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KRG ACHIEVEMENTS

■ Despite the challenging backdrop

- Landlocked
- Almost no oil & gas industry pre-2003
- Disagreements with the Federal Government of Iraq
- ISIS presence in northern Iraq
- Oil prices
- Economy over-dependent on KRG spending



Significant production increases

- Built the oil industry from scratch
- From minimal production to c.600 kbopd over the last 10 years



Export pipeline

- Construction of an independent pipeline network to allow the export of oil from Northern Iraq
- Export through this infrastructure since mid-2014



Gas Sales Agreement with Turkey

- Landmark agreement signed with Turkey



Economic reform

- Substantial progress made in 2016

- **Now that independent exports are well established the KRG has a real opportunity to attract the next wave of investment to the Region**

- **However to achieve this, the KRG needs to resolve some key issues:**
 - 1. Continue economic reform**
 - 2. Ongoing Payments – in full, on time, with quality bank**
 - 3. Outstanding Receivables – clear mechanism for full recovery**
 - 4. Gas Project – sign binding documents**

- **This will boost confidence and attract significant capital to the Region**
 - Give IOCs in the Region the confidence to invest in / accelerate development, appraisal and exploration activity
 - Allow IOCs in the KRI to achieve a fair market rating for listed securities and make it easier to attract capital
 - Attract new investors to the Region – IOCs, majors, NOCs, private equity

PAYMENTS TO IOCs

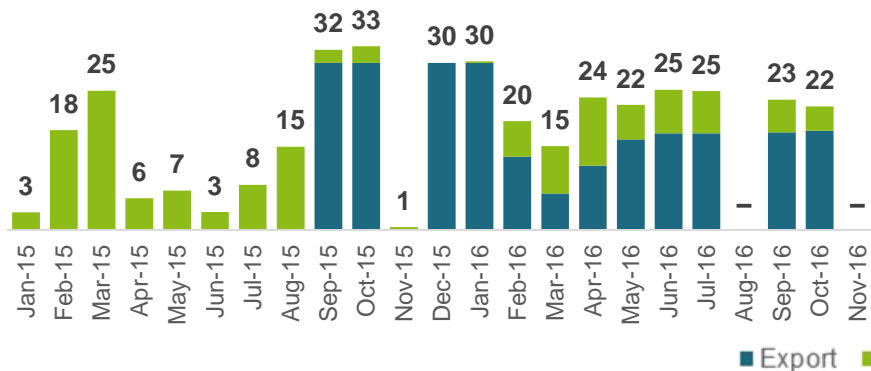
■ Status

- 12 payments since September 2015 totalling in excess of \$800 million to the three main IOCs operating in the region
- Two monthly payments missed (now 60+ days for payment compared to 10 days mentioned in KRG Feb 1st announcement)

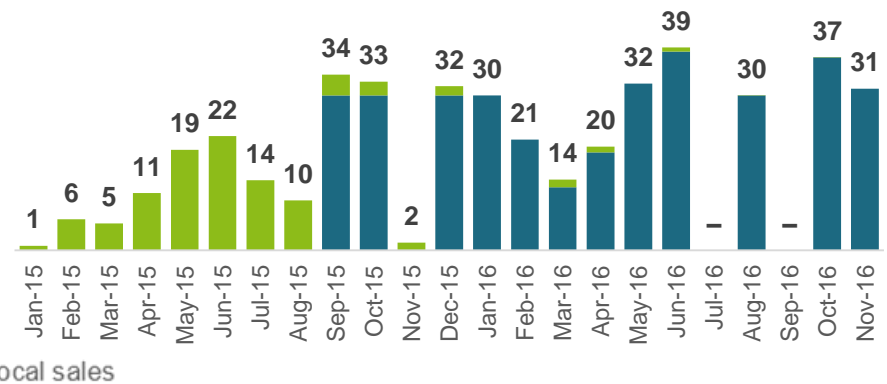
■ What needs to be done?

- Finish audit of PSCs and R-factor calculation
- Ongoing monthly payments on time, and in full based on actual PSC entitlement
- Crude sales price and Contractor netback should be clear and transparent
- Quality bank to differentiate different crudes in the Region, operated by third party
- A clear mechanism for recovery of outstanding receivables

Taq Taq monthly payments (\$ million, Gross)



Tawke monthly payments (\$ million, Gross)



■ Status

- Net Genel accrued receivable (net of CBP) for sales from mid-2014: \$412 million¹
- Net Genel nominal receivable (net of CBP) for sales prior to mid-2014: \$300 million²

■ What needs to be done?

- Finish audit and reconciliation of outstanding receivable balances
- Provide IOCs with a clear mechanism for full repayment

■ Implications for the KRG of a failure to establish a credible repayment mechanism

- Seriously impairs IOCs ability to invest in growing existing production base
- Major deterrent to new entrants to the region
- Threatens the KRI's credibility and creates a major barrier to accessing capital

1. Accrued balance sheet receivable as at 30 June 2016.

2. Nominal receivable represents cumulative unpaid revenue prior to mid-2014, not accrued on Genel's balance sheet.

A Unique Opportunity

1. Large gas resource

- 11.4 tcf of gross mean raw gas, 8.4 tcf of gross mean sales gas

2. Next to Turkey – 7th largest gas importer globally

- 50 bcma gas demand with 98% of supply imported

3. Turkey needs to diversify supply

- c.55% supply currently from Russia and c.90% from Russia, Iran and Azerbaijan

4. Binding GSA between Turkey & KRG in place

- Definitive agreement between Turkish Government and KRG signed in 2013

5. Cheapest gas v Russia, Iran, Azerbaijan

- Onshore location, 300 km from Turkish infrastructure, competitive cost structure

6. Project is key to Turkey/KRG strategic relationship

- Gas exports are a critical part of the important geopolitical cooperation between Turkey & KRG

7. Transformative to KRI Economy

- Potential to generate c.\$30 billion revenues for KRG over 20 years

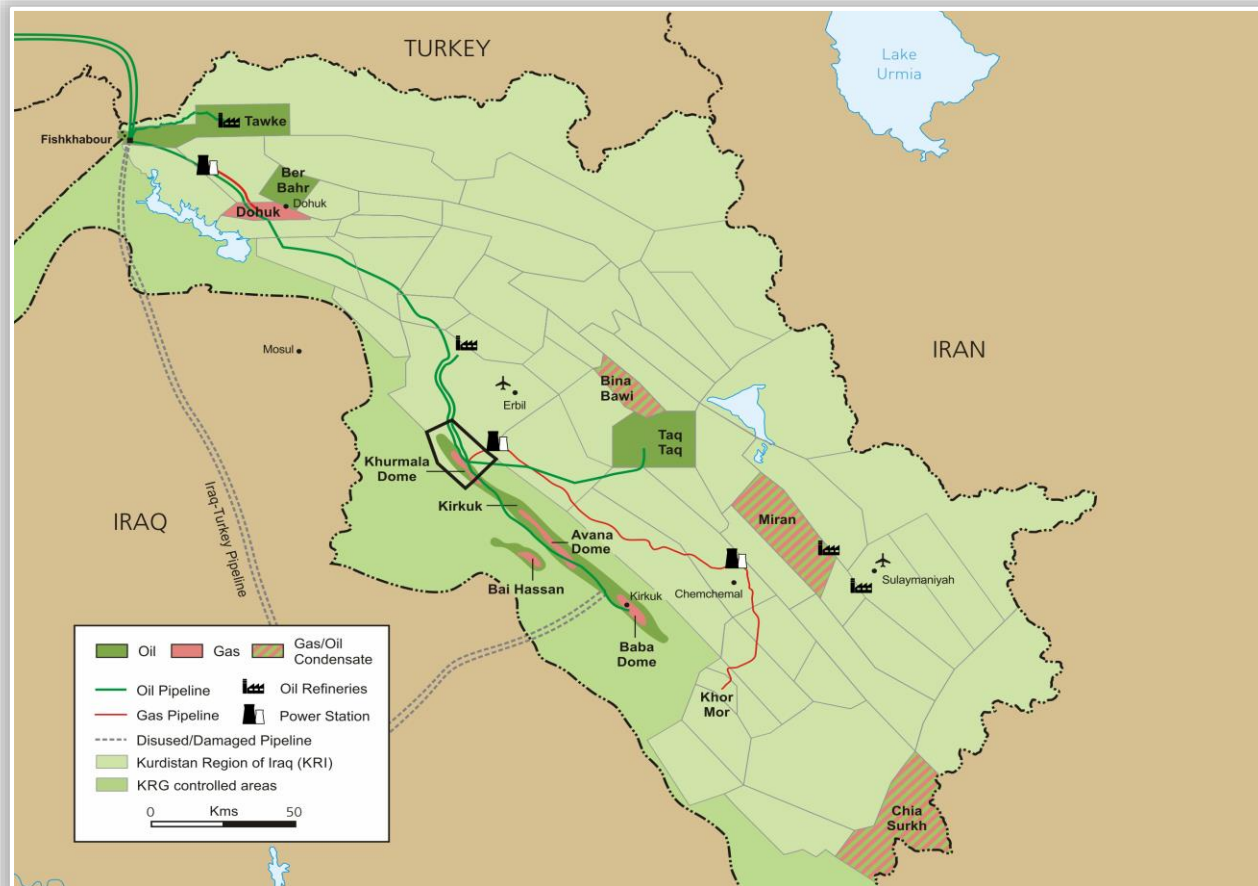
■ Status

- Landmark KRG-Turkey GSA signed November 2013
- New commercial structure agreed with Genel and term sheets signed in June 2015
 - PSC Amendment
 - Gas Supply Agreement
 - Midstream Agreement

■ What needs to be done?

- Finalisation of Fully Termed Agreements
- This will allow Genel to move the project forward
 - Midstream equity partners, debt financing, engineering studies
 - Upstream partners, financing and ongoing appraisal

- M&A remains a core part of our strategy
- Continue to pursue selective M&A opportunities in the Region that would be value accretive to Genel and the KRI



(1) Genel is in the process of relinquishing its interests in the Ber Bahr licence and has completed the relinquishment of the Dohuk licence