

3 November 2022

## 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 2022.

#### **Paul Weir, Chief Executive of Genel, said:**

“I am pleased that we remain on track to generate around \$250 million of free cash flow this year, building towards a significant cash balance of over \$500 million by the end of the year. We are focused on putting this cash to work to purchase new assets, grow the business, and increase shareholder returns. It is business as usual on an operational level in Kurdistan, while we continue to work with the KRG on the challenges that the sector faces. Our existing predictable production business outlook supports our established dividend of \$50 million, and our committed dividend programme has paid \$178 million of cash to shareholders since its inception in 2019.”

#### **FINANCIAL**

- Margin of \$36/bbl in the first three quarters of 2022 (2021: \$24/bbl), with Brent averaging \$105/bbl (2021: \$71/bbl)
- Capital expenditure of \$109 million, of which \$55 million was spent at Tawke, and \$38 million at Sarta
- Free cash flow of \$175 million up to 30 September 2022
  - This does not include proceeds for June production, totalling \$59 million, received in October
- In relation to the nominal \$120 million for unpaid sales made from November 2019 to February 2020, and the suspended override from March 2020 to December 2020 that would have earned \$38 million, since January 2021:
  - Cash of \$117 million has been received
  - Offsets of \$9 million have been made
- Cash of \$447 million at 30 September 2022 (\$412 million at 30 June 2022)
- Net cash under IFRS of \$181 million at 30 September 2022 (\$141 million at 30 June 2022)
  - Total debt of \$274 million at 30 September 2022 (\$280 million at 30 June 2022), following the opportunistic acquisition of \$6 million of bonds at a price that provided an attractive level of return

#### **PRODUCTION BUSINESS**

- Net production of 30,350 bopd in the first nine months of 2022, and 30,200 bopd in Q3, in line with guidance
- **Tawke PSC (25% working interest)**
  - Gross production averaged 107,300 bopd in the first nine months of 2022, and 108,500 bopd in Q3
- **Sarta (30% working interest and operator)**
  - Gross production averaged 4,900 bopd in the first nine months of 2022, and 3,960 bopd in Q3
  - Production continues from existing well stock as we continue to work on the field to seek to optimise production from various zones, ranging from the pilot production tests of the newly discovered Butmah and Najmah resources through to the initial stacked Mus & Adaiyah reservoir intervals
  - Rigless testing at Sarta-6 is now underway, with the initial appraisal programme expected to be complete by the end of year
- **Taq Taq PSC (44% working interest and joint operator)**
  - Gross production averaged 4,660 bopd in the first nine months of 2022, and 4,280 bopd in Q3
  - Taq Taq continues to perform in line with expectations, with positive results from the recent well intervention programme
  - Drilling is set to resume with an infill production well expected to spud around the end of 2022

## **PRE-PRODUCTION BUSINESS**

- **Somaliland**
  - Following the successful farm-out in December 2021, preparation continues for the drilling of a well on the highly prospective SL10B13 block (51% working interest and operator)
  - The Toosan prospect contains stacked Mesozoic reservoir objectives, with multiple individual prospective resource estimates each ranging from 100 to 200 MMbbls
  - The geotechnical survey will begin this month, supporting the plan for the construction of the well pad. Environmental and social impact assessments will begin before the end of 2022, and tendering has commenced for the rig and well services, ahead of a targeted spud date around the end of 2023/early 2024
  - Having undertaken a combination of water and food relief programmes earlier in the year, in reaction to the ongoing drought in Somaliland Genel is working with ANPPCAN to deliver a food relief programme to c.4,000 families
- **Morocco**
  - A Petroleum Agreement and Association Contract is expected to be signed with ONHYM regarding the Lagzira block (75% working interest and operator), with a farm-out programme now underway
  - The Lagzira block is a large offshore licence, in water depths of 200-1,200 metres, with a proven petroleum system following Genel's 2014 well which recovered oil from Upper and Middle Jurassic reservoirs
  - Subsequent to this drilling, high quality 3D (broadband multi-azimuth) seismic was acquired in 2018, and new plays identified, with 18 prospects and leads, and material resource potential
- **Qara Dagh (40% working interest and operator)**
  - We continue to evaluate the QD-2 well and its results, and a decision on licence next steps will be taken shortly. Should no further action be taken then the licence will expire in January 2023

## **ARBITRATION**

- The London-seated international arbitration regarding Genel's claim for substantial compensation from the KRG following the termination of the Miran and Bina Bawi PSCs is progressing. Written submissions have been made to the tribunal and the trial has now been scheduled for February 2024

## **ESG**

- Zero lost time incidents in 2022, with three million hours worked since the last incident
- Following the Annual General Meeting ('AGM') on 12 May 2022 the Company announced that resolutions 4 and 16 had over 20% of votes cast against them. In accordance with Provision 4 of the UK Corporate Governance Code 2018, the Company is required 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 AND GUIDANCE**

- Production guidance of 30-31,000 bopd reiterated for 2022
- 2022 capital expenditure guidance of between \$150 million to \$170 million reiterated
- Genel expects to end 2022 with over \$500 million of cash on the balance sheet
- Genel continues to actively screen and work up opportunities to put our cash to work in order to extend the line of sight on cash flows that support our dividend programme into the long-term
- Appraisal at Sarta is ongoing, with results of the Sarta-6 well expected around the end of the year
- Genel has an established and committed dividend programme, currently paying \$50 million per annum

- We have recently taken opportunistic steps to buy back a limited number of bonds at a price that provides an attractive return on investment. We may make further opportunistic purchases so long as the capital need does not reduce our ability to successfully acquire assets that we are targeting

Genel will also host a live presentation on the Investor Meet Company platform today at 1000 GMT. The presentation is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meet Genel Energy PLC via: <https://www.investormeetcompany.com/genel-energy-plc/register-investor>

-ends-

For further information, please contact:

**Genel Energy**

+44 20 7659 5100

Andrew Benbow, Head of Communications

**Vigo Consulting**

+44 20 7390 0230

Patrick d'Ancona

*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 progressive dividend. Genel also continues to pursue further growth opportunities. For further information, please refer to [www.genelenergy.com](http://www.genelenergy.com)