

13 February 2017

## Genel Energy plc

### Update on Miran and Bina Bawi Fields

Genel Energy plc ('Genel' or 'the Company') is pleased to announce that the Company has finalised documentation of previously agreed terms of Amended and Restated Production Sharing Contracts ('PSC's) and Gas Lifting Agreements ('GLA's) for both the Miran and Bina Bawi gas fields.

The Amended and Restated PSCs and GLAs for Miran and Bina Bawi incorporate the commercial terms as announced in the term sheets signed in 2015 by Genel and the Kurdistan Regional Government ('KRG') and reiterated in the Appendix below.

With the PSC and GLA terms formally confirmed, Genel will now be able to progress the project. The Company remains committed to developing these large scale, low-cost, onshore gas fields, which will form the cornerstone of gas exports to Turkey under the 2013 KRG-Turkey Gas Sales Agreement.

The GLAs contain conditions precedent, which, *inter alia*, include the execution of final agreements on the midstream gas processing facilities and pipeline transportation, the execution of the financing documents and the completion of updated competent person's reports for Miran and Bina Bawi.

Both Genel and the KRG have the option to terminate the GLAs by February 2018. If the conditions precedent are not satisfied within 12 months, the KRG has a right to terminate the GLAs. In the event of termination, and a subsequent failure to conclude new gas lifting agreements within one year period, the KRG can also terminate the Miran and Bina Bawi PSCs. During the three year period following such a termination, Genel would have a right of first refusal to participate in the development of the Miran and Bina Bawi gas fields with a 49% working interest on the same terms offered to any third party.

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

"We are very pleased to have signed definitive agreements for our gas project and are now focused on the next step of concluding negotiations with potential partners, and moving the gas project towards the FID. We are determined that 2017 will be a watershed year as we seek to create a gas business that will be transformational for both Genel and the KRG."

## APPENDIX

PSC terms (apply to both Miran and Bina Bawi) as previously announced on 6 August 2015

Genel Energy is the sole contractor with 100% working interest in both Miran and Bina Bawi fields

	Oil and first stage condensate	Raw gas
Royalty	5%	0%
Capacity building payment	0%	0%
Cost recovery ceiling	80%	100%
R-factor	Cumulative Revenues / Cumulative Costs (semi-annual basis)	
Profit sharing	<ul style="list-style-type: none"><li>• <math>R \leq 1</math>: 80%</li><li>• <math>1 &lt; R \leq 2</math>: <math>80\% - (80\% - 25\%) * (R - 1) / (2 - 1)</math></li><li>• <math>R &gt; 2</math>: 25%</li></ul>	<ul style="list-style-type: none"><li>• <math>R \leq 1</math>: 100%</li><li>• <math>1 &lt; R \leq 2</math>: <math>100\% - (100\% - 50\%) * (R - 1) / (2 - 1)</math></li><li>• <math>R &gt; 2</math>: 50%</li></ul>

The main terms agreed with the KRG for the sale of raw gas from Miran and Bina Bawi are as follows:

- Under each GLA, Genel is committed to deliver gas at contracted quantities for a period of 12 years. This will consist of a 2 year Build-up Period and 10 year Plateau Period (the Annual Contract Quantity, or ACQ) at the following volumes:
  - Bina Bawi
    - 2 year Build-up Period: 350 – 700 mmscfd
    - 10 year Plateau Period: 700 mmscfd
  - Miran
    - 2 year Build-up Period: 250 – 500 mmscfd
    - 10 year Plateau Period: 500 mmscfd
- After the 10 year plateau period, Genel will supply gas volumes equal to or less than the previous year until the end of the development period, which it may nominate itself
- The KRG is committed to buying Genel's gas via a take-or-pay arrangement where it is obliged to buy a minimum annual quantity (80% of the ACQ)
- Genel will receive a fee of \$1.20 per thousand cubic feet for the raw gas delivered into the gas treatment facilities. The raw gas fee includes a provision for inflation adjustment

-ends-

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*This announcement contains 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 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).