

Genel Energy plc Trading and operations update

26 October 2016

Genel Energy plc ('Genel' or 'the Company') issues the following trading and operations update in respect of Q3 2016. The information contained herein has not been audited and may be subject to further review.

Murat Özgül, Chief Executive of Genel, said:

"Genel has received \$163 million in cash proceeds during 2016, underpinning the drilling of successful production wells across Taq Taq and Tawke.

The KRG has made significant progress in restructuring the region's economy. With export volumes at Ceyhan having increased following a new deal with the federal government, and the recent recovery in the oil price, this bodes well for the region's cash flows. Despite the recent delay in payments, we remain optimistic that they will continue, facilitating further investment across our KRI assets."

Q3 2016 OPERATING PERFORMANCE

- Q3 2016 net production averaged 53,100 bopd, an 8% decrease on the previous quarter
- Production and sales by field during Q3 2016 were as follows:

(bopd)	Export via pipeline	Domestic sales	Refinery sales	Total production	Genel net production
Taq Taq	44,700	-	13,800	58,600	25,800
Tawke	108,800	-	-	109,200	27,300
Total	153,500	-	13,800	167,800	53,100

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

- Production by field for the nine months ending 30 September 2016 was as follows:

(bopd)	Export via pipeline	Domestic sales	Refinery sales	Total production	Genel net production
Taq Taq	43,300	2,100	20,000	65,400	28,800
Tawke	103,800	1,400	600	106,000	26,500
Total	147,100	3,500	20,600	171,400	55,300

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

- At Taq Taq (Genel 44% working interest) two side-track wells, TT-27x and TT-07z, were successfully drilled and completed during the period, partially offsetting the decline from existing wells. A third side-track, TT-16y, is in progress. Taq Taq production in October to date has averaged 50,000 bopd
- Through development drilling and reservoir management, the focus at Taq Taq remains mitigating field declines and reducing the concentration of production from the crest of the field
- The Company is currently in the process of preparing a revised Field Development Plan ('FDP') for Taq Taq, which is expected to be completed in early 2017. The revised FDP will establish the next phase of the development plan, notably with respect to new development well locations and the overall reservoir management strategy, while also identifying necessary resources and technologies required to implement future activity. In advance of the FDP completion, a tender has been initiated to procure a more powerful drilling rig for the start of 2017, which would provide greater optionality around development drilling at Taq Taq
- Tawke (Genel 25% working interest) production in Q3 2016 was in line with the first half of the year. Development activity recommenced during the period, with the Tawke-32 (Jeribe water injector), Tawke-33, Tawke-34 (Jeribe producers), and Tawke-31 (Cretaceous producer) wells all being drilled. The Tawke-37 (Jeribe producer) was drilled post period end, with all wells in the current campaign adding to field output capacity. Tawke production in October to date has averaged 105,000 bopd, with current production levels at 120,000 bopd
- The Peshkibir-2 appraisal well on the Tawke licence commenced drilling in early October and is expected to take around three months to complete
- On the Chia Surkh PSC, work continues to establish a low cost development solution for the discovered Tertiary oil resources, which are currently estimated at 3-10 mmbbls. An FDP submission is targeted by the end of 2016. Consequently, the Company expects to write down the Chia Surkh carrying value to a nominal amount. At end 2015, the Chia Surkh carrying value was \$198 million

KRI GAS BUSINESS

- The mid-stream pre-FEED and upstream Gas Development Plan for Miran and Bina Bawi are progressing, with work on both expected to complete around the end of 2016
- The Company remains of the view that the Miran and Bina Bawi fields comprise a world-scale gas asset and an attractive investment opportunity, although progress is subject to political, commercial, technical and financing milestones, the nature and timing of which are difficult to accurately predict

AFRICA EXPLORATION UPDATE

- Offshore Morocco, the Company is continuing its efforts to bring in partner(s) to its operated Sidi Moussa licence (Genel 60%) and is in active discussions with a number of parties. The Company has reached agreement with ONHYM regarding an extension of the licence expiry date to Q3 2017. Genel forecasts a maximum future exploration expense of c.\$30 million associated with existing commitments on its Morocco licences

- The Somaliland government is expected to start a 2D seismic acquisition project around the end of 2016, with the Company then purchasing the associated data

FINANCIAL PERFORMANCE

- \$163 million of total cash proceeds received in 2016, of which:
 - \$116 million against 2016 production
 - \$24 million relates to the January 2016 payment for December 2015 sales
 - \$23 million relates to the recovery of historical receivables
- Under the terms of the Company's PSCs, capacity building payments are due on the profit oil portion of monthly cash proceeds, with \$21 million paid to the KRG in the year to date
- Revenue of \$50 million for Q3 2016 brought total revenue for the nine months ended 30 September 2016 to \$141 million
- Amounts invoiced for the nine months ended 30 September 2016, after associated CBP payments, are \$9 million less than PSC entitlement, with the difference attributable to the proxy formula used by the KRG to calculate payments for current sales (as stated in the half year results of 28 July 2016)
- Unrestricted cash balances at 30 September 2016 stood at \$405 million (\$407 million at 30 June 2016). Net debt at 30 September 2016 stood at \$241 million (\$237 million at 30 June 2016)
- Capital expenditure for Q3 2016 totalled \$20 million, with the majority of spend on the development programmes at Taq Taq and Tawke. Capex for the nine months ending 30 September 2016 totalled \$52 million
- The net receivable with the KRG for unpaid production stood at \$437 million at 30 September 2016 (\$412 million at 30 June 2016)

GUIDANCE AND OUTLOOK

- Following production performance at both Taq Taq and Tawke for the nine months ending 30 September 2016, and the near-term activity outlook for both fields, 2016 production is now expected to be at the lower end of the previously communicated 53-60,000 bopd guidance range
- Capital expenditure for 2016 is now expected to be below the previously communicated range of \$90- 110 million. This is largely due to the refined development programmes at Taq Taq and Tawke, as well as lower forecast spend on Miran and Bina Bawi and the remainder of the portfolio
- Based on the revised production and capital expenditure guidance above, 2016 revenue is now expected to be at the lower end of the previously communicated \$200-230 million guidance range
- Production and G&A cost guidance are maintained at \$1.50-1.75/bbl and c.\$25 million respectively
- As previously announced, the Company intends to produce an updated Competent Persons Report for the Taq Taq field in Q1 2017

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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.

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.