295,817
Total identifiable net assets at fair value	206,631
Goodwill arising on acquisition	119,500
	326,131
Consideration:	
Equity instruments (152,208,612 ordinary shares of parent company)	326,131
Total consideration transferred	**326,131**

The Group issued 152,208,612 new shares in consideration for the entire share capital of Salamander.
The fair value of the shares is the published price of the shares of the Group at the acquisition date. Therefore, the fair value of the share consideration given is $326.1 million.

The goodwill balance is the result of the requirement to recognise deferred tax assets and liabilities, as specified in IFRS 3 and IAS 12 and is calculated as the difference between the tax effect of the fair value of the assets and liabilities acquired and their tax bases. None of the goodwill is expected to be deductible for income tax purposes.

The fair value of the trade receivables amounts to $25.0 million. The gross amount of trade receivables is $25.0 million. However, none of the trade receivables have been impaired and it is expected that the full amounts can be collected.

The fair values disclosed are provisional due to the timing and complexity of the acquisition. The Group is continuing to refine the fair value of assets and liabilities identified as part of the acquisition. The review of the fair value of the assets and the liabilities acquired will continue for 12 months from the acquisition date at the latest.