4 November 2021

Genel Energy plc

Trading and operations update

Genel Energy plc ('Genel' or 'the Company') issues the following trading and operations update in respect of the third quarter and first nine months of 2021.

Bill Higgs, Chief Executive of Genel, said:
"Genel's low-cost and high-margin production continues to generate material positive cash flow which, coupled with our confidence in predictable payments going forward, allows us to further invest in our growth assets with sufficient surplus to support our competitive and progressive dividend, with the interim dividend increased by 20%.

I am pleased that drilling is back underway at Tawke, and drilling operations at Peshkabir, Sarta, and Qara Dagh are ongoing. We continue to work hard to deliver results from the appraisal programmes at Sarta and Qara Dagh, and remain excited about their potential, although disappointed that the testing programme will be later than we had forecast due to a combination of geological and operational challenges, supply chain issues, and well approval delays."

FINANCIAL PERFORMANCE

- $187 million of cash proceeds received in the first nine months of 2021 ($142 million in the first nine months of 2020)
- Free cash flow before investment in growth was $99 million in the first nine months of 2021 ($36 million in first nine months of 2020), despite the expected industry-wide reversion to payments three months in arrears by the Kurdistan Regional Government ('KRG') meaning seven payments have been received in the nine-month period
- Total capital expenditure of $106 million, with $71 million spent in the first nine months of 2021 on progressing Sarta and Qara Dagh
- Free cash flow of $33 million in the first nine months of 2021 (outflow of $5 million in the first nine months of 2020)
- Cash of $277 million at 30 September 2021 ($266 million at 30 June 2021)
    - Net cash of $8 million at 30 September 2021 (net debt of $2 million at 30 June 2021)
- Interim dividend of 6¢ per share (2020: 5¢ per share), a distribution of c.$18 million, to be paid to shareholders on the register as of 12 November 2021

OPERATING UPDATE

- Net production averaged 32,005 bopd in the first nine months of 2021, with net production in Q3 averaging 30,520 bopd (Q2 2021: 32,475 bopd)
- Production by field was as follows:

(bopd)	**Gross production Q3 2021**	**Net production Q3 2021**
Tawke	45,260	11,310
Peshkabir	59,920	14,980
Sarta	5,960	1,790
Taq Taq	5,530	2,430
Total	**116,670**	**30,520**

PRODUCTION ASSETS

- **Tawke PSC (25% working interest)**
  - Gross production at the Tawke PSC averaged 109,150 bopd in the first nine months of 2021, of which Peshkabir contributed 61,430 bopd, and 105,180 bopd in Q3, of which Peshkabir contributed 59,920 bopd while being impacted for shut-ins and maintenance
  - The Peshkabir-Tawke gas project, which was commissioned in mid-2020, has injected eight billion cubic feet of otherwise flared gas as of the end of the third quarter, capturing 480,000 tonnes of CO2 equivalent. In September, a second phase of the gas capture project to reinject and retain gas in the Tawke reservoir and avoid flaring was initiated
  - Drilling at the Tawke field resumed in Q3 2021 after an 18-month pause during which natural production decline was slowed through pressure support from gas injection and workovers

Sarta (30% working interest)

  - Gross production averaged 6,680 bopd in the first nine months of 2021, and 5,960 bopd in Q3
  - Production in Q3 has come predominantly from the Sarta-2 well, after the Sarta-3 well was taken offline at the end of Q2 in order to monitor and manage reservoir pressure in the thinner, volumetrically smaller Mus reservoir and water ingress from part of the deeper Adaiyah reservoir, both of which are informing the long-term production strategy for the field
  - This strategy includes plans to convert the legacy Sarta-4 well into a water disposal well in Q1 2022 to optimise Sarta oil production
  - Q3 production has been in line with expectations for the Mus only reservoir accessible with the Sarta-2 well
  - The Sarta-1D well is drilling ahead in the reservoir section with testing expected early in the new year, now via the production flowline, in order to accommodate the recent industry-wide directive from the Ministry of Natural Resources ('MNR') prohibiting the burning of oil during well test operations. Sarta-1D addition to the production stream is expected in Q1 2022
  - The Sarta-5 well is set to enter the primary reservoir objectives imminently and testing will take place in Q1 2022 once the appropriate equipment is in place to comply with the MNR's well testing directive
  - The Sarta-6 well will spud once the Sarta-5 well has been drilled and completed
  - In line with the farm-in agreement Chevron is set to transfer operatorship of the field to Genel on 1 January 2022

- **Taq Taq PSC (44% working interest and joint operator)**
  - Gross production averaged 6,170 bopd in the first nine months of 2021, and 5,530 bopd in Q3
  - Additional activity at the field is set to resume in 2022, with a view to increasing cash generation from the licence, with returns boosted by the improved oil price

PRE-PRODUCTION ASSETS

- **Qara Dagh (40% working interest and operator)**
  - The QD-2 well, appraising the crest of a 50 km long structure at Qara Dagh, spud in April 2021
  - Drilling is ongoing, with the well having been side-tracked in response to encountering more complex geology above the target reservoir than expected by the joint venture
  - Given the current challenging drilling conditions, Genel is evaluating options to optimally deliver the primary well objectives
  - Genel is now targeting the completion of drilling and testing at QD-2 in Q1 2022
- **Bina Bawi and Miran (100% working interest and operator)**
  - In August, Genel received notice from the Ministry of Natural Resources of the KRG of its intention to terminate the Bina Bawi and Miran PSCs
  - Genel subsequently issued notices of dispute to the KRG under each PSC contesting the right of the KRG to issue any such termination notice. Genel will take steps to protect its rights under the PSCs and, if necessary, seek compensation
  - Genel will update the market on future developments
- **African exploration assets**
  - A farm-out process relating to the highly prospective SL10B13 block (100% working interest and operator) in Somaliland is continuing, and active engagement with respect to the opportunity is ongoing

    - Genel continues to work towards a farm-out campaign aimed at bringing a partner onto the Lagzira licence offshore Morocco (75% working interest and operator).

ESG

- Our sustainability report in accordance with Global Reporting Initiative standards was issued in August 2021, giving a comprehensive overview of our ESG activities and positions
- Following 14 million work hours since a lost time injury ('LTI') at Genel and TTOPCO operations, a member of the contractor drilling team regrettably sustained a foot injury during drilling operations at Sarta-5. Action has been taken to prevent a recurrence of such an incident, as we strive to repeat the performance of the previous six years of LTI free operations
- Following the Annual General Meeting ('AGM') on 6 May 2021 the Company announced that all the resolutions put forward to the meeting had passed with the requisite majority of votes and acknowledged that resolutions 3, 4, 6, 18 and 19, had a c.40% of votes cast against them. In accordance with Provision 4 of the UK Corporate Governance Code 2018, the Company wishes to provide an update on the views received from shareholders and actions taken in respect of these resolutions
    - In light of the votes received against the resolutions, the Company has engaged with major shareholders to understand their views. Noting that proxy agencies were all in favour of the above resolutions, and following discussions with shareholders, the Board considers the votes cast against the resolutions to primarily reflect differing opinions held by the Company's major shareholders in relation to a number of matters. As a consequence, the Company does not believe it is necessary or appropriate to take any additional action

OUTLOOK

- Following the strength of the oil price, Genel expects to generate free cash flow in 2021 despite material investment in growth
    - At a Brent oil price of $85/bbl, our barrels generate $28/bbl of cash flow, sufficient to deliver a material surplus after funding growth expenditure, corporate costs, and interest
    - $132 million still outstanding from the KRG for oil sales from November 2019 to February 2020 and the suspended override from March to December 2020
    - The inclusion of Sarta production in our receivable recovery payments is a positive step and increases the pace of recovery of monies owed
- Following the production performance of Sarta in 2021 being below expectations, and delays in drilling at Tawke, Genel now expects production in the year to be slightly below the 2020 average of 31,980 bopd
- 2021 capital expenditure expected to be c.$165 million (guidance $150 million to $200 million), following delays in approvals from the KRG and ongoing supply chain challenges caused by COVID-19 leading to some planned activity moving to Q1 2022
- Payments from the KRG continue to be received consistently. Ongoing constructive engagement with the MNR regarding our oil operations, coupled with their recent communication urging the industry to increase production, means that we hope to see increased speed of approvals for all operators, facilitating more efficient operations and supporting production rises in the near future

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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 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.