



13 September 2016

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

Resource Monetisation Update

Ophir provides the following update on resource monetisation at the Kerendan and Bualuang fields.

Kerendan First Production

Commercial production has commenced from the Kerendan field, Indonesia, in line with the schedule Ophir announced on acquiring the asset in March 2015. Production started at 3-5 MMscfd to enable PLN, the Indonesian state electricity distributor, to commission the power plant and transmission system. Post commissioning, sales will be initially maintained at a restricted volume of 5 MMscfd at the request of PLN to enable them to meet demand for power in immediate Buntok region. The first 160 km section of the transmission line from the power plant to Buntok is complete and the full 290 km transmission line to Tanjung is expected to be completed later this year. Once the Tanjung line is completed, production is expected to increase to 20 MMscfd, in line with the Daily Contract Quantity.

Under the existing GSA the contractual start date for production was 11 January 2016 and therefore a take or pay provision has been active since this date. Ophir expects to receive settlement for the take or pay shortfall in 1Q 2017, after the completion of a full contract year. The annual contract quantity is 7.3Bcf and the take or pay settlement will equate to 80% of the volumes that have not been drawn. The total contracted volume for this first phase of production at Kerendan is 122 Bcf. Ophir has rights to an additional uncontracted 2C contingent resource at Kerendan of 320 Bcf (458Bcf gross).

Further discussions regarding an upward adjustment to the contracted gas price are at an advanced stage and are also expected to conclude before the end of this year. The current contracted gas price is \$4.79 per MMBtu escalating at 3% per annum.

Ophir holds a 70% operating interest in the Kerendan field, Bangkanai PSC and PT Saka Bangkanai Kalimantan holds a 30% equity interest.

Bualuang Water Debottlenecking Project Completed

Production was restarted on 2 September, after a 10 day shutdown, at the Bualuang field in the Gulf of Thailand on completion of the final tie-in work of a water debottlenecking project. This was a highly complex brownfield project as work to upgrade the facilities was conducted over the last 5 months

whilst minimising production downtime. Over 100,000 man-hours of work were conducted offshore by our local contractor Unithai, with the maximum POB of over 200 people supported by the accommodation barge “Posh Bawean” from 23rd July to 31st August.

The sub-surface part of the project was completed at the end of 2015 with the drilling of a new water disposal well and the workover of the existing water disposal wells. This was followed in 2016 with a two phase project to upgrade the surface facilities. The combined project has resulted in increasing the design capacity of the water handling and disposal system from 50,000 bwpd to 75,000 bwpd. Both the drilling and facilities engineering aspects of the project were completed without major incident, recording zero lost-time incidents.

Production is in the process of ramping up as the new system is brought on-stream and tested, but as of 11th September the field was producing at an instantaneous rate of 9,700 bopd at a water disposal rate of 64,000 bwpd, an increase of 1,400 bopd compared to production in late August before commissioning of the new facilities. Capital expenditure to deliver the project was \$20 million and it is expected to increase NPV of Bualuang by \$80 million and payback within 12-18 months.

Bill Higgs, Chief Operating Officer, commented:

“We are pleased to have successfully and safely completed commissioning and to have first commercial gas production at the Kerendan field. The field will now provide another source of cash flow for Ophir and is the first commercial production of hydrocarbons from Central Kalimantan.

Furthermore, increasing water handling at Bualuang has added materially to the cash generation of the asset. The team did an excellent job in safely completing a technically challenging project while minimising the impact to production.

Both Bualuang and Kerendan have the potential to monetise incremental resource and realise further NAV per share growth for our shareholders.”

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