



**25 January 2016**

**Ophir Energy plc  
("Ophir")**

**Equatorial Guinea Farm in, Operations and Trading Update**

Ophir provides an update on its asset portfolio and an update on trading for the year ended 31 December 2015.

**Heads of Terms signed for an Upstream partner in the Fortuna FLNG project, Equatorial Guinea**

Ophir has signed a non-binding Heads of Terms Agreement with Schlumberger whereby Schlumberger will, subject to due diligence, definitive documentation and Government approval, receive a 40% economic interest in the Fortuna FLNG project, offshore Equatorial Guinea. Ophir and Schlumberger will now work towards signing a definitive agreement, which is expected to be signed in 2Q 2016, ahead of Final Investment Decision. Under the definitive agreement Schlumberger will reimburse 50% of Ophir's past costs in the form of a development carried interest. This is expected to cover Ophir's share of capital expenditures up until first sales of LNG.

As previously indicated, Ophir is also presently shortlisting the gas off-take offers and expects to complete this process within the coming weeks. All workstreams are progressing in line with expectations and the project remains on track to achieve FID in mid-2016.

Mercedes Eworo Milam, Director General of Hydrocarbons in the Equatorial Guinea Ministry of Mines, Industry and Energy ("MMIE"), commented: "MMIE continues to lend full support to Ophir, GEPetrol and Sonagas as it progresses the Fortuna FLNG project towards FID."

On the 22nd January 2016 an agreement was signed between Golar and Schlumberger to jointly develop gas reserves through FLNG technology. Subject to a successful FID and implementation of the partnership in the Fortuna project both Schlumberger and Golar have expressed interest to extend this partnership to include other existing or potential new Ophir assets in the future.

### **Award of Land for Tanzanian LNG Project**

In Tanzania, following the elections in late 2015, Tanzania Petroleum Development Corporation has announced the location of the LNG site at Mchinga Bay and is in the final stages of securing the land for the midstream facilities. Separately, it is expected that Shell will assume operatorship of this project on closure of the Shell/BG Group transaction in 1Q 2016.

### **Kerendan Testing and First Gas Date**

In Indonesia, the first gas was introduced into the Kerendan gas plant on 23 December 2015, as requested by PLN, to start commissioning the facilities. The pipeline was packed to the PLN power plant and shut in. Separately, agreement has been reached with PLN to set the formal first gas start date and hence contractual Gas Sales Agreement Take-or-Pay obligations as at 11 January 2016. The first commercial production from the Kerendan gas field is forecast in 2H 2016 when PLN completes construction of the transmission lines and power plant.

### **Bualuang Production Optimisation**

In Thailand, the activity to increase production on the Bualuang oilfield by increasing produced water disposal capacity through drilling, workovers and submersible pump replacement has been successfully completed ahead of schedule in late December 2015, resulting in an increase in daily oil production.

### **Exploration Portfolio Refocus and Renewal**

Ophir has made significant progress in rationalising its exploration portfolio in recent months to focus solely on assets that are appropriate in the new, lower commodity price environment. Ophir has therefore exited, or is in the process of exiting, eight licences across Africa and Asia and has agreed terms to enter new licences in Cote D'Ivoire and Malaysia, subject to final approvals. Further high grading of the exploration portfolio is expected during 2016 as Ophir concentrates its efforts on plays that can deliver transformational and, importantly, monetise-able upside at current prices.

### **Trading Update**

Ophir's 2015 operating cash flow from producing assets and capex remain broadly in line with previous guidance. Production for 2015 averaged 13,000 boepd on a full year proforma basis. This exceeded guidance with both the Bualuang and Sinphuhorm fields producing ahead of budget.

Capital expenditure in 2015 was approximately \$250 million on a full year proforma basis. Group cash at year end was approximately \$620 million with a net cash position of approximately \$360 million. Group gearing at year end was in the region of 12%.

Ophir's 2016 production guidance is 10,500 boepd to 11,500 boepd, with the Kerendan gas field expected to start contributing to these volumes in the second half of the year. Ophir's 2016 capital expenditure is expected to be between \$175 million and \$225 million. Group operating cashflow from producing assets in 2016 is forecast to be between \$75 million and \$100 million which, along with a planned 2016 refinancing of the Group debt facilities, is expected to lead to a 2016 year end cash position of between \$550 million and \$600 million, a net cash position of between \$225 million and \$275 million, and an estimated gearing of 17%.

Ophir has a low cost production base that is cash generative materially below current commodity prices. The Bualuang oil field has a 2016 post-tax operating cashflow break-even of approximately \$17 per barrel before capex (approximately \$25 per barrel after capex). Ophir's total production base has a post-tax operating cashflow breakeven price of approximately \$15 per boe.

**Nick Cooper, Chief Executive Officer of Ophir, commented:**

*"We are very pleased to welcome Schlumberger into the Fortuna FLNG project. Innovative partnering in the upstream is increasingly important to deliver world class projects that can create value throughout the cycle. Ophir's cost to first gas is fully funded by this transaction, and we can now evaluate the other funding and offtake proposals that we have received to select at FID the combination that creates most value for shareholders.*

*"Furthermore, as an early adopter of FLNG, our newly announced strategic relationship with Golar and Schlumberger has the potential to deliver more opportunities of this kind in the future.*

*"These are tough times for the upstream sector, but this transaction will free up our balance sheet and further increase our financial flexibility. Through prudent capital discipline, an innovative approach and a strong balance sheet, Ophir remains convinced of the value creation potential of its asset portfolio throughout 2016 and beyond."*

**ENDS**

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