

24 August 2017

## Genel Energy plc

### Definitive agreement reached with KRG on receivables

Genel Energy plc ('Genel' or 'the Company') is pleased to announce a definitive agreement with the Kurdistan Regional Government ('KRG') relating to unpaid entitlements for past oil sales from the Taq Taq and Tawke fields.

Cash flow is expected to be materially enhanced over the course of the agreement, delivering significant value creation for all stakeholders.

A Receivable Settlement Agreement ('RSA') has been signed between Genel and the KRG, with a Tawke Production Sharing Contract ('PSC') Amendment also being executed. In return for cancelling and waiving its rights to outstanding receivables relating to unpaid entitlements for past oil sales, Genel will benefit from the following:

- In addition to proceeds for current sales, Genel will receive 4.5% of Tawke gross field revenues for the five year period from 1 August 2017 to 31 July 2022 ('the Genel Override')
- Genel's capacity building payments ('CBP') on the profit share element of its Tawke entitlement will be eliminated over the entire life of the Tawke field
- The KRG has agreed with all audit adjustments on the petroleum costs on the Tawke PSCs and on Genel's share of petroleum costs in the Taq Taq PSC for the period up to 31 July 2017
- Outstanding production bonuses and PSC liabilities on the Taq Taq and Tawke fields totalling c.\$30 million net to Genel have been set off against the receivable and as a result are no longer payable

Under the previous mechanism for repaying the receivable, Genel received its pro-rata share of 5% of monthly field revenue from the Tawke field, which was liable for CBP. This mechanism will terminate effective 1 August 2017. Proceeds received for current sales from the Taq Taq field will continue to be liable for CBP. Going forward, invoices for current sales from the Taq Taq and Tawke fields will be issued and paid on the basis of the R-factor calculation in the respective PSCs, instead of the proxy formulation which has been in place since the beginning of 2016.

Tawke and Taq Taq unpaid invoices for June and July 2017 are expected to be paid in September and October 2017 respectively, in line with the payment track record established by the KRG during 2017.

Tawke field gross production has averaged c.109,000 bopd in the year to 31 July 2017, with Brent prices averaging c.\$51/bbl. Assuming similar production and oil prices over the period from 1 August 2017 to 31 December 2017, the Genel Override would generate proceeds of c.\$30 million and the Tawke CBP elimination would result in c.\$12 million of savings in the period.

#### **Murat Özgül, Chief Executive of Genel, said:**

"A key part of our strategic focus in 2017 was the acceleration of the recovery of the receivable for unpaid oil sales, and this agreement successfully achieves this through significantly increasing cash generation from the Tawke PSC over the next five years. This definitive agreement is the positive culmination of a constructive dialogue with the KRG, and promises to generate value for all stakeholders."

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*This announcement includes inside information.*

Notes to editors:

Genel Energy is an independent oil and gas exploration and production company listed on the main market of the London Stock Exchange (LSE: GENL). The Company, with headquarters in London and offices in Ankara and Erbil, is one of the largest London-listed independent oil producers, and is the largest holder of reserves and resources in the Kurdistan Region of Iraq. Through its Miran and Bina Bawi gas fields, the Company is positioned to be a cornerstone provider of KRI gas to Turkey under the KRI-Turkey Gas Sales Agreement. Genel also continues to pursue further growth opportunities within the Middle East and Africa. For further information, please refer to [www.genelenergy.com](http://www.genelenergy.com).