19 January 2021

Genel Energy plc

Trading and operations update

Genel Energy plc ('Genel' or 'the Company') issues the following trading and operations update in advance of the Company's full-year 2020 results, which are scheduled for release on 18 March 2021. The information contained herein has not been audited and may be subject to further review.

Bill Higgs, Chief Executive of Genel, said:
"Executing our strategy in 2020 through delivering low-cost production, paying a material dividend, and retaining our financial strength in order to invest in growth has helped lay the foundations for year on year production increases in this year and the years ahead. Bringing Sarta to production in 2020 despite the challenges of COVID-19 now means that we are generating revenues from our fourth field as we rapidly move to further appraise its huge reserve potential.

The successful early refinancing provides us with the liquidity and financial certainty to continue prudently investing in growth while retaining a robust balance sheet and delivering returns to shareholders. We expect to drill 12 wells across the portfolio this year. These wells have the potential to add incremental low-cost and cash generative production at the Tawke PSC, add and convert contingent resources to reserves and add production at Sarta, and open up a new field at Qara Dagh. With numerous catalysts in the year and a more promising external environment than 2020, Genel is looking confidently ahead to 2021."

FINANCIAL PERFORMANCE

- $173 million of cash proceeds were received in 2020 (2019: $317 million)
- Capital expenditure of $109 million (2019: $161 million), with spending reduced appropriately to reflect the external environment, yet ensuring continuing growth
- Free cash outflow of $5 million in 2020, pre dividend payment (2019: $99 million free cash inflow), comparison impacted by:
    - Lower oil price ($42/bbl in 2020, compared to $64/bbl in 2019)
    - Non-payment of $121 million relating to oil sales from November 2019 to February 2020
    - Suspension of override payments with a cashflow impact totalling $38 million in 2020
- The low-production cost per barrel of $2.8/bbl in 2020 helped deliver asset level cash generation of $74 million in the year
- Dividends of $55 million paid in 2020, of which $14 million relates to the 2019 interim dividend paid in January 2020
- Cash of $354 million at 31 December 2020 ($377 million at 31 December 2019), net cash of $10 million
    - Following the call of the outstanding bond with a maturity date in December 2022, settled on 8 January 2021, Genel had cash of $273 million and debt of $267 million, a net cash position of $6 million
    - Genel currently retains $20 million of the 2025 bond, to reduce interest cost and increase future optionality

OPERATING PERFORMANCE

- Net production averaged 31,980 bopd in 2020, with net production in Q4 averaging 31,510 bopd (Q3 2020: 32,210 bopd)
- Production by field was as follows:

(bopd)	**Gross production 2020**	**Net production 2020**	*Net production 2019*
Tawke	57,570	14,390	*17,190*
Peshkabir	52,710	13,180	*13,800*
Taq Taq	9,670	4,250	*5,260*
Sarta	520	160	-
Total	**120,470**	**31,980**	*36,250*

PRODUCTION ASSETS

- **Tawke PSC (25% working interest)**
  - Gross production at the Tawke PSC averaged 110,280 bopd in 2020, of which Peshkabir contributed 52,710 bopd
  - Production in Q4 2020 averaged 110,170 bopd, of which Peshkabir contributed 56,320 bopd
  - There will be an active drilling campaign in 2021 on the Tawke licence, with up to eight new development wells set to be drilled and multiple workovers on existing producing wells to be undertaken in the drive to maintain production above 100,000 bopd
- **Sarta (30% working interest)**
  - First oil production from Sarta began in November 2020, and the Sarta-3 well has produced at an average of c.5,500 bopd so far in 2021
  - Due to ongoing COVID-19 protocols, production from Sarta-2 is now expected in February. A stable production level from both wells will be reached in Q1 2021
  - The 2021 appraisal drilling campaign is targeting a material portion of the 250 MMbbls of existing contingent resources, and prospective resources, in Jurassic formations
  - The campaign will begin at the start of Q2. Sarta-5 and Sarta-6 will be drilled back to back, with results from the first well expected in Q3, and operations on both wells complete in Q4 2021
  - Re-entry and deepening of the Sarta-1 (S-1D) well is expected around the middle of the year. Should S-1D be successful, a flowline will be constructed in order to enable the well to enter production around the end of 2021
- **Taq Taq PSC (44% working interest and joint operator)**
  - Gross production at Taq Taq averaged 9,670 bopd in 2020, following the suspension of drilling activity in H1 2020
  - Q4 production at the field averaged 7,610 bopd, with an exit rate of over 8,000 bopd following the early implementation of part of the 2021 well intervention programme, which increased production from the TT-20z and TT-34y wells
  - With activity at Taq Taq focused on optimising cash flow, no drilling is scheduled in 2021, with activity limited to workovers that will help manage field decline

PRE-PRODUCTION ASSETS

- **Qara Dagh (40% working interest and operator)**
  - Preparatory activities are ongoing for the QD-2 well, as Genel continues to target a spud date late in Q1 2021. The water well project successfully completed in December, providing us with water for the drilling operations
  - The well is expected to drill, complete, and test before the end of the year, with the field holding resources estimated by Genel at gross mean c.400 MMbbls
- **Bina Bawi (100% working interest and operator)**
  - Discussions with the KRG are ongoing at the highest levels relating to our proposals submitted in August and December 2020, which would enable the Company to progress the next stage of activity
  - Genel continues to maintain capex discipline, and will only commence investment upon certainty of alignment with the KRG and a clear path to monetisation

- **African exploration assets**
  - The uncertainty created by COVID-19 delayed the search for partners to fund and minimise Genel's spend on our potentially high-impact exploration wells, but the farm-out process relating to the highly prospective SL10B13 block in Somaliland (100% working interest and operator) is progressing, with potential partners involved in assessing the opportunity
  - A farm-out campaign is also planned relating to the Lagzira block offshore Morocco (75% working interest and operator), with the aim of bringing a partner onto the licence prior to considering further commitments

ESG

- Zero lost time injuries ('LTI') and zero tier one loss of primary containment events in 2020 at Genel and TTOPCO operations
  - There has not been an LTI since 2015, with over 13 million work hours since the last incident
  - 400,000 hours of work completed at Sarta without an LTI
- Genel expects our 2020 carbon intensity to be c.15 kgCO2e/bbl for scope 1 and 2 emissions, significantly below the global oil and gas industry average of 20 kgCO2e/boe
  - The carbon intensity of our portfolio reduced to 7kg CO2e/bbl of scope 1 and 2 emissions in H2 2020 following the material reduction in flaring at the Tawke PSC through completion and commissioning of the enhanced oil recovery project
  - While portfolio emissions will increase in 2021 following early production at Sarta, Genel is committed to significantly reducing those emissions as production at the field matures
- Genel is analysing the most effective way to manage emissions, both annually across the portfolio and over the life of each asset, in order to deliver the Paris Agreement goals of limiting global warming to 1.5 degrees and leading to net zero by 2050

OUTLOOK AND GUIDANCE

- Production in 2021 is expected to be slightly above the 2020 average of 31,980 bopd, with the potential for a higher exit rate and further growth in 2022 depending on success of the Sarta appraisal programme
  - Average margin per working interest barrel of over $10/bbl expected in 2021 at average Brent oil price $50/bbl
- Payments from the KRG continue to be made, with monthly payments received under the KRG's updated payment schedule for the past nine months
  - Override payments to resume from the January 2021 invoice
  - The KRG has submitted a reconciliation model for repayment of the receivable relating to the $159 million in unpaid invoices, whereby for each cent above a monthly dated Brent average of $50/bbl, 0.5 cent per working interest barrel shall be paid towards monies owed. We continue to discuss this model with the KRG, and will update the market in due course
- Genel retains significant flexibility over its capital expenditure, and will ensure that expenditure is appropriate to the external environment. 2021 capital expenditure is expected to be $150 million to $200 million, with the current outlook supporting investment at the top end of this range
  - Production: c.$80 million expenditure forecast, with all spend recovered through cash receipts in the year
  - Growth: c.$100 million expenditure forecast, including wells and facilities costs, focused on material reserves additions and near-term production
- Operating costs expected to be c.$50 million (2020: $33 million), with the increase due to the addition of Sarta early production costs, equating to $4/bbl in 2021 ($3/bbl in 2020), retaining our advantageous low operating cost position
- G&A: expected to be c.$13 million (2020: $12 million)
- Genel expects to pay a material dividend, as we look to offer a compelling mix of growth and returns

There will be a presentation for analysts and investors today at 0900 GMT, with an associated webcast available on the Company's website, www.genelenergy.com.

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This announcement includes inside information.

Notes to editors:
Genel Energy is a socially responsible oil producer listed on the main market of the London Stock Exchange (LSE: GENL, LEI: 549300IVCJDWC3LR8F94). The Company is one of the largest London-listed independent hydrocarbon producers, with an asset portfolio that positions us well for a future of fewer and better natural resources projects. Genel has low-cost and low-carbon production from the Sarta, Taq Taq, and Tawke licences in the Kurdistan Region of Iraq, providing financial resilience that allows investment in growth and the payment of a material and sustainable dividend, even at a low oil price. Genel also continues to pursue further growth opportunities. For further information, please refer to www.genelenergy.com.

Disclaimer
This announcement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil & gas exploration and production business. Whilst the Company believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Company's control or within the Company's control where, for example, the Company decides on a change of plan or strategy. Accordingly, no reliance may be placed on the figures contained in such forward-looking statements.