

20 October 2015

## Genel Energy plc

### Trading and operations update

Genel Energy plc (“Genel” or “the Company”) issues the following trading and operations update. The information contained herein has not been audited and may be subject to further review.

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

“The third quarter of 2015 has been a turning point for Genel. September’s payment for exports, coupled with local sales, has stabilised the receivable owed to us by the Kurdistan Regional Government. An October payment for Taq Taq and Tawke is set to be received imminently. With total exports from the Kurdistan Region of Iraq again hitting record levels, and pipeline uptime improving, we have confidence in the KRG’s commitment to make regular payments for oil exports.”

#### FINANCIALS

- Revenue for Q3 2015 of \$77 million, with total revenue for the first nine months of 2015 of \$276 million
- In the third quarter of 2015, the Company received cash proceeds of \$45 million, which included domestic Kurdistan Region of Iraq (“KRI”) sales proceeds and the September 2015 export payment of \$24.5 million. The receipt of the September payment led to cash balances increasing by \$7 million in the period to \$481 million at 30 September 2015
- A further payment for Taq Taq and Tawke exports of \$24.5 million is expected imminently
- Q3 2015 local sales proceeds of \$20.5 million reflect Genel’s ability to divert production into the local market at short notice during periods of export pipeline downtime
- Total cash proceeds from KRI domestic and export sales for the first nine months of 2015 were \$95 million
- In Q3 2015, crude oil realisations averaged \$37/bbl, a 52% decrease on Q3 2014, due to the impact of lower global oil prices
  - Pipeline export realisations for Taq Taq and Tawke are estimated by Genel at \$40/bbl and \$35/bbl respectively. These figures assume a sales discount at Ceyhan relative to Brent, quality differentials for Taq Taq and Tawke, pipeline tariffs, handling fees, and contingencies. Taq Taq deliveries to the Bazian refinery realised an estimated \$40/bbl. Once export payments normalise, Genel will seek to reconcile these estimates with the Kurdistan Regional Government (“KRG”)
  - Taq Taq domestic market sales realised \$42/bbl
  - Tawke domestic market sales realised \$28/bbl

#### KURDISTAN REGION OF IRAQ OIL PRODUCTION

- Net working interest production and sales for Q3 2015 averaged 86,100 bopd, an increase of 23% on Q3 2014 oil production
- Production and sales by field for Q3 2015 were as follows:

(bopd)	Export via pipeline	Domestic sales	Refinery sales	Total sales	Total production	Genel net production
<b>Taq Taq</b>	71,000	13,100	29,100	113,200	113,100	49,800
<b>Tawke</b>	120,600	21,100	3,500	145,200	145,200	36,300
<b>Total</b>	<b>191,600</b>	<b>34,200</b>	<b>32,600</b>	<b>258,400</b>	<b>258,300</b>	<b>86,100</b>

*Note: Difference between production and sales relates to inventory movements at both fields*

- Production and sales by field for the first nine months of 2015 were as follows:

(bopd)	Export via pipeline	Domestic sales	Refinery sales	Total sales	Total production	Genel net production
<b>Taq Taq</b>	77,700	15,200	30,700	123,600	123,300	54,300
<b>Tawke</b>	109,700	20,400	3,800	133,900	134,600	33,600
<b>Total</b>	<b>187,400</b>	<b>35,600</b>	<b>34,500</b>	<b>257,500</b>	<b>257,900</b>	<b>87,900</b>

- Flexibility in our activity programmes allowed for expenditure at Taq Taq and Tawke to be tailored to reflect the delay in export payments. As a result, Taq Taq and Tawke production has declined from the peaks reached in Q2 2015. In October to date, Taq Taq has produced at an average gross rate of 107,000 bopd and Tawke 142,000 bopd
- The Company's 2015 production guidance is accordingly revised to 85-90,000 bopd (from 90-100,000 bopd) and 2015 revenue guidance narrowed to \$350-375 million (from \$350-400 million) assuming a Brent oil price of \$50/bbl in Q4 2015
- The receipt of predictable export payments in line with PSC entitlements would allow Genel to deliver the investment required to increase production
- At Taq Taq, completion and commissioning of the second central processing facility, which has planned capacity of 90,000 bopd, is on track for year-end 2015
- Production from Taq Taq and Tawke is not constrained by pipeline capacity

#### KRI GAS OPERATIONS

- On 22 September 2015, Genel completed the acquisition of OMV's 36% operated stake in the Bina Bawi field. The consideration comprised an upfront payment of \$5 million. A contingent payment of \$70 million is payable once gas production exceeds agreed threshold volumes from the Miran and Bina Bawi fields. A further contingent payment of \$75 million is payable two years after the date of the second payment
- Genel continues to make progress towards converting the detailed term sheets on the proposed upstream production sharing contract amendments and gas supply agreements into fully termed documents. These are still expected to be signed before year-end 2015
- ING Bank has been appointed to act as financial advisor on the midstream debt financing, which is targeted to be in place by the end of 2016, with a final investment decision to be taken shortly thereafter

#### CAPEX AND BALANCE SHEET

- Capital expenditure of \$23 million was incurred in Q3 2015, the majority of which was spent on the Taq Taq and Tawke development programmes. Capital expenditure for the nine months ending September 2015 totalled \$116 million
- 2015 capex guidance is revised to \$150-175 million (from \$150-200 million), due to optimisation of KRI activity on the back of delayed export payments
- The net receivable with the Kurdistan Regional Government is estimated at \$409 million at 30 September 2015 (from \$378 million at 30 June 2015)
- Net debt at 30 September 2015 stood at \$211 million (from \$216 million at 30 June 2015)
- On the assumption that further export payments are broadly in line with that received in September, the Company does not expect further significant increases in the receivable in 2015

## AFRICA EXPLORATION

- Drilling on the CI-508 licence (Genel 24% working interest) offshore Côte d'Ivoire is set to commence towards the end of 2015 on the Aigle prospect. The well, which is targeting significant oil prospectivity in stacked Cretaceous reservoirs, will take approximately 50 days to complete at an estimated future cost of \$10 million net to Genel, which will largely be payable in 2016

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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 the largest independent oil producer and the largest holder of reserves and resources in the Kurdistan Region of Iraq and, through its Miran and Bina Bawi gas fields, is set to be a cornerstone provider of 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).

**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.*