18 January 2022

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 2021 results, which are scheduled for release on 15 March 2022. The information contained herein has not been audited and may be subject to further review.

Bill Higgs, Chief Executive of Genel, said:
"In 2021 we generated significant free cash flow of $86 million, and in 2022 we are set to build on this as the strength of the oil price and our positive outlook means that free cash flow is expected to more than double. Our focus in 2022 is on growing the business and supporting our progressive dividend long-term. We aim to increase cash flow through the progression of our asset development plans and the addition of income streams. Our priority is the derisking and commercialisation of Sarta, while the successful farm-out on our Somaliland licence opens the way to drill an exploration well on this exciting opportunity."

2022 OUTLOOK AND GUIDANCE

- Production in 2022 is expected to be around the same level as 2021
- Genel expects to generate free cash flow of up to $200 million in 2022, pre dividend payments, at a Brent oil price of $75/bbl
    - An increase or decrease in Brent of $10/bbl impacts annual cash by $50 million
    - Under the terms of the Receivable Settlement Agreement signed in August 2017, the last override payment will be made relating to Tawke PSC production in July 2022. Given payments are received three months in arrears from the Kurdistan Regional Government ('KRG'), 10 override payments are expected in 2022
    - 2022 capital expenditure is expected to be between $140 million and $180 million, with key asset spending including:
        - c.$75 million expenditure forecast at the Tawke PSC, an increase of c.$25 million compared to 2021 as drilling increases at the Tawke field
        - c.$45-80 million expenditure forecast at Sarta, with higher spend the result of appraisal success
        - c.$10-20 million expenditure forecast at Taq Taq
        - Work is underway on planning a well in Somaliland, with expenditure in 2022 expected to be under $5 million
    - Operating costs expected to be c.$50 million (2021: $44 million), equating to under $5/bbl, retaining our advantageous low operating cost position
- Following the termination of the Bina Bawi and Miran PSCs by Genel on 10 December 2021, Genel will be claiming substantial compensation from the KRG. Genel's claims will be brought in a private London seated international arbitration
- Genel remains committed to paying a material and progressive dividend, as we look to offer a compelling mix of value-accretive growth and shareholder returns
- Genel continues to invest in the host communities in which we operate. 2022 represents twenty years of operations in the Kurdistan Region of Iraq, which we will commemorate through the *Genel20* programme, launching significant new social activities throughout the year, aligned with UN Sustainable Development Goals

2021 FINANCIAL PERFORMANCE

- $281 million of cash proceeds were received from the KRG in 2021 (2020: $173 million)
- Capital expenditure of $165 million (2020: $109 million), with c.$45 million spent at the Tawke PSC and c.$110 million at Sarta and Qara Dagh

- Free cash flow of $86 million in 2021, pre dividend payments (2020: $5 million free cash outflow), comparison impacted by:
    - Higher oil price of $71/bbl in 2021, compared to $42/bbl in 2020
    - 10 entitlement payments received in 2021, compared to 12 in 2020, following industry-wide reversion to payments three months in arrears by the KRG
    - Receivable recovery payments of $35 million received in 2021, with the resumption of Tawke override payments contributing a further $72 million ($23 million in override payments received in 2020)
- Dividends paid in 2021 of 16¢ per share (2020: 15¢ per share), a total distribution of c.$45 million
- Cash of $314 million at 31 December 2021, net cash of $44 million ($10 million at 31 December 2020)

2021 OPERATING PERFORMANCE

- Genel strives for safe operations with zero lost time injuries ('LTI') and zero tier one loss of primary containment events at Genel and TTOPCO operations. One LTI was reported in 2021 at Sarta-5 drilling operations and all corrective actions have been implemented
    - 1.2 million work hours subsequently completed across our operations without an LTI
- Net production averaged 31,710 bopd in 2021, with net production in Q4 averaging 30,843 bopd
    - Production cost of c.$4/bbl, with margin per barrel of $24/bbl
- Production by field was as follows:

(bopd)	**Gross production 2021**	**Net production 2021**	*Net production 2020*
Tawke	108,710	27,180	27,570
Taq Taq	5,940	2,610	4,250
Sarta	6,400	1,920	160
Total	121,060	**31,710**	31,980

- Genel expects our confirmed 2021 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
    - Expected carbon intensity in 2021 has increased from 13kg CO2e/bbl in 2020 due to full year production at Sarta where associated gas is currently being flared. The gas management project to cease routine flaring is underway

PRODUCTION ASSETS

- **Tawke PSC (25% working interest)**
    - Gross production at the Tawke PSC averaged 108,710 bopd in 2021 (110,280 bopd in 2020)
    - Drilling activity is set to ramp up in 2022
- **Sarta (30% working interest and operator)**
    - The results of early production from the Sarta pilot continue to help shape the view of full field development
    - Gross production averaged 6,400 bopd in 2021, with just over 2.5 million barrels having been produced from start up in late November 2020 to year end 2021
    - Drilling and completion operations at Sarta-1D concluded in November 2021, the Viking I-21 Rig was subsequently mobilised to Sarta-4 to workover the legacy exploration well for use as a produced water disposal well
    - Rigless well testing at Sarta-1D is now underway, with results expected early this quarter. This will allow for the performance of the thicker and more volumetrically significant Adaiyah reservoir to be fully evaluated. Oil produced from Sarta-1D will be delivered to the early production facility via a short c.2 km flowline that was installed in Q4 2021 removing any lag time between well testing results and monetisation of the resource

- The Sarta-5 and Sarta-6 step out wells are designed to appraise the field away from the pilot production facility and will be key in resolving the current uncertainty over the size and shape of the Sarta field
    - Drilling and completion operations concluded at Sarta-5 at the end of 2021, and the Parker 265 Rig is currently mobilising to the Sarta 6 location with spud expected in the coming weeks
    - Rigless well-testing operations will be conducted at Sarta-5 in Q1 2022
    - As of 1 January 2022, Genel became PSC operator of Sarta in line with the agreement with Chevron
    - Genel has embarked on a renewable energy appraisal programme at Sarta, with the initial phase of this study assessing wind, solar and hydro options to power the early production facility. The study began in Q3 2021 and will be completed in 2022, as Genel aims to reduce GHG emissions from our facilities
- **Taq Taq PSC (44% working interest and joint operator)**
    - Gross production at Taq Taq averaged 5,940 bopd in 2021, following the ongoing suspension of drilling activity
    - Activity at Taq Taq continues to be focused on optimising cash flow, and drilling may resume in H2 2022

PRE-PRODUCTION ASSETS

- **Qara Dagh (40% working interest and operator)**
    - As announced on 4 January, drilling operations on the QD-2 well have been suspended and the well temporarily abandoned
    - The evaluation by licence partners Genel and Chevron of the QD-2 well and its results is now underway, and this will inform next steps on the licence
- **Somaliland (51% working interest and operator)**
    - Following the signing of a farm-out agreement with OPIC Somaliland Corporation relating to the SL10B13 block, field partners are now working together to plan exploration drilling, with an aim of drilling a well in 2023
- **Morocco (75% working interest and operator)**
    - A farm-out campaign continues to be 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

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For further information, please contact:

Genel Energy Andrew Benbow, Head of Communications	+44 20 7659 5100
Vigo Consulting Patrick d'Ancona	+44 20 7390 0230

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.