This document (the "**Prospectus**") has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), as competent authority under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as (a) an endorsement of the Company; or (b) an endorsement of the quality of any of the Shares that are the subject of the Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares. This document is a prospectus for the purposes of Article 3 of the Prospectus Regulation relating to the Energean plc (the "**Company**") prepared in accordance with the Prospectus Regulation Rules (the "**Prospectus Regulation Rules**") of the FCA made under section 73A of the Financial Services and Markets Act 2000 ("**FSMA**").

As the Acquisition is classified as a reverse takeover under the Listing Rules, the listing of the Shares will be cancelled and applications will be made to the FCA for all of the ordinary shares of the Company (the "**Shares**") to be re-admitted to the premium listing segment of the Official List of the FCA and to London Stock Exchange plc (the "**London Stock Exchange**") for all of the Shares to be re-admitted to trading on the London Stock Exchange's main market for listed securities (together, "**Re-admission**"). It is expected that dealings in the Shares will recommence the day after the date of Completion, which, subject to the satisfaction of certain conditions, is expected to be in the late third quarter or early fourth quarter of 2020.

The directors of the Company, whose names appear on page 41 of this Prospectus (the "**Directors**"), and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

**You should carefully read this Prospectus and all documents incorporated into it by reference in their entirety. See in particular Part 1 "Risk Factors" for a discussion of certain risks and other factors that might affect the value of your shareholding in the Company. You should not rely solely on information summarised in the Summary.**

# Energean plc

*(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10758801 and LEI number 549300RVMKU0CYUZBB05)*

## Re-admission of the Shares to the Premium Listing Segment of the Official List and to trading on the Main Market of the London Stock Exchange

*Sponsor*

**Morgan Stanley**

Morgan Stanley & Co. International plc ("**Morgan Stanley**") is authorised by the Prudential Regulation Authority (the "**PRA**") and regulated by the FCA and the PRA in the United Kingdom. Morgan Stanley is acting exclusively for the Company and no-one else in connection with the Re-admission. It will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Re-admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for the giving of advice in relation to the Re-admission or any transaction, matter, or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on Morgan Stanley by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Morgan Stanley nor any of its affiliates accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Re-admission. Each of Morgan Stanley and its affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement or otherwise. No representation or warranty, express or implied, is made by any of Morgan Stanley or any of its affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

Morgan Stanley and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company for which they would have received customary fees. Morgan Stanley and its affiliates may provide such services to the Company and any of its affiliates in the future.

Persons who come into possession of this Prospectus should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this Prospectus. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction. The contents of this Prospectus should not be construed as legal, business or tax advice.

This Prospectus has been prepared solely to apply to the FCA and the London Stock Exchange for the Shares to be re-admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Shares anywhere in the world.

Any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this Prospectus or any accompanying documents should seek appropriate advice before taking any action. The distribution of this Prospectus and any accompanying documents into jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under the applicable securities laws of any state, district or other jurisdiction of the United States, Australia, Canada or Japan and no regulatory clearance in respect of the Shares has been, or will be, applied for in any jurisdiction other than the United Kingdom. The Shares may not be re-offered, resold, delivered or distributed, directly or indirectly, in, into or from the United States, Canada, Australia or Japan or to, or for the account or benefit of, any US persons or resident of the United States, Australia, Canada or Japan absent an exemption from, or not subject to, registration or an exemption under the Securities Act or other relevant securities law.

THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY SUCH AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE RE-ADMISSION OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

You should rely only on the information contained in this Prospectus and contained in any documents incorporated into this Prospectus by reference. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and any document incorporated by reference and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors or Morgan Stanley. In particular the content of the Company's website does not form part of this Prospectus and investors should not rely on it. The Company will comply with its obligation to publish supplementary prospectuses containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information.

Dated: 29 June 2020

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# SUMMARY

## Introduction

This Prospectus relates to a re-admission to listing and trading of the entire issued share capital, at the date of this Prospectus comprising 177,089,406 ordinary shares, of the Company ("**Re-admission**"). When re-admitted, the Shares will be registered with ISIN number GB00BG12Y042 and SEDOL number BG12Y04.

The legal and commercial name of the Company is Energean plc, which has the legal entity identifier 549300RVMKU0CYUZBB05. The Company's registered address is Accurist House, 44 Baker Street, London, W1U 7AL, United Kingdom and its telephone number is +44 (0) 203 655 7200.

This Prospectus was approved by the United Kingdom Financial Conduct Authority, as competent authority under Regulation (EU) 2017/1129, on 29 June 2020. The FCA may be contacted at 12 Endeavour Square, London, E20 1JN.

### *Warnings*

This summary should be read as an introduction to this Prospectus.

Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by prospective investors.

Any decision to invest in the securities may result in an investor losing all or a part of its invested capital.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or if it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors in considering whether to invest in the securities.

## Key Information on the Companies

### *Who is the issuer of the securities?*

The legal and commercial name of the issuer of the Shares is Energean plc, which has the legal entity identifier 549300RVMKU0CYUZBB05.

The Company was incorporated on 8 May 2017 as a public limited company in the United Kingdom with the name Energean Oil & Gas plc and its registered office is situated in the United Kingdom. The principal legislation under which the Company operates is the Companies Act 2006. On 21 May 2020, the Company changed its name to Energean plc.

### *Principal Activities*

Energean is an independent oil and gas exploration and production company focused on the exploration, development and production of gas and oil assets in the Mediterranean, including Israel, Greece and the Adriatic. As at 31 December 2019, Energean had 342 mmboe of 2P reserves and 216 mmboe of 2C resources across its portfolio. Energean's strategy is to create a profitable and returns-focused business with sustainable growth by leveraging the Energean Group's experience and expertise in identifying, acquiring, developing and operating oil and gas assets in this region. In March 2018 the Company took Final Investment Decision on its flagship Karish and Tanin gas development project, where it will use the only FPSO in the Eastern Mediterranean to produce first gas in 2021. In Greece, the Company is developing the Epsilon satellite oil field, which will be tied back to existing facilities at the producing Prinos field, located in the Gulf of Kavala, Northern Greece. In February 2020, Energean agreed to acquire Total's entire 50% working interest share and operatorship in Block 2, offshore Western Greece. Energean has additional development potential from the Katakolo oil discovery, offshore Western Greece. Energean has exploration licences offshore in Israel, in the Katakolo offshore block in Western Greece and additional exploration potential in its other licences in Western Greece and Montenegro.

Excluding the Algerian Interest and the Norwegian Subsidiary, the Edison E&P portfolio includes producing assets in Egypt, Italy, the UK North Sea and Croatia, development assets in Egypt and Italy and balanced-risk exploration opportunities across the portfolio. Excluding the Algerian Interest and the Norwegian Subsidiary, as at 31 December 2019, the Edison E&P portfolio had net working interest 2P reserves of 190.2 mmboe (92.3% gas) and delivered 2019 working interest production of 58.7 kboe/d (79.0% gas).

The Directors intend that the Enlarged Group will become the leading independent gas-focused exploration and production company in the Mediterranean.

***Major Shareholders***

As at the Latest Practicable Date, the Company had been notified of the following holdings in the Company's issued ordinary share capital pursuant to DTR 5 (each, a "**Notifiable Interest**"):

| Shareholder | Number of shares | Number of voting rights | % of voting rights attached to the issued ordinary share capital |
|---|---|---|---|
| Third Point Hellenic Recovery (Lux) S.À. R.L. | 34,889,566 | 34,889,566 (direct) | 19.73% |
| Growthy Holdings Co. Limited | 18,661,544 | 18,661,544 (direct) | 10.53% |
| Oilco Investments Limited | 16,016,734 | 16,016,734 (direct) | 9.04% |
| Clal Insurance Company Limited | 16,236,609 | 458,557 (direct)<br>15,778,032 (indirect) | 9.17% |
| J.P. Morgan Securities plc / J.P. Morgan Securities LLC | 9,414,408 | 9,414,408 (indirect) | 5.32% |
| Standard Life Aberdeen plc affiliated investment management entities | 8,854,718 (indirect) | 8,854,718 (indirect) | 5.01% |
| Pelham Capital Limited | 7,353,314 | 7,353,314 (direct) | 4.16% |

***Key managing directors***

| Name | Position/Title |
|---|---|
| Matthaios Rigas | CEO |
| Panagiotis Benos | CFO |
| Karen Simon | Chairman |
| Andrew Bartlett | Senior Independent Director |

***Independent auditors***

The Company's independent auditors are Ernst & Young LLP of 1 More London Place, London SE1 2AF, United Kingdom.

***What is the key financial information regarding the issuer?***

*Energean Group*

Consolidated Income Statement Data

| | 12 months ended | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | (*USD million, except percentages*) | | |
| Revenue | 75.7 | 90.3 | 57.8 |
| Period-on-period revenue growth | (16.2)% | 56% | 46% |
| Operating (loss)/profit | (78.7) | 23.8 | (13.7) |
| (Loss)/Profit for the year | (72.4) | 100.8 | 9.9 |

Consolidated Statement of Financial Position Data

| | As at 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | (*USD million*) | | |
| Total assets | 2,519.6 | 1,778.1 | 471.2 |
| Total liabilities | 1,247.4 | 690.2 | 182.3 |
| Total equity | 1,272.1 | 1,087.8 | 289.0 |

Consolidated Statement of Cash Flow Data

| | 12 months ended | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | (*USD million*) | | |

| | 12 months ended | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Net cash inflow from operating activities.................... | 36.3 | 62.7 | 29.1 |
| Net cash used in investing activities............................ | (952.1) | (324.7) | (58.6) |
| Net cash inflow from financing activities.................... | 1,051.4 | 482.5 | 28.4 |

There are no qualifications in the reports on the Energean Group's Consolidated Historical Financial Information incorporated by reference into this Prospectus.

*Edison E&P Group*

Consolidated Income Statement Data

| | 12 months ended | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | (*USD million*) | |
| Sales and other operating revenues ............................. | 494.9 | 599.2 | 528.0 |
| Operating (loss)/profit................................................. | (186.2) | 43.5 | 25.1 |
| Loss for the year......................................................... | (613.6) | (66.1) | (228.7) |

Consolidated Statement of Financial Position Data

| | As at 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | (*USD million*) | |
| Total assets.................................................................. | 1,904.9 | 2,495.5 | 2,677.5 |
| Total equity ................................................................. | 500.6 | 1,145.6 | 174.0 |

Consolidated Statement of Cash Flow Data

| | 12 months ended | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | (*USD million*) | |
| Net cash flow generated by operating activities .................... | 279.9 | 339.0 | 337.6 |
| Net cash flows used in investing activities............................ | (183.6) | (159.9) | (315.3) |
| Net cash flows (used in) / from financing activities .............. | (55.8) | (180.1) | (14.4) |

There are no qualifications in the report on the Edison E&P Group's Historical Financial Information incorporated by reference into this Prospectus.

Pro Forma Financial Information on the Enlarged Group

The unaudited pro forma financial information set out below has been prepared to illustrate the effect of the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary on: (i) the net assets of Energean plc as at 31 December 2019 as if the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary had taken place on 31 December 2019: and (ii) on the consolidated income statement of Energean plc for the year ended 31 December 2019 as if the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary had taken place on 1 January 2019.

The unaudited pro forma financial information has been compiled on a basis consistent with the accounting policies to be adopted by Energean plc in preparing its consolidated financial statements for the year ended 31 December 2019, and prepared on the basis of the notes set out below and in accordance with items 1 to 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980.

The unaudited pro forma financial information has been prepared for illustrative purposes only, and by its nature addresses a hypothetical situation and, therefore, does not reflect the Enlarged Group's actual financial position or results.

The unaudited pro forma financial information does not purport to represent what the Energean plc Group's or the Enlarged Group's financial position or results would have been if the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary had taken place on the dates indicated nor does it purport to represent the Energean plc Group's or Enlarged Group's results expected to be achieved in the future.

*Unaudited pro forma net assets data as at 31 December 2019*

| | Total Assets | Total Liabilities | Net Assets |
|---|---|---|---|
| | | (*USD million*) | |
| Consolidated net assets of Energean plc at 31 December 2019 | 2,508.2 | 1,247.4 | 1,260.8 |
| Consolidated net assets of Edison E&P Spa Group at 31 December 2019 | 1,904.9 | 1,404.2 | 500.6 |
| Transfer of Algerian Interest | (105.9) | (5.9) | (100.0) |
| Transfer of Norwegian Subsidiary | (358.9) | (269.9) | (89.0) |
| New RBL Facility adjustments | 213.4 | 213.4 | — |
| Acquisition and transaction cost adjustments | (376.2) | (131.5) | (244.7) |
| **Unaudited consolidated pro forma statement of net assets of the Enlarged Group as at 31 December 2019** | **3,785.3** | **2,457.6** | **1,327.7** |

*Unaudited pro forma income statement data for the year ended 31 December 2019*

| | Revenue | Operating Loss | Loss for the Year |
|---|---|---|---|
| | | (*USD million*) | |
| Energean plc results for the period year 31 December 2019 | 75.7 | (93.9) | (83.8) |
| Edison E&P Spa results for the period year 31 December 2019 | 494.9 | (186.2) | (613.6) |
| Transfer of Algerian Interest | — | — | 94.2 |
| Transfer of Norwegian Subsidiary | — | — | 12.3 |
| New RBL Facility | — | — | (12.9) |
| Acquisition and transaction costs adjustments | — | (9.6) | 65.5 |
| **Unaudited consolidated results of the Enlarged Group for the year ended 31 December 2019** | **570.7** | **(289.6)** | **(538.2)** |

***What are the key risks that are specific to the issuer?***

The Enlarged Group is exposed to the following key risks:

- The Energean Group's and, following Completion, the Enlarged Group's business strategy depends significantly on the successful development of the Karish, Karish North and Tanin offshore gas fields in Israel.
- Oil and gas prices are volatile and have fluctuated considerably in recent years, which has had, and may continue to have, a significant impact on the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group.
- The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group faces significant uncertainties in connection with its exploration, appraisal and development activities, and it may discover or produce less oil or gas than expected.
- The Energean Group and, following Completion, the Enlarged Group will be dependent on the purchasers under its Gas Supply Agreements.
- Failure to obtain or access necessary equipment, raw materials, third party services and infrastructure systems could materially and adversely affect the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.
- Climate change abatement legislation may have a material adverse effect on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's industry.
- The Energean Group and, following Completion, the Enlarged Group, is leveraged and is subject to restrictive debt covenants and security arrangements that may limit its ability to finance its future operations and capital needs and to pursue business opportunities and activities. Breach of financial covenants may lead to default and/or liquidity risk.
- The Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's exploration and production operations are dependent on its compliance with obligations under contracts, licences, permits, operating agreements and relevant legislation.

- The Acquisition will result in the Enlarged Group operating in countries in which the Energean Group currently has less significant or no previous experience and certain of these jurisdictions are subject to significant political, economic, legal, regulatory and social uncertainties.

**Key Information on the Securities**

***What are the main features of the securities?***

When re-admitted, the Shares will be registered with ISIN number GB00BG12Y042 and SEDOL number BG12Y04.

As at the date of this Prospectus, the issued share capital of the Company is £1,770,894.06, comprising 177,089,406 ordinary shares of 1 pence each (all of which were fully paid or credited as fully paid). The Shares are denominated in British pounds sterling.

<u>Rights attaching to the Shares</u>

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

On a show of hands of every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Share.

Except as provided by the rights and restrictions attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

<u>Rights attaching to the Shares</u>

The Shares rank *pari passu* in all respects, including, for the avoidance of doubt, in the event of the Company's insolvency.

<u>Restrictions on the free transferability of the Shares</u>

There are no restrictions on the free transferability of the Shares.

<u>Dividend Policy</u>

The Directors have a medium term ambition that Energean will pay a dividend but do not expect that this will commence after the completion of the development of, and first gas from, the Karish field, and in any event until such time as it is prudent to do so, having regard to the level of revenue generated by the Enlarged Group's operations and the retained earnings to fund its operations and exploration and development programmes.

***Where will the securities be traded?***

Applications will be made to the FCA for all of the Shares to be re-admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for such Shares to be re-admitted to trading on the London Stock Exchange's main market for listed securities. The Shares also trade on the Tel Aviv Stock Exchange.

***What are the key risks specific to the securities?***

The Shares have the following key risks:

- Shares in the Company may be subject to market price volatility and the market price of the Shares in the Company may decline disproportionately in response to developments that are unrelated to the Energean Group's and, following Completion, the Enlarged Group's operating performance.

- The issuance of additional Shares in the Company in connection with future acquisitions or other growth opportunities, any share incentive or share option plan or otherwise may dilute all other shareholdings.

**Key Information on the Offer and Admission of the Securities**

***Under which conditions and timetable can I invest in this security?***

Not applicable. Neither this Prospectus nor the Re-admission constitutes an offer or invitation to any person to subscribe for or purchase any shares in the Company. The Company will not receive any cash proceeds as a result of the Re-admission and Shareholders will not suffer any dilution as a result of the Re-admission.

***Why is this prospectus being produced?***

This Prospectus is being produced solely in connection with the Re-admission.

There are no material conflicts of interest pertaining to the Re-admission.

The total commissions, fees and expenses payable in connection with the Re-admission will be approximately US$3.7 million. No commissions, fees or expenses will be charged by the Company to any investor in connection with the Re-admission.

# PART 1
# RISK FACTORS

*Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider the risk factors associated with any investment in the Shares, the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business and the industry in which they operate, together with all other information contained in this Prospectus including, in particular, the risk factors described below.*

*Prospective investors should note that the risks relating to the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group, their industry and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.*

*The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.*

*The risks set out below have been organised into the following categories:*

- *risks relating to the Acquisition;*
- *risks relating to the business and operations of the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group;*
- *risks relating to the oil and gas industry;*
- *risks relating to finance and tax;*
- *risks relating to legal and regulatory matters;*
- *risks relating to the countries in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate; and*
- *risks relating to the Shares.*

## 1. Risks Relating to the Acquisition

1.1 **The completion of the Acquisition is subject to the satisfaction (or waiver, if applicable) of certain conditions; and if the Acquisition does not complete because any of the conditions is not satisfied (or waived, if applicable), Energean may be liable to compensate Edison in certain circumstances and Energean will not realise the perceived benefits of the Acquisition**

The completion of the Acquisition is subject to the satisfaction (or waiver, if applicable) of certain conditions, including the following:

- regulatory approvals (or confirmations of no objection) in Italy, Norway, Egypt, UK, Algeria, Greece, France and Israel;
- anti-trust approval in Israel (if applicable);

- lifting of US sanctions on FSO Alba Marina and resumption of production at Rospo Mare, Italy and operations at FSO Alba Marina;
- the approval of the Circular and this Prospectus by the FCA;
- the approval of an ordinary resolution approving the transaction by Energean's Shareholders at a General Meeting;
- replacement of certain bank guarantees and parent company guarantees (including full and irrevocable release and discharge of Edison from its obligations thereto); and
- completion of the carve-outs of the Algerian Interest and the Norwegian Subsidiary.

US sanctions on FSO Alba Marina were lifted on 3 July 2019 and production has resumed at Rospo Mare, Italy and the FSO Alba Marina is operating commercially. Regulatory approvals have been obtained in France, Italy (from the Minister for Economic Development), the UK and Greece and waived in respect of Israel. Following the latest changes to the perimeter of the transaction (i.e. carve-outs of Algerian Interest and Norwegian Subsidiary), the approvals in France, UK, Greece and Italy need to be extended or renewed.

The conditions which remain outstanding as at the date of this Prospectus are:

- regulatory approvals in Italy (pursuant to the Golden Power Law), the United Kingdom, Egypt and Algeria (in respect of the transfer of the interests of Edison E&P in Algeria (the "**Algerian Interest**") to a subsidiary of Edison and Norway (in respect of the transfer of Edison Norge SA (Edison International's wholly owned subsidiary) to Edison (the "**Norwegian Subsidiary**");
- replacement of certain bank guarantees and parent company guarantees (including full and irrevocable release and discharge of Edison from its obligations thereto);
- completion of the carve-outs of the Algerian Interest and the Norwegian Subsidiary; and
- the approval of the Company's shareholders for the transaction.

There can be no assurance that the remaining conditions will be satisfied, or that Completion will be achieved by the amended long stop date (which is 30 September 2020 or, if certain conditions (such as the carve-outs of the Norwegian Subsidiary and the Algerian Interest, approvals in Italy, Egypt and Greece) have not been satisfied by 30 September 2020, 30 November 2020 (or such later date as the parties may agree in writing)) or at all and certain of the conditions are not capable of waiver. Failure to satisfy or, where appropriate, obtain waiver of any of these conditions may result in the Acquisition not being completed. In addition, satisfying the remaining conditions may take longer, and could cost more, than Energean and Edison expect.

In particular, lockdowns or other restrictions on normal working arrangements in Algeria and Egypt as a result of the COVID-19 pandemic could cause delays and have a negative impact on the anticipated completion date of the Acquisition. Any delay in completing the Acquisition may adversely affect the benefits that Energean expects to achieve if the Acquisition is completed within the expected timeframe.

As a condition to their clearance of the Acquisition, regulatory authorities may impose requirements, limitations or costs or place restrictions on the conduct of the business of the Energean Group, the Edison E&P Group or, following completion, the Enlarged Group. These requirements, limitations, costs or restrictions may be onerous and could jeopardise or delay completion of the Acquisition or may reduce the anticipated benefits of the Acquisition.

If Completion does not occur due to a breach by Energean of any of its obligations under the Acquisition Agreement, Energean is required to pay Edison US$25 million by way of liquidated damages. If Completion does not occur due to the failure to obtain (i) the approval of the Company's shareholders to the Acquisition by 31 July 2020, (ii) the approval of the Prospectus for Re-Admission by the FCA by 30 June 2020 or (iii) the approval of the Circular by the FCA by 30 June 2020, for reasons not attributable to a breach of the Acquisition Agreement by Energean, Energean is required to pay Edison US$15 million by way of a break fee.

If Completion does not occur, the Company will also have incurred significant costs and management time in connection with the Acquisition, which it will not be able to recover. It will also not realise the anticipated benefits of the Acquisition and its ability to implement its stated strategy may be prejudiced.

1.2 **The success of the Acquisition will be dependent upon Energean's ability to integrate Edison E&P; the challenges and/or costs associated with the integration may be higher than expected and the benefits expected from the Acquisition may not be fully achieved**

The Acquisition constitutes the largest acquisition Energean has undertaken to date. Successful integration of Edison E&P with Energean's existing business will depend on the ability of Energean's management to bring together the cultures and capabilities of both organisations in an effective manner, which will require the cooperation of Edison E&P's existing workforce.

Risks to the successful integration of Edison E&P with Energean's existing business and the realisation of the expected benefits of the Acquisition include, among others, potential delays and additional costs in implementing changes to the businesses.

While Energean believes that the business growth opportunities expected to arise from the Acquisition have been reasonably estimated, unanticipated events or liabilities may arise which result in a delay or reduction in the benefits derived from the Acquisition, or in costs significantly in excess of those estimated, including as a result of any additional and unexpected challenges and/or costs associated with integrating Edison E&P into the Energean Group. Such challenges and/or costs could arise from acquisition-related and integration costs exceeding Energean management's expectations; exposure to unforeseen liabilities in connection with the Acquisition; disruptions to the ongoing operations of the businesses (including as a result of the COVID-19 pandemic); the redeployment of resources in different areas of operations to improve efficiency; the diversion of management attention from ongoing business concerns to the Edison E&P business (and their integration within the existing Group); addressing possible differences between the Energean Group's business culture, languages, processes, controls, procedures and systems and those of the Edison E&P Group and failure to effectively execute post-Acquisition strategies. Edison E&P's operations, particularly in Egypt, have not operated under Energean's Health, Safety and Environmental policy and other policies relating to operational integrity. Adapting Edison E&P's practices to Energean's policies may require additional expenses or investment or may result in operational disruption during the integration period. In addition, the full impact of COVID-19 on the Edison E&P Group cannot be predicted at this time and could have an adverse impact on the operations and results of the Edison E&P Group prior to and/or following completion of the Acquisition.

The integration of the businesses could divert management's time and focus from operating the business of the Energean Group and, following Completion, the Enlarged Group. The Acquisition significantly increases the Energean Group's interests in production and development assets in jurisdictions where it does not currently operate, and the Energean Group will be dependent upon the existing personnel within the Edison E&P Group to help manage such operations. This could place additional demands on the Energean Group's management team and require additional skills and resources within the Enlarged Group.

Under any of these circumstances, the business growth opportunities and realisation of the anticipated benefits anticipated by Energean to result from the Acquisition may not be achieved as expected, or at all, or may be delayed materially. To the extent that the Enlarged Group incurs higher integration costs or higher liabilities arise than expected, its and the Enlarged Group's results of operations, financial condition and/or prospects may be adversely affected.

1.3 **As a result of the locked box mechanism in the Acquisition Agreement, Energean bears risk in relation to changes in the performance and value of Edison E&P from 31 December 2018**

The Acquisition Agreement utilises a locked box consideration mechanism, whereby the consideration agreed to be paid at Completion has been determined by reference to an unaudited pro forma balance sheet prepared as at 31 December 2018 in relation to Edison E&P, such that Energean will take the economic risk and reward in relation to Edison E&P from 31 December 2018. For example, if the performance of Edison E&P's business were to decline following 31 December 2018, as a result of COVID-19 or for any other reason, the Acquisition Agreement does not provide for an adjustment to the consideration payable by reference to the operational performance of Edison E&P.

In relation to agreed terms of transfer of the Algerian Interest and the Norwegian Subsidiary to Edison, Energean has taken the economic risk and reward in respect of the Algerian Interest and the Norwegian Subsidiary for 2019, while Edison will take the economic risk and reward in respect of the Algerian Interest and the Norwegian Subsidiary from 1 January 2020 until completion of the transfer of the Algerian Interest and the Norwegian Subsidiary.

Additionally, if Edison is required to provide additional funding to Edison E&P, or Edison E&P were to borrow additional debt, to meet Edison E&P's operational requirements, Energean would be required to pay for the additional cash injection by Edison and/or acquire Edison E&P with additional debt as compared to the balance sheet as at 31 December 2018 on which it priced the Acquisition. Accordingly, in the event that there is an adverse event affecting the value of Edison E&P or the value of the Edison E&P assets declines prior to Completion, the value of Edison E&P may be less than the consideration agreed to be paid and, accordingly, Energean may therefore pay an amount in excess of market value for Edison E&P, which could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects.

1.4 **The Acquisition Agreement reflects a competitive auction process with limited protections provided to the Company by Edison**

The disposal of the Edison E&P Group by Edison was carried out by means of a competitive auction process involving Energean and, Energean understands, other bidders. Accordingly, there have been limitations on the amount of information provided to Energean. There can be no assurance that the due diligence conducted will have revealed all material facts and financial information, including with respect to potential liabilities, necessary to evaluate the Acquisition.

As a result of the competitive process, the warranties and other purchaser protections given by Edison in the Acquisition Agreement may not cover all potential liabilities associated with the Edison E&P Group, whether identified or unidentified. The liability of Edison is also limited in time and amount. Accordingly, Energean may not have recourse against, or otherwise be able to recover from, Edison in respect of material losses which it may suffer in respect of a breach of those warranties or otherwise in respect of liabilities of the Edison E&P Group.

Energean would also be dependent on the financial position of Edison, in the event that it were able and sought to recover amounts, in respect of claims brought under such warranties.

If such material liabilities arose and it was not possible to make a claim under the warranties in respect thereof, or if any losses could not be recovered in respect of claims under the warranties, or in the event of an inaccurate assessment of Edison E&P's financial position or potential liabilities, the Enlarged Group's business, results of operations, financial condition and prospects could be adversely affected.

1.5 **If the Acquisition fails to close, Energean may invest the proceeds of its equity placing in ways with which Shareholders may not agree**

If the Acquisition fails to close by the amended long-stop date of 30 November 2020, Energean may decide to use the net proceeds from its US$265 million placing announced on 4 July 2019 and which completed on 8 July 2019 differently from its stated intention to part-finance the Acquisition with such proceeds. In such case, Energean will review all options for the use of the US$265 million of equity raised. Energean will consider incremental investment opportunities in its existing portfolio, as well as returning the cash to shareholders.

Shareholders will not have the opportunity to assess whether such proceeds are used appropriately. Energean's management may use such proceeds in ways with which Shareholders disagree, including by making investments that may not yield a return, or yield a lower return than Energean expects to achieve from the Acquisition, or that fail to enhance the price of the Shares

1.6 **The contingent consideration in respect of Cassiopea is expected to be funded from free cash flow generated after 2023 and/or headroom under Energean's new debt facilities**

Energean has agreed to pay an additional up to US$100 million to Edison, contingent upon first gas production at Cassiopea, Italy, which is expected in 2023. Energean's payment obligation is due 90 days after the later of the first day of the month following the first month in which production from the Cassiopea field has continued on a regular basis for at least 25 days or the date upon which formal notice of production from Cassiopea has been accepted by the relevant competent authority in Italy (or failing which once production has continued on a regular basis for 90 days).

Energean intends to fund this contingent consideration expected to be payable in 2023 through free cash flow (which should include revenue generated from production at Karish, Israel (which is expected to commence during H2 2021) as well as the initial production at Cassiopea) or pursuant to additional debt capacity under a US$220 million reserve based facility which the Energean Group entered into in June 2020 (the "**New RBL Facility**"). There can be no assurance that there will be sufficient free cash flow generated to make such payment.

In the event that Energean cannot fund the consideration from free cash flow or the New RBL Facility, Energean may need to raise additional funding. There can be no assurance as to whether any such additional funding could be raised in a timely manner or on commercially reasonable terms. Should the Energean Group choose to pursue financing through the issuance of additional Shares, existing holders of Shares may suffer dilution in their percentage ownership, or the market price of the Shares may be adversely affected.

## 2. Risks relating to the business and operations of the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group

2.1 **The Energean Group's and, following Completion, the Enlarged Group's business strategy depends significantly on the successful development of the Karish, Karish North and Tanin offshore gas fields in Israel**

The Energean Group's and, following Completion, the Enlarged Group's business strategy depends significantly on the successful development of the Karish, Karish North and Tanin offshore gas fields in Israel (the "**Karish-Tanin Development**"), which represent approximately 54% of the Enlarged Group's 2P reserves as at 31 December 2019. As of the date of this Prospectus, Karish remains in development, with limited infrastructure in place and substantial cooperation still required from third parties. The Energean Group is conducting a phased development of these fields in accordance with its field development plan ("**FDP**"), which was approved by the Israeli Petroleum Commissioner in August 2017, and is currently on track to deliver first gas in the second half of 2021 ("**Phase 1**").

The Karish-Tanin Development remains subject to substantial risks and uncertainties, and no assurance can be given that the Energean Group and, following Completion, the Enlarged Group will be able to successfully develop them or, even if successfully developed in due course, that their development will not be subject to significant delays and cost overruns or that the Energean Group and, following Completion, the Enlarged Group will ultimately be able to achieve expected production or sales volumes. Such risks and uncertainties include reliance on third parties for the construction of significant infrastructure.

For example, the Energean Group relies on TechnipFMC for construction of the floating production, storage and offloading unit ("**FPSO**") and subsurface and shore facilities in the Karish field under a turnkey engineering, procurement, construction, installation and commissioning ("**EPCIC**") contract (the "**TechnipFMC EPCIC Contract**"). The FPSO is expected to be set up near the Karish field in advance of final commissioning and commencement of gas production, but there can be no assurances that the transportation and hook-up with the manifold and pipeline near the field will occur on time or to expected specifications, which could be subject to additional delays and unexpected costs. Once operational, the FPSO will be subject to operational risks including severe weather, and at the time of its offshore commissioning, the FPSO is expected to be the only such floating assets in the Eastern

Mediterranean, which potentially increases the likelihood of its being targeted in terrorist attacks, including physical attacks and cyber-attacks.

In addition, the Energean Power FPSO hull arrived in the Sembcorp Marine Admiralty Yard in Singapore on 15 April 2020. On arrival, Energean was informed of a temporary halt to operations at the yard, commencing 17 April 2020, which was intended to reduce the risk of COVID-19 transmission following an increase in cases in the area. Restrictions have been extended beyond the original two-week shut-down and, as a result, Energean does not expect the yard to resume operations at full capacity ahead of 1 June 2020. Due to the ongoing impacts of the COVID-19 global pandemic, exact timelines are difficult to predict and remain subject to change. Allowing for the ongoing restrictions, Energean now guides to FPSO hull to sailaway from Singapore to Israel in the first half of 2021 with first gas in the second half 2021. Energean does not expect these events to have a material financial impact on the Energean Group due to the contracting structures that it has in place with TechnipFMC and its gas buyers. The health and safety of its employees and contractors remains of paramount importance to Energean and it supports all necessary control measures to prevent further transmission of COVID-19.

To date, the Energean Group has entered into gas sale and purchase agreements with various gas buyers (the "**GSPAs**" or "**Gas Supply Agreements**"). In the event that first gas for some GSPAs is not reached by 30 June 2021, the Energean Group becomes liable to pay liquidated damages ("**LDs**"). TechnipFMC starts to pay LDs under its EPCIC contract, on a sliding scale, if practical completion (which is expected to quickly follow first gas) is not achieved by 31 March 2021. In respect of delay to first gas, the aggregate of the LDs payable under the GSPAs is generally less than the amount of LDs payable by TechnipFMC. The dates mentioned in this paragraph are subject to potential extension by reason of force majeure. As a result of the coronavirus COVID-19, initial force majeure notices have been received from TechnipFMC in respect of its EPCIC contract; and the Energean Group has served corresponding force majeure notices on its gas buyers, in respect of all GSPAs, to ensure continued alignment of the respective LDs. A small number of GSPAs allow the gas buyer to terminate if first gas has not occurred by 30 November 2021 (subject to force majeure extension), but most of the GSPAs do not contain such a clause.

The factors determining the net cost impact on the Energean Group of a delay to first gas include any LDs payable by TechnipFMC under the EPCIC and any payable to buyers under the GSPAs, as set out above (both of which are subject to the outcomes of force majeure delay claims) and operating costs. The net cost impact is, therefore, difficult to predict; however, the current best estimate, based on these factors, is that, for a six-month delay to first gas, LDs payable by TechnipFMC would be sufficient to cover the costs of any LDs payable to buyers under the GSPAs and any incremental operating costs.

Any of the foregoing risks and uncertainties regarding the Karish Development could result in delays to the completion of Phase 1 on the expected timetable or at all and lead to greater competition from other gas providers (including the Leviathan gas field), unexpected and potentially significant cost increases, regulatory penalties due to non-compliance with lease milestones and/or contractual damages or early termination under some of the Gas Supply Agreements if it is unable to deliver gas and complete the determined project development milestones by the relevant long-stop date under such Gas Supply Agreements, any of which could have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

**2.2 The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group faces significant uncertainties in connection with its exploration, appraisal and development activities, and it may discover or produce less oil or gas than expected**

Exploration and development activities are capital intensive and their successful outcome cannot be assured. Each of the Energean Group and the Edison E&P Group undertakes, and following Completion the Enlarged Group will undertake, exploration and development activities and incurs significant costs with no guarantee that such expenditure will result in the discovery of commercially deliverable oil or natural gas.

The Energean Group currently has exploration activities in Israel, Greece and Montenegro, and the Edison E&P Group has exploration activities in Egypt and Italy. The Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's oil and natural gas exploration and development may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenue to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. Dry wells, or wells in which less oil and/or gas has been discovered than expected, may also result in the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group requiring substantially more funds if it chooses to continue exploration work and drill further wells beyond the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's existing minimum exploration work. Such funding may be unavailable or may have to be obtained on unfavourable terms, leading to a potential deterioration in the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's financial position.

Should the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group undertake drilling in a particular geographic area but discover no oil and gas or discover less oil and/or gas than expected or be required to utilise more expensive drilling techniques and supporting infrastructure to extract oil in commercial quantities, this may lead to a downgrading of the potential value of the licence concerned and perhaps to other licences within the same geological basin.

Appraisal results for discoveries are uncertain. Appraisal and development activities involving the drilling of wells across a field may be unpredictable and not result in the outcome planned, targeted or predicted, as only by extensive testing can the properties of the entire field be fully understood. There can be no assurance that the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group will be able to convert contingent resources at any of its undeveloped fields into reserves.

The Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's long term future success depends on its ability to find, develop and acquire additional oil and gas reserves that are economically recoverable. While the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's current reserves are being depleted by production, unsuccessful exploration activities, such as dry wells, would mean that the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group would not be able to replace such reserves and the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's revenue would decline. The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group may not be able to find or acquire additional reserves at acceptable costs which could have a material adverse effect on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

Exploration, appraisal and development programmes may be subject to delay as a result of shortages of appropriate equipment and materials or other factors outside of the Energean Group's and the Edison E&P Group's control. The risk of delays exists in respect of certain development projects in the Energean Group's portfolio, such as Karish, as well as in the Edison E&P portfolio, principally in relation to the Cassiopea and NEA assets. In addition, the suppliers and contractors which carry out significant parts of the exploration, appraisal and development work are subject to changing international demands and price fluctuations, so the costs of such work may be higher than expected.

The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group will continue to gather data about its new venture opportunities and other projects. Additional information which comes to light could cause the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group to alter its schedule or determine that a new venture opportunity or project should not be pursued, which could adversely affect the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

### 2.3 The Energean Group and, following Completion, the Enlarged Group will be dependent on the purchasers under its Gas Supply Agreements

The Gas Supply Agreements which the Energean Group has to date entered into in respect of the Karish-Tanin Development include take-or-pay arrangements under which the purchasers must accept or pay for a minimum amount of natural gas from the Energean Group, following initial commissioning and transition periods. The total amount contracted and unconditional represents a plateau rate of approximately 5.6 BCM per year on an annual contract quantity ("**ACQ**") basis and with additional, conditional agreements of approximately 0.7 BCM on the same ACQ basis at a price linked predominantly to the Israeli electricity production component index but with a small percentage (approximately 2%) of the contracted quantity indexed to oil and in each case underpinned by a floor price. Once the Energean Group and, following Completion, the Enlarged Group begins to produce gas in Israel, it will be dependent on these purchasers for regular and prompt payment of amounts owed for the gas the Energean Group supplies under the Gas Supply Agreements and is therefore exposed to the risk of default by these purchasers. In the event of such a default, the Energean Group and, following Completion, the Enlarged Group could be required to find other purchasers for its gas, potentially on less favourable terms than under the Gas Supply Agreements. See also Part 6 "*Information about the Acquisition and the Enlarged Group—Offtake and marketing—Gas Supply Agreements*".

The amount of gas in respect of which Energean Israel is paid under the Gas Supply Agreements is variable and depends on a number of factors.

The conditional Gas Supply Agreement with one of Energean Israel's customers, Or Power, depends on Or Power succeeding in its application to receive a new licence from the Electricity Authority to construct a new power generation plant in Israel and successfully completing this project. To date, Or Power has not received the required licence to construct a new plant, and there can be no guarantee that Or Power will be successful in its licence application, that the project will be completed successfully or that Or Power will reach financial closing as set out in the Or Power Gas Supply Agreement, in which case Energean Israel may not make any gas sales or receive any payment for gas under the Or Gas Supply Agreement.

The Gas Supply Agreements include a take or pay mechanism in accordance with which the buyers undertake to take or pay for a minimum annual quantity of gas, as determined in the respective agreements as a percentage of the average ACQ (which is equal to the daily contract quantity multiplied by 365) less certain adjustments for buyer's or seller's force majeure and off-specification gas and other factors ("**Adjusted ACQ**").

Any material reduction in the total amount of gas purchasers must accept or pay for under the Gas Supply Agreements would have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

Under the Gas Supply Agreements, Energean Israel is not entitled to a take or pay payment during the period in which Energean Israel's or the customer's facilities (if applicable) are being commissioned, though Energean Israel will receive payment at the contract price for any gas consumed by such customers during such period.

Some Gas Supply Agreements entered into since taking final investment decision on the Karish-Tanin Development are subject to various conditions precedent in addition to those noted above, including, among others, the consent of certain buyers' existing lenders or the certification of increased reserves or resources (conditions precedent vary for each Gas Supply Agreement). There can be no assurance that all the conditions precedent to all relevant Gas Supply Agreements will be satisfied in a timely manner or at all. In the event that the conditions precedent to any Gas Supply Agreement were not fully satisfied, such contract may fail to come into force or be terminated, which could have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects. See also Part 6 "*Information about the Acquisition and the Enlarged Group—Offtake and marketing—Gas Supply Agreements*".

While the Gas Supply Agreements contain a take-or-pay mechanism, such take or pay quantities may vary from year to year with the application of the carry forward or make-up mechanisms set out in the Gas Supply Agreements, such that the take or pay quantity may, in any one year, with such adjustments, fall below the average take or pay quantity set out in the Gas Supply Agreements. As such, the take or pay mechanism provides for a minimum quantity of gas relative to ACQ only over the life of the Gas Supply Agreements.

Contract prices under the Gas Supply Agreements are predominantly linked to the Israeli electricity production component index, which is set by Israeli authorities and periodically revised based on electricity production costs of Israel Electric Corporation ("**IEC**"), with a small percentage (approximately 2%) of the contracted quantity indexed to oil. Should the Israeli electricity production component index decline in a given period, the contract prices the Energean Group receives for gas sales under the Gas Supply Agreements would decline, but only so far as the floor price in each case, which would negatively impact the Energean Group's and, following Completion, the Enlarged Group's projected revenues and results of operations. Contract prices for certain buyers are also partially linked to the exchange rate between the US dollar and the New Israeli Shekel, but this linkage is still subject to a floor price. An adverse change in this exchange rate would reduce the contract price received for gas sales under such Gas Supply Agreements, which would adversely affect the Energean Group's and, following Completion, the Enlarged Group's projected revenues and results of operations.

The Gas Supply Agreements include provisions for early termination rights for the purchasers due to a failure by the Energean Group and, following Completion, the Enlarged Group to achieve certain milestones or satisfy certain conditions by their due date, extended force majeure, acts of insolvency and breach of material obligations under the Gas Supply Agreements. In addition, there can be no assurance that, should the Gas Supply Agreements be terminated or terminate, the Energean Group and, following Completion, the Enlarged Group will be able to negotiate extensions to the agreements or else find new purchasers for the gas it produces, on commercially viable terms or at all. The occurrence of any of the foregoing could have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects. For further information on the Gas Supply Agreements, see Part 6 "*Information about the Acquisition and the Enlarged Group —Offtake and marketing—Gas Supply Agreements*".

2.4 **The Energean Group and, following Completion, the Enlarged Group will be subject to limitations on exporting Karish-Main and Tanin gas production outside of Israel and as a result is subject to risks and uncertainties in the domestic Israeli gas market**

Under the terms of the applicable leases and those of the sale and purchase agreement pursuant to which the Energean Group obtained its lease interests in the Karish and Tanin fields, the Energean Group is limited to selling gas produced from the Karish-Main and Tanin fields solely to the domestic Israeli market, although no such prohibition applies in respect of any gas that is discovered in the area of the Karish and Tanin reservoirs, within structures other than Karish-Main and Tanin. As a result, the Energean Group is and, following Completion, the Enlarged Group will be, particularly exposed to risks and uncertainties in the domestic Israeli gas market, including risks relating to demand for gas and electricity, oversupply and competition in the Israeli domestic market.

Domestic natural gas production in Israel has been a relatively recent development as the country has begun to transform the structure of its energy sector to become increasingly self-sufficient, including converting its power plants from fuel oil and coal to gas and developing offshore Israeli gas fields. While domestic electricity tariffs are subject to regulatory determinations set at the discretion of the regulator, the price of gas is not currently regulated; however, gas producers must notify the Israeli Minister of Energy regarding prices and profitability, and there can be no assurance that the Israeli Minister of Energy would not decide to impose price regulation on gas in the future.

In addition, domestic demand for gas in Israel is expected to be driven in large measure by demand for electricity; therefore, any decrease in demand for electricity could have a corresponding negative impact on demand for gas in the Israeli market generally to the extent not covered by any minimum offtake requirements, such as those included in the Gas Supply Agreements. Such a decrease in demand could arise as a result of a weakening of economic conditions in Israel, development of alternative sources of electricity (such as solar or other renewable sources) or unexpected political or military risks in Israel. See also "*—Risks relating to the countries in which the Company and, following Completion, the Enlarged Group operates—The geopolitical situation in Israel may adversely affect the Energean Group's and, following Completion, the Enlarged Group business*".

The occurrence of any of the foregoing could have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.5 **The Edison E&P Group is, and following Completion, the Enlarged Group will be, dependent on the Egyptian General Petroleum Corporation ("EGPC") for a portion of its revenues, profits and free cash flows, and receivables due from the Edison E&P Group's operations in Egypt under the Edison E&P Group's licence agreements, which are paid irregularly and may be subject to significant delay**

The Edison E&P Group generates approximately 50% of its revenues from sales of oil and gas in Egypt to EGPC under the terms of the Abu Qir Concession Agreement. As a result, the Edison E&P Group is, and following Completion, the Enlarged Group will be, exposed to counterparty risk in respect of EGPC.

Historically EGPC has remitted payments due to the Edison E&P Group in arrears, resulting in significant fluctuations in the outstanding receivables due from EGPC to the Edison E&P Group in the past, with receivables days now exceeding one year. As at 31 December 2019, the total amount of receivables due to the Edison E&P Group from EGPC was US$259 million. A provision credit of US$37.6 million was posted against this position leaving a net receivable of US$222 million. US$126 million of this balance was considered past due, but not impaired at such date. As at 31 May 2020, the net receivable position due to the Edison E&P Group in relation to EGPC decreased to US$214 million, of which US$136 million was considered past due. EGPC's payments to the Edison E&P Group may continue to be received on an irregular and unpredictable basis that is outside the Edison E&P Group's ability to predict or control. Any remittance to the Edison E&P Group which serves to reduce the balance of receivables from EGPC will be partly or wholly offset by new receivable obligations incurred by EGPC due to new production by the Edison E&P Group in Egypt.

Furthermore, receipt of cash payments from EGPC may be subject to continued or increased delay in the future as a result of various factors, including the prevailing political and economic climate in Egypt, the availability of US dollars in Egypt, and trends in international oil prices.

There can be no assurance that EGPC will meet its existing or future payment obligations to the Edison E&P Group or, following Completion, the Enlarged Group; that the political or economic situation in Egypt will not deteriorate; or that the Egyptian government will be successful in continuing with the improvement of financial stability. The Edison E&P Group and, following Completion, the Enlarged Group may therefore be unable to collect some or all of its outstanding receivables, or may accrue increased amounts of outstanding receivables, either of which would have a material adverse effect on the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition or prospects.

2.6 **For assets where the Enlarged Group does not hold the operatorship or participates with a joint venture partner, its control over certain activities in respect of such assets may be limited**

Operations in the oil and gas industry are sometimes conducted in a joint venture environment. A number of the Edison E&P Group's and, following Completion, the Enlarged Group's major projects are operated by joint venture partners (including certain of its material Italian assets), operated in cooperation with government entities (including in Egypt) or have joint venture partners with veto rights over certain decisions. Following the Acquisition, a minority of the Enlarged Group's interests in production assets will be in (and therefore a portion of its cashflow will be derived from) assets that it does not wholly own or control, such as Cassiopea and Clara North West in Italy and Scott and Telford in the UK North Sea.

The Edison E&P Group's and, following Completion, the Enlarged Group's ability to influence these operating (and non-operating) partners is sometimes limited due to the Edison E&P Group's and, following Completion, the Enlarged Group's limited equity in such ventures or the terms of the joint operating agreement relating to the relevant asset. There is a risk that joint venture partners are not aligned in their objectives and drivers and this may lead to operational or production inefficiencies and/or delays, disagreements on or how to develop production assets further or a disruptive departure by one or more partners from the joint venture, as well as risks of breach or default by, or insolvency of, joint venture partners.

Such arrangements could prevent the Edison E&P Group and, following Completion, the Enlarged Group from developing the assets in the manner, or in the timeframe, it prefers and could result in reduction or delay in returns from the assets. Conversely, the Edison E&P Group and, following Completion, the Enlarged Group may be required to fund development earlier than anticipated, or in amounts greater than expected, which may strain existing operations and could have a material adverse effect on the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

Any mismanagement of these projects may result in increased costs to the Energean Group and, following Completion, the Enlarged Group or an inability to explore or develop such assets further in a way and in a time of Energean's choosing, or at all, which could adversely affect the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, cash flow and prospects.

2.7 **The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group depend on the Energean Group's Directors, key members of management, technical, exploration, financial and operational service providers and on the Energean Group's ability to retain and hire such persons to manage effectively its growing business**

Attracting and retaining additional skilled personnel is fundamental to the successful growth of the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business. The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group require skilled personnel in the areas of exploration and development, operations, engineering, business development, oil and gas marketing, finance, legal and accounting relating to its projects. Given the competitive market in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate, there can be no assurance that the Energean Group and, following Completion, the Enlarged Group will successfully attract new personnel or retain existing personnel required to continue to expand its business and to successfully execute and implement its business strategy. In particular, the Edison E&P Group has operations in jurisdictions such as Egypt and Italy, where the Energean Group does not currently have any operations. Moreover, the Energean Group and, following Completion, the Enlarged Group may consider it appropriate or in certain cases be obliged by its local community relations programme or formal local content requirements to recruit local individuals. Given the relatively limited pool of individuals with the appropriate skills in certain countries in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate, there can be no guarantee that the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group can meet such aspirations or obligations and it may be required to recruit expatriate staff to fulfil such vacancies. The costs of recruiting appropriately skilled personnel may materially and adversely affect the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.8 **A majority of the employees engaged by the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group are unionised, and wage demands or work stoppages by unionised employees could have an adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects**

The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group employ local workers, including contractors, in each of the countries in which it operates. Additionally, the contractors which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group hire have their own employees from the regions in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate. A majority of the employees employed by the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group are represented by labour unions under collective bargaining agreements. The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group or their respective contractors may not be able to negotiate acceptable new collective bargaining agreements or future restructuring agreements, which could result in labour disputes between the contractors and their employees. Work stoppages due to such disputes may lead to decreased productivity and/or revenue for the Energean Group, the Edison

E&P Group and, following Completion, the Enlarged Group. Also, the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group may become subject to material cost increases or additional work rules imposed by agreements with labour unions through their relationships with local contractors. This could increase expenses in absolute terms and/or as a percentage of revenue. Additionally, material changes in the minimum wage, or other material changes to labour laws, in the countries in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operates could have an effect on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's results. Although each of the Energean Group and the Edison E&P Group believes it has good relations with its employees and contractors, work stoppages or other labour disturbances may occur in the future, which could have an adverse effect on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.9 **The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group do not insure against certain risks and its insurance coverage may not be adequate for covering losses arising from potential operational hazards and unforeseen interruptions**

Each of the Energean Group and the Edison E&P Group considers that the extent of its insurance cover is reasonable based on the costs of cover, the risks associated with its business and industry practice. Such insurance currently includes cover for its offshore facilities, onshore processing plant, operators' extra expense, physical loss or damage to its tender assisted drilling rig, primary and excess liabilities, support vessels protection and indemnity, support vessels hull and machinery, protection and indemnity for its tender assisted drilling rig and war risks for the rig and other vessels, in each case subject to deductibles, excesses, exclusions and limitations. There can be no assurance that such insurance will be adequate to cover any losses or exposure for liability or that the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group will continue to be able to obtain insurance to cover such risks. For example, the Energean Group does not have and, following Completion, the Enlarged Group will not have business interruption insurance in place and, therefore, it cannot claim on any insurance policy to mitigate losses suffered as a result of shut-in or cessation in production.

Energean is unable to give any guarantee that expenses relating to losses or liabilities incurred by the Energean Group or the Edison E&P Group will be fully covered by the proceeds of applicable insurance. Consequently, the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage. The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group is also subject to the future risk of unavailability of insurance, increased premiums or excesses, and expanded exclusions.

## 3. Risks relating to the oil and gas industry

3.1 **Oil and gas prices are volatile and have fluctuated considerably in recent years, which has had, and may continue to have, a significant impact on the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group**

Oil and gas prices are subject to volatility due to a variety of factors beyond the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's control. Factors affecting crude oil prices include supply and demand fundamentals, geopolitical uncertainty, economic outlooks and production quotas set by the Organization of Petroleum Exporting Countries, prices, availability and government subsidies of alternative and/or renewable energy sources and increasing government regulations and actions and international treaties and agreements which aim to reduce the environmental impact of greenhouse gases. Over the past five years, as a result of factors, including weaker outlook for global demand growth combined with excess supply, oil prices worldwide have been subject to significant volatility. The COVID-19 pandemic has significantly increased this volatility. For example, on 6 March 2020, OPEC and non-OPEC allies ("**OPEC+**") met to discuss the need to cut oil supply to balance oil markets in the wake of the COVID-19 outbreak, which has had a material adverse impact on oil demand. OPEC+ failed to reach agreement and on 7 March 2020, Saudi Aramco cut its official selling prices, prioritising market share over pricing. As a result, oil prices fell materially. In response to the current trading environment, the Energean Group has reduced its forecast development capital expenditure in respect of Egypt from US$100 million to US$40 – 50 million and Italy from US$40 million to US$25 – 30 million, as well as deferring investment in the Zeus and Athena wells in Israel and also halted investment in Epsilon in Greece, pending oil price recovery.

A reduction in oil prices can also have an impact on revenues which the Edison E&P Group and, following Completion, the Enlarged Group earn on gas sales. In particular, gas sold in Egypt under the concession agreement with EGPC is sold at prices linked to prices of Brent. In Abu Qir, at Brent oil prices of between US$40/bbl and US$72/bbl Brent, the gas price is US$3.50 / mmBTU (US$3.71/mcf). In NEA, the gas price has been agreed at a US$4.60/mmBTU (US$4.77/mcf). Prices are reduced when Brent prices remain below the relevant thresholds, on average, for a period of six months. Any prolonged reduction in Brent prices could consequently result in a reduction in the gas price at Abu Qir and, consequently, a reduction in revenues. Lower oil prices may reduce the economic viability of the Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's operations and proposed operations and materially adversely affect their business, results of operations, financial condition and/or prospects.

The Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's ability to produce economically from a field will be determined, in large part, by the difference between the revenue received for crude oil or, following Completion, the Enlarged Group's operating costs, taxation costs, royalties and costs incurred in transporting and selling its crude oil and/or natural gas. Therefore, lower crude oil and/or natural gas prices may reduce the amount of crude oil and/or natural gas that the Energean Group, the Edison E&P Group or, following Completion, the Enlarged Group or operators of the fields where it holds an interest are able to produce economically or may reduce the economic viability of the production levels of specific wells or of projects planned or in development, to the extent that production costs exceed anticipated revenue from such production. This could, in turn, result in a reduction in the reserves and resources to the extent certain fields are no longer economically viable to develop.

Any reduction in reserves and resources and/or any curtailment in the overall production volumes of the Energean Group, the Edison E&P Group or, following Completion, the Enlarged Group or at fields in which the Energean Group or, following Completion, the Enlarged Group holds an interest due to a decline in crude oil and/or natural gas prices could result in a reduction in the Energean Group's or, following Completion, the Enlarged Group's net profit or increase in net losses, accelerate decommissioning costs and impair its ability to make planned capital expenditures in the longer term and to incur costs that are necessary for the development of the Energean Group's, the Edison E&P Group's or, following Completion, the Enlarged Group's fields, any of which could materially adversely affect the Energean Group's, the Edison E&P Group's or, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

**3.2 Failure to obtain or access necessary equipment, raw materials, third party services and infrastructure systems could materially and adversely affect the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects**

The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group use independent contractors to provide it with certain technical assistance and services.

Oil and natural gas development and exploration activities are dependent upon the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for specialised equipment such as drilling units or access restrictions may affect the availability of such equipment to the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group and may delay or create additional costs in the Enlarged Group's development and exploration activities. The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group may also be exposed to changes in the prices, or the availability, of raw materials such as chemicals used on the offshore platforms. Material increases in the price of raw materials, a lack of their availability, or increases in the costs of drilling activities, may increase the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's cost of production or prevent the Enlarged Group from undertaking further drilling in certain fields, which could have an adverse effect on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group will also contract or lease services and capital equipment from third party providers. Unavailability or high costs of such services and equipment could result in a delay or restriction in the Energean Group's and, following Completion, the Enlarged Group's projects and adversely affect the feasibility and profitability of such projects, and therefore have an adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects. Additionally, should such a third party provider default on, delay in fulfilling or become unable to fulfil its obligations under any such contracts or leases, the Energean Group's and, following Completion, the Enlarged Group's ability to deliver projects on time and/or profitably could be impacted which could have an adverse effect on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

Particularly in Israel, the Energean Group is also dependent on the integrity of the national transmission system since the Energean Group's pipeline currently under construction (which will be used for sales gas) will connect to the national transmission system operated by Israel Natural Gas Lines Ltd ("**INGL**"), a government-owned corporation responsible for Israel's high pressure gas transmission infrastructure. The Energean Group will be dependent on INGL for the ongoing operation of part of the pipeline, which will form part of the national transmission system, upon its transfer to INGL. The Energean Group will have no control over any delay or pipeline unavailability which could prevent the Energean Group from satisfying its gas supply obligations under the Gas Supply Agreements, and there can be no assurance that the Energean Group could obtain adequate recourse from INGL in such an event, which could have an adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects. See also "*Risks relating to the countries in which the Energean Group and, following Completion, the Enlarged Group operate—The natural gas industry in Israel is under development and the Energean Group and, following Completion, the Enlarged Group will be dependent on government-owned and operated infrastructure to deliver its gas*".

3.3 **The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group faces drilling, exploration and production risks and hazards that may affect its ability to produce oil and gas at expected levels, quality and costs**

Oil and gas exploration and production operations are subject to certain risks including premature decline of reservoirs, invasion of water into producing formations, encountering unexpected formations or pressures, low permeability of reservoirs, blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal geological pressures, uncontrollable flows of oil, gas or well fluids, build-up of asphaltene, gas hydrates or other precipitates, severe adverse weather or tidal conditions, natural disasters such as earthquakes, shortages of skilled labour or suppliers, access to utilities such as water, sabotage of or accidental damage to oil and gas pipelines, pollution and other environmental risks, any of which could materially adversely affect the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

Certain of the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's facilities are also subject to hazards inherent in marine operations, such as capsizing, sinking, vessel collision, damage from anchors and damage from natural catastrophes or other severe adverse weather. The offshore drilling that the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group conducts could involve increased risks due to risks inherent in the nature of drilling in complex geological formations including blowouts, encountering unused or unexpected rock formations with abnormal geographical pressures and oil spills.

The occurrence of the above risks could result in environmental damage, including biodiversity loss or habitat destruction, injury to persons and loss of life, failure to produce oil in commercial quantities or an inability to fully produce discovered reserves. The risks mentioned above could also cause substantial damage to the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's property and its reputation and put at risk some or all of its interests in its Leases which enable it to explore and/ or produce, and could result in the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group incurring fines or penalties as well as criminal sanctions potentially being enforced against the Energean Group and/or its officers with such fines, penalties or criminal sanctions potentially having a negative impact on the likelihood of the Energean Group and, following Completion, the Enlarged Group being awarded licences in the future. Consequent production delays and declines from normal field operating conditions and other adverse actions could have a material adverse impact on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

3.4 **Climate change abatement legislation may have a material adverse effect on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's industry**

Continued political attention to issues concerning climate change, the role of human activity in it and potential mitigation through regulation could have a material impact on the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group. International agreements, national and regional legislation and regulatory measures to limit greenhouse emissions are currently in various stages of discussion or implementation. These and other greenhouse gas emissions-related laws, policies and regulations may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with these laws and regulations is uncertain and is expected to vary depending on the laws enacted by particular countries. As such, climate change legislation and regulatory initiatives restricting emissions of greenhouse gases or promotion of, or consumer preference for, renewable energy sources such as solar may adversely affect the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's operations, cost structure or the demand for oil and gas. Such legislation, regulatory initiatives or general consumer preference could have a material adverse effect by diminishing the demand for oil and gas, increasing the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's cost structure or causing disruption to its operations by regulators. In addition, the Energean Group may be subject to activism from groups campaigning against fossil fuel extraction, which could affect its reputation, disrupt its campaigns or programs or otherwise negatively impact the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business.

## 4. Risks relating to finance and tax

4.1 **The Energean Group and, following Completion, the Enlarged Group, is leveraged and is subject to restrictive debt covenants and security arrangements that may limit its ability to finance its future operations and capital needs and to pursue business opportunities and activities. Breach of financial covenants may lead to default and/or liquidity risk**

The Energean Group has, and will continue to have, outstanding debt and debt service obligations. As of 31 March 2020, the Energean Group's non-current borrowings were US$941.1 million, all of which was owed to third parties. The Energean Group's interest bearing loans and borrowings expense before capitalisation for the three months ended 31 March 2020 was US$15.7 million.

Under the terms of the New RBL Facility and the RBL Senior Facility Agreement, the Energean Group must comply with a number of covenants including financial maintenance covenants and restrictions on, among other matters, dividends and other distributions, cash movements, capital expenditure, additional future borrowings and indebtedness, and disposals and acquisitions. The breach of any of these covenants could constitute an event of default under the relevant facility, in which case all amounts owed to the relevant lenders would be due and payable immediately or upon demand by the relevant lenders. The Energean Group and, following Completion, the Enlarged Group may be subject to different and additional covenants or security arrangements from time to time as its financing arrangements change.

The covenants to which the Energean Group and, following Completion, the Enlarged Group is subject could limit its ability to finance discretionary business expansion and capital investment in the longer term, which in turn could have a material adverse effect on the Energean Group's and, following

Completion, the Enlarged Group's business, results of operations and financial condition. In addition, a substantial portion of the Energean Group's assets in the Prinos basin, Greece, are fully pledged to the RBL Lenders, and the Edison E&P assets will be fully pledged to the lenders under the New RBL Facility. Such pledges may limit the Energean Group's and, following Completion, the Enlarged Group's ability in the future to obtain financing or increase the cost such financing.

To the extent the Energean Group and, following Completion, the Enlarged Group borrows or raises additional debt, the Energean Group and, following Completion, the Enlarged Group will be subject to increased interest expense, and may also be subject to additional covenants over and above those contained in the debt facilities that the Energean Group and, following Completion, the Enlarged Group maintains. In addition, future debt financings may limit the Energean Group's and, following Completion, the Enlarged Group's ability to withstand financial pressures, as the Energean Group and, following Completion, the Enlarged Group may become illiquid or less liquid as a result of higher interest payments on its debt due to increases in interest rates or restrictions on cash movement. This could hinder the Energean Group's and, following Completion, the Enlarged Group's ability to raise, renew and service its future indebtedness, reduce the funding options available to the Energean Group and, following Completion, the Enlarged Group and render it more vulnerable to economic downturns. In addition, if the Energean Group and, following Completion, the Enlarged Group requires debt but is unable to secure sufficient bank borrowings, it is highly likely that, other than in respect of its current committed capital expenditure, this would pose challenges to the Energean Group's and, following Completion, the Enlarged Group's planned development and timeline for development.

The Edison E&P Group has historically received debt financing from Edison in the form of shareholder loans and the use of intra-group cash management pooling arrangements. Each of these shareholder loans and cash management balances will be repaid at Completion (using the Energean Group's existing cash resources and the new debt financing arranged for the purposes of the Acquisition). Accordingly, following Completion the Enlarged Group will need to arrange for any necessary debt financing for the operations of the Edison E&P Group to be financed from third party sources.

Should the Energean Group and, following Completion, the Enlarged Group be unable to fund its operations through additional borrowings in the future, it may choose to pursue financing through the issuance of additional Shares and existing holders of Shares may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

4.2 **The Acquisition is being funded from existing cash resources and new debt which will reduce the Energean Group's financial flexibility**

The Acquisition is being funded from the Energean Group's existing cash resources following the US$265 million equity placing in July 2019 and the New RBL Facility.

Consequently, the Acquisition will reduce the Enlarged Group's cash balances and increase the overall indebtedness of the Enlarged Group, which will result in increased repayment commitments and borrowing costs. This could limit the Enlarged Group's commercial and financial flexibility, causing it to re-prioritise its uses of capital to the potential detriment of its business prospects and the value of its assets. Therefore, depending on the level of the Enlarged Group's borrowings, prevailing interest rates and exchange rate fluctuations, this could result in reduced funds being available to fund future growth, dividend payments and other general corporate purposes, which could have a material adverse impact on the Enlarged Group's results of operations, financial condition and prospects.

4.3 **The Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business requires significant capital expenditure and the future expansion and development of the Enlarged Group's business could require further debt and equity financing. The future availability of such funding is not certain and immediately following Completion, the Enlarged Group's cash balances will be reduced.**

The Company anticipates that in order to continue to implement its stated strategy it, and, following Completion, the Enlarged Group, will need to make substantial capital investments for its operations, exploration, appraisal, development and/or production plans. In particular, Energean estimates that Edison E&P's planned capital expenditure profile on development projects, including in relation to any development of the Abu Qir, Cassiopea and NEA assets, in the amount of approximately US$80 million to US$100 million, is scheduled to take place concurrently with the Energean Group's proposed expenditure of approximately US$580 million in 2020, in relation to the development of the Energean Group's interest in the Karish field in Israel, and US$5 million in relation to the Prinos field in Greece.

Karish is funded via project finance at the Energean Israel level and this facility is non-recourse to Energean. Funding of Karish is therefore separate from that of the Edison E&P portfolio. However, the Energean Group's and, following Completion, the Enlarged Group's business requires significant capital expenditure and future expansion and development of its business and capital expenditure beyond the Energean Group's current committed capital expenditure for the next 12 months could require further debt or equity financing. In the event of cost overruns on either Karish or the Edison E&P portfolio assets, the Energean Group and, following Completion, the Enlarged Group may experience difficulties in financing these increased amounts, which may result in additional funding requirements. See also – *The Acquisition is being funded from existing cash resources and new debt which will reduce the Energean Group's financial flexibility*.

The availability of any future funding, whether obtained through debt or equity financing, is not certain. Should the Energean Group and, following Completion, the Enlarged Group seek to take on additional borrowings to finance future growth, the Energean Group's existing debt obligations could increase the cost of or limit the Energean Group's and, following Completion, the Enlarged Group's ability to obtain such additional borrowings, which in turn could have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations and financial condition.

Alternatively, the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group may in the future seek funds for such business activities or capital expenditure by selling part of its operations and/or by farming down its assets. If the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group is unable to generate or obtain further additional funding (for expenditure beyond its current committed capital expenditure for the next 12 months), it is likely to be limited in its ability to undertake any additional operations, exploration, appraisal, development or appraisal plans.

**4.4 There will be decommissioning costs associated with certain of the producing assets being acquired and the Enlarged Group could face higher than expected costs in connection with Edison E&P's decommissioning obligations**

Licensees are typically obliged under the terms of relevant production sharing agreements or production agreements, licences or local law to dismantle and remove equipment, to cap or seal wells and generally to remediate production sites. Edison E&P's assets include a number of fields in which a member of the Enlarged Group will be the operator and which are expected to cease production and require decommissioning in the medium-term. The Energean Group has no experience of decommissioning assets and such processes involve a degree of risk and unforeseen challenges. The Enlarged Group's success in the future will, in part, depend on its ability to undertake decommissioning activities in a safe and cost-effective manner.

Decommissioning estimates are subject to uncertainty but are expected to be significant for the Enlarged Group. The estimates for decommissioning obligations vary depending on the sources provided during the due diligence undertaken as part of the competitive sale process for Edison E&P. Decommissioning obligations are in any event expected to be material, specifically in the UK and Italy, and the decommissioning spend on certain assets in these geographies could be required in the near-term. Decommissioning costs in Italy are expected to total around US$1 million in 2020, US$9 million in 2021 and US$20 million in 2022. In the UK, decommissioning costs are estimated at US$27 million in 2022, with no costs expected to be incurred in 2020-21. Decommissioning costs in Italy and the UK are expected to total US$483 million and US$171 million, respectively, between 2020 and 2045. It is possible that Edison E&P may incur decommissioning liabilities sooner or later than budgeted for, particularly if further declines in oil prices resulted in production from certain oil fields no longer being commercially viable.

Furthermore, the costs of decommissioning may exceed the costs budgeted to cover such decommissioning. These costs may rise further as decommissioning activity in the oil and gas industry accelerates and competition for decommissioning equipment and services increases.

An increase in decommissioning costs could materially and adversely affect the Enlarged Group's business, results of operations, financial condition and/or prospects. Additionally, these future decommissioning costs may require the posting of financial security, for example in the form of letters of credit. If the Enlarged Group were in the future unable to procure or renew such letters of credit on commercially acceptable terms or at all, it would risk being in default of its licence obligations.

4.5 **The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group may be subject to adverse tax related risks and/or change in the interpretation of tax regimes in the jurisdictions in which it operates**

The tax regimes in certain jurisdictions in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate are not clearly codified and therefore can be subject to varying or inconsistent interpretation and legislative or administrative change in those jurisdictions. Such changes can be prompted by, *inter alia*, transactions (including those that may require governmental consent) and may be implemented with retrospective effect. The interpretation by the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group of relevant tax law as applied to transactions and activities in such jurisdictions (which could include this Acquisition) may not coincide with that of the relevant tax authorities now or at a future date.

Accordingly, there is a risk that governmental authorities in certain of the jurisdictions in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate may seek to impose taxes or other levies on the Enlarged Group, including as a result of the Acquisition taking place. Should this occur, there can be no assurance that the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group will be able to negotiate an appropriate settlement in the future or that any such governmental authority will not enforce the original claim for any tax or other transactional levy payable which could be material and consequently have a material adverse effect on the business, prospects, financial condition and results of operations of the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group, as applicable.

In addition, the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group are exposed to risks relating to increased taxation, to the risk of costs and loss of management time associated with tax audits, to the risk that they may rely on advice from tax advisors or guidance from tax authorities that could prove incorrect or to be subject to change and to the risk that they may discover that they have failed, or be found by tax authorities to have failed, in the past to pay the appropriate levels of tax or otherwise to comply with applicable tax laws and regulations, which could result in penalties and increased liabilities.

As a result, transactions (including potentially the Acquisition) may be challenged by tax authorities and any profits of the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group from activities in those jurisdictions may be assessed to additional tax or additional transactional taxes, which, in each case, could result in significant additional taxes, penalties and interest, any of which could have a material adverse impact on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, prospects, financial condition or results of operations.

4.6 **The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group is subject to foreign exchange and inflation risks, which might adversely affect its financial condition and results of operations**

The Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's revenues and most of its working capital outside of Greece and Italy are in U.S. dollars. In jurisdictions where the U.S. dollar is not an accepted currency, the Energean Group and the Edison E&P Group converts funds to foreign currencies as its payment obligations become due. Certain of the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's costs are incurred in currencies other than U.S. dollars, including euros and pounds sterling. In particular a substantial portion of the Energean Group's and the Edison E&P Group's operating costs in Greece and Italy respectively are in euros. Accordingly, the Energean Group and the Edison E&P Group is subject to inflation in the countries in which it operates and fluctuations in the rates of currency exchange between the U.S. dollar and these currencies, and such fluctuations may materially affect the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's the business, results of operations, financial condition and/or prospects. Consequently, construction, exploration, development, administration and other costs may be higher than Energean anticipates.

## 5. Risks relating to legal and regulatory matters

5.1 **The Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's exploration and production operations are dependent on its compliance with obligations under contracts, licences, permits, operating agreements and relevant legislation**

The Energean Group's the Edison E&P Group's and, following Completion, the Enlarged Group's exploration and development operations must be carried out in accordance with the terms of their concession agreements, oil exploration, development and production licences and leases, and applicable annual work programmes, field development plans and budgets as established in relation thereto (collectively, "**Leases**").

Under the terms of the Leases, as well as applicable legislation, fines may be imposed or damages claimed and a Lease may be suspended or terminated if a Lease holder or party to the contract fails to (i) comply with its obligations under such Lease or agreement; (ii) make timely payments of levies and taxes for the licensed activity; or (iii) provide required technical or financial information or meet other reporting requirements. The extent of such obligations may be unclear or ambiguous, and regulatory authorities in jurisdictions in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate may not confirm that such work obligations have been fulfilled, which can lead to operational uncertainty. In some instances, the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group may be jointly and severally liable for required payments pursuant to the terms of the Leases under which it operates. Moreover, there can be no assurance that the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group will be successful in obtaining any required extensions to Leases or in obtaining production licences where oil and/or gas is discovered during the term of an exploration Lease.

The authorities in the countries in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate can, and do from time to time, inspect its and its commercial partners' compliance with its Leases and relevant laws. There can be no assurance that the views of the relevant government agencies regarding the development of its and its commercial partners' fields or compliance with the terms of the Leases will coincide with the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's views, which might lead to disagreements that cannot be resolved. For example, see also "*—The Energean Group's and, following Completion, the Enlarged Group's operations are subject to the risk of litigation*" in relation to ongoing claims relating to the Edison E&P Group's Italian licences.

The Leases may also be modified or withdrawn by sovereign authorities, notwithstanding the terms of such agreements, as a result of changes in law, public policy or the politics of such countries. There can be no assurances that the terms of any of the Leases would not be changed to impose more onerous requirements on the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group or to alter the economic terms to be less favourable to the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group.

Any of the foregoing could have a material adverse effect on the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

5.2 **The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group are obliged to comply with health and safety and environmental regulations and cannot guarantee that it will be able to comply with these regulations**

The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate in an industry that is inherently hazardous and consequently subject to comprehensive regulation. Although the Energean Group considers that it has adequate procedures in place to mitigate operational risks and keeps these under review, there can be no assurances that these will be adequate and failure to adequately mitigate risks may result in loss of life, injury, or adverse impacts on the health of employees, contractors or third parties or the environment. Failure, whether inadvertent or otherwise, by the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group to comply with applicable legal or regulatory requirements may give rise to significant liabilities and may result in loss of life, injury, or adverse impacts on the health of employees, contractors and third parties or the environment. The Energean Group's health, safety and environment policy observes local and national, legal and regulatory requirements and generally applies best practices where local legislation does not exist or where environmental regulation does not presently occur.

The terms of licences or permissions may include more stringent environmental and/or health and safety requirements. Obtaining exploration, development or production licences and permits may become more difficult or be the subject of delay due to governmental, regional or local environmental consultation, approvals or other considerations or requirements.

The Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group incur, and expect to continue to incur, capital and operating costs in order to comply with health, safety and environmental laws and regulations. New laws and regulations, the imposition of tougher requirements in licences, increasingly strict enforcement or new interpretations of existing laws, regulations and licences, or the discovery of previously unknown contamination, may require further expenditures to:

- modify operations;
- install pollution control equipment;
- perform site clean-ups;
- curtail or cease certain operations; or
- pay fees or fines or make other payments for pollution, discharges or other breaches of environmental requirements.

Although the costs of the measures taken to comply with environmental regulations have not had a material adverse effect on the Energean Group's business, results of operations, financial condition and/or prospects to date, in the future, the costs of measures taken by the Energean Group and, following Completion, the Enlarged Group to comply with environmental regulations and liabilities related to environmental damage caused by the Energean Group and, following Completion, the Enlarged Group may increase, which could have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects. In addition, it is not possible to predict what future environmental regulations will be enacted or how current or future environmental regulations will be applied or enforced. The Energean Group and, following Completion, the Enlarged Group may have to incur significant expenditure for the installation and operation of systems and equipment in the event that environmental regulations become more stringent or governmental authorities elect to enforce them more vigorously. Any such expenditure may have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the cost of production, development or exploration activities.

Whilst the Energean Group and the Edison E&P Group have contractual arrangements in place with its agents which seek to ensure its agents comply with all appropriate health and safety and environmental requirements, there can be no guarantee that their agents adhere to such contractual arrangements or, if they do not adhere, that the Energean Group and the Edison E&P Group will be made aware of any such breaches on a timely basis or at all. Furthermore, notwithstanding any contractual provisions stating otherwise, the Energean Group and the Edison E&P Group may remain liable for the actions of its agents. In addition, there can be no guarantee that the steps being taken by any of the Energean Group's or the Edison E&P Group's agents will be appropriate and meet the relevant requirements. Accordingly, a failure by one of the Energean Group's and the Edison E&P Group agents may have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

5.3 **The Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's operations are subject to the risk of litigation**

From time to time, the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group may be subject to or otherwise impacted by litigation or arbitration arising out of its activities or operations, whether or not a direct party to those matters. Damages claimed, or the potential impact on the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group of the result under any such proceedings, may be material or may be indeterminate, and the outcome of such litigation or arbitration could materially and adversely affect the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's reputation, business, results of operations, financial condition and/or prospects.

For example, on 6 November 2019, Tsabar Oil & Gas Ltd., Nammax Oil & Gas Ltd. and Med Sea Ltd. (together, the "**Tsabar Group**"), which entities are beneficially controlled by Beny Steinmetz, issued a claim against Energean Israel Limited, Energean E&P Holdings Limited, Energean Oil & Gas S.A., Mathios Rigas and Efstathios Topouzoglou (together, the "**Respondents**"), in respect of what was described in the claim as "Energean's interests" in the project related to the Karish and Tanin gas reservoirs, offshore Israel (the "**Interests**" and the "**Project**", respectively). The Tsabar Group claims, inter alia, that the Respondents breached agreements and understandings allegedly reached in respect of the Tsabar Group's commercial stake in the Project, should the Israeli Petroleum Commissioner not approve its participation. The Tsabar Group is seeking a declaratory relief stating that it is entitled to a share of 20%-25% in the Interests or financial compensation estimated at US$146.7 million; or, further, in the alternative, a declaratory relief stating that it is entitled to a share in the Project of at least 10% or to a financial compensation estimated at US$172.6 million. Both at the time of the acquisition of the Karish Tanin interests by Energean Israel Limited and as at the Latest Practicable Date (as acknowledged by the Tsabar Group in its claim), the Israeli Petroleum Commissioner suspended any participation by the Tsabar Group, as controlled by Mr Steinmetz, in the potential acquisition of any interest in Karish-Tanin. On the basis of legal advice obtained to date, the Directors consider that it is more likely than not that the Claim will be dismissed; and the matter will be defended vigorously. The Respondents have appointed a leading law firm in Israel, S. Horowitz & Co, which filed a robust Statement of Defence in the Israeli courts on 21 May 2020. A final court decision on the case may take several years. In the event of the claim being successful, and in the context of the Energean Group's overall operations, cashflows and finances, the financial viability of the Energean Group is unlikely to be affected.

In addition, several Italian municipal authorities have raised claims challenging the Italian Ministerial Decree of 7 December 2016, under which concessions falling within the 12 nautical mile Italian Environmental Protected Zone, including the Rospo Mare and Vega fields (which represented approximately 4.0% and 3.9%, respectively, of the Edison E&P Group's 2P reserves as at 31 December 2019), can be extended to the end of their economic field life. If successful, such claims could have material implications on the ability of the Edison E&P Group to obtain approvals required for infill drilling within the Environmental Protected Zone, potentially accelerating decommissioning costs. In addition, the municipality of Ragusa and the environmental association Legambiente in Italy have launched a challenge to the Environmental Impact Assessment no. 68 of 16 April 2015 issued by the Italian Ministry of Environment ("**MATTM**"), under which the MSE Decree of 13 November 2015, which approved the extension and development of the Vega concession, was granted. If successful, such claim could adversely impact the extension and development of the Vega concessions held by the Edison E&P Group to the end of field life, impacting projected revenue and potentially accelerating decommissioning costs for the Edison E&P Group. The Company has estimated total decommissioning costs for Rospo Mare and Vega at US$133 million, currently expected to be payable beginning in the late 2030s.

While each of the Energean Group and the Edison E&P Group assesses the merits of each action and will consider defending it accordingly, it may be required to incur significant expenses in defending against litigation or arbitration and there can be no guarantee that a court or tribunal will find in favour of the Energean Group or the Edison E&P Group, as applicable. While the proceedings discussed above have not had a material adverse impact on either the Energean Group's business or the Edison E&P Group's business to date, any adverse publicity, convictions and prosecution in respect of such claims or any similar claims in the future, or any liability that may result from any such similar claims against the Enlarged Group or its employees in the future, could have a material adverse effect on the Enlarged Group's business.

## 6. Risks relating to the countries in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operate

### 6.1 The Acquisition will result in the Enlarged Group operating in countries in which the Energean Group currently has less significant or no previous experience and of these, Egypt is subject to significant political, economic, legal, regulatory and social uncertainties

Edison E&P currently operates in a number of jurisdictions, including Italy, Egypt, the UK and Croatia, where the Energean Group does not currently have operations. Both Edison E&P's and the Energean Group's and, following Completion, the Enlarged Group's operations are exposed to significant political, social, economic, fiscal, legal, regulatory and social instability in a number of the jurisdictions in which it operates (including nationalisation, unilateral amendments to production sharing contracts ("**PSCs**"), hostilities, civil unrest and foreign exchange controls). The occurrence of any such factors could have a material and adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects. In particular, in Egypt, the less developed status of the legal systems may result in risks and uncertainties and complying with regulatory requirements can be onerous and expensive.

The laws in certain jurisdictions in which the Edison E&P Group and, following Completion, the Enlarged Group operates may also be subject to differing interpretations and are subject to legislative change and changes in administrative interpretation which may be implemented with retrospective effect and could also result in transactions (which could include the Acquisition) being challenged. For example, the introduction of regulations to limit greenhouse gas emissions may result in substantial capital, compliance, operating and maintenance costs for the Enlarged Group. Such legislation or regulatory initiatives could have a material adverse effect by diminishing demand for oil and gas, increasing the Enlarged Group's cost structure or causing disruption to its operations by regulators. In particular, potential regulatory developments in Italy or elsewhere may substantially limit the further development of the Edison E&P Group's hydrocarbon-producing assets.

Any of the above or other factors could result in delay to the oil and gas exploration, appraisal and development programmes of the Energean Group and, following Completion, the Enlarged Group in the affected country or region and could restrict the ability of the Energean Group and, following Completion, the Enlarged Group to achieve its respective strategy with regard to the nature and timing of its exploration, appraisal, development and other activities. Such risks could also result in disruption to the Energean Group's and, following Completion, the Enlarged Group's production and development activities.

### 6.2 The geopolitical situations in Israel and Egypt may adversely affect the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's business

Because the Energean Group has assets located offshore Israel, and the Edison E&P Group has assets located offshore Egypt, political, economic and military conditions in Israel or Egypt may directly affect the Energean Group's and, following Completion, the Enlarged Group's business. Each of these jurisdictions has experienced and may be subject to future conflict and violence in the region. The declaration by the United States that it recognises Jerusalem as the capital of Israel has increased tensions within Israel and surrounding countries, in particular Palestine. Popular uprisings in various countries in the Middle East and North Africa, including Egypt, have affected the political stability of those countries, some of which are hostile to Israel. Any armed conflicts, terrorist activities or political instability involving Israel or Egypt could disrupt the Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's operations in those jurisdictions, which could adversely affect the Energean Group's and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

6.3 **The natural gas industry in Israel is under development and the Energean Group and, following Completion, the Enlarged Group will be dependent on government-owned and operated infrastructure to deliver its gas**

The Israeli natural gas industry is still in the early stages of development with regard to the natural gas industry and the pipeline infrastructure currently offers limited redundancy for natural gas transmission. The Energean Group and, following Completion, the Enlarged Group will be dependent on government-owned and operated infrastructure to deliver its gas. In particular, gas produced from the Karish and Tanin fields and processed via the FPSO will be delivered to the Energean Group's customers by means of a pipeline, built and owned by the Energean Group, approximately 90km long built at the entry into the national transmission system operated by INGL. The last approximately 10km of the gas pipeline is to be constructed by Energean Israel and planned to be turned over for operation to INGL after installation and start-up of production from the FPSO.

Because the Energean Group is and, following Completion, the Enlarged Group will be limited in accordance with the terms of the Leases to selling gas it produces from the Karish-Main and Tanin fields to the domestic Israeli market, to the extent that the anticipated development of the gas transmission infrastructure experiences delays in construction completion or any relevant component of the system is otherwise unavailable for whatever reason, such as malfunction or other disruption, the Energean Group and, following Completion, the Enlarged Group could be unable to supply the gas due under its Gas Supply Agreements, which could require the Energean Group's and, following Completion, the Enlarged Group's customers to obtain their gas from other sources or to rely on other fuel sources and could prevent the Energean Group from entering into further arrangements for the supply of gas in Israel, which could have a material adverse effect on the Energean Group's and, following Completion, the Enlarged Group business, results of operations, financial condition and/or prospects.

## 7. Risks relating to the Shares

7.1 **Shares in the Company may be subject to market price volatility and the market price of the Shares in the Company may decline disproportionately in response to developments that are unrelated to the Energean Group's and, following Completion, the Enlarged Group's operating performance**

The market price of the Shares may be volatile and subject to wide fluctuations. The market price of the Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in these Risk Factors, as well as period to period variations in operating results or changes in revenue or profit estimates by the Energean Group and, following Completion, the Enlarged Group's industry participants or financial analysts. Shareholders may experience fluctuations in the market price of the Shares as a result of, amongst other factors, movements in the exchange rate between pounds sterling, the euro and the U.S. dollar.

The market price could also be adversely affected by developments unrelated to the Energean Group's and, following Completion, the Enlarged Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Energean Group and, following Completion, the Enlarged Group, speculation about the Energean Group and, following Completion, the Enlarged Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions, particularly the oil price, regulatory changes, a change in the UK political environment (particularly with regard to "Brexit" negotiations) and investor appetite for, or views with regard to, listed equity. In particular, since the United Kingdom's referendum in June 2016 to leave the European Union, the pound sterling to U.S. dollar exchange rate has decreased significantly and remains subject to significant fluctuations and uncertainty.

The Energean Group reports and, following Completion, the Enlarged Group will report its results of operations and financial condition in U.S. dollars while the Company's share price is quoted on the London Stock Exchange in pounds sterling. As a consequence, any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

7.2 **The issuance of additional Shares in the Company in connection with future acquisitions or other growth opportunities, any share incentive or share option plan or otherwise may dilute all other shareholdings**

The Energean Group and, following Completion, the Enlarged Group may seek to raise financing to fund future acquisitions and other growth opportunities. The Energean Group may, for these and other purposes, issue additional equity or convertible equity securities. As a result, existing holders of Shares may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

7.3 **Overseas shareholders may be subject to exchange rate risk**

The Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

## PART 2
## IMPORTANT INFORMATION

### General

**No person has been authorised to give any information or to make any representation other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Morgan Stanley or any of them. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to FSMA, neither the publication nor the delivery of this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company, the Energean Group or the Edison E&P Group since the date hereof or that the information contained herein is correct as at any time subsequent to this date.**

The contents of this Prospectus are not to be construed as legal, business or tax advice. Investors should consult their own lawyers, financial advisers or tax advisers for legal, financial or tax advice.

Apart from the responsibilities and liabilities, if any, which may be imposed on Morgan Stanley by FSMA or the regulatory regime established thereunder or any other applicable regulatory regime, Morgan Stanley accepts no responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made in it by Morgan Stanley, or on its behalf, in connection with the Company, the Energean Group, the Edison E&P Group and, after Completion, the Enlarged Group, the Shares or the Re-admission. Morgan Stanley accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of the Prospectus or any such statement.

### Presentation of financial information

The consolidated historical financial information of the Energean Group as of 31 December 2019, 2018 and 2017 and for the years then ended (the "**Energean Group's Consolidated Historical Financial Information**") incorporated by reference into this Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The significant IFRS accounting policies applied in the financial information of the Company are applied consistently for all periods in the financial information in this Prospectus.

The consolidated historical financial information of the Edison E&P Group as of 31 December 2019, 2018 and 2017 and for the years then ended (the "**Edison E&P Group's Historical Financial Information**") incorporated by reference into this Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), except as noted in the note entitled "Statement of compliance and basis of preparation" in the Edison E&P Group's Historical Financial Information. The significant IFRS accounting policies applied in the financial information of Edison E&P are applied consistently for all periods in the financial information in this Prospectus.

### Non-IFRS financial information

This Prospectus contains certain financial measures that are not defined or recognised under IFRS, in particular, Adjusted EBITDAX, Cost of Production and Cost of Production per boe (and Cost of Oil Production and Cost of Oil Production per bbl in the case of the Energean Group), each of which is defined below. The Directors believe that each of these measures provides useful information with respect to the performance of the Energean Group's and, following Completion, the Enlarged Group's business and operations.

These non-IFRS financial measures and other metrics are unaudited and are not measures recognised under IFRS or any other internationally accepted accounting principles, and investors should not consider such measures as an alternative to the IFRS measures included in the Energean Group's Consolidated Historical Financial Information. Even though the non-IFRS financial measures and other metrics are used by management to assess the Energean Group's financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of the Energean Group's position or results as reported under IFRS.

An explanation of the relevance of each of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out below.

### *Adjusted EBITDAX*

Adjusted EBITDAX is a non-IFRS financial measure that is calculated by the Energean Group and the Edison E&P Group as profit or loss for the period adjusted for profit or (loss) for the period from discontinued operations, taxation (expense) / income, total depreciation, amortisation of intangible assets, impairment loss on property plant and equipment, exploration and evaluation expenses, other income, other expenses, finance income, finance costs, gain on derivative and net foreign exchange gain / (loss).

Adjusted EBITDAX presented by the Edison E&P Group in this Prospectus has been calculated based on information derived from the Edison E&P Group's Historical Financial Information for the years ended 31 December 2019, 2018 and 2017. Adjusted EBITDAX presented by the Energean Group in this Prospectus has been calculated based on information derived from the Energean Group's unaudited management accounts for the three months ended 31 March 2020 and 31 March 2019. The Energean Group and the Edison E&P Group present Adjusted EBITDAX as it is used in assessing the Energean Group's and the Edison E&P Group's growth and operational efficiencies as it illustrates the underlying performance of the Energean Group's and the Edison E&P Group's business by excluding items considered by management not to be reflective of the underlying operations of the Energean Group and the Edison E&P Group. Information regarding Adjusted EBITDAX or similar measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditure and working capital requirements.

Adjusted EBITDAX has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Energean Group's and Edison E&P Group's results as reported under IFRS. Adjusted EBITDAX should not be used as an alternative to net income (loss), operating income (loss), operating cash flows or other measures of financial performance or liquidity presented in accordance with IFRS. The Energean Group's and Edison E&P Group's presentation of Adjusted EBITDAX may not be comparable to similarly titled measures used by other companies in the Energean Group's and Edison E&P Group's industry. Furthermore, presentation of Adjusted EBITDAX should not be construed as an inference that the Energean Group's and Edison E&P Group's future results will be unaffected by the items noted above or what the Energean Group and Edison E&P Group believes to be other unusual items, or that in the future the Energean Group and Edison E&P Group may not incur expenses that are the same as or similar to some of the adjustments in this presentation.

The table below set forth a quantitative reconciliation of the Edison E&P Group's profit / (loss) for the period to Adjusted EBITDAX.

| | **For the year ended 31 December** | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | *US$ thousands, except as otherwise stated* | | |
| **Loss for the year** | **(613,562)** | **(66,097)** | **(228,737)** |
| *Adjusted for* | | | |
| Net results from discontinued operations | (106,452) | 6,571 | (90,426) |
| **Loss from continuing operations for the year** | **(507,110)** | **(72,668)** | **(138,310)** |
| Taxation (expense) / income | (296,016) | (106,912) | (131,256) |
| **Profit / (loss) from continuing operations before tax** | **(211,094)** | **34,244** | **(7,055)** |
| Net foreign exchange (loss) / gain | 1,534 | 1,375 | (1,304) |
| Finance costs | (28,429) | (42,915) | (47,045) |
| Gain / (loss) on derivative | (577) | (72) | 5,872 |
| Finance income | 2,608 | 32,390 | 10,317 |
| Other income | 14,025 | 9,924 | 15,787 |
| Other expenses(1) | (7,391) | (5,152) | (9,439) |
| Impairment loss on property, plant and equipment | (235,268) | (64,822) | (101,786) |
| Exploration and evaluation expenses | (15,701) | (62,831) | (21,158) |
| Depreciation and amortisation(2) | (205,948) | (194,607) | (163,665) |
| **Adjusted EBITDAX** | **264,054** | **360,954** | **305,366** |

Notes:

(1) Other expenses consist of loss from disposal of property plant and equipment, impairment loss on inventory and other non-recurring operating expenses.
(2) Total depreciation is comprised of depreciation attributable to cost of sales and depreciation attributable to administration expenses.

The table below set forth a quantitative reconciliation of the Energean Group's profit / (loss) for the period to Adjusted EBITDAX.

| | For the three months ended 31 March | |
|---|---|---|
| | **2020** | **2019** |
| | *US$ thousands, except as otherwise stated* | |
| **Loss for the period** | **(33,224)** | **(10,505)** |
| *Adjusted for* | | |
| Net results from discontinued operations | — | — |
| **Loss from continuing operations** | **(33,224)** | **(10,505)** |
| Taxation (expense) / income | 904 | (449) |
| **Profit / (loss) from continuing operations before tax** | **(34,128)** | **(10,055)** |
| Net foreign exchange (loss) / gain | (13,920) | (3,167) |
| Finance costs | (2,404) | (3,325) |
| Finance income | 339 | 313 |
| Other income | 618 | 135 |
| Other expenses | (5,175) | (16) |
| Exploration and evaluation expenses | (243) | (522) |
| Depreciation, amortisation and impairment losses | (6,494) | (115) |
| **Adjusted EBITDAX** | **(6,850)** | **(3,358)** |

### *Cost of Production and Cost of Production per boe*

Cost of production (cost of oil production in the case of the Energean Group) is a non-IFRS measure that is defined as cost of sales, less depreciation and change in inventory (defined as the difference between opening inventory and closing inventory). Cost of production per boe (or per bbl in the case of the Energean Group) represents cost of production divided by total production for the respective period.

Cost of production and cost of production per boe presented by the Edison E&P Group and cost of oil production and cost of oil production per bbl presented by the Energean Group have been calculated based on information derived from the Edison E&P Group's Historical Financial Information and the Energean Group's Consolidated Historical Financial Information, respectively. The Energean Group and the Edison E&P Group present these metrics because they serve as a useful indicator of the underlying cash costs to produce hydrocarbons and they provide a measure for comparing the Energean Group's and the Edison E&P Group's operational performance against that of their peer group. In addition, the Energean Group and the Edison E&P Group use these measurements to compare the performance of the Energean Group's and the Edison E&P Group's operations period-to-period, to monitor costs and to evaluate operating efficiency. These measures should not be considered in isolation or as an alternative to operating expenses or cost of sales. Although the presentation of these measures is common industry practice, the Energean Group's and the Edison E&P Group's calculations of these items may vary from other oil and gas companies' calculations, and by themselves do not necessarily provide a basis for comparison with other oil and gas companies.

These metrics have important limitations as an analytical tool, since they do not reflect the impact of depreciation on assets of the Energean Group or the Edison E&P Group nor do they reflect the change in inventory for the respective period. Further, these metrics reflect the complete cost of production and additional costs necessary to sustain the output of the Energean Group or the Edison E&P Group, which includes selling and distribution expenses and administrative expenses.

The table below sets forth a quantitative reconciliation of cost of production to cost of sales and for the calculation of cost of production per boe for the Edison E&P Group.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | *US$ thousands, except as otherwise stated* | | |
| Cost of sales | 410,341 | 404,944 | 363,631 |
| *Less* | | | |
| Depreciation and amortisation (from cost of sales only) | (205,220) | (194,089) | (162,870) |
| Movement in inventories of hydrocarbons | 3,058 | 4,468 | (10,949) |
| **Cost of oil production** | **208,179** | **215,323** | **189,813** |
| Total production for the period (kboe) | 21,422 | 24,813 | 22,353 |
| **Cost of oil production per boe (US$)** | **9.72** | **8.68** | **8.49** |

The table below sets forth a quantitative reconciliation of cost of oil production to cost of oil sales and for the calculation of cost of oil production per bbl for the Energean Group.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | *US$ thousands, except as otherwise stated* | | |
| Cost of oil sales | 65,552 | 58,796 | 47,905 |
| *Less* | | | |
| Depreciation and amortisation | (36,645) | (33,904) | (17,640) |
| Movement in inventories of oil | (2,964) | 1,073 | (5,003) |
| **Cost of oil production** | **25,943** | **25,965** | **25,262** |
| Total production for the period (kbbl) | 1,209 | 1,479 | 1,023 |
| **Cost of oil production per bbl (US$)** | **21.5** | **17.6** | **24.7** |

## Pro Forma Financial Information

In this Prospectus, any reference to *pro forma* financial information is to information which has been extracted without material adjustment from the unaudited *pro forma* financial information contained in Part 19: "*Unaudited Pro Forma Financial Information on the Enlarged Group*" of this Prospectus. The unaudited *pro forma* statement of net assets of the Enlarged Group contained in Section A of Part 19: "*Unaudited Pro Forma Financial Information of the Enlarged Group*" illustrates the effect of the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary on: (i) the net assets of Energean plc as if the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary had occurred on 31 December 2019; and (ii) on the consolidated income statement of Energean plc for the year ended 31 December 2019 as if the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary had taken place on 1 January 2019.

The unaudited *pro forma* financial information is for illustrative purposes only. Because of its nature, the *pro forma* financial information addresses a hypothetical situation and, therefore, does not represent the Energean Group's, the Edison E&P Group's or the Enlarged Group's actual financial position.

The unaudited *pro forma* financial information does not purport to represent what the Energean Group's, the Edison E&P Group's or the Enlarged Group's financial position or results would have been if the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary had taken place on the dates indicated nor does it purport to represent the Energean Group's, Edison E&P Group's or Enlarged Group's results expected to be achieved in the future.

## Reserve and resource reporting

### *D&M CPR*

Unless otherwise indicated, the competent person's report prepared by DeGolyer and MacNaughton (the "**D&M CPR**") included in this Prospectus has been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System ("**PRMS**") approved in 2007 and revised in 2018 by professional groups led by the Society of Petroleum Engineers. Information in this Prospectus of a scientific or technical nature relating to the Edison E&P Group has been extracted without material adjustment from, or is otherwise consistent with, the D&M CPR.

As set out in the D&M CPR, "**contingent resources**" are defined by DeGolyer and MacNaughton as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations, but for which the applied project or projects are not yet considered mature enough for commercial development because of one or more contingencies.

Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status.

For contingent resources, the general cumulative terms low/best/high estimates are denoted as 1C/2C/3C, respectively.

The D&M CPR presents reserves and resources at 31 December 2019. However, since this date, there has been a substantial decline in oil prices, which could be expected to have a significant adverse effect on the estimates of revenues generated by hydrocarbon liquids sales and, depending on the cost of production associated with in-place technical volumes, could potentially be expected to have an adverse effect on estimated commercial reserve volumes. As such, the D&M CPR presents a base case and three price sensitivity cases. The base case reflects consensus pricing opinion during 1H 2020, thus reflecting the impacts of COVID-19 and OPEC+ during the period. The three sensitivity cases evaluate the portfolio i) under a low case scenario (versus the base case) ii) under a high case scenario (versus the base case); and iii) as per the economic reality at 31 December 2019.

Prospective investors should not place undue reliance on the forward-looking statements in the D&M CPR or on the ability of DeGolyer and MacNaughton to predict actual reserves or contingent resources. Contingent resources relate to undeveloped accumulations and may include non-commercial resources.

The information on resources in this Prospectus and in the D&M CPR is based on economic and other assumptions that may prove to be incorrect. The basis of preparation for the D&M CPR is set out in more detail in the D&M CPR.

***Reserves and resources data***

The reserves and resources data contained in this Prospectus are estimates only and should not be construed as representing exact quantities. Reserves and resources estimates contained in this Prospectus are based on a report prepared by technical experts and does not reflect events and activities subsequent to the relevant report date. The technical experts have prepared their reports based on production data, prices, costs, ownership, geophysical, geological and engineering data, the interpretation of seismic data and other information assembled by Energean and Edison E&P (with assistance from other operators), including drilling results. Such interpretation and estimates of the amounts of oil and gas resources are subjective and the results of drilling, testing and production subsequent to the date of any particular estimate may result in substantial upward or downward revisions to the original interpretation and estimates. Furthermore, different reservoir engineers may make different estimates of reserves, resources and cash flows based on the same available data.

Estimating the value and quantity of economically recoverable crude oil and natural gas reserves and contingent resources, and consequently the rates of production, net present value of future cash flows realised from those reserves and contingent resources and the timing and amount of capital expenditure, necessarily depend upon a number of variables and assumptions, such as ultimate reserves recovery, interpretation of geological and geophysical data marketability of oil and gas, royalty rates, continuity of current fiscal policies and regulatory regimes, future oil and gas prices, operating costs, development and production costs and work over and remedial costs, all of which may vary from actual results. In addition, these factors are more uncertain in areas where there has been limited historic hydrocarbon exploration, which is the case for certain of the assets within the Enlarged Group's portfolio.

The estimates also assume that the future development of the Enlarged Group's fields and the future marketability of their crude oil, condensate and natural gas will be similar to past development and marketability, that the assumptions as to capital expenditure and operating costs are accurate and that the capital expenditure strategy of the Enlarged Group is successfully implemented by it.

Nothing in this Prospectus should be interpreted as assurances of the Enlarged Group's oil and gas resources, reserves, the production profiles of the Enlarged Group's assets or the development plans of the Enlarged Group. If the estimates of the oil and gas resources, reserves, production profiles and development plans of the Enlarged Group's assets and the assumptions on which they have been based prove to be incorrect, the Enlarged Group may be unable to produce the estimated levels or quality of oil and gas set out in this Prospectus (or any oil and gas at all), actual production, revenues and expenditures with respect to reserves and contingent resources will vary from estimates, and the variances may be material (in particular given the addition of assets to the Enlarged Group's portfolio, and the portfolio in relation to which estimates are being made being significantly larger following Completion), and the Enlarged Group's business, prospects, financial condition and results of operations could be materially and adversely affected.

**Currency presentation**

Unless otherwise indicated, references to "dollars", "U.S. dollars", "US$" or "cents" are to the lawful currency of the United States. References to "sterling", "pounds sterling", "GBP", "£", or "pence" are to the lawful currency of the United Kingdom. References to "euros" or "€" are to the official currency of the Eurozone.

**Roundings**

Certain data in this Prospectus, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

**Market, economic and industry data**

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Directors' estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications.

The Company confirms that all such data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third party information has been used in this Prospectus, the source of such information has been identified.

**No incorporation of website information**

The contents of the Company's website do not form part of this Prospectus.

**Definitions and glossary**

Certain terms used in this Prospectus, including all capitalised terms and certain technical and other items, are defined and explained in Part 21 "*Definitions*" and Part 22 "*Glossary of Technical Terms*".

**Information not contained in this Prospectus**

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date hereof.

**Information regarding forward-looking statements**

This Prospectus includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Energean Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Directors or the Energean Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group and the industry in which they operate. In particular, the statements under the headings "*Summary*", Part 1 "*Risk Factors*", Part 6 "*Information about the Acquisition and the Enlarged Group*", Part 7 "*Information on Energean*", Part 8 "*Information on Edison E&P*", Part 13 "*Operating and Financial Review relating to the Energean Group*" and Part 14 "*Operating and Financial*

*Review relating to the Edison E&P Group*" regarding the Energean Group's and, following Completion, the Enlarged Group's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group. Such risks, uncertainties and other important factors include, but are not limited to, those listed under the heading "*Risk Factors*".

Should one or more of these risks or uncertainties materialise or should any of the assumptions underlying the above or other factors prove to be incorrect, the Energean Group's, the Edison E&P Group and, following Completion, the Enlarged Group's actual future business, results of operations and/or financial condition, performance, prospects, anticipated growth, strategies or opportunities could differ materially from those described herein as currently anticipated, believed, estimated or expected.

Forward looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Such forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Company, the Directors and Morgan Stanley expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Regulation Rules, the Listing Rules, or the Disclosure Guidance and Transparency Rules of the FCA.

## PART 3
## INFORMATION INCORPORATED BY REFERENCE

Certain sections, as set out below, of the Circular, the Annual Report 2017, the Annual Report 2018 and the Annual Report 2019 are incorporated by reference into this Prospectus.

The following cross-reference list is intended to enable investors to identify easily specific items of information that have been incorporated by reference into this Prospectus.

### Circular

The page numbers below refer to the relevant pages of the Circular:

- Part 5: Financial Information on Edison E&P – pages 53 to 114.
- Part 7: Additional Information—Material Contracts – pages 125 to 139.
- Part 8: Competent Person's Report on Edison E&P – pages 143 to 896.

### Annual Report 2017

The page numbers below refer to the relevant pages of the Annual Report 2017:

- Independent auditors' report to the members of Energean Oil & Gas plc – pages 73 to 79.
- Consolidated statement of financial position – page 80;
- Consolidated income statement – page 81;
- Consolidated statement of comprehensive income – page 82;
- Consolidated statement of changes in equity – page 83;
- Consolidated statement of cash flows – pages 84 to 85;
- Accounting policies – pages 86 to 106; and
- Notes to the consolidated financial statements - pages 107 to 140.

### Annual Report 2018

The page numbers below refer to the relevant pages of the Annual Report 2018:

- Independent auditors' report to the members of Energean Oil & Gas plc – pages 100 to 106;
- Group income statement – page 107;
- Group statement of comprehensive income – page 108;
- Group statement of financial position – page 109;
- Group statement of changes in equity – pages 110 to 111;
- Group statement of cash flows – pages 112 to 113; and
- Notes to the consolidated financial statements – pages 114 to 160.

### Annual Report 2019

The page numbers below refer to the relevant pages of the Annual Report 2019:

- Independent auditors' report to the members of Energean Oil & Gas plc – pages 116 to 122;
- Group income statement – page 123;

- Group statement of comprehensive income – page 124;
- Group statement of financial position – page 125;
- Group statement of changes in equity – pages 126 to 127;
- Group statement of cash flows – pages 128 to 129; and
- Notes to the consolidated financial statements – pages 130 to 181.

# PART 4
# EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates given in the table below are indicative only and are based on the Company's current expectations and may be subject to change without notice. All times shown in this Prospectus are in London times unless otherwise stated.

## Expected timetable of principal events

| Event | Date |
|---|---|
| Publication of this Prospectus | 29 June 2020 |
| Expected date of Completion | Late Q3 / early Q4 2020 |
| Cancellation of admission of Shares and subsequent Re-admission | Late Q3 / early Q4 2020 |

## PART 5
## DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

| | |
|---|---|
| **Directors**............................................................. | Karen Simon, Non-Executive Chairman<br>Matthaios Rigas, Chief Executive Officer<br>Panagiotis Benos, Chief Financial Officer<br>Andrew Bartlett, Senior Independent Director<br>Efstathios Topouzoglou, Non-Executive Director<br>David Bonanno, Non-Executive Director<br>Robert Peck, Independent Non-Executive Director<br>Ohad Marani, Independent Non-Executive Director<br>Amy Lashinsky, Independent Non-Executive Director |
| **Company Secretary**............................................ | Russell Poynter |
| **Registered and head office of the Company** .... | Accurist House, 44 Baker Street, London W1U 7AL, United Kingdom |
| **Sponsor** | Morgan Stanley & Co. International plc, 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom |
| **Legal advisers to the Company** ......................... | White & Case LLP, 5 Old Broad Street, London EC2N 1DW, United Kingdom |
| **Legal advisers to the Sponsor**........................... | Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG, United Kingdom |
| **Reporting Accountants** ...................................... | Deloitte LLP, 1 New Street Square, London EC4A 3HQ, United Kingdom |
| **Auditor and Reporting Accountants** ................ | Ernst & Young LLP, 1 More London Place, London SE1 2AF, United Kingdom |
| **Registrars**........................................................... | Computershare Investor Services PLC, The Pavilions Bridgwater Road, Bristol BS13 8AE, United Kingdom |

## PART 6
## INFORMATION ABOUT THE ACQUISITION AND THE ENLARGED GROUP

# 1. Overview

On 4 July 2019, the Company and Energean Capital Limited entered into a conditional sale and purchase agreement to acquire Edison Exploration & Production S.p.A. ("**Edison E&P**") from Edison S.p.A. ("**Edison**") (the "**Acquisition**") for US$750 million, to be adjusted for working capital, with additional contingent consideration of US$100 million payable following first gas production from the Cassiopea development, offshore Italy. Energean also agreed to pay an 8% royalty on profit production resulting from any future discoveries made by upcoming exploration wells in the North Thekah Offshore and North East Hap'y Blocks, offshore Egypt.

Following execution of a series of amendments in 2020, the gross initial consideration for the transaction has been reduced by US$466 million and is now US$284 million. This US$466 million reduction to the consideration includes:

- US$155 million reduction in relation to the exclusion of the Algerian Interest from the transaction perimeter; and
- US$200 million reduction in relation to the exclusion of the Norwegian Subsidiary from the transaction perimeter; and
- US$111 million of additional reductions agreed in relation to changes in the macro environment since 4 July 2019 and other business adjustments.

The revised US$284 million initial consideration will be adjusted for:

- a net reduction of US$17 million, which relates to the net position on provisions and other adjustments at the economic reference date of the transaction (1 January 2019) that were provided for under the original Acquisition Agreement; and
- the performance of the assets to be acquired between the economic reference date of the transaction (1 January 2019) and the date of Completion. Had the transaction completed on 31 May 2020, the net adjustment for economic performance would have been approximately US$89 million (which is stated after one-off exploration expenditure of US$117 million that was incurred over the period).

After adjusting the gross consideration of US$284 million for the adjustments described above, the net consideration payable (net of cash acquired within the business) at 31 May 2020 would have been approximately US$178 million. This amount is subject to change according to the economic performance of Edison E&P between 31 May 2020 and the date of Completion; Energean does not expect this amount to change materially.

The table below reconciles the original US$750 million consideration agreed on 4 July 2019 with the revised net consideration that Energean would have paid if the transaction had completed on 31 May 2020.

| | **US$ millions** |
|---|---|
| **Original consideration** | **750** |
| Algerian Interest removed from transaction perimeter | (155) |
| Acquisition Agreement and provisions adjustments | (111) |
| Norwegian Subsidiary removed from transaction perimeter | (200) |
| **Net enterprise value at economic reference date (31 December 2018)** | **284** |
| Working capital adjustments as of locked box date | (17) |
| Economic performance in the 17 months between 1 January 2019 and 31 May 2020 (assets to be acquired) – before exploration expenditure | (206) |
| Exploration expenditure in the 17 months between 1 January 2019 and 31 May 2020 | 117 |
| **Net consideration payable at 31 May 2020 (net of cash acquired)** | **178** |

The amount of the Cassiopea contingent payment (originally fixed at US$100 million) will now vary between nil and US$100 million, depending on future gas prices in Italy at the point at which first gas production is delivered from the field. No payment will be due if the arithmetic average of the year one (i.e., the first year after first gas production) and year two (i.e., the second year after first gas production) Italian PSV Natural Gas Futures prices is less than €10/Mwh (equivalent to approximately US$3.4/mcf) when first gas production is delivered from the field. US$100 million is payable if that average price exceeds €20/Mwh (equivalent to approximately US$6.8/mcf).

Exclusive of the Algerian Interest and the Norwegian Subsidiary (each as defined below), Edison E&P's portfolio of assets includes producing assets in Egypt, Italy, the UK North Sea and Croatia, development assets in Egypt and Italy, and balanced-risk exploration opportunities across the portfolio. Exclusive of the Algerian Interest and the Norwegian Subsidiary, as at 31 December 2019, the Edison E&P Group had working interest 2P reserves of 190 mmboe. Excluding Cassiopea 2P reserves of 31 mmboe, this represents a net consideration payable of approximately US$1.1 per 2P barrel of oil equivalent based on the net consideration that would have been payable should the transaction have closed on 31 May 2020. 2019 net working interest production was 58.7 kboe/d.

Pursuant to an amendment to the Acquisition Agreement dated 2 April 2020, Edison and Energean have agreed that the Algerian Interest shall be transferred to a subsidiary of Edison and no longer form part of the Acquisition. Edison's subsidiary shall pay consideration of US$100 million, based on an economic reference date of 1 January 2020, subject to working capital adjustments, to Edison International for the transfer of the Algerian Interest. Energean shall retain the economic reward attributable to the Algerian Interest for the period to 31 December 2019, amounting to US$55 million and increasing the effective consideration for the Algerian Interest at the economic reference date of the transaction to US$155 million.

In addition, on 2 April 2020, Energean and Edison agreed to a US$31 million reduction to the total transaction consideration, relating to the schedule of provisions and other items not included in the enterprise value in the original sale and purchase agreement in July 2019.

Following the termination of the On-sale Agreement for the sale of the North Sea Assets (as described in "*Proposed Sale of the North Sea Assets*" below), Energean and Edison agreed in principle to amend the Acquisition Agreement under which the Norwegian Subsidiary will be removed from the transaction perimeter. On 28 June 2020, an amendment to the Acquisition Agreement was executed, pursuant to which the Norwegian Subsidiary will be transferred to Edison. The enterprise value of the Norwegian Subsidiary at the economic reference date of the transfer of the Norwegian Subsidiary of 31 December 2019 has been determined as US$299 million. The Norwegian Subsidiary recorded a net cash outflow of US$99 million during 2019. The equivalent enterprise value as at 1 January 2019 (the economic reference date for the Acquisition), and therefore the effective consideration for the Norwegian Subsidiary, is US$200 million.

In addition, on 28 June 2020, Energean and Edison agreed to reduce the initial consideration by US$70 million and the gross consideration by a further US$10 million. These adjustments reflect changes in the macro environment since 4 July 2019 and additional business adjustments.

Edison and Energean also agreed to amend the terms of the contingent consideration payable following first gas production from the Cassiopea development, offshore Italy, so that the amount of the consideration varies from between nil and US$100 million, depending upon the average of the year one (i.e., the first year after first gas production) and year two (i.e., the second year after first gas production) Italian PSV Natural Gas Futures at the date of first gas production.

In addition, the exploration wells in the North Thekah Offshore and North East Hap'y Blocks, offshore Egypt, were not commercially viable, and accordingly the proposed royalty on profit production did not become payable.

## 2. Background

Since its Initial Public Offering in March 2018, the Company has continued to focus on its strategy of becoming the leading independent, gas-focused E&P company in the Mediterranean, driven by development of the 3.5 Tcf Karish, Karish North and Tanin gas fields, offshore Israel. To accelerate this strategy, the Company sought to assess acquisition opportunities within its core region of focus on a case-by-case basis, focusing only on opportunities that would create meaningful value for shareholders.

The acquisition of Edison E&P on attractive metrics is in line with the Company's stated strategy of creating the leading independent, gas-focused E&P company in the Mediterranean. The acquisition will significantly increase the Company's scale and diversification by adding a complementary gas-focused portfolio of accretive development, appraisal and exploration opportunities, whilst immediately contributing Adjusted EBITDAX and operating cashflow to support the Energean Group's strategic growth and medium-term ambition to start paying a dividend. The key highlights are outlined below.

2.1 **Significant Increase in Reserves**

The Acquisition delivers significant additional scale to the Company's reserve base, which secures and reinforces the Company's production profile longevity and further growth potential.

Edison E&P's portfolio contains 190 mmboe of working interest 2P reserves as at 31 December 2019 (exclusive of the Algerian Interest and the Norwegian Subsidiary). Combined with the Company's existing 342 mmboe 2P reserve base, the Enlarged Group will have a total of 532 mmboe 2P reserves, the distribution of which is outlined below, and will be one of the largest independent E&P companies by reserves listed on the London Stock Exchange.

| Country | 2P Reserves – mmboe | % of combined business portfolio |
|---|---|---|
| Israel | 287 | 54% |
| Egypt | 114 | 21% |
| Italy | 70 | 13% |
| Greece | 54 | 10% |
| UK North Sea | 4 | 1% |
| Croatia | 3 | 1% |

2.2 **Diversification and Expansion of low cost Production Stream**

The Acquisition increases the number of countries in which the Company operates from four to seven, and the number of countries in which it produces from one to four. Diversification has been a strategic target of the Company's M&A strategy, in order to spread risk across the portfolio.

Edison E&P's 2019 working interest production was 58.7 kboe/d (excluding the Algerian Interest and the Norwegian Subsidiary), and the majority of the Edison E&P portfolio is operated with high working interest positions and operatorship on a number of key production and development assets. Looking ahead, the Enlarged Group is expected to deliver working interest production of more than 130 kboe/d in the medium term, once the Karish development contributes a full year of production, with a trajectory to more than 170 kboe/d should the Energean Power FPSO reach full capacity.

2.3 **Complementary and experienced operating teams**

Edison E&P brings approximately 240 employees (after taking into consideration the transfer of the Algerian Interest and the Norwegian Subsidiary), which, combined with the existing the Company team, amounts to approximately 630 employees in the Enlarged Group who will provide highly skilled and experienced coverage of all key geographies of the combined portfolio. Edison will provide transitional services to the Enlarged Group, ensuring a seamless integration process.

2.4 **Gas focused, complementing the Company's Strategic Commitment to Transition Fuels**

The Company's growth strategy is focused on gas, with a target of maintaining at least 70% of both reserves and production as gas.

Following completion of the transaction, 72% of Energean's 2P reserve and 2C resource base will be gas.

Almost three-quarters of 2020 – 2025 expected working interest production and 64% of the 2P and 2C reserve and resource base will be gas that will be sold under gas sales agreements that are largely insulated from fluctuations in the Brent price:

- Israel gas is expected to account for 38% of 2020 – 2025 expected production and represents 52% of 2019 current 2P reserves and 2C resources base. Israel gas is sold subject to long-term GSPAs with some of the largest independent power plant and industrial customers in Israel. All

GSPAs have floor pricing and take-or-pay provisions and there are no price no re-openers. One contract has a limited amount of Brent exposure, representing less than 2% of current contracted gas sales.

- Egypt gas is expected to account for 35% of 2020 – 2025 expected production and represents 12% of the current 2P reserves and 2C resources base. This gas is sold to EGPC under the concession agreement. At Abu Qir, the gas sales price is US$3.50 /mmBTU when Brent oil prices are between US$40 and US$72/bbl. At NEA, the gas price will be US$4.60 /mmBTU when Brent Oil prices are above US$40/bbl.

2.5 **Immediate Adjusted EBITDAX Contribution**

Edison E&P's reserve base consists primarily of producing assets, resulting in 2019 Adjusted EBITDAX of US$264.1 million and net cash flows generated by operating activities of US$237.4 million, in each case after taking into consideration the transfer of the Algerian Interest and the Norwegian Subsidiary. This materially enhances the Company's operating cash flows ahead of Karish First Gas (expected in H2 2021) and amplifies the position thereafter, supporting the Company's medium-term target to start paying a dividend.

During 2019, Edison E&P (exclusive of the Algerian Interest and the Norwegian Subsidiary) generated US$494.9 million of sales and other operating revenues and the Company reported US$75.7 million for the same period. Edison E&P's low unit operating costs (excluding depreciation) of US$9.5/boe are accretive to the Company, which reported US$21.5/boe for the year ended 31 December 2019.

2.6 **Near Term Growth Further Amplified**

Edison E&P has two key, near-term development assets (NEA in Egypt and Cassiopea in Italy) that are expected to complement and amplify the Company's existing growth profile. Further information on the assets is provided below.

The portfolio also includes additional potential from infill-drilling, field life extension projects, appraisal opportunities and balanced-risk exploration opportunities.

2.7 **Enhanced News Flow Potential**

The Enlarged Group has enhanced potential for a consistent stream of news flow from production and development assets, as well as additional, balanced risk exploration opportunities.

Key upcoming events include:

- Final Investment Decision at the NEA development, Egypt, expected in 2020.
- Commencement of infill drilling programme in Abu Qir, expected in 2021 / 2022.
- Irena, Croatia, appraisal well, expected during 2020.
- Cassiopea, Italy, development – first gas expected 2023.
- Rospo Mare, Italy, sidetracks, expected 2022.

2.8 **Increased Scale to support Strategic Growth Plans**

The Acquisition creates a leading full cycle, independent gas-focused E&P company in the Mediterranean and will increase the Company's prominence and profile in the region and its ability to attract new investment opportunities. The Enlarged Group's diversification, increased scale, operating capabilities and footprint will position the Company for further strategic growth. Country entry into Egypt, in particular, provides a footprint for further activity.

2.9 **Transfer of E&P Business and Operating Team from a European utility to an E&P-focused management team**

Over the last few years, European utilities businesses have retreated from investment in upstream activities. The Company management team has a track record of creating value both through acquisitions and organically. By enabling the Edison E&P assets and highly experienced teams to operate with the support and input from an E&P-investment focused parent company, the Company believes that significant value can be created across the portfolio.

Additionally, the Company management, which has delivered considerable value to shareholders to date, are significant shareholders of the business and thus aligned with investors.

## 3. Proposed Sale of the North Sea Assets

On 14 October 2019, the Company and Energean Capital Limited entered into a conditional sale and purchase Agreement (the "**On-sale Agreement**") to sell the North Sea Assets to Neptune Energy Group Holdings Limited (together with its affiliates, "**Neptune**") for US$250 million of cash, to be adjusted for working capital (with an effective date of 1 January 2019), with additional cash contingent consideration of up to US$30 million.

In May 2020, Neptune formally withdrew from the agreement to acquire the North Sea Assets from Energean, which was contingent on the closing of Energean's acquisition of Edison E&P, and paid a US$5 million termination fee to Energean.

## 4. Transfer of the Algerian Interest

In December 2019, Energean and Edison agreed in principle to amend the Acquisition Agreement under which the Algerian Interest will be removed from the transaction perimeter. On 2 April 2020, an amendment to the Acquisition Agreement was executed, pursuant to which the Algerian Interest shall be transferred from Edison International to a subsidiary of Edison.

Energean and Edison agreed that Edison's subsidiary shall pay consideration of US$100 million, based on an economic reference date of 1 January 2020, subject to working capital adjustments, to Edison International for the transfer of the Algerian Interest. Energean shall retain the economic reward attributable to the Algerian Interest for the period to 31 December 2019, amounting to US$55 million and increasing the effective consideration for the Algerian Interest at the economic reference date of the transaction to US$155 million.

The transfer of the Algerian Interest from Edison International to Edison's subsidiary requires Algerian government consent and the transfer of the Algerian Interest to Edison's subsidiary is now a condition precedent to Completion. Energean and Edison have agreed that the previous condition precedent in the Acquisition Agreement requiring governmental consent in relation to the indirect acquisition of the Algerian Interest by Energean shall be of no effect.

## 5. Transfer of the Norwegian Subsidiary

Following the termination of the On-sale Agreement for the sale of the North Sea Assets, Energean and Edison agreed in principle to amend the Acquisition Agreement under which the Norwegian Subsidiary will be removed from the transaction perimeter. On 28 June 2020, an amendment to the Acquisition Agreement was executed, pursuant to which the Norwegian Subsidiary shall be transferred from Edison International to Edison.

The enterprise value of the Norwegian Subsidiary at the economic reference date of the transfer of the Norwegian Subsidiary of 31 December 2019 has been determined as US$299 million. The Norwegian Subsidiary recorded a net cash outflow of US$99 million during 2019. The equivalent enterprise value as at 1 January 2019 (the economic reference date for the Acquisition), and therefore the effective consideration for the Norwegian Subsidiary, is US$200 million.

The transfer of the Norwegian Subsidiary from Edison International to Edison requires Norwegian government consent and the transfer of the Norwegian Subsidiary to Edison is now a condition precedent to Completion. Energean and Edison have agreed that the previous condition precedent in the Acquisition Agreement requiring governmental consent in relation to the indirect acquisition of the Norwegian Subsidiary by Energean shall be of no effect.

## 6. Contingent consideration payable in respect of Cassiopea

On 28 June 2020, pursuant to an amendment to the Acquisition Agreement, Edison and Energean agreed to amend the terms of the contingent consideration payable following first gas production from the Cassiopea development, offshore Italy, so that the amount of the consideration varies from between nil and US$100 million, depending upon the average of the one and two year Italian PSV Natural Gas Futures price at the date of first gas production. No payment will be due if the arithmetic average of the year one (i.e., the first year after first gas production) and year two (i.e., the second year after first gas production) Italian PSV Natural Gas Futures prices is less than €10/Mwh (equivalent to approximately US$3.4/mcf) when first gas production is delivered from the field. US$100 million is payable if that average price exceeds €20/Mwh (equivalent to approximately US$6.8/mcf).

## 7. Financial Effects of the Acquisition

On a pro-forma basis and assuming Completion of the Acquisition and the transfer of the Algerian Interest and the Norwegian Subsidiary on 31 December 2019, the Enlarged Group would have had net assets of US$1,327.7 million, based on the net assets of the Group and the Edison E&P Group as at 31 December 2019. On a pro forma basis and assuming Completion of the Acquisition and the transfer of the Algerian Interest and the Norwegian Subsidiary, the Enlarged Group would have had revenue of US$570.7 million and the Enlarged Group would have had Adjusted EBITDAX of US$299.7 million (based on the income statement of Edison E&P and Energean for the 12 months ended 31 December 2019). The pro-forma financial statements are more fully described in Part 19 (*Unaudited Pro-Forma Financial Information of the Enlarged Group*).

On a pro-forma basis and assuming Completion of the Acquisition and the transfer of the Algerian Interest and the Norwegian Subsidiary on 31 December 2019, the Enlarged Group would have had loans and borrowings of US$1,129.5 million and cash and cash equivalents of US$396.5 million (based on the loans and borrowings and cash and cash equivalents of the Energean Group and the Edison E&P Group as at 31 December 2019 as more fully described in Part 19 (*Unaudited Pro-Forma Financial Information of the Enlarged Group*).

The Energean Directors believe that the Acquisition will significantly increase Adjusted EBITDAX and operating cash flow as a result of the contribution of Edison E&P. This cash generation in conjunction with the expected contribution from the development of Karish project, expected to produce first gas in 2021, will support the Company's medium-term target to start paying a dividend.

## 8. Enlarged Group Guidance

The table below reflects guidance for the Enlarged Group for the full year of 2020. The table assumes a full year of Edison E&P is consolidated. Due to the economic reference date of the transaction of 31 December 2018, all losses/gains post this date belong to Energean. Edison E&P will be consolidated into Energean's financial statements from the date of transaction completion, which is expected late in the third quarter or early in the fourth quarter of 2020. Energean will benefit from net cash flows between the locked-box date of 1 January 2019 and the date of transaction completion, through an adjustment to the variable consideration.

| | |
|---|---|
| **Production (Working Interest)** | |
| Egypt (kboe/d) | 34 – 37 |
| South Europe (kboe/d) | 9.5 – 12.5 |
| UK North Sea (kboe/d) | 1 – 2 |
| **Total** | **44.5 – 51.5** |
| **Operating costs (cost of production plus G&A)** | |
| Egypt (US$ million) | 55 – 60 |
| South Europe (US$ million) | 105 – 120 |
| UK North Sea (US$ million) | 25 – 30 |
| Energean central costs (US$ million) | 15 – 20 |
| Edison E&P central costs (US$ million) | 25 – 30 |
| **Total** | **225 – 260** |
| **Development and production capital expenditure** | |
| Israel (US$ million) | 580 |
| Egypt (US$ million) | 40 – 50 |

| | |
|---|---|
| South Europe (US$ million) | 35 – 40 |
| UK North Sea (US$ million) | 10 – 15 |
| **Total** | **665 – 685** |
| **Exploration capital expenditure (firm)** | |
| Israel (US$ million) | 5 |
| Egypt (US$ million) | 70 |
| South Europe (US$ million) | 5 |
| UK North Sea (US$ million) | 15 |
| **Total** | **95** |
| **Abandonment expenditure (US$ million)** | **—** |
| **Total capital expenditure (US$ million)** | **760 – 780** |

* South Europe comprises Greece, Italy and Croatia.

## 9. Dividend Policy

The Directors have a medium term ambition that Energean will pay a dividend but do not expect that this will commence after the completion of the development of, and first gas from, the Karish field, and in any event until such time as it is prudent to do so, having regard to retained earnings as well as the level of revenue generated by the Enlarged Group's operations used to fund its operations and exploration and development programmes.

## 10. Strategic Objectives

The strategic objectives of the Energean Directors in respect of the Enlarged Group are as follows:

- *People*: Optimise the structure of the Enlarged Group following the Acquisition to deliver optimum value from the enlarged portfolio;
- *Integration*: Align and enhance of the culture and operations of the Enlarged Group;
- *Cash flow generation*: Become a sustainable, cash flow generating company with the medium-term ambition of paying a dividend;
- *Operations*: apply Energean's core principles of disciplined capital allocation, risk mitigation, operational excellence, effective project execution and environmental, social and governance ("**ESG**") stewardship to maximise the value of the Enlarged Group's operations
- *Karish*: deliver first gas from the Enlarged Group's flagship development project during the second half of 2021 and secure the resource and offtake to fill the FPSO, generating long-term, sustainable cash flows from which to deliver shareholder returns;
- *ESG*: continue to set goals to move the Enlarged Group towards its net zero target by 2050;
- *Growth*: focus on organic opportunities across the portfolio of the Enlarged Group, including further growth across acreage in Israel, developing the NEA gas project, offshore Egypt, and the Cassiopea gas project, offshore Italy.

## 11. Environmental, health and safety, and corporate social responsibility

Like other participants in the oil and gas exploration and production industry, each of the Energean Group and the Edison E&P Group is subject to various HSE laws and regulations administered by local, national and other government entities, and similar agencies in the countries and regions in which each group operates. The Directors believe that each of the Energean Group and the Edison E&P Group is currently in compliance with all material governmental laws and regulations affecting its business and maintains all material permits and licences relating to its operations.

A strong HSE performance is a key aspect of the Energean Group's overall business success and will continue to be for the Enlarged Group. The Energean Group had a lost time incidents frequency rate ("**LTIFR**"), excluding contractors, of 3.9 in 2017, 2.8 in 2018 and nil in 2019. LTIFR is calculated on the basis of all recordable lost time incidents multiplied by 1,000,000 and divided by the total man-hours.

In addition, Energean has committed itself to net zero scope 1 and scope 2 emissions by 2050. In 2020-21 and 2021-22, Energean intends to adopt a medium-term plan with a duration of 5 to 15 years under which it intends to reduce GHG emissions intensity across scope 1 and scope 2 emissions by more than 70% in three years.

Energean's HSE policies incorporate guidance from the International Marine Contractors Association, the International Association of Oil and Gas Producers and the International Association of Drilling Contractors. Those policies are supplemented by applicable codes and standards recommended by industry classification societies, client safety policies, and sovereign laws. Generally, the Energean Group seeks, and the Enlarged Group will continue to seek, to apply the most stringent applicable standards.

The HSE framework employed includes:

- an HSE and social responsibility policy;
- an HSE plan;
- drilling rigs worldwide HSE standards; and
- a stop work policy.

The policies and procedures described in greater detail below are intended to apply to the Enlarged Group going forward.

### 11.1 **Environmental**

Energean applies the precautionary principle, supporting international initiatives, in order to minimise its environmental impact. In this respect, all employees are encouraged to act in an environmentally responsible manner, and the Energean Group offers training for raising awareness on current and new environmental issues. Energean recognises the importance of understanding the impact of its activities on the environment and is therefore developing environmental programs for the continuous improvement of its environmental management system.

The environmental strategy is built around the following ideas:

- full compliance with environmental laws and regulations;
- continuous development of Energean's environmental management system;
- development of initiatives that preserve natural resources and quality of life in the areas where Energean operates;
- reduction of Energean's environmental footprint;
- promotion of the involvement of associates and employee representatives in the process of safeguarding the environment; and
- support of environmental projects that promote sustainable development.

Environmental concern is addressed throughout the value chain, and each group makes investments to reduce its carbon footprint and waste and to promote energy and water efficiency. The workforce has demonstrated that heavy industrial activity can be compatible with everyday social activity.

Energean has additionally formed specific emergency response procedures, such as for handling oil spills. Energean has trained staff and what it considers sufficient equipment (comprising boats, booms, oil spill collectors, chemical solvent, modern absorbent materials) for combating oil contamination of the sea.

Energean's ability to operate in environmentally sensitive regions is reflected by the award of over 10 blue flags by the Hellenic Society for the Protection of Nature (representing Greece in the international Foundation for Environmental Education) every year since 2008 to beaches and marinas in the areas surrounding the Prinos basin. In order to qualify for a blue flag, a beach must satisfy several criteria including in relation to water quality and the monitoring of marine and freshwater sensitive habitats.

### 11.2 Health and safety

Energean is committed to protecting the health and safety of all individuals potentially affected by its corporate activities, including its employees, contractors and the public. The Energean Group strives to provide a safe and healthy working environment and not to compromise the health and safety of any individual.

Energean's HSE process is based on established practices in managing HSE risks in the oil and gas industry. The HSE management system which Energean has implemented seeks to ensure that Energean:

- Understands all hazards associated with their operations;
- Undertakes activities to manage those hazards and minimise the risk level;
- Measures the effectiveness of its HSE performance; and
- Adjusts its plans and procedures in response to those assessments.

Energean implements emergency plans, provides training to its employees and promotes a positive health and safety culture. All employees are responsible and accountable for contributing to a safe working environment and for fostering safe working attitudes.

Formal training on health and safety is provided to all relevant employees either annually or once every two to three years depending on the category of training to be provided. Energean operates a "permit to work" system which aims to ensure the safety of any employee or contractor working for Energean by ensuring that all necessary safety systems are in place, before, during and after a job is completed.

Energean also carries out weekly rig and accommodations safety inspections and requires all accidents, or near misses, to be reported to the appropriate manager and to the HSE manager. Additionally, any person employed and/or contracted by Energean may exercise a "stop work" policy if they feel that any employee, a company's assets or the local environment is at risk. There shall be no fault put on any employee calling for a stop work order in good faith even if, upon investigation, the stop order proves to be unnecessary.

### 11.3 Corporate social responsibility

Operating in a responsible and sustainable manner is essential to Energean. Energean runs its business in line with the expectations of its stakeholders, and sees Corporate Social Responsibility ("**CSR**") as a discipline that helps it to manage risks and maximise on the opportunities presented to it in a changing world.

Energean's objective is to generate sustainable prosperity through its business operations. Therefore Energean is committed to conducting its business responsibly, which means safeguarding the health and safety of its employees, caring for the environment, supporting the local communities in which Energean operates, meeting their expectations and needs and contributing to the sustainable development of those communities.

The Chief Executive assumes ultimate accountability for CSR supported by the CSR Team. The Board has ultimate responsibility for reviewing and approving the CSR strategy and monitoring the achievement of sustainability objectives through reviewing regular performance reporting. All business units are accountable for developing and driving implementation of the Energean Group's CSR strategy and targets structured under this policy. Progress against the Energean Group's CSR strategy is independently assured where appropriate.

### 11.4 Anti-corruption policies

Energean has in place an Anti-Corruption and Bribery Policy which sets out Energean's responsibilities, as well as the responsibilities of those working for them, in observing and upholding Energean's position on bribery. It also provides information and guidance to those working for Energean on how to recognise and deal with bribery and corruption issues.

The Energean Group's Anti-Corruption and Bribery Policy and Corporate Culture and Business Ethics Policy set out the Energean Group's policy of conducting all its business in an honest and ethical manner and in compliance with all applicable anti- bribery laws, including but not limited to all applicable local laws where the Energean Group operates and the Bribery Act 2010 (the "**Bribery Act**"), and to accurately reflect all transactions on the Energean Group's books and records.

The Energean Group takes a zero tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Energean Group's Anti-Corruption and Bribery Policy prohibits bribery and corruption in any form by employees, contract staff or industry partners working on its behalf.

## 12. Offtake and marketing

### 12.1 BP Offtake Agreement

The Energean Group signed the BP Offtake Agreement with BP on 4 April 2013, which remains in force until the later of 1 November 2025 or total delivery of 25 MMbbls of oil to BP.

Subject to the terms and conditions precedent of the agreement, the Energean Group agrees to sell, and BP agrees to purchase, 100% of the Energean Group's entitlement to the crude oil production lifted from the Prinos, Prinos North and Epsilon fields, i.e. 100% of the lifted production. The agreement thus secures sales of crude oil produced and limits the Energean Group's exposure to offtake risk.

The Energean Group and BP may agree to extend duration of the agreement for additional 12 months periods. The Energean Group has also undertaken to provide BP with a right of first refusal for BP in respect of all crude oil entitlements from any other field acquired by the Energean Group throughout this duration. As of 31 December 2019, approximately 6.7 MMbbls had been delivered under the BP Offtake Agreement since June 2013. All crude oil sold is priced as average monthly dated Brent plus Urals differential to Brent for that period, for the month of lifting or the month prior to the month of lifting at BP's option, minus a discount, plus an API escalator.

### 12.2 Gas Supply Agreements in Israel

Energean Israel has entered into a number of Gas Supply Agreements with certain buyers in Israel for the provision of natural gas from the production of first gas at Karish. The total volume of gas contracted to be provided is approximately 5.6 BCM/yr. The conditional Or contract adds a further 0.7 Bcm/yr of potential GSPAs.

The weighted average tenor of the Gas Supply Agreements effective to date is approximately 16 years. Take-or-Pay provisions average approximately 75% across the contracts.

The Gas Supply Agreements are governed by Israeli Law, subject to international arbitration.

The gas price mechanism is denominated in US dollars and is predominantly based on a linkage to the Israeli electricity production component index as published by the Israeli Electricity Authority and, in some cases, to the exchange rate between the US dollar and the New Israeli Shekel, and with a small percentage (less than 5%) of the contracted quantity of gas indexed to oil. The weighted average contract price was US$4.1/mmbtu as of 31 December 2019 based on the Israeli electricity production component index, Brent oil price and exchange rates as of that date.

The Gas Supply Agreements include a take or pay mechanism in accordance with which the buyers undertake to take or pay for a minimum annual quantity of gas, as determined in the respective agreements as a percentage of the average ACQ (which is equal to the DCQ multiplied by 365) less certain adjustments for buyer's or seller's force majeure and off-specification gas and other factors ("**Adjusted ACQ**").

In addition, the take or pay amount may be reduced in any given year by the total amount of gas in excess of the applicable take or pay amount which was delivered and paid for over a limited number of preceding years and carrying forward this quantity as a credit against the take or pay amount, up to a maximum reduction of around 30% on average of ACQ in any given year (thereby reducing the take or pay quantity in that year by a corresponding amount). Over the life of the Gas Supply Agreements, the buyers are in effect obliged to take, on average, the take or pay quantity applied to the aggregate of the Adjusted ACQs applying in each year.

The Gas Supply Agreements contain provisions on early termination rights for the buyers in certain circumstances, including if any of the following events occur, *inter alia*:

- failure of Energean Israel or the buyer to fulfil its conditions by set milestones including, in the case of certain buyers, in the event well completion is delayed beyond June 2020 (subject to specific extension for force majeure)
- delay in the end of commissioning of Energean Israel's facilities in respect of Karish and Tanin relating to the construction of the transportation system or set milestones, including:
- in respect of certain buyers, making gas available to start commissioning by the end of the applicable window for such buyer's notification of reduction to its existing seller;
- in the case of certain other buyers not subject to a reduction window, making available gas to start commissioning by fixed dates ranging from November 2021 to June 2024 (including a 60 day notice period and subject to specific extension for force majeure);
- extended force majeure (which includes events affecting the buyer's and the seller's respective facilities);
- an act of insolvency in respect of Energean Israel; and
- breach of Energean Israel's material obligations.

In February and March 2020, Energean received notices under the TechnipFMC EPCIC Contract in relation to (a) the travel restriction in China as a result of COVID-19 and (b) the WHO declaration of pandemic due to COVID-19, claiming that each constitutes a force majeure event, potentially entitling TechnipFMC to claim an extension of time under the said contract. TechnipFMC has provided regular updates on these circumstances and any effect on the progress of the project and is required, under the contract, to use its reasonable efforts to mitigate such effects.

In the event of a dispute, the Gas Supply Agreements provide for referral to an expert or arbitration dispute resolution procedures in accordance with the International Chamber of Commerce Rules of Arbitration or under the London Court of International Arbitration, with seat in London (or Tel Aviv in the case of minor disputes below a defined *de minimis* threshold).

The parties grant indemnities to each other in respect of breach of their respective warranties.

Energean Israel is in continuing negotiations with additional parties regarding possible further Gas Supply Agreements.

### 12.3 Gas Sales Agreement with Edison S.p.A in Italy

On 29 June 2018, Edison E&P and Edison S.p.A entered into a gas supply agreement for the sale to Edison S.p.A of Edison E&P's entire gas entitlement, net of any consumption and/or losses incurred in the transport, treatment and compression of gas before the relevant delivery points, from the concessions originally granted in Italy to Edison S.p.A and transferred to Edison E&P and certain specified future concessions if eventually granted to Edison E&P by the Italian Minister of Development. The terms specify that the gas is delivered and sold for seven contract years commencing 1 October 2018. Edison E&P is responsible for nominating quantities and, in case of Edison E&P's failure to make available to Edison S.p.A the entire daily nominated quantity for reasons other than force majeure or the payment default of Edison S.p.A, Edison E&P is responsible for payment of any such shortfall. The gas supply agreement is subject to Italian law.

### 12.4 Abu Qir GSA in Egypt

The Abu Qir GSA is described in "*Part 7: Additional Information—Material Contracts—Edison E&P*" on page 138 of the Circular, which has been incorporated by reference into this Prospectus.

### 12.5 Hedging

Historically the Energean Group has used the following two hedging instruments:

(a) Fixed price contracts: under the BP Offtake Agreement, a fixed price is set for a specific number of barrels for a known future BP lifting to protect against (i) a fall in the oil price or (ii) the pricing optionality afforded to BP under the BP Offtake Agreement; and

(b) Zero cost collars: to provide more general downside risk protection over a longer period of time, although there is also a limit to the upside.

Between 2014 and 2019, 1,150,000 bbls of sales were hedged using the instruments described above. This covered approximately 19% of crude sales volume in the same period.

The gas price mechanism for the Gas Supply Agreements is predominantly based on a linkage to the Israeli electricity production component index as published by the Israeli Electricity Authority but with a small percentage (approximately 2%) of the contracted quantity indexed to oil and in each case underpinned by a price floor.

## 13. Insurance

Each of the Energean Group and the Edison E&P Group maintains insurance coverage for its relevant offshore facilities, processing plants, operators' extra expense, physical loss or damage to Energean Force, primary and excess liabilities, support vessels hull and machinery, protection and indemnity for Energean Force and war risks for Energean Force and other vessels, in each case as applicable subject to deductibles, excesses, exclusions and limitations. The Directors believe that the Energean Group's current insurance coverage is appropriate for its business, in respect of its level and applicable excesses and deductibles and intend to ensure adequate coverage is obtained for the Enlarged Group. Neither the Energean Group nor the Edison E&P Group has any material outstanding insurance claims.

## 14. Competition

The oil and gas industry is highly competitive including in the region in which the Energean Group and the Edison E&P Group operate and in which the Enlarged Group will operate. The key areas of competition are:

- acquisition of exploration and production licences at auctions or sales run by governmental authorities;
- acquisition of other companies that may already own licences or existing hydrocarbon producing assets;
- engagement of third party service providers whose capacity to provide key services may be limited;
- purchase of capital equipment that may be scarce; and
- employment of the best qualified and most experienced skilled management and oil professionals.

In Israel in particular the Energean Group faces, and the Enlarged Group will face, an increasingly competitive environment. There have been several large natural gas fields discovered in Israel in recent years and new players have been drawn to the Israeli gas market after measures taken by the government to reduce anti-competitive practices. Additionally, in Israel, the Energean Group is licensed to sell the gas it produces only into the domestic market and gas exports by its competitors are limited. The Energean Group therefore faces, and the Enlarged Group will face, intense competition to obtain domestic gas sales contracts.

For more detail on the competitive environments in which the Energean Group and the Edison E&P Group operate and in which the Enlarged Group will operate, please see Part 9 "*Industry Overview*".

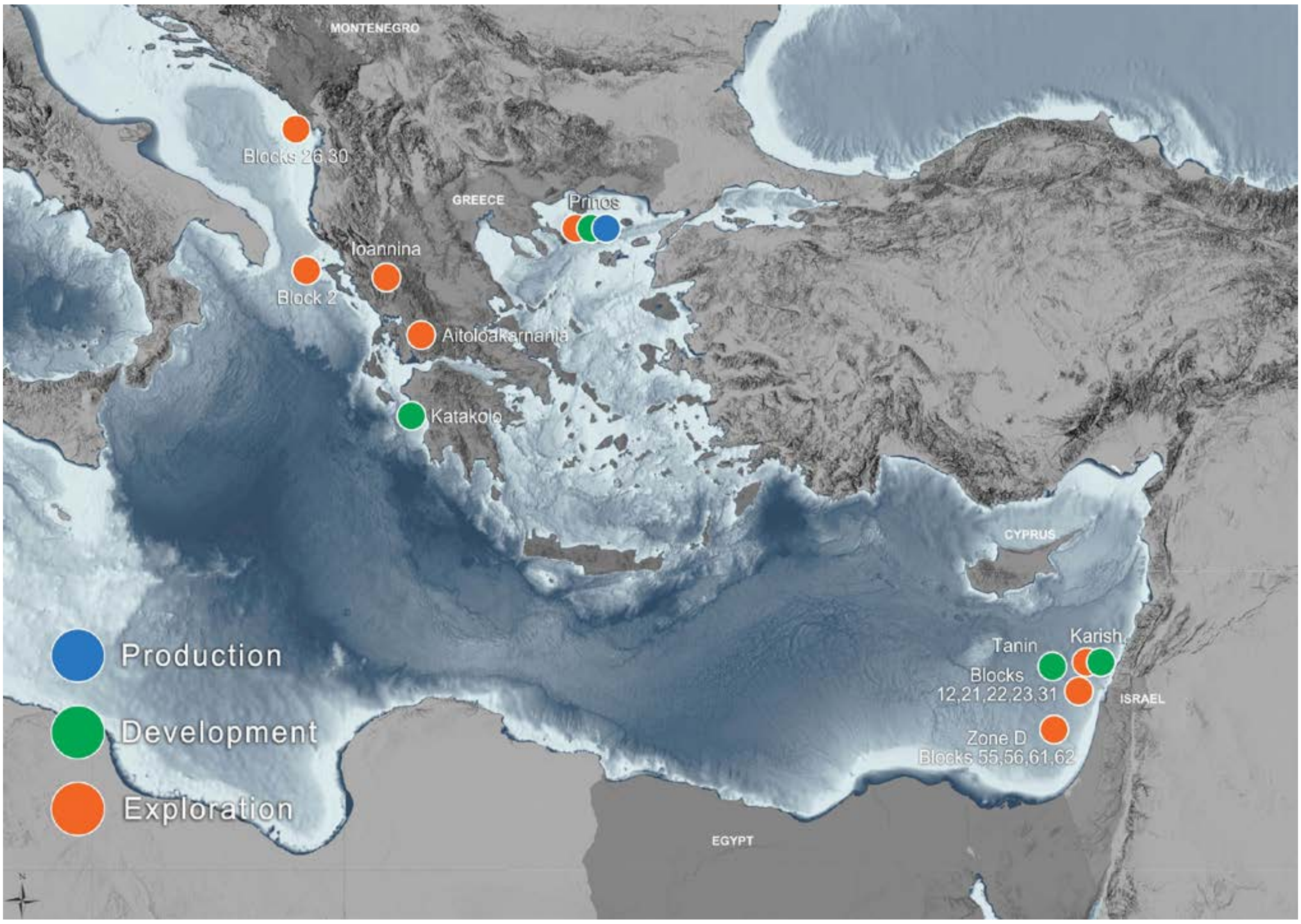
PART 7
INFORMATION ON ENERGEAN

# 1. Introduction

Energean is an independent oil and gas exploration and production ("**E&P**") company focused on the exploration, development and production of oil and gas assets in the Eastern Mediterranean, including Greece, Israel and the Adriatic.

Since its establishment in 2007, Energean has acquired a diverse portfolio of producing assets, appraisal and development opportunities and exploration prospects and Energean is the operator of the majority of the key assets in its portfolio. Energean's total working interest 2P reserves were 342 MMboe (259 MMboe of gas and 83 MMboe of liquids) and its total working interest 2C resources were 216 MMboe (140 MMboe of gas and 76 MMboe of liquids) as of 31 December 2019.

## 1.1 Assets and Operations



Energean's current operations include the following assets:

| Asset Type | Greece | Israel | Montenegro |
|---|---|---|---|
| Production | Prinos (oil)<br>Prinos North (oil)<br>Epsilon (oil) | | |
| Development | Epsilon (oil)<br>Katakolo (oil and gas) | Karish (gas)<br>Tanin (gas)<br>Karish North (gas) | |
| Exploration | Ioannina<br>Aitoloakarnania<br>Block 2 (subject to completion) | Karish<br>Tanin<br>Blocks 12, 21, 22, 23 & 31<br>Blocks 55, 56, 61 & 62 | Block 4218-30<br>Block 4219-26 |

*Producing Assets*

Energean's current developed producing assets, Prinos, Prinos North and Epsilon, are offshore oil fields located in Greek waters. The Energean Group produced an aggregate of approximately 3.3 kbopd from these assets during 2019. Prinos, Prinos North and Epsilon held 38 MMboe of working interest 2P oil reserves and 6 Bcf of working interest 2P gas as of 31 December 2019. All current oil sales are managed through the BP Offtake Agreement under which BP typically collects on a quarterly basis.

*Development Opportunities*

The Energean Group has existing development projects located in Israel and Greece. The Energean Group's most significant development assets are the Karish, Karish North and Tanin offshore gas fields located in Israel. On a working interest basis (70%), Karish, Karish North and Tanin had an estimated 1.5 Tcf of natural gas and 29 MMbbls of condensate and light oil 2P reserves and 0.8 Tcf of natural gas and 24 MMbbls of condensate and light oil 2C resources as of 31 December 2019.

The Karish and Tanin leases are held by Energean Israel as lease holder and operator and the Energean Group currently holds a 70% voting and economic interest in Energean Israel, with 30% voting and economic interest held by Kerogen.

The Israeli assets were acquired in 2016 and their development will materially increase the scale of the Energean Group's operations with first gas expected in 2021. The Karish field is being developed first (Phase 1) with other identified prospects and leads within both the Karish and Tanin leases identified for future development after first gas at Karish. The Energean Group entered into an EPCIC turnkey contract with TechnipFMC in 2018 for the construction of an FPSO, subsurface and onshore facilities at the Karish field. The FPSO design allows for future developments, both within the Karish and Tanin leases and beyond, to be tied back. In 2019, Energean met its key milestones of drilling the three development wells required to deliver first gas from Karish Main, and the drilling and appraisal of the Karish North prospect, which resulted in a 1.2 Tcf plus 39 MMbbls discovery (gross, Energean 70%). During the first quarter of 2020, the Energean Power FPSO hull sailed away from China to Singapore, where the topsides will be integrated at the Admiralty yard.

The Energean Group's Greek development assets are located in the Prinos basin (Epsilon field) and Katakolo blocks. Investment in the Epsilon field is on hold until the strategic review has been concluded (expected mid-2020).

*Exploration Prospects*

In addition, the Energean Group has a focused exploration strategy with multiple exploration prospects in Israel, Greece and Montenegro. The Energean Group has a disciplined approach to managing exploration risk and has entered into farm-out agreements with Repsol in respect of two of its onshore Greek exploration assets, Ioannina and Aitoloakarnania, under which Repsol has taken a 60% interest in and operatorship of the assets.

In 2017, Energean Israel was awarded all five of the additional licences for which it had bid in Israel's First Offshore Bid Round (Block 12, which sits between the Karish and Tanin leases, and four additional adjacent blocks, 21, 22, 23, and 31). Block 12 is on trend with the Karish and Tanin discoveries, with several prospects identified on high quality 3D seismic which the Directors believe present an opportunity for low risk exploration which could be developed by a tie back to the FPSO. See "—*Overview of Assets—Israel—Blocks 12, 21, 22, 23, 31*".

On 31 July 2019 Energean Israel, in partnership with Israeli Opportunity (20%), was awarded four additional licences in Block D (Licences 55, 56, 61 and 62 ("**Zone D**")), located 45km off the Israeli coast. Energean has identified a prospect within Zone D analogous to the prolific Tamar Sand fields (Karish, Tamar, Leviathan etc.) offshore Israel. The prospect is believed to extend towards the South West of the license contingent to further seismic processing. A relatively shallow Mesozoic prospect was also identified (four way closure). See "*—Overview of Assets—Israel—Blocks 55, 56, 61, 62*".

In February 2020, Energean agreed to acquire Total's entire 50% working interest share and operatorship in Block 2, offshore Western Greece.

*Historical financial performance*

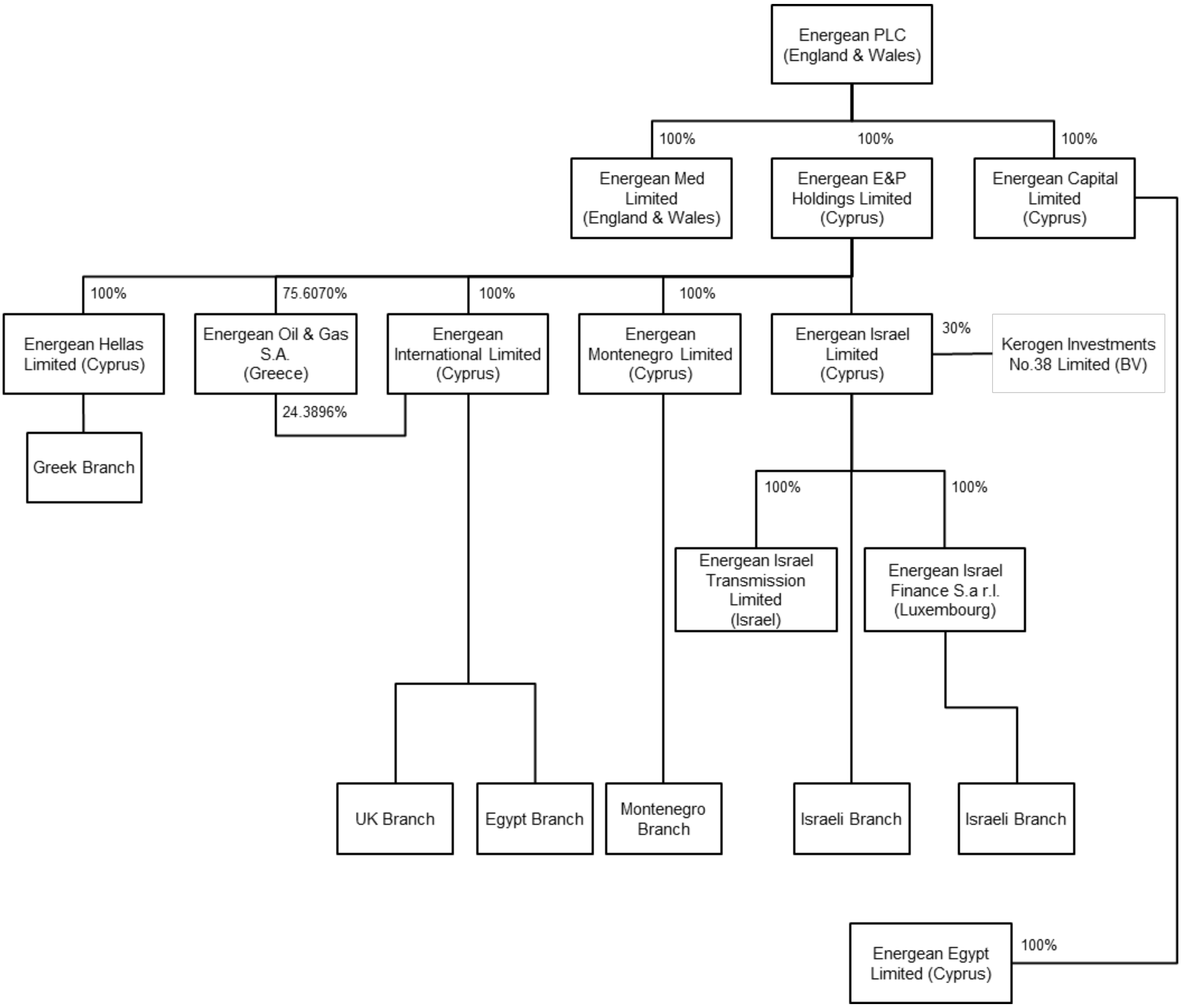
For year ended 31 December 2019, the Energean Group had total revenue of US$75.7 million, with an operating loss of US$93.9 million.

## 2. Structure of the Energean Group

Energean was established in 2007 to undertake oil and gas exploration activities in the Eastern Mediterranean. Energean is the only oil and gas producer in Greece and, together with its predecessor business, has a 38-year track record of operating offshore and onshore assets in environmentally sensitive areas.

The Company's Shares were admitted to listing and trading on the premium listing segment of the Official List and the Main Market of the London Stock Exchange on 21 March 2018. The Shares were subsequently also listed on the Tel Aviv Stock Exchange on 29 October 2018.

The current organisational structure of the Energean Group is as follows:




## 3. Summary of reserves and resources

The Energean Group had the following reserves and resources as of 31 December 2019 (Greece) and 30 June 2019 (Israel) on a working interest basis.

*Oil*

| Region | Asset | Reserves | | | Contingent Resources | | |
|---|---|---|---|---|---|---|---|
| | | | *(MMbbls)* | | | *(MMbbls)* | |
| | | **1P** | **2P** | **3P** | **1C** | **2C** | **3C** |
| Israel* | Karish | 13.3 | 26.2 | 38.2 | 0.1 | 0.8 | 1.9 |
| | Tanin | 1.8 | 2.9 | 4.5 | - | - | - |
| | Karish North | - | - | - | 15.0 | 27.6 | 39.0 |
| Greece | Prinos | 10.5 | 14.3 | 17.2 | 10.6 | 26.3 | 43.3 |
| | Prinos North | 1.5 | 2.2 | 2.6 | — | 1.1 | 2.6 |
| | Epsilon | 17.6 | 21.7 | 26.3 | 1.5 | 20.9 | 29.2 |
| | Athos | — | — | — | 1.6 | 2.4 | 3.5 |
| | Delta (Lydia) | 0.5 | 0.9 | 1.5 | 0.3 | 0.6 | 0.8 |
| | Kazaviti | — | — | — | 0.5 | 1.1 | 1.3 |
| | Prinos D Reservoir | — | — | — | — | 0.1 | 0.2 |
| | Katakolo | 9.7 | 14.3 | 20.2 | — | — | — |
| **Total** | | **54.9** | **82.5** | **110.4** | **29.6** | **80.9** | **121.7** |

*Gas*

| Region | Asset | Reserves (Bcf) 1P | 2P | 3P | Contingent Resources (Bcf) 1C | 2C | 3C |
|---|---|---|---|---|---|---|---|
| Israel | Karish | 678.2 | 909.4 | 1,198.2 | 14.6 | 143.2 | 315.4 |
| | Tanin | 392.1 | 550.1 | 748.3 | — | — | — |
| | Karish North | — | — | — | 449.9 | 833.6 | 1,191.2 |
| Greece | Prinos | 1.3 | 2.3 | 3.3 | 3.3 | 8.3 | 13.6 |
| | Prinos North | 0.1 | 0.2 | 0.2 | — | 0.2 | 0.4 |
| | Epsilon | 2.1 | 3.2 | 4.6 | 0.4 | 6.1 | 8.5 |
| | Lydia | — | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| | Katakolo | — | — | — | 15.7 | 22.2 | 30.6 |
| **Total** | | **1,073.8** | **1,465.3** | **1,954.7** | **484.0** | **1,013.7** | **1,559.8** |

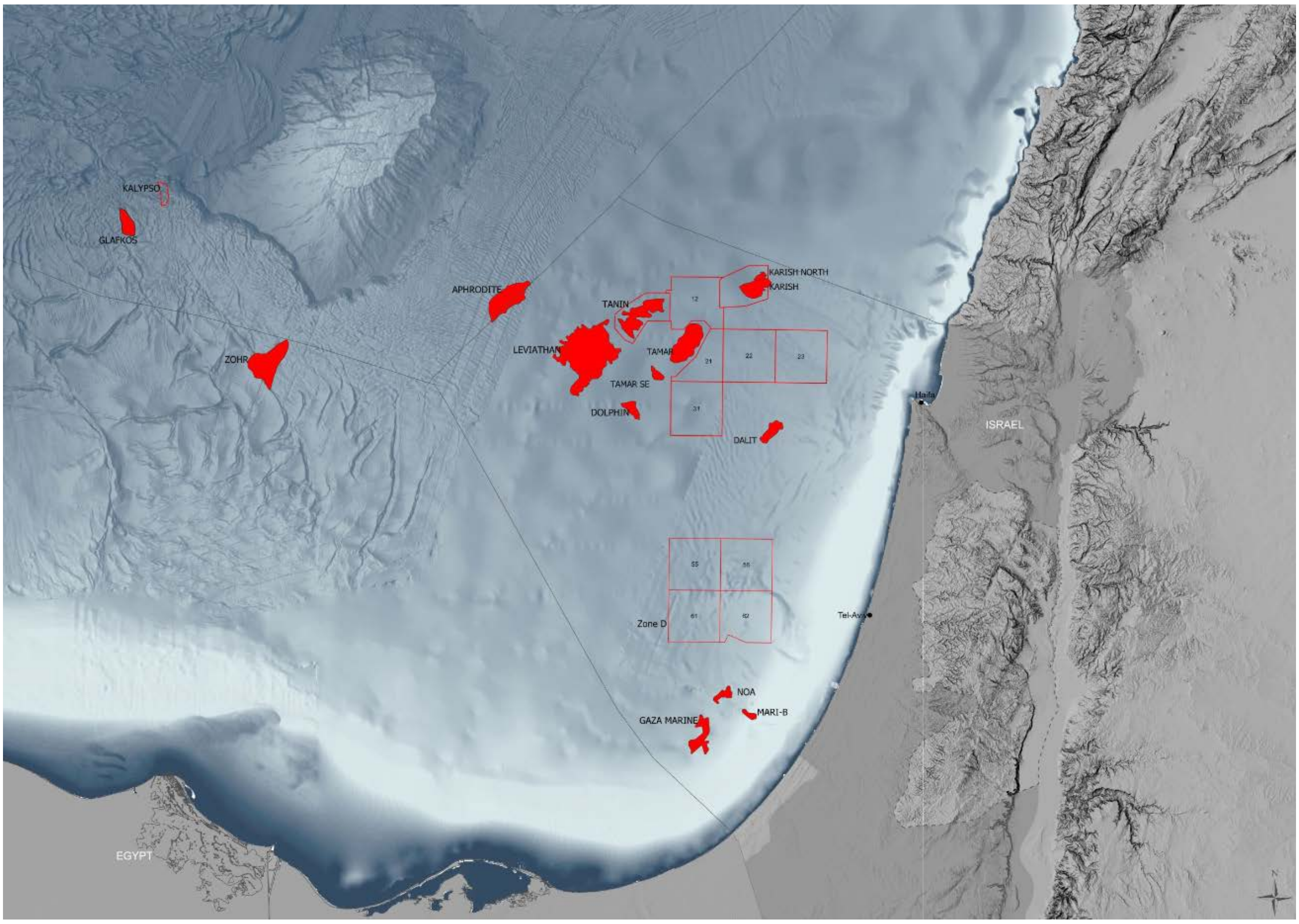
# 4. Overview of assets

The following table summarises the current producing, development and exploration assets of the Energean Group.

| | Asset | Location | Operator | Area ($km^2$) | Energean's working interest | Partner's working interest | Expiration date |
|---|---|---|---|---|---|---|---|
| 1. | Karish | Israel | Energean | 250 | 70% | 30% (Kerogen) | August 2044 |
| 2. | Tanin | Israel | Energean | 250 | 70% | 30% (Kerogen) | August 2044 |
| 3. | Prinos | Greece | Energean | | 100% | N/A | 2034 |
| 4. | Prinos North | Greece | Energean | | 100% | N/A | 2034 |
| 5. | South Kavala | Greece | Energean | | 100% | N/A | 2017 |
| 6. | Epsilon | Greece | Energean | 105 | 100% | N/A | 2039 |
| 7. | Katakolo | Greece | Energean | 545 | 100% | N/A | August 2041 |
| 8. | Block 2 (*Subject to completion*) | Greece | Energean | 2,422.1 | 50% | 25% (Edison E&P) 25% (Hellenic Petroleum) | October 2021 (first exploration phase) |
| 9. | Ioannina | Greece | Repsol | 4,187 | 40% | 60% (Repsol) | October 204 8 |
| 10. | Aitoloakarnania | Greece | Repsol | 4,360 | 40% | 60% (Repsol) | 2049 |
| 11. | Block 26 | Montenegro | Energean | 63 | 100% | N/A | 2020 |
| 12. | Block 30 | Montenegro | Energean | 275 | 100% | N/A | 2020 |
| 13. | Block 12 | Israel | Energean | 364.9 | 70% | 30% (Kerogen) | 2021 |
| 14. | Block 21 | Israel | Energean | 228.2 | 70% | 30% (Kerogen) | 2021 |
| 15. | Block 22 | Israel | Energean | 400 | 70% | 30% (Kerogen) | 2021 |
| 16. | Block 23 | Israel | Energean | 400 | 70% | 30% (Kerogen) | 2021 |
| 17. | Block 31 | Israel | Energean | 400 | 70% | 30% (Kerogen) | 2021 |
| 18. | Block 55 | Israel | Energean | 400 | 80% | 20% (Israeli Opportunity) | 2022 |
| 19. | Block 56 | Israel | Energean | 400 | 80% | 20% (Israeli Opportunity) | 2022 |
| 20. | Block 61 | Israel | Energean | 400 | 80% | 20% (Israeli Opportunity) | 2022 |
| 21. | Block 62 | Israel | Energean | 387.75 | 80% | 20% (Israeli Opportunity) | 2022 |

4.1 **Israel**

*Regional overview*




The Karish and Tanin fields were discovered by Noble and Delek who initially held the leases for those assets. Energean acquired the leases for Karish and Tanin in 2016 from Delek and Avner for US$148.5 million, of which the Energean Group had, as at 31 December 2019, paid US$61.7 million and the remainder of US$86.8 million is payable in eight annual payments in addition to interest and royalties to the sellers.

For more information on the Israeli Gas sector see Part 9 "*Industry Overview — The Israeli Gas Industry*".

*Karish*

<u>Overview</u>

The Karish Lease contains two gas discoveries: Karish Main and Karish North. The Karish Main field was discovered in 2012 and is in the process of development by Energean. Its Field Development Plan was approved by the Israeli government in August 2017 and the project was sanctioned by the Energean Israel Board in March 2018. First gas is planned for the second half of 2021. During ongoing development drilling, additional resources have been identified in the Tamar D formation. These volumes are currently being assessed and will be accessed via the planned development with no additional expenditure.

The Karish North field was discovered in Q2 2019. Energean completed sidetrack appraisal operations at Karish North, confirming best estimate recoverable resources of 0.9 Tcf (25 BCM) plus 34 million barrels of light oil / condensate (combined c.190 mmboe). A notional development scheme for this satellite discovery was included in the approved Karish and Tanin Field Development Plan. In April 2020, Karish North was certified to contain gross 2C resources of 1.2 Tcf (33.7 Bcm) of gas plus 39 MMbbl of light oil/condensate. This represents a total of 250 mmboe, of which 84% is gas, and delivers a 32% uplift to the Energean Group's previous Karish North resource best estimate, including approximately 0.3 Tcf (9 Bcm) of gas plus 5 MMbbl of liquids, a total of approximately 60 mmboe (of which 90% is gas). Total gross 2P reserves and 2C resources across Karish, Tanin and Karish North is now estimated at almost 3.5 Tcf (99 Bcm) of gas plus 82 MMbbls of liquids, a total of 698 mmboe, of which 88% is gas.

Further upside remains undrilled in the Karish Lease in the Karish East structure and the various horizons within Karish Main.

The Karish Lease is located in the north of Israel's EEZ approximately 75km offshore Israel. The water depth is about 1,750m. Karish lies some 25km northeast of the Tamar field.

**Lease details—Karish**

| | |
|---|---|
| Area $km^2$ | 250 |
| Original grant date | 11 August 2014 |
| Expiry | August 2044 (with an option to extend by an additional 20 years in accordance with Section 29 of the Petroleum Law) |
| Licence type | Tax Royalty |
| Main plays | Proven Early-Miocene Tamar Sands play (A, B, C and D units) |
| Number of active wells | 0 |
| Partner | Kerogen |
| Energean Israel's legal interest | 100% |
| Energean's effective working interest: | 70% |
| Data available | 3D seismic acquired in 2010 plus full data set from the Karish-1 exploration well. Data from the Karish North-1 exploration. Partial data sets from the KM-01, KM-02 and KM-03 development wells that are being batch drilled with completion planned in H1 2020. |
| Royalties payable | To Delek and others: 7.5% increasing to 8.25% on the date on which Energean Israel is first required to make payments on account of the petroleum levy (the "**Levy**") pursuant to the Taxation of Profits from the Natural Resources Law, 5771-2011, less royalties due under existing royalties for the benefit of other third parties to be paid directly to such third parties.<br>The royalty is calculated on the value of the total amount of gas and condensate produced at the well head.<br>To the State of Israel: According to Petroleum Law, 5712-1952, a leaseholder is required to pay royalties of 12.5% of the volume of oil produced to the State. The leaseholder will pay the market value of the royalties according to the value of the gas or oil at the well head. |
| Tax regime | Ordinary corporate income tax rate of 23%.<br>Oil Profits tax (the Levy): According to the Oil Profits taxation law (L.5771-2011), the maximum monthly levy rate, based on the corporate income tax rate from 2018 onwards, may reach up to a maximum of 46.8%. |

**Lease details—Karish**

| | |
|---|---|
| | The proportion of the Levy on the royalties payable to Delek and other third parties is paid directly by Delek and such third parties or withheld by Energean when paying the royalty and is therefore fully deductible from the cumulative revenue calculation. |
| Hydrocarbons export regime .......................... | Permits the production of natural gas and oil condensates only. While the export of natural gas is prohibited from Karish-Main, it is permitted subject to certain conditions from Karish North.<br>The production and/or export of crude oil would require the amendment of the leases via an addition of a new chapter to the lease by the Petroleum Commissioner. |
| Other provisions applicable to Karish ............ | Permits required for the operation of the production system; local content requirements (lease holder of both leases to invest in local content of no less than US$80 million over eight years); requirements regarding abandoning the production system and plugging wells; bank guarantees to be provided as collateral for fulfilling the terms of the leases and terms for their forfeiture; guidelines for environmental protection, safety, and security; provisions regarding liability, indemnification and insurance. |

Reserves and/or resources

As at 30 June 2019, Karish Main working interest 2P reserves were 909 Bcf for natural gas and 26.2 MMbbls for liquids, and 2C contingent resources were 143 Bcf for natural gas and 0.8 MMbbls for liquids. The Karish North discovery adds working interest 2C resources of 833.6 Bcf of gas and 27.6 MMbbls of liquids.

Field capex plan and outlook

Energean (in conjunction with its partner Kerogen) is in the process of developing the Karish field with a new-build, fully-owned, FPSO and to invest approximately US$1.7 billion, plus a further US$140 million of capital expenditure to be incurred in 2021 / 2022 but paid to TechnipFMC out of operating cashflow in 2022 / 2023, during the development phase running to first gas, expected in 2021.

Phase 1 expenditure was incurred and is anticipated to be incurred and paid between the first quarter of 2018 and first gas in 2021 (except for certain deferred payments to TechnipFMC, which are anticipated to be incurred in 2020 and 2021 but paid out of operating cash flow in 2022 and 2023). The Energean Group anticipates capital expenditure for the Karish and Tanin development of approximately US$580 million in 2020 and approximately US$105 million in 2021 (exclusive of the US$140 million of deferred payments to TechnipFMC).

As at the date of this Prospectus, the Company had achieved all of its key milestones relating to the Karish development, including completion of the pipeline beach crossing at Dor, Israel, completing the drilling of Karish North and three Karish Main development wells and sailaway of the FPSO hull from China to Singapore.

A description of the remaining anticipated Phase 1 timetable is set out below.

**Phase 1 - remaining anticipated Karish timetable**

| | |
|---|---|
| 2020 .......................................... | Commence installation of Sales Gas pipeline |
| | Complete integration of FPSO hull and topsides |
| | Install risers, manifolds and SSIV |
| | Onshore facilities complete |
| 2021 .......................................... | FPSO towed from Singapore to Israel |
| | Hook up of risers to FPSO |
| | Commissioning and start-up of FPSO |
| | Practical completion under TechnipFMC EPCIC Contract |
| | First gas sales |
| | First liquids sales |

The Karish Main field is the first asset to be developed by the Energean Group in the Karish and Tanin Leases. Karish Main was selected as the initial development as it is the largest discovery, the closest to shore and was expected to provide the highest yield of liquid per volume of produced gas. Initial results from Karish North indicate that this discovery contains an even richer fluid than Karish Main. Once Karish North is developed, its production may be prioritised over that of Karish Main to accelerate liquids production and revenues. Energean completed appraisal of the Karish North discovery, confirming best estimate gross recoverable resources of 1.2 Tcf (33.7 Bcm) plus 39 million barrels of light oil/condensate (combined approximately 250 mmboe, of which 84% is gas), significantly enhancing the Energean Group's discovered resource volumes across its Karish and Tanin leases.

Integrated reservoir, well and facility simulation work has demonstrated that the initial contractual gas sales rate of 5.6 BCM/yr can be delivered by two Karish Main wells completed on the C reservoir unit. Accordingly, three initial wells (the "**Initial Wells**") have been pre-drilled ensuring that a spare well is available. In February 2020, Energean announced the results of production measurements performed during clean-up of the Karish Main-02 development well, which is located on the crest of the Karish Main structure. KM-02 produced from a 35 metre interval of the upper C sand reservoir. A maximum rate of 120 Mmscf/d of natural gas was achieved, limited only by the capacity of the surface equipment. Performance modelling confirms that the well is capable of delivering at the 300 Mmscf/d flowline design capacity when connected to the FPSO. Subsequently the second well (KM-1) was also cleaned up and tested demonstrating a similar performance. The third well (KM-3) when cleaned up and tested showed similar in-flow performance, and hence calculated maximum productivity, but was found to contain a richer fluid. Quantification of this additional liquid is ongoing. The development plan for Karish included the drilling and completion of these Initial Wells in 2019 and 2020 with first gas in the second half of 2021.

Based on the results of the Karish North exploration and appraisal campaigns coupled with an analysis of the re-processed and calibrated 3D seismic, Energean's reserve auditor (DeGolyer and MacNaughton) has concluded that the separate Karish North, Karish North-East and Karish East prospects are actually component parts of a single larger structure proven by the well plus sidetracks drilled to date. As a result, only two wells are likely to be needed to develop this greater Karish North structure. One well is expected to be completed in the upper C sand in the northern crest with a second well expected to be added in the eastern crest in a second phase around 2025. Both wells may be in production at any one time post 2025. The Karish North sub-sea infrastructure is expected to be designed to allow production of up to 300 mmscf/day gas plus associated liquids. Given the higher liquid yields in Karish North, production may be prioritised over Karish Main, with the aim of filling the FPSO to its maximum liquids capacity of around 18,000 – 22,000 bopd. Studies are currently being performed by TechnipFMC to determine the optimal method of increasing liquid handling capacity given the expected increased yield from KM-3 and the larger than envisaged discovered volumes at Karish North.

A new-build, spread-moored FPSO, the first to be deployed in the East Mediterranean Sea, will be located immediately south of the Karish manifold in approximately 1,750m water depth with the Initial

Wells tied back to the FPSO via a 4-slot sub-sea manifold. Karish North wells will connect to the spare slot on this manifold via a 2-slot mini-manifold located adjacent to the KN-1 well.

In January 2017, Energean appointed TechnipFMC as the engineering design contractor for the Karish and Tanin development programme. In March 2018 Energean awarded a US$1.4 billion lump-sum turnkey EPCIC contract to TechnipFMC. This EPCIC contract covers the engineering, procurement, construction, installation and commissioning of the entire Karish integrated production system from wellhead to onshore gas sales point. It excludes the drilling of the wells.

In addition, on 25 January 2018, the Energean Group signed a contract with Stena Drilling to conduct drilling of three development wells, two near-field exploration wells and up to five additional development wells. Under this arrangement, Stena Drilling has drilled the Karish North discovery and the three Karish Main development wells. In March 2020, the Zeus exploration well (Block 12) was expected to spud. This activity has been delayed to end 2020/early 2021 due to a combination of the fall in global commodity prices and associated decision to conserve capital, enabled by larger than expected discovery at Karish North, which is sufficient without any further exploration success to underpin all gas sales contracts currently being negotiated. The drilling contract with Stena Drilling has been terminated as of 31 March 2021.

The FPSO will process natural gas and hydrocarbon liquids produced from the Karish Main field and later other nearby discoveries and eventually the fluids from Tanin. Three streams will be created:

- dry gas to INGL pipeline specification;
- a mixed oil/condensate stream stabilised to tanker specification; and
- hydrocarbon-free water. Final clean-up of the produced water my occur onshore allowing it to be employed for agricultural uses,

The FPSO production system will have a capacity of 8.0 BCM/year of natural gas and 18,000 bopd of oil/condensate (it is expected that this capacity can be increased to 22,000 bopd before onset of water production). Processing facilities will be located on the FPSO deck in a sequence of single or double layered modules: two processing trains, each with a capacity of 400 MMscf/day, will be installed. Overall system capacity is initially limited to 650,000 mmscf/day. This will likely be increased to 800,000 mmscf/day – equal to the capacity of the two gas trains running in parallel in as part of the development project for Karish North. This requires a second 16” riser to be installed between the FPSO and the sales gas pipeline. The Karish Main manifold and risers also have a name plate capacity of 8 BCM/year.

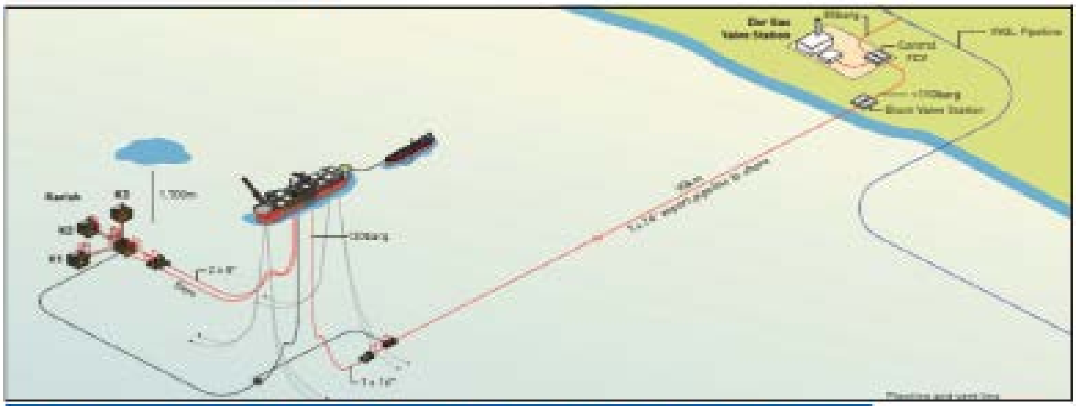
The FPSO is linked to the Israeli coast by a 24 inch diameter pipeline that expands to 30 inches 10.9 km from shore. Tie-in points for 3rd party gas supply have been included at this point. The 30 inch line section passes under the sand dunes at Dor, Israel. The development requires minimal onshore infrastructure with the dry gas pipeline connecting into the existing INGL pipeline system via a simple metering and pressure reduction station (PRMS). The Energean Group anticipates that the construction of this sales gas pipeline will cost approximately US$200 million (which is included in the anticipated overall Phase 1 project costs capex estimate of US$1.7 billion). The Israeli government will contribute approximately US$102 million toward the costs of developing the 10.9 km near-shore and onshore sections of the pipeline. Ownership and operatorship of this near-shore section will transfer to INGL in 2021. Operation of the pipeline will be managed by Energean through an operations service contract with the Wood Group. Following handover of the near-shore and onshore sections of the pipeline, INGL will operate the onshore facilities.

Liquids will be offloaded from the FPSO to sales tankers offshore and sold outside of Israel.

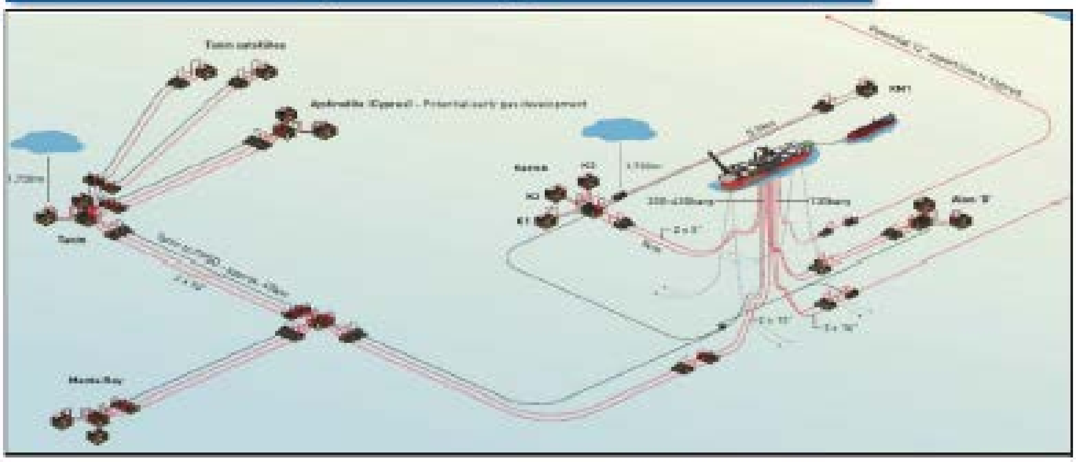
The FPSO will have an oil/condensate storage capacity of 700,000 bbls with oil/condensate offloaded in parcels of up to 450,000 bbls to smaller tankers for export to International markets. The FPSO will also have necessary water processing facilities. The FPSO will contain simple, modular gas and oil processing facilities and associated utilities. Electricity will be generated centrally using gas turbines equipped with waste heat recovery units. Space has also been included should a third sales gas compressor be required, to allow extra liquid handling capacity to be added should further liquid discoveries be made and/or to allow MEG regeneration equipment to be installed. Oil storage capacity can be extended to 800,000 bbls should satellites be developed without the need for MEG injection/storage. Optimisation of the use of the dehydration tank capacity could increase storage almost to 900,000 bbls for limited durations.

Gas start-up is envisaged in the second half of 2021 before accounting for any delays caused by force majeure events. In February 2020, Energean received a notice under the TechnipFMC EPCIC Contract in relation to the travel restriction in China constituting a force majeure event, potentially entitling TechnipFMC to claim an extension of time under the contract. Under its contract, TechnipFMC is obliged to complete capacity testing by 31 March 2021. Liquidated damages would be payable for delays beyond this date or if the name plate system capacity of 800 mmscf/day of on-specification sales gas cannot be demonstrated. The 31 March 2021 deadline will be extended by any agreed period of force majeure.

Initial Development Phase



Planned Extension – Ability to Tie Back Marginal Gas Fields in the Region



Due to the fact that the Karish FPSO will be located in a complex geopolitical location, enhanced security and defence measures as required by law and under the lease requirements will be taken to ensure its protection. The Energean Group will be responsible for general security measures, in accordance with Israeli Defence Force guidelines, while regulatory authority for defence systems lies with the Israeli Defence Forces and will, by law, be led by the Israeli Navy acting as the government regulatory defence entity.

The Directors considered that it was likely that there would be other gas fields discovered in the vicinity of Karish and/ or Tanin during the project's lifetime and hence included capacity and facilities to allow such discoveries to be commercialised via the sub-sea gathering system, FPSO and pipeline to shore. Subsequently the Karish North prospect was drilled and gas discovered in the Tamar sand B and C reservoir units. Following appraisal in Q4 2019 a Final Investment Decision is expected during the second half of 2020, with first gas expected during 2022.

Whilst production from the existing Karish and Tanin discoveries is earmarked for sale in Israel, additional volumes, or volumes in nearby leases (including volumes in the Karish North discovery), are expected to enjoy an export quota. The FPSO could tie into a dry-gas system created on the back of the significant volumes in the Leviathan field (East Med Pipeline to Greece), or to serve a smaller market (e.g. Cyprus) that Leviathan gas is unlikely to target. The position of the Karish FPSO makes it well placed to send gas to Cyprus and potentially Turkey.

In May 2019, the Energean Group submitted an updated proposal to supply the Republic of Cyprus with natural gas via a subsea pipeline. At the same time, Energean also entered into Letters of Intent to (i) develop the pipeline project with VTTI Cyprus Limited, a company owned 50% by Vitol and the operator of the Vassilikos Terminal, and (ii) to supply gas to private electricity producer P.E.C Powerenergy Cyprus Limited. Energean also has an Expression of Interest to buy gas from a further private electricity producer in Cyprus.

In January 2020, Energean announced that it had signed a letter of intent with DEPA, the Public Gas Corporation of Greece, in connection with the potential sale and purchase of 2 BCM/yr.

*Tanin*

Overview

The Tanin Lease contains a sequence of undeveloped gas fields and exploration prospects in the Levantine Basin and is located north of Israel's EEZ approximately 110km offshore Israel. The water depth is about 1,800m. The Tanin block C discovery well is located approximately 40km from the Karish field.

**Lease details—Tanin**

| | |
|---|---|
| Area $km^2$ | 250 |
| Original grant date | 11 August 2014 |
| Expiry | August 2044 (with an option to extend by an additional 20 years in accordance with Section 29 of the Petroleum Law) |
| Main plays | Early-Miocene Tamar Sands play (A and B sands) |
| Number of active wells | 0 |
| Partner | Kerogen |
| Energean Israel's legal interest | 100% |
| Energean's effective working interest: | 70% |
| Data available | 3D seismic acquired by Noble in 2009 and data from the Tanin-1 exploration well |
| Royalties payable | Same as Karish |
| Tax regime | Same as Karish |
| Hydrocarbons export regime | Same as Karish |
| Other provisions applicable to Tanin | Same as Karish |

Reserves and/or resources

As at 30 June 2019, Tanin net working interest 2P reserves were 550 Bcf for natural gas and 2.9 MMbbls for liquids.

Field capex plan and outlook

The Energean Group expects to develop the Tanin A, B and C blocks after the Karish fields (Main and North) and after any discovery made in Block 12. The exact date will depend on a number of factors, particularly:

- the quantity of gas sale contracts secured by the Energean Group by 2021 and the growth in gas sales subsequent to this date;
- the timing and success of exploration activities across the remainder of Energean's Leases, in particular Block 12.

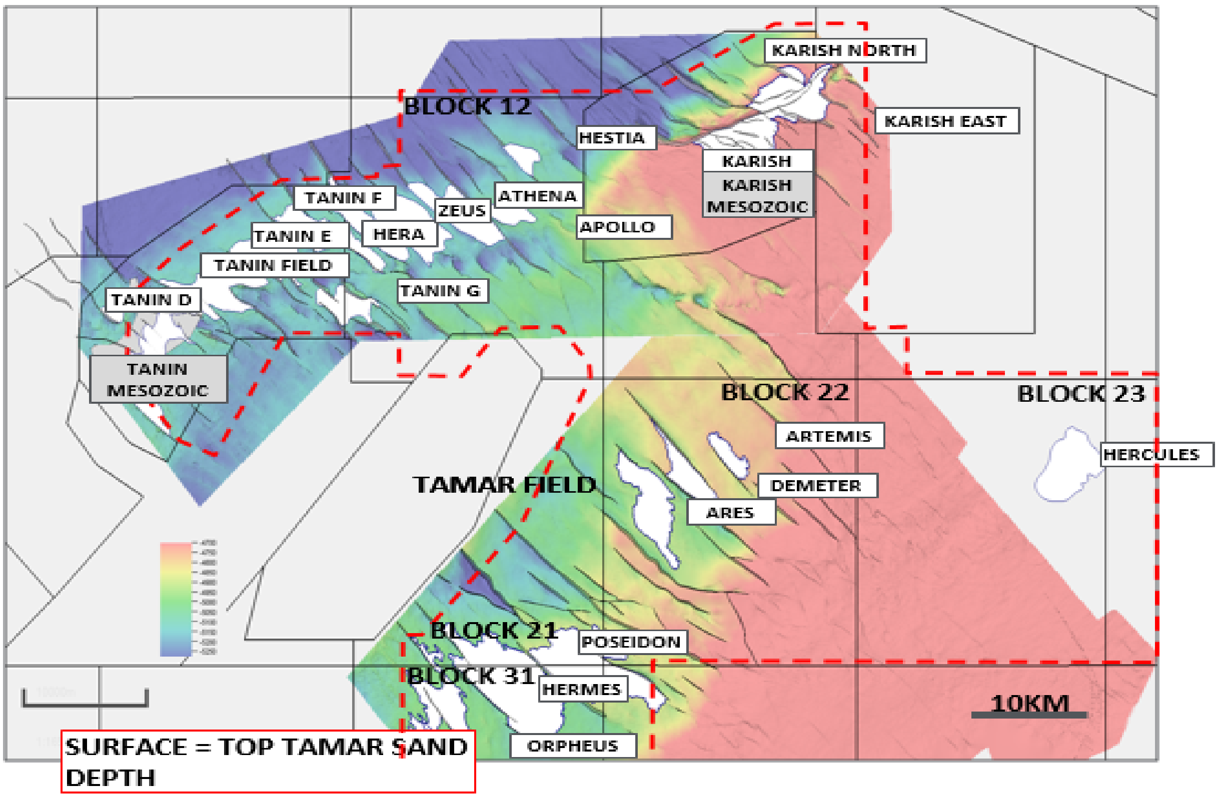
A standalone initial Tanin development would consist of two to three wells in the A block tied back via a new manifold and a 40km long multi-phase production system to the Karish FPSO. A full development of the existing Tanin Lease discoveries would require up to six development wells in total.

Development of Exploration Prospects

As described above a number of exploration prospects were identified in the Karish and Tanin Leases when the Final Development Plan was prepared. The overall field development plan for the Karish and Tanin Leases has therefore been developed making allowance for the eventual discovery and tie-back of future prospects. Subsequently, Energean Israel Limited has acquired exploration rights to Block 12 (between Karish and Tanin) and Blocks 21, 22, 23 and 31 to the immediate south of the FPSO. In addition, Energean Israel Limited has been awarded exploration rights in Zone D (Blocks 55, 56, 61 and 62), located 45km off the Israeli coast and immediately north of the Tamar and Yam Tethys platforms.

The timing of exploration in the Karish and Tanin leases is reviewed regularly to ensure risks and upside are addressed expeditiously.

*Blocks 12, 21, 22, 23, and 31*




In 2017, Energean Israel Limited participated in Israel's First Offshore Bid Round, submitting bids for block 12 (which sits between the Karish and Tanin leases) and four additional adjacent blocks: blocks 21, 22, 23, and 31. The bid round awards were announced on 12 December 2017, with Energean Israel

Limited receiving all five of the additional licences for which it had bid. Each licence has an initial validity period of 3 years, extendable by 2 additional 2 year periods, subject to the conditions of the Petroleum Law and the licences.

The approved work programmes for the blocks included reprocessing existing data and the acquisition of new 3D seismic over parts of leases 23 and 31. The Leases were obtained with no firm drilling commitment. 3D seismic obligations were completed end 2018 when two new surveys were acquired.

Under the licence, the Energean Group will be obliged to comply with the work program attached to each licence and estimates that the remaining committed capital costs as of December 31, 2019 for those blocks amounted to US$0.8 million, which the Energean Group expects to spend in 2020.

*Blocks 55, 56, 61 and 62*

On 15 July 2019, Energean Israel Limited, in partnership with Israel Opportunity – Energy Resources - LP (20%), submitted bids for Zone D (Blocks 55, 56, 61 and 62), located 45km off the Israeli coast and immediately north of the Tamar and Yam Tethys platforms. On 31 July 2019 Energean Israel Limited was awarded all of the additional licences for which it had bid. Each licence has an initial validity period of three years, extendable by an additional three year period, subject to committing to drill an exploration well during such period and the conditions of the Petroleum Law.

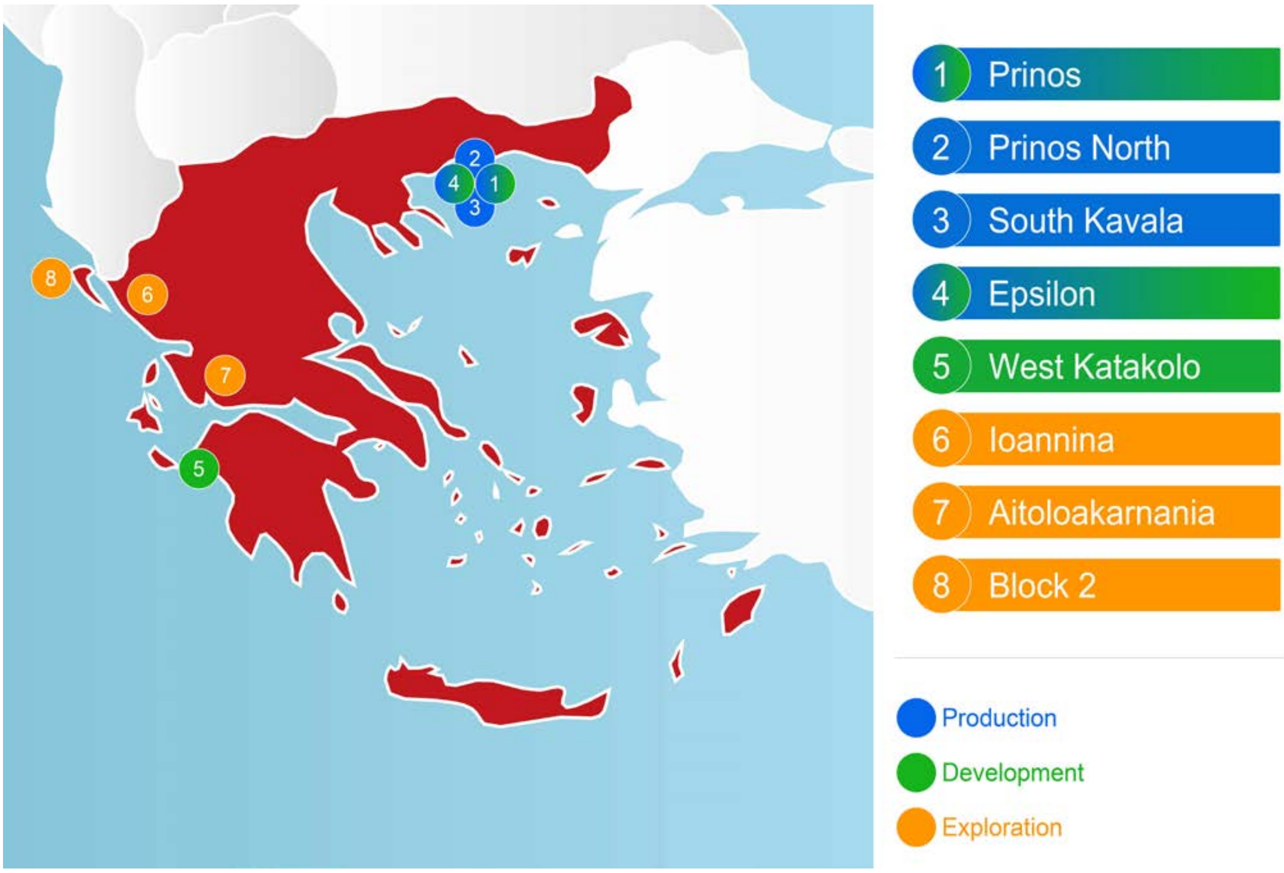
The approved work programme for the Zone D blocks is limited to studies and reprocessing of existing seismic data. No additional seismic data has to be acquired or wells drilled in the first phase.

The Energean Group, as operator, will be obliged to comply with the work program attached to each licence and estimates that the total capital expenditure regarding the work program for the blocks would be minimal in the first three years.

On 14 July 2019 a Joint Bidding Term Sheet was signed between Energean Israel Limited and Israel Opportunity in connection with the bid and a Joint Operating Agreement is being negotiated between them.

4.2 **Greece**

*Regional overview*




Energean Oil & Gas SA is currently the only producer of hydrocarbons in Greece. The entire production comes from the Prinos Basin located in the north east of the country which contains the Prinos, Prinos North, Epsilon, Athos, Amotheous, Kazaviti and Maria oil fields. South Kavala is the only gas discovery in the basin. Currently Prinos, Prinos North and Epsilon are the only continuously producing fields. Gas is produced intermittently from South Kavala.

The Energean Group acquired the Prinos basin assets as part of the 2007 acquisition of Kavala Oil SA ("**KOSA**"). At the time of acquisition the Prinos licence was due to expire in 2008. An initial extension of five years was granted in 2008 and an extension, by way of an amendment to the licence, of 25 years was granted in 2013. Subsequently, a new drilling campaign was undertaken in the Prinos basin between 2013 and 2019 that has included infill wells in Prinos and additional horizontal development wells into the Prinos North and Epsilon satellites.

The Energean Group is also active in Western Greece, pursuing onshore and offshore opportunities within the Ionian Zone. The Energean Group holds three onshore exploration licenses: Aitoloakarnania and Ioannina (now operated by Repsol) while it has agreed to acquire Block 2 along with its operatorship. It also holds one offshore exploration license offshore Katakolo as well as one development lease offshore Katakolo (operated by Energean).

*Prinos*

Overview

The Prinos oil field is a producing asset located approximately 8km west of the island of Thassos and 18km south of Kavala city. The average water depth is 30m.

**Production lease details—Prinos**

| | |
|---|---|
| Area $km^2$ | 6 |

**Production lease details—Prinos**

| | |
|---|---|
| Expiry | 23 November 2024 (with two 5-year extensions, subject to approval) |
| Licence type | Lease |
| Main plays | Prinos sands Miocene age |
| Number of active wells | 9 producers and 4 injectors |
| Partner | N/A |
| Energean's legal interest | 100% |
| Energean's effective working interest: | 100% |
| Data available | 3D seismic data (summer 2015) Geo-cellular model (2017) |
| Royalties payable | 0 to 10% based on a sliding scale of average daily production |
| Tax regime | 20% income tax and 5% regional tax. Fixed for the duration of the licence |

Reserves and/or resources

As at 31 December 2019, Prinos holds 14.3 MMbbls of 2P oil reserves and 2.3 Bcf of 2P gas and 26.3 MMbbls of 2C oil resources and 8.3 Bcf of 2C gas.

Field technical background

A total of 55 wells (including exploration, appraisal, development wells, side-tracks and injectors) have been drilled in the field. Water injection was implemented in the field in 1981; four injectors are currently active. Gas lift facilities have been installed and wells are currently gas lifted.

Production peaked at more than 25,000 bopd of moderately sour, 27-30 degrees API gravity oil in 1985 before the onset of decline due to which, the field was temporarily closed in and, in early 1999, was handed back to the Greek State. Production was restarted in late 1999 when KOSA took over the field. Throughout the field's life, oil rates have varied due to near well bore asphaltene, wax and salt precipitation in the wells and completion intervals, prompting frequent treatment with xylene and hot seawater.

In 2015 Energean initiated a redevelopment plan for the Prinos basin (including the development of the Epsilon field that required the installation of a new platform). Under this development plan, the Energean Group has spent approximately US$325 million from 2015 to 31 December 2019 with an estimated US$5 million expenditure for 2020.

In 2019, the Company revised this Prinos work programme to underpin base production and optimise long-term profitability of the basin. Following the delay experienced by the Epsilon extended reach well, the Company has decided to defer further extended reach well drilling in order to fully incorporate and reflect learnings from this well, in line with its focus on capital discipline.

During 2019, the Energean Group initiated a review of capital allocation, which resulted in the Energean Force drilling rig being smart stacked in Philipos Port. In early 2020, the Prinos area assets were put under strategic review. Energean is investigating all options under this programme and investment in the fields will remain limited until the review is concluded.

*Prinos North*

Overview

The Prinos North field is a producing asset and is one of the satellite fields within the Prinos basin located approximately 3km north of the Prinos field and 18km south-west of the mainland of Northern Greece. The water depth is approximately 38m.

**Production Lease details-Prinos North**

| | |
|---|---|
| Area $km^2$ | 1.5 |
| Expiry | 23 November 2024+5+5 years extension subject to approval |
| Licence type | Lease |
| Main plays | Prinos sands Miocene age |
| Number of active wells | 1 horizontal producer |
| Partner | N/A |
| Energean's legal interest | 100% |
| Energean's effective working interest: | 100% |
| Data available | 3D seismic data (2015) |
| | Geo-cellular model (2017) |
| Royalties payable | 0 to 10% based on a sliding scale of average daily production |
| Tax regime | 20% income tax and 5% regional tax. Fixed for the duration of the licence |

Reserves and/or resources

As at 31 December 2019, Prinos North had 2P reserves of 2.2 MMbbls of oil and 0.2 Bcf of 2P gas and 1.1 MMbbls of 2C oil resources and 0.2 Bcf of 2C gas.

Field technical background

The Prinos North field contains moderate-heavy, under saturated, sulphurous crude oil and associated H2S rich gas. Prinos North was appraised and developed as a satellite field to Prinos. In 1996, PNA-H1 was brought in production and produced until 2004 with a peak rate of almost 3,000 bopd of approximately 21 degrees API sour oil in 1997 before declining.

The field was shut-in in 1999 for a year due to low production and low oil prices and was handed back to the Greek State by the original operator. Production restarted in late 1999 until 2004 when the well was closed-in because of a high water cut. The well was successfully side-tracked and production from the field was successfully reinstated in late July 2009.

Field capex plan and outlook

The Prinos North field is substantially less mature than the main Prinos accumulation. Production is from a single horizontal well. A second horizontal well designed to access updip attic oil in the west of the field was planned to be drilled in 2019. This well has been removed from the current drilling sequence following problems encountered during the drilling of the Epsilon extended reach well. It may be drilled following development of Epsilon.

*Epsilon*

Overview

The Epsilon field is located approximately 4km west northwest of the Prinos oil field. It is partly developed via a single extended reach well drilled from Prinos A. It is currently being developed as a satellite to the Prinos complex. The water depth over the field is about 35 to 45m.

**Production Lease details—Epsilon**

| | |
|---|---|
| Area $km^2$ | 4 |
| Expiry | 15 June 2029 +5+5 years extension subject to approval |
| Licence type | Lease |
| Main plays | Prinos sands Miocene age |

**Production Lease details—Epsilon**

| | |
|---|---|
| Number of active wells | 0 |
| Partner | N/A |
| Energean's legal interest | 100% |
| Energean's effective working interest: | 100% |
| Data available | 3D seismic survey (2015)<br>3D and Bathymetry survey (2015)<br>Geo-cellular model (2017) |
| Royalties payable | 0 to 10% based on a sliding scale of average daily production |
| Tax regime | 20% income tax and 5% regional tax. Fixed for the duration of the licence |

Reserves and/or resources

As at 31 December 2019, Epsilon holds 21.7 MMbbls of 2P oil reserves and 3.2 Bcf of 2P gas and 20.9 MMbbls of 2C oil resources and 6.1 Bcf of 2C gas.

Field technical background

Energean drilled an extended reach multi-lateral well, EA-H1, from the Alpha platform which was successfully completed in January 2010 and produced for a 12 month period with an initial oil rate of over 2,000 bopd under natural flow. Following a collapse of the well casing in the EA-H1 well in February 2011, the oil rate declined to under 400 bopd in late 2010 and the cumulative oil production was just over 0.33 MMbbls. Attempts to side-track the well in 2011 were unsuccessful due to repeated stuck pipe and it was plugged and abandoned.

The further development of the Epsilon satellite following the casing collapse in EA-H1 consisted of an extended reach (EA-H3) well drilled in 2018 as part of the ongoing filed development. The EA-H3 well came onstream in April 2019 at rates exceeding 1,000 bopd and has since declined to c.500 bopd. Investment in the Epsilon development has been halted pending results from the strategic review.

Field capex plan and outlook

The Epsilon field is being developed via a minimum facilities approach. An unmanned platform will be added along with associated oil, water injection and gas lift pipelines. Fluid processing will occur at the Prinos platform and onshore.

The Energean Group anticipates that production from the Epsilon field could peak at circa 7,000 bopd if the field is fully developed.

On 8 December 2017, Energean signed an US$88.3 million lump sum turnkey EPCIC contract with GSP Offshore S.R.L ("**GSP**") for construction of the Lamda platform and the drilling of three wells. The contract is split 61% for construction and 39% for drilling.

*South Kavala*

Overview

The South Kavala gas field is a developed asset which produces only intermittently. South Kavala was the first hydrocarbon reservoir discovered in the Prinos basin and is located approximately 11km south of the Prinos oil field. The water depth is about 58m.

**Production Lease details—South Kavala**

| | |
|---|---|
| Area km2 | 4 |
| Expiry | The earlier of (i) 23 November 2020 (with a one year extension option) or (ii) the date of commencement of a concession following an |

**Production Lease details—South Kavala**

| | |
|---|---|
| | international tender issued by the Hellenic Republic Asset Development Fund |
| Licence type | Lease |
| Main plays | Sandstone reservoirs sealed by Messinian evaporates |
| Number of active wells | 2 |
| Partner | N/A |
| Energean's legal interest | 100% |
| Energean's effective working interest: | 100% |

Operational outlook

Energean has decided to pursue the conversion of South Kavala to an underground gas storage ("**UGS**"), and has established a partnership with STORENGY SAS and TERNA SA, through a Joint Development Agreement, in order to participate in the HRADF tender and gain the right to transform and exploit the South Kavala field as a UGS facility.

The E&P license of the almost depleted gas field has been renewed several times, most recently in 2018, for 2+1 years, expiring in November 2021. Today, all rights related to the South Kavala gas reservoir have been transferred to HRADF, for a period of 50 years after the expiration of the existing production license. As a result of this decision, a tender will be issued by HRADF, under which the right to transform and exploit the South Kavala field as a UGS facility will be granted to the winner of the tender. From that point onwards, the South Kavala UGS will be developed as an INGS, according to the provisions of the Energy Law.

Energean's main contribution to this potential JV is expected to be the provision of its subsurface understanding of the field and operational and logistics management hence allowing it to reduce Prinos operational costs.

*Katakolo*

Overview

The West Katakolo oil field is an undeveloped asset located within the Katakolon offshore field about 3.5km off the Cape of Katakolon. Energean has ongoing exploration commitments in relation to the remaining area of the Katakolo block. The water depth is over 300m.

In relation to the exploration license, Energean has obtained approval from Hellenic Hydrocarbons Resources Management ("**HHRM**"). to extend the second phase until 2 October 2021.

| **Development Lease details—West Katakolo / Exploration License details - Katakolo** | |
|---|---|
| Area $km^2$ | 409, of which 59 designated for exploitation |
| Expiry | 26 August 2041 – in relation to the Exploitation License<br>2 October 2021– in relation to the second phase of the Exploration Lease |
| Licence type | Exploration Lease—350$km^2$ area.<br>Exploitation License – 59 $km^2$ |
| Main plays | Fractured carbonate reservoir |
| Number of active wells | 0 |
| Partner | N/A |
| Energean's legal interest | 100% |
| Energean's effective working interest: | 100% |
| Data available | 3D seismic survey (1984, reprocessed in 2016, PSDM) |

| **Development Lease details—West Katakolo / Exploration License details - Katakolo** | |
|---|---|
| Royalties payable | 2 to 20% based on a sliding scale of average daily production |
| Tax regime | 20% income tax and 5% regional tax |

Reserves and/or resources

As at 31 December 2019, West Katakolo holds 14.3 MMbbls of 2P oil reserves and 22.2 Bcf of 2C gas resources.

Operational outlook

A strategic environmental impact assessment was approved by ministerial decree in August 2013, and published on the official website of the Ministry of Energy before the Lease Agreement was signed with the Greek State on 14 May 2014.

Energean's FDP, including an environmental scoping report, for the West Katakolo field was approved in August 2017 after an application was submitted in February of the same year. Upon approval and further analysis of legacy 3D seismic re-processing (which suggests upside to in place volumes), the Company intends to take a decision on whether to farm down or take final investment decision on the project, subject to market conditions. The development plan for West Katakolo has a capital expenditure budget of US$122.5 million to 2023 (US$103.8 million to 2022).

Energean would use extended reach drilling technology, similar to that which was deployed to drill the Prinos North and Epsilon extended reach wells, to drill from onshore to offshore reservoirs. The programme also includes the building of roads and the installation of the necessary facilities including storage deposits and a buoy.

*Ioannina*

Overview

The Ioannina exploration license is located onshore Western Greece within the hydrocarbon prone Ionian Zone, which the Directors believe includes a number of leads, including the Raeko lead.

In March 2017, Energean agreed to farm out a 60% working interest and operatorship of the Ioannina license to Repsol.

| **Licence details—Ioannina** | |
|---|---|
| Area $km^2$ | 4,187 |
| Expiry | 2 October 2020 (first exploration phase) |
| Licence type | Lease |
| Main plays | fold thrust belt with multiple play concepts (shallow and deep exploration targets identified) |
| Number of active wells | 0 |
| Partner | Repsol (60%) |
| Energean's legal interest | 40% |
| Energean's effective working interest: | 40% |
| Data available | Full-tensor gravity ("**FTG**") survey (2015) Legacy of vintage 2D seismic |
| Royalties payable | 2 to 20% based on a sliding scale of average production |
| Tax regime | 20% income tax and 5% regional tax |

Operational outlook

Ioannina is currently in the first phase of the exploration period, in respect of which it had a €8.7 million commitment, which is sequentially increased according to the implementation of the minimum work programme. The second and third exploration periods (running until 2023) have a total commitment of approximately €23 million.

Interpretation of the newly acquired seismic lines is ongoing and a drill-or-drop decision will be taken once interpretation is completed. The quality of the acquired seismic was a major improvement when compared to historic vintages and the lines have identified two prospective trends with multiple analogue prospects. Further, the 2D seismic has verified the existing geological model, de-risking existing prospectivity. A one-year extension of the first phase has been requested by Repsol. At the end of this phase a decision will be made whether to progress into the second phase, which includes a firm well obligation.

*Aitoloakarnania*

Overview

Aitoloakarnania is an exploration asset located in the Ionian Zone.

In March 2017, Energean agreed to farm out a 60% working interest and operatorship of Aitoloakarnania to Repsol. In May 2017, Energean signed the lease agreement in respect of Aitoloakarnania. The lease was ratified by the Hellenic Republic Parliament on 28 February 2018.

| **Licence details—Aitoloakarnania** | |
|---|---|
| Area $km^2$ | 4,360 |
| Expiry | 2020 (first exploration phase) |
| Licence type | Tax Royalty |
| Main plays | Fold thrust belt with multiple play concepts (shallow and deep exploration targets identified) |
| Number of active wells | 0 |
| Partner | Repsol (60%) |
| Energean's legal interest | 40% |
| Energean's effective working interest: | 40% |
| Data available | Vintage 2D seismic |
| Royalties payable | 4 to 20% based on a sliding scale of average daily production |
| Tax regime | 20% income tax and 5% regional tax |

Operational outlook

There are currently three exploration phases of the exploration period of up to seven years with total commitments of approximately €27 million (of which €7.5 million are to be incurred during the first three year exploration phase). Commitments during the first exploration phase include: obtaining an environmental baseline report, seismic reprocessing, geological, geo chemical and geophysical surveys, FTG gradiometry and aeromagnetic surveys and new seismic acquisition.

The operator, Repsol, is carrying out the necessary environmental studies in preparation for the 2D seismic acquisition campaign, which is expected to commence in early 2021, subject to permitting.

*Farm-out to Repsol in respect of Ioannina and Aitoloakarnania*

The Energean Group entered into farm-out agreements with Repsol in respect of the Ioannina and Aitoloakarnania assets (the "**Repsol Farm-Out Agreements**"), which became effective on 31 March 2017. Under the Repsol Farm-Out Agreements, the Energean Group agreed to transfer and assign 60% of its interest in the Ioannina and Aitoloakarnania assets to Repsol, which also became the operator of the assets. The Energean Group retains the remaining 40% interest in the assets, which are operated via two separate joint operating agreements.

*Block 2*

<u>Overview</u>

Block 2 is an exploration asset located in the Ionian Zone. Energean signed a Farm Out agreement ("**FOA**") for the acquisition of 50% working interest and operatorship in Block 2 from Total in February 2020. The acquisition is subject to certain conditions precedent pursuant to the FOA including obtaining the relevant governmental approvals.

| **Licence details—Block 2** | |
|---|---|
| Area km$^2$ | 2,422.1 |
| Expiry | 31/10/2020 for the first exploration phase |
| Licence type | Exploration Lease |
| Main plays | Jurassic platform carbonates. Cretaceous Miocene carbonate build-ups and calci-turbidites |
| Number of active wells | 0 |
| Partners | Edison E&P (25%), Hellenic Petroleum (25%) |
| Energean's legal interest upon completion of the FOA | 50% |
| Energean's effective working interest: upon completion of the FOA | 50% |
| Data available | 1400 line/km vintage 2D seismic data |
| Royalties payable | Scale of 4% to 15 % based on a ratio that takes into account revenues and cost both related with exploration and production activities performed to the Contract Area |
| Tax regime | 20% income tax and 5% regional tax |

<u>Operational outlook</u>

Work to date on license has identified a large structure comprising of a four-way closure at the Top Jurassic Apulia platform. The prospect is thought to be an analogue to the Vega field offshore Italy. The Jurassic prospect straddles the Greek and Italian maritime border with approximately 60% of the prospect within the Block 2 license with the remaining area part in Italian waters. Edison E&P, of which Energean expects to complete its acquisition during 2H 2020, as well as holding a 25% Working Interest in Block 2 also participates in the adjacent 84F.R-EL block offshore Italy, pending award.

Additional prospectivity includes Cretaceous calci-turbidites and Tertiary Mio-Oligocene carbonate build-ups.

The minimum work program until the end of exploration phase one includes acquiring 1800ln/km of 2D seismic data. The EBS desktop study has been submit to the government. The environmental baseline monitoring and the drafting the final EAP is currently being compiled for submission. The 2D seismic program is designed to de-risk prospectivity.

Energean is considering to ask the government for an extension since none of the work program items were completed by the previous operator.

## 4.3 Montenegro

In May 2014, Energean submitted a bid in the context of Montenegro's First Round for Production Concession Contracts for offshore hydrocarbons exploration and exploitation. Energean reached an agreement with the Ministry of Economy of Montenegro in June 2016 and the agreement was ratified by the Montenegrin parliament in December 2016.

*Blocks 30 and 26*

Overview

Blocks 30 and 26 are adjacent offshore exploration assets located close to the Montenegrin coast at water depths of between 5m and 75m.

In March 2017, Energean signed a Concession Agreement with the State of Montenegro for hydrocarbon exploration and exploitation of the two blocks.

| **Licence details—Blocks 30 and 26** | |
|---|---|
| Area km$^2$ | 275 for Block 30<br>63 for Block 26 |
| Expiry | 15 March 2021 (first exploration period) |
| Licence type | Tax Royalty |
| Main plays | Tertiary biogenic gas and thrusted carbonate structures (Cretaceous age) |
| Number of active wells | 0 |
| Partner | N/A |
| Energean's legal interest | 100% |
| Energean's effective working interest: | 100% |
| Data available | 3D Seismic (2003), 2D seismic |
| Royalties payable | 5% to 12% for liquid hydrocarbons based on a sliding scale of production<br>2% for gas |
| Tax regime | 54% Corporate Tax |

Exploration work programme plan and outlook

Total investment over an exploration period of seven years from 2017 is estimated to be US$19 million, including the funding of the recently completed 3D seismic survey, geophysical and geological studies, and the drilling of one well. The seismic survey and initial geophysical and geological surveys are to be completed within three years of the date of the concession agreement (the first exploration phase) and have now been completed. Costs during this first exploration phase amounted to US$5.9 million. The second, optional, four year exploration phase requires the drilling of one mandatory well to a depth not less than 2,800m (and the geophysical and geological studies necessary to complete such drilling).

The Energean Group completed its 3D seismic survey in the first half of 2019, and processing and interpretation of the acquired 3D seismic survey have identified a number of shallow gas prospects and deeper carbonate prospects. Energean is awaiting final data in order to confirm the primary prospect. The drill-or-drop decision, which was previously anticipated by the end of 2020, could be delayed as a result of COVID-19 considerations.

## 5. Field development for the Prinos basin

The Energean Group's production for the year ended 31 December 2019 averaged 3.3 kbopd. Due to limited investment resulting from the strategic review of the Prinos basin assets which the Energean Group is currently undertaking, 2020 production is expected to be in the range of 2.0 to 2.5 kbopd.

Capital expenditure on the Prinos basin was US$59 million for the year ended 31 December 2019, with estimated development and production capital expenditure of US$5 million for the year ending 31 December 2020.

In light of the Acquisition, the Company has commenced a strategic review of capital allocation in order to prioritise those investment opportunities that deliver the highest stakeholder returns, which has resulted in a halting on all but the necessary maintenance expenditure.

During 2019, all three Epsilon Lamda platform development wells were successfully drilled. As previously announced, additional pay was encountered in the deeper and dolomitic zones of the Epsilon reservoir. This is has resulted in a reserve and contingent resource increase. The Underground Gas Storage project in South Kavala saw a positive development in 4Q 2019 when an amendment to the law was passed on 10 December. A paragraph was added at the end of article 93, making it possible for the Regulating Energy Authority to pass regulation on the tariff. This paves the way for a tender for the project, which is expected during 2020.

## 6. Infrastructure

The majority of the Energean Group's existing infrastructure in Greece is owned by the Greek state and provided to the Energean Group rent-free for the life of the Lease in the Prinos basin. The Energean Group is responsible for the costs of maintaining the facilities, however most of the decommissioning liabilities are retained by the Greek state, which is responsible for any decommissioning liabilities for pre-existing offshore and onshore infrastructure, and for 50% of the decommissioning liabilities for any additional wells and infrastructure added in the area (with the remaining 50% payable by the Energean Group, which it estimates at approximately US$60 million on a 2P basis, under the scenario that Epsilon is fully developed). As the assets will be handed back to the Greek state when the final licence held in the Prinos basin expires in 2034 (an expiration date of 2024 with two 5 year extensions), without an obligation to decommission the plant or to return any pre-existing infrastructure to its original condition, Energean does not recognise these assets on its balance sheet.

Energean's main facilities consist of:

- the Prinos Platform Complex (two production platforms "**Alpha**" and "**Beta**", one processing platform "**Delta**", one flare structure and inter-connecting bridges);
- the South Kavala gas production platform "**Kappa**";
- the oil and gas transport pipelines;
- the onshore processing and storage facilities in Nea Karvali, the "**Sigma Plant**"; and
- the offshore crude oil loading terminal and mooring facilities.

*Prinos Platform Complex*

The Prinos platform complex is located at the centre of the Prinos field. The offshore installation consists of two four-leg production platforms, Alpha and Beta. Each platform can accommodate 12 wells and is compatible with a jack-up rig, work-over rig and service rig.

As well as the four leg production platforms the Prinos platform complex also contains an 8-leg processing platform "**Delta**".

A new fixed platform ("**Lamda**"), designed to be a minimum facility normally unmanned, is planned to be installed in 2020 in the Epsilon oil field. The platform incorporates the requirement to support the Energean Force tender assist rig drilling program. The platform is currently under construction in the Constanza Yard, Romania.

*South Kavala Gas Facilities*

The four leg platform, "**Kappa**", is 12km southwest of the Prinos platforms, and is the same design as the Alpha and Beta platforms of the Prinos Platform Complex. It accommodates two wells and is compatible with drilling, workover and service rigs. It is equipped with three-phase separation facilities, a gas booster compressor unit and a tri ethylene glycol gas dehydration unit.

The gas is dehydrated and then exported to the offshore oil production platform at Prinos, where it is used for fuel and gas lift. Total annual gas production at South Kavala was approximately 553,000 $Nm^3$ in the year ended 31 December 2019.

*Sigma processing plant*

The onshore Sigma processing plant has a capacity of 27,500 bopd and is located 14km east of the city of Kavala and 18km north of the Prinos platform complex. The plant undertakes crude oil desalination and dehydration, low pressure separation, crude oil stabilisation and storage (in three floating roof tanks with a combined storage capacity of 500,000bbls). Additionally, the Sigma processing plant carries out the following gas treatments; dehydration, $H_2S$ removal and natural gas liquid recovery. The plant also undertakes residue gas compression and recycling offshore for gas lifting.

The plant also comprises both a sulphur plant and storage facilities (with sales made to a neighbouring fertiliser plant) and a 17MW combined cycle power plant (with the ability to expand). Energean has no abandonment liability in respect of the Sigma processing plant.

## 7. Employees

In 2019, the Energean Group had an average of 412 personnel. Approximately an average of 206 worked at the Sigma plant and on the offshore platforms, approximately an average of 39 on Energean Force and an average of 7 on marine activities, with the remaining full time employees comprising finance, legal, engineer/geology, HSE and administrative staff working in head office in Athens and the local offices in Kavala, Cyprus, Egypt, Israel and the UK.

### 7.1 Employees by location (full and part time)

| Average monthly number of people employed | For the years ended 31 December | | |
|---|---|---|---|
| **Location** | **2017** | **2018** | **2019** |
| Israel | 3 | 8 | 20 |
| Greece | 364 | 367 | 359 |
| Cyprus | 4 | 5 | 6 |
| United Kingdom | 7 | 16 | 19 |
| Montenegro | 0 | 3 | 3 |
| Egypt | 8 | 6 | 5 |
| **Total** | **386** | **405** | **412** |

### 7.2 Employees by function (full and part time)

| Average monthly number of people employed | For the years ended 31 December | | |
|---|---|---|---|
| **Function** | **2017** | **2018** | **2019** |
| HSE | 14 | 15 | 12 |
| Drilling and production | 70 | 68 | 61 |
| Admin, accounting and HR | 58 | 70 | 84 |
| Logistics and procurement | 26 | 30 | 32 |
| Offshore operations | 38 | 38 | 38 |
| Technical | 29 | 38 | 41 |
| Onshore operations | 61 | 61 | 61 |
| E&I | 32 | 31 | 30 |
| Mechanical | 48 | 47 | 46 |
| Marine | 10 | 7 | 7 |
| **Total** | **386** | **405** | **412** |

### 7.3 Employee unions

With the exception of those holding a managerial position, all employees of Energean Oil & Gas SA ("**EOGSA**") are covered by a collective employment agreement with an expiry date of 20 November 2021.

**PART 8**
**INFORMATION ON EDISON E&P**

# 1. Overview

Excluding the Algerian Interest and the Norwegian Subsidiary, the Edison E&P portfolio includes producing assets in Egypt, Italy, the UK North Sea and Croatia, development assets in Egypt and Italy and balanced-risk exploration opportunities across the portfolio. Excluding the Algerian Interest and the Norwegian Subsidiary, as at 31 December 2019, the Edison E&P portfolio had net working interest 2P reserves of 190 mmboe (92.3% gas) and delivered 2019 working interest production of 58.7 kboe/d (79.0% gas).

The text within this Prospectus presents the Edison E&P portfolio exclusive of all interests in Algeria and Norway, which are excluded from the transaction perimeter. However, in accordance with IFRS, the Edison E&P Group's Historical Financial Information includes the Algerian assets and Norwegian subsidiary, reflected as discontinued operations.

*Key Assets & Operations*

| Region | Producing | Development | Exploration & Appraisal |
|---|---|---|---|
| Egypt | Abu Qir | NEA<br>North Idku | North East Hap'y |
| Italy | Vega<br>Rospo Mare<br>Clara North West<br>Sarago Mare | Cassiopea | Gemini<br>Centauro |
| United Kingdom | Scott<br>Telford | - | Glengorm<br>Isabella |
| Croatia | Izabela | - | Irena |

# 2. Summary of reserves

The D&M CPR presents reserves and resources at 31 December 2019. However, since this date, there has been a substantial decline in oil prices, which could be expected to have a significant adverse effect on the estimates of revenues generated by hydrocarbon liquids sales and, depending on the cost of production associated with in-place technical volumes, could potentially be expected to have an adverse effect on estimated commercial reserve volumes. As such, the D&M CPR presents a base case and three price sensitivity cases. The base case reflects consensus pricing opinion during 1H 2020, thus reflecting the impacts of COVID-19 and OPEC+ during the period as set out in the tables below. For more information regarding the three sensitivity cases, see "*Valuation of Reserves—Sensitivity Cases*" in the D&M CPR in Part 8 of the Circular, incorporated by reference into this Prospectus.

1P Reserves (Working Interest)

| | **Oil** | **Condensate and LPG** | **Sales Gas** | **Total** | **NPV10** |
|---|---|---|---|---|---|
| | *($10^6$ bbl)* | *($10^6$ bbl)* | *($10^6 ft^3$)* | *($10^6$ boe)(1)* | *($10^6$\$)* |
| **Egypt** | | | | | |
| Abu Qir | — | 7.2 | 278.7 | 55.2 | 210.7 |
| NEA | — | 2.4 | 98.6 | 19.4 | 44.4 |
| **Egypt Total** | **—** | **9.5** | **377.3** | **74.6** | **255.1** |
| **Italy** | | | | | |
| Cassiopea | — | — | 120.2 | 20.7 | 29.7 |
| Vega | 3.1 | — | — | 3.1 | (34.6) |
| Rospo Mare | 7.7 | — | — | 7.7 | 14.2 |
| Clara Northwest | — | — | 18.3 | 3.2 | 29.3 |
| Sarago Mare | 4.3 | — | 1.0 | 4.5 | 31.3 |
| Other | 0.8 | — | 40.6 | 7.8 | (113.1) |
| **Italy Total** | **15.9** | **—** | **180.1** | **47.0** | **(43.2)** |
| **United Kingdom** | | | | | |

| | Oil | Condensate and LPG | Sales Gas | Total | NPV10 |
|---|---|---|---|---|---|
| | *($10^6$ bbl)* | *($10^6$ bbl)* | *($10^6 ft^3$)* | *($10^6$ boe)(1)* | *($10^6$\$)* |
| Scott .............................. | 0.3 | — | 0.6 | 0.3 | (46.3) |
| Telford........................... | 0.5 | — | 0.6 | 0.6 | 0.8 |
| Other.............................. | — | — | 5.9 | 1.2 | (10.3) |
| **United Kingdom Total** | **0.8** | **—** | **7.1** | **2.1** | **(55.8)** |
| **Croatia Total ..................** | **—** | **—** | **4.1** | **0.7** | **(14.5)** |
| **Grand Total** | **16.7** | **9.5** | **568.6** | **124.4** | **141.6** |

(1) Boe equals thousand cubic feet divided by 5.8

2P Reserves (Working Interest)

| | Oil | Condensate and LPG | Sales Gas | Total | NPV10 |
|---|---|---|---|---|---|
| | *($10^6$ bbl)* | *($10^6$ bbl)* | *($10^6 ft^3$)* | *($10^6$ boe)(1)* | *($10^6$\$)* |
| **Egypt** | | | | | |
| Abu Qir........................... | — | 11.6 | 434.8 | 88.1 | 334.7 |
| NEA .............................. | — | 3.1 | 131.0 | 25.7 | 74.3 |
| **Egypt Total ....................** | **—** | **14.6** | **574.9** | **113.8** | **409.0** |
| **Italy** | | | | | |
| Cassiopea........................ | — | — | 179.9 | 31.0 | 126.3 |
| Vega .............................. | 10.0 | — | — | 9.3 | (0.6) |
| Rospo Mare .................... | 9.5 | — | — | 9.5 | 26.8 |
| Clara Northwest............. | — | — | 20.6 | 3.6 | 32.9 |
| Sarago Mare ................... | 5.5 | — | 1.2 | 5.7 | 37.6 |
| Other.............................. | 0.5 | — | 57.1 | 11.0 | (70.8) |
| **Italy Total ......................** | **25.5** | **—** | **258.8** | **70.1** | **152.2** |
| **United Kingdom** | | | | | |
| Scott .............................. | 1.3 | — | 0.4 | 0.4 | (17.7) |
| Telford........................... | 0.7 | — | 0.8 | 0.8 | 7.8 |
| Other.............................. | — | — | 8.7 | 2.5 | (2.9) |
| **United Kingdom Total** | **2.0** | **—** | **9.9** | **3.7** | **(12.8)** |
| **Croatia Total ..................** | **—** | **—** | **15.4** | **2.7** | **(18.1)** |
| **Grand Total** | **27.5** | **14.6** | **859.0** | **190.2** | **530.3** |

(1) Boe equals thousand cubic feet divided by 5.8

## 3. Overview of key assets

The following table summarises the key current producing, development and exploration assets of the Edison E&P portfolio.

| Asset | Location | Operator | Edison E&P's working interest | Partner's working interest | Type | Fiscal Regime | Licence Expiration |
|---|---|---|---|---|---|---|---|
| Abu Qir.............. | Egypt | Abu Qir Petroleum Co. | 100% | N/A | Producing | PSC | January 31, 2033 |
| NEA................... | Egypt | Petro Amriya Co. | 100% | N/A | Development | PSC | December 31, 2039 |
| North Idku ......... | Egypt | Petro Amriya Co. | 100% | N/A | Development | PSC | December 31, 2039 |
| Cassiopea........... | Italy | Eni | 40% | 60% (Eni) | Development | Concession | Held by production |
| Vega .................. | Italy | Edison E&P | 60% | 40% (Eni) | Producing | Concession | Held by production |
| Rospo Mare ........ | Italy | Edison E&P | 62% | 38% (Eni) | Producing | Concession | Held by production |
| Clara North West | Italy | Eni | 49% | 51% (Eni) | Producing | Concession | Held by production |
| Sarago Mare........ | Italy | Edison E&P | 85% | 15% (GasPlus) | Producing | Concession | Held by production |
| Scott................... | UK | CNOOC | 10% | 42% (CNOOC), 27% (Total), 21% (Dana) | Producing | Concession | March 15, 2022 |

| Asset | Location | Operator | Edison E&P's working interest | Partner's working interest | Type | Fiscal Regime | Licence Expiration |
|---|---|---|---|---|---|---|---|
| Telford ............... | UK | CNOOC | 16% | 80% (CNOOC), 4% (Total) | Producing | Concession | March 15, 2024 |
| Izabela ............... | Croatia | Edina | 70% | 30% (INA) | Producing | PSC | December 31, 2029 |

In addition to the key assets noted above and described in greater detail below, the Edison E&P portfolio contains approximately 45 other licences, the details of which are provided in the D&M CPR incorporated by reference into this Prospectus.

(a) Egypt

Edison E&P's Egyptian portfolio is full-cycle, consisting of production at the 100% owned and operated Abu Qir field, development at the 100% owned and operated NEA field and exploration optionality.

(i) Abu Qir

| | |
|---|---|
| Working Interest: | 100% (via Abu Qir Petroleum Co.) |
| Operator: | Abu Qir Petroleum Co. |
| WI 2P Reserves: | 88 mmboe |
| 2019 WI Net Production: | 45.4 kboe/d |
| Cumulative Capex – 2020 through 2024: | c.US$180 million |
| 2019 year-end receivables balance (of which overdue): | US$222 million (US$126 million) |

The Abu Qir concession is the oldest gas production area in the Mediterranean Sea, located in the shallow waters of Abu Qir Bay in the West Nile Delta of Egypt. It remains one of the largest gas producing hubs in Egypt, and comprises three fields (Abu Qir, North Abu Qir and West Abu Qir) and a network of six production platforms interconnected by pipelines. Gas produced is treated onshore where gas, LPG and condensate sales streams are extracted. The onshore plant is linked to the local market by a series of product pipelines. Abu Qir is a long-life producing asset with net working interest 2P reserves of 88 mmboe. The Abu Qir concession expires on 31 January 2033, inclusive of a five-year extension, and Energean expects production to continue through to licence expiry.

Edison E&P has been operating Abu Qir since it won the licence by tender in 2008. During this time, two new platforms have been installed and the North Abu Qir Field fully developed. Adjacent leases (NEA and NI) have been acquired and the 10+ year track record of operating this low-risk producing asset will be leveraged via the development of three of the six existing discoveries in these areas. These developments will utilise spare ullage in the Abu Qir infrastructure. Further reserves and production upside is expected to be realised via infill drilling opportunities, which can be developed quickly and cost effectively, within the Abu Qir licence and will be pursued following NEA/NI development.

100% of the gas produced at Abu Qir is sold to EGPC under a Brent-linked gas price. At Platt's Dated Brent prices of between US$40/bbl and US$72/bbl the gas price is US$3.5/mmBTU, limiting volatility and exposure to commodity price fluctuations. For Brent prices below US$40/bbl the gas price decreases until it reaches a gas price floor of US$1.29/mmBTU at a Brent price of US$0/bbl. For Brent prices above US$72/bbl the gas price increases until it reaches a cap of US$5.88/mmBTU at Brent prices in excess of US$100/bbl. Changes to gas pricing are effected on a six-month rolling basis; revised sub-US$40 pricing will apply only if the Brent price is below that level for six consecutive months.

Edison E&P's receivables position in relation to amounts due from EGPC in Egypt at 31 December 2019 was US$222 million after accounting for a provision of US$37.6 million, of which US$126 million was classified as overdue. The overdue receivables balance in relation to amounts due from EGPC in Egypt has improved from US$324 million at 31 December 2016, in line with the Egyptian Ministry of Petroleum's plans to settle total arrears for International Oil Companies and in part due to through agreements in place to accelerate the recovery of overdue receivables at this asset through direct or independent marketing of condensate, direct on-off payments and service cost offset.

In line with other Egyptian production sharing contracts, there are no decommissioning liabilities associated with Abu Qir and the other Egyptian assets.

(ii) North El Amriya and North Idku (NEA/NI) concessions

| | |
|---|---|
| Working Interest: | 100% (via Petro Amriya Co.) |
| Operator: | Petro Amriya Co. |
| WI 2P Reserves: | 26 mmboe |
| Expected start-up year: | 2022 |
| Cumulative Net Capex to start-up: | c.US$116 million (NEA only) |

The NEA and NI concessions are both 100% owned by Edison and whilst operated through separate 50/50 JV companies they both fall under the overall management of Abu Qir Petroleum. NEA contains two discovered and appraised gas fields (Yazzi and Python). NI – which is split into northern and southern areas – contains four discovered gas fields, one of which is readied for development. Both areas contain additional mapped but undrilled prospects. NEA holds net working interest 2P reserves of 26 mmboe.

An initial development of two of the discovered gas fields in the NEA/NI area (Yazzi and Python) is planned. These fields will be developed as satellite fields to the Abu Qir gas-condensate offshore and onshore infrastructure. The combined development concept includes three subsea wells, to be drilled in water depths ranging from 30 to 85 metres, and tied back to the North Abu Qir III platform. A fourth well will be required to develop the NI-1 discovery. The infrastructure will be installed alongside the NEA development to allow the NI-1 well to be hooked up either in parallel with NEA or afterwards. A final investment decision is expected later in 2020 with first gas expected 18 months later.

From a commercial perspective, Edison E&P is in advanced discussions to agree a revised gas price at NEA of US$4.60/mmBTU, which will be achieved at Brent prices above US$40/bbl. There is a floor of US$4.45/mmBTU at Brent prices of US$25/bbl and below.

(b) Italy

Edison E&P's Italian portfolio consists primarily of production and development, but also includes near-field, infrastructure-led optionality with a total of over 40 licences. In 2019, working interest production was 10.3 kboe/d, of which approximately 50% was operated and 50% was non-operated. Edison E&P has a strategic partnership in Italy with ENI, which is the operator for the majority of Edison E&P's non-operated licences. Cassiopea/Argo represents the key development in Italy, contributing approximately 44% of overall Italian reserves and expected to more than double Italian production, at peak.

(i) Ibleo Area, including the Cassiopea/Argo development

| | |
|---|---|
| Working Interest: | 40% |
| Partners: | Eni (60%) |
| Operator: | Eni |
| WI 2P Reserves: | 31 mmboe |
| Expected start-up year: | 2023 |
| Cumulative Net Capex to start-up: | c.US$282 million |

The Cassiopea and Argo fields form part of a phased offshore gas development located in the Strait of Sicily, offering growth for Edison E&P with the potential for production (via connection of a sequence of satellite fields) to extend through to the early 2040's. It is the largest greenfield gas development in Italy and, once onstream, will be one of the country's main producing gas fields. Net peak production is expected to be 10.3 kboe/d.

These fields will be developed via four subsea wells (consisting of two new wells and two re-completions), with an optimised subsea production system and sealine using existing facilities for shore approach, well control and chemical injection from an existing Eni platform, and onshore gas treatment, in synergy with Gela Refinery operations. Tie-in points have been included in the production system to allow a series of low risk exploration prospects (Gemini, Centauro, Vela, etc.) and other existing discoveries (Panda, Panda West) to be tied in and hence maintain production.

There is a gas sale and purchase agreement with Edison for Cassiopea area gas, which is expected to remain in place following the Acquisition.

The Gemini and Centauro prospects, which hold estimated Pmean recoverable resources of 9.7 mmboe (net), will be drilled in the same campaign as the Cassiopea and Argo fields. These reservoirs have strong geological and geophysical similarities with the Cassiopea discovery and are estimated to have geological chances of success of 72% (Gemini) and 81% (Centauro). They are expected to be drilled by the end of 2023 at a cost of approximately US$20 million (net). In the Ibleo exploration block that surrounds the Cassiopea and Argo production lease are a number of other well-defined exploration prospects. The largest of these is Vela that has a 73% geological chance of success and is estimated to contain an additional 148 bcf of recoverable gas (100% basis). Vela could also be tied back to Cassiopea infrastructure, further extending the plateau. The initial development plan for Argo and Cassiopea does not address all of their identified GIIP. A second development phase – most likely implemented after development of Gemini, Centauro and Vela - could lead to the production of a further 141 bcf of Reserves (100% basis). Also within the Ibleo exploration block is the Lince oil exploration prospect. This Jurassic structure is analogous to the Vega field and has calculated STOIIP of 1.2 bln bbl (100% basis) – P10 operator evaluation.

(ii) Other Key Assets in Italy

| | **Vega** | **Rospo Mare** | **Clara North West** | **Sarago Mare** |
|---|---|---|---|---|
| Working Interest: | 60% | 62% | 49% | 85% |
| Partners: | Eni (40%) | Eni (38%) | Eni (51%) | GasPlus (15%) |
| Operator: | Edison E&P | Edison E&P | Eni | Edison E&P |
| WI 2P Reserves: | 9 mmboe | 10 mmboe | 4 mmboe | 6 mmboe |
| 2019 Net Production: | 1 kboe/d | 1 kboe/d | 2 kboe/d | 1 kboe/d |

The Edison E&P portfolio in Italy also includes the following four significant existing offshore operations: (i) Vega, an offshore oil field located in the Sicilian Channel; (ii) Rospo Mare, an offshore oil field located in the Adriatic Sea; (iii) Clara North West, a gas field located in the Adriatic Sea; and (iv) Sarago Mare, an offshore oil field located in the Adriatic Sea.

These assets have marketing agreements in place with key long-term buyers, including BP at Vega, Total at Rospo Mare, API at Sarago Mare and Edison at Clara North West.

Energean management estimates a total decommissioning spend through life-of field at Edison E&P's Italian assets of approximately US$483 million (of which approximately US$262 million is expected to be due over the next ten years). There is a decommissioning provision of €409.1 million (approximately US$459.6 million) in place on the Italian assets as of 31 December 2019.

Energean is committed to optimising decommissioning activities and spend at these assets through initiatives such as proactive interaction with local government and/or regulatory bodies, delaying decommissioning through field-life extension projects and grouping adjacent assets for decommissioning operations, amongst others.

(c) United Kingdom

Edison E&P's UK business consists of production and appraisal assets. The producing asset base is mature with some decommissioning ongoing, although there is scope for decommissioning at the key fields, Scott and Telford, to be delayed beyond the currently expected start date of 2025. In January 2019, CNOOC announced the 250 mmboe (gross) Glengorm discovery, in which Edison E&P holds a 25% working interest, increasing the value associated with Edison E&P's UK portfolio.

(i) Scott & Telford

| | **Scott** | **Telford** |
|---|---|---|
| Working Interest: | 10% | 16% |
| Partners: | CNOOC (42%), Total (27%), Dana (21%) | CNOOC (80%), Total (4%) |
| Operator: | CNOOC | CNOOC |
| WI 2P Reserves: | 1 mmboe | 1 mmboe |
| 2019 Net Production: | 2 kboe/d | <1 kboe/d |

The Scott and Telford assets are mature producing oil and gas assets located in the Central North Sea. Scott is a two-platform structure with twelve producing wells. Production started in 1993 and oil is transported from this asset to Cruden Bay via the Forties infrastructure network. Telford currently has three producing wells and is tied-back to the Scott platform. Production started in 1996 and oil and gas are transported from these assets via the Forties and Scottish Area Gas Evacuation System (SAGE) networks, respectively.

(ii) Glengorm

| | |
|---|---|
| Working Interest: | 25% |
| Partners: | CNOOC (50%), Total (25%) |
| Operator: | CNOOC |
| Announced resources by CNOOC Limited at discovery: | 62.5 mmboe |

In January 2019, CNOOC Limited announced the largest UK North Sea gas discovery in ten years (according to Wood Mackenzie) on the Glengorm prospect, which is located in the West Central Graben region. The discovery is close to existing infrastructure and offers tie-back possibilities, such as the Elgin-Franklin platform and the Culzean platform, amongst others.

(iii) Isabella

The Isabella exploration well spudded in mid-October 2019 and in March 2020 was announced as a discovery with hydrocarbons encountered in the Upper Jurassic and Triassic sandstone reservoirs. The discovery is a high-pressure, high-temperature discovery in a location close to existing infrastructure. Further analysis of the well results will be performed by the licence operator, Total E&P North Sea UK Limited, to determine future appraisal activity and recoverable resource estimates. The well has been plugged and abandoned.

(iv) Other Assets in the UK

The rest of Edison E&P's UK North Sea portfolio consists of mature producing assets located in the Southern Gas Basin. The production profile at these assets is expected to decline with decommissioning anticipated in the near- to medium-term, however there is optimisation potential from these assets by delaying the scope of this decommissioning. There is a decommissioning provision of €191.8 million (approximately US$215.4 million) in place on the UK North Sea assets as of 31 December 2019.

(d) Izabela, Croatia

| | |
|---|---|
| Working Interest: | 70% |
| Partners: | INA (30%) |
| Operator: | Edina |
| WI 2P Reserves: | 3 mmboe |
| 2019 Net Production: | 1 kboe/d |

Izabela is an offshore gas asset located in the Croatian Adriatic Sea. It is a two-platform structure with five producing wells and came onstream in 2014.

Production from Izabela is expected to decline to zero by 2021. However, Edison E&P expects to spud the Irena-2 appraisal well in 2020. It will target the same gas-bearing horizon that was successful in

Irena-1 and, in the event of a success, the well will be suspended for future production. First gas could be achieved during 2022 and could add net working interest production of approximately 1.7 kboe/d.

Produced gas can be marketed into either the Italian or Croatian markets via existing infrastructure already in place in both countries.

(e) Algerian Interest and Norwegian Subsidiary

Energean announced on 19 March 2020 that it had agreed that the Algerian Interest held by Edison International will be transferred to a subsidiary of Edison for US$100 million, to be adjusted for working capital receipts in 2019 and 2020, and on 28 June 2020 that it had agreed that the Norwegian Subsidiary will be transferred to Edison for US$299 million, based on an economic reference date of 31 December 2019, in each case prior to Completion. Energean shall retain the economic reward attributable to the Norwegian Subsidiary for the period to 31 December 2019, amounting to a loss of US$99 million and reducing the effective consideration at the economic reference date of the transaction for the Norwegian Subsidiary to US$200 million. On 2 April 2020, Energean and Edison entered into an amendment to the Acquisition Agreement in respect of the terms of the transfer of the Algerian Interest to a subsidiary of Edison and on 28 June 2020 an amendment to the Acquisition Agreement in respect of the terms of the transfer of the Norwegian Subsidiary to Edison.

## 4. Employees

The table below sets forth the average number of people employed by the Edison E&P Group for the periods indicated.

| **Average monthly number of people employed** | **For the years ended 31 December** | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Administration | 59 | 70 | 70 |
| Technical | 238 | 231 | 234 |
| **Total** | **297** | **301** | **304** |

**PART 9**
**INDUSTRY OVERVIEW**

*The following information relating to certain of the oil and gas markets in the countries in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operates has been provided for background purposes only. The information has been extracted from a variety of sources released by public and private organisations. The information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

## 1. The Israeli Gas Industry

Oil and gas exploration in Israel began with the enactment of the Petroleum Law 5712-1952 in 1952, under which several petroleum exploration companies, supported by recently established governmental institutions, were founded. Initial drilling activity yielded various small scale discoveries which had negligible production yields compared to the national consumption of hydrocarbons.

The oil and gas industry was transformed by the discovery of large offshore gas fields, such as Noa and Mari-B, and the major fields of Tamar and Dalit. In December 2010, Delek, Avner and Ratio discovered the Leviathan natural gas field, which has recently been commercially operated. Noble, Avner and Delek discovered Karish and Tanin in 2011 and 2013, respectively, and Tamar Southwest in 2013. As a result of these discoveries, the Israeli Ministry of Energy considers that Israel has become a country that will be capable of producing a substantial proportion of the energy consumed domestically. The Israeli government is also incentivising light industrial customers to switch from oil to natural gas as well as incentivising the creation of a compressed natural gas ("**CNG**") market to a lesser degree, the creation of CNG market for transportation purposes.

As part of the efforts to locate further discoveries in the Israeli exclusive economic zone and to encourage competition in the Israeli energy economy, the Ministry of Energy has held two bid rounds: in 2018, and one in June 2019. The latter approved twelve new exploration licenses for oil and gas exploration in Israel's exclusive economic zone. An additional competitive process is expected to take place during 2020-2021.

On the demand side, Israel has experienced an increase in demand for natural gas which is currently not met by domestic gas production. Israel's natural gas consumption was growing at an annual rate of 6.4% in 2018 (and at an annual rate of 14.2% over the period 2007 to 2017) according to BP's 2019 Statistical Review of World Energy. According to the Ministry of Energy, Israeli gas demand stood at 11 BCM in 2018, a figure which the Ministry of Energy anticipates will rise to approximately 18 BCM in 2030 and to approximately 25 BCM by 2040.

Demand for gas in the electricity sector continued to grow in 2018, accounting for 66% of Israel's fuel basket, and according to the Electricity Authority's report for 2018, is expected to increase to 71% in 2025. In addition, the gas consumption is expected to grow from 8.8 BCM in 2018 to approximately 13.5 BCM in 2030 and to approximately 16 BCM in 2040 with smaller increases in both the industry and chemical sector over the same period, according to the Ministry of Energy.

An additional factor inflating natural gas demand in Israel is the replacement of several coal and heavy fuel oil powered plants with natural gas powered stations, with the aim of reducing air pollution and greenhouse gas emissions. In December 2015 the Israeli Minister of Energy ordered a reduction in the usage of coal by 15% compared to the rate of usage during 2015, effective as of January 2016. In addition, the Ministry of Environmental Protection ordered an even greater reduction by IEC in respect of its coal power stations in Hadera and Ashkelon. IEC must reduce its usage of coal in such units by 19% each year and must close most of its coal units in Hadera (the Orot Rabin plant) by 2022 and replace the same with gas-fired power generation. To further this objective, in November 2017, the Minister of Energy officially gave priority to the production of electricity using natural gas over coal. In September 2019 the Electricity Authority published for public hearing the suggested principles of its policy aimed at reducing coal consumption in electricity generation to a minimal level, until complete cessation. This policy is to enter into effect once the Orot Rabin coal powered units have been closed and at least three natural gas reservoirs (i.e. including Karish) have been connected to the transmission system, each through separate infrastructure.

In November 2018 the Electricity Authority established a regulatory framework for an initial additional quota of 300 MW for new natural gas fired small sized electricity production facilities to be connected to the distribution network. Due to high demand for this quota (as the regulatory framework includes an annual tariff as an incentive) with proposals exceeding 1000 MW, the Electricity Authority decided to increase this quota to 450 MW which will be allocated through a competitive process. This process which was published in September 2019, together with additional competitive processes for renewable energy facilities published by the Electricity Authority as of 2017, are conducted as part of the Ministry of Energy's ambitious plan for 2030 – setting a framework for changing the electricity sector fuels basket by achieving the objective of 20% renewable energy production and 80% natural gas production in 2030.

According to IEC's March 2019 financial report, natural gas as a percentage of fuels used by IEC in electricity generation rose from 41.1% in 2014 to 51.9% in 2018. IEC reported in June 2019 that natural gas accounted for 46.77% of its electricity generation, and liquidated natural gas for 6.78%, during the first half of 2019. Additional gas supply to the electricity market may enable gas units to run at higher capacity levels and expedite the retirement of IEC's remaining coal units.

As a result of the reform in IEC and structural changes in the Israeli electricity sector, launched by the Israeli government in June 2018, IEC is required to sell five of its natural gas powered production plants with a total production capacity of approximately 4,500MW, through tenders over a period of five years. The first tender, for the Alon Tavor power plant (with a capacity of 583 MW), was concluded in July 2019 and included an additional optional capacity of 230 MW that can be established by the winning bidder, MRC group (a client of Energean) while releasing the plant from its obligation under IEC to purchase natural gas under IEC's previous GSPAs. Four other power stations are set to be privatised over the next four years, beginning with Ramat Hovav (capacity 1,137 MW) in 2020, Reading (capacity 428 MW) in 2021, Hagit (capacity 660 MW) in 2022 and Eshkol (capacity 1,683 MW) in 2023.

With the commencement of production from the Leviathan field, Israel has become a net gas exporter: To this end, the Israeli government granted export permits for a Tamar and Leviathan export project to Egypt and for Tamar export projects to Jordan. On 19 February 2018, Noble Energy and Delek Drilling announced the signing of agreements to export 2,260 Bcf of natural gas from the Tamar and Leviathan fields to Egypt over ten years and on January 2020, Israel had begun the actual export and sale of gas to Egypt and Jordan from the Leviathan field.

Additionally, in 2017, Israel signed a declaration of intentions with Cyprus, Greece and Italy regarding the US$6 billion to US$7 billion East Med project pipeline, which would allow the export of natural gas from the Eastern Mediterranean region to Western Europe. The EU has announced that it will sponsor 50% of the pre-FEED costs of the pipeline project. By signing up to this preliminary agreement, Israel is promoting itself as a potential exporter of gas to Western Europe. The proposed pipeline would be the world's longest and deepest subsea pipeline with a targeted completion date of 2025. Further to the above, on January 2020, the "EastMed Gas Pipeline Accord" has been signed at a Trilateral Summit between PM Netanyahu, Greek PM Kyriakos Mitsotakis and Cypriot Pres. Nicos Anastasiades. In parallel, Energean and DEPA have signed a Letter of Intent ("LoI") for the potential sale and purchase of 2 BCM natural gas per annum from Energean's gas fields offshore Israel, where Energean is investing US$1.7 billion for the development of the Karish & Tanin fields through the FPSO "Energean Power". DEPA, as a 50% shareholder of the "NATURAL GAS SUBMARINE INTERCONNECTOR GREECEITALY-POSEIDON S.A.", a Joint Venture with Edison S.p.A, is developing the EU Project of Common Interest (PCI) EastMed Pipeline.

While Israel has recently become a net gas exporter, as described above, there are currently local supply requirements imposed upon natural gas reservoirs, determined based on their size, aimed to encourage the development of smaller fields. These local supply requirements were determined by the Zemach inter-ministerial committee, and approved by the government in June 2013 (the "**Zemach Decision**").

According to the Zemach Decision, the local supply requirement range from 50% of production for fields greater than 7,063 Bcf (200 Bcm) down to no minimum requirements for fields less than 883 Bcf (25 Bcm).

In late 2018 the Adiri Committee, which was appointed to perform a five-year periodic examination of the government's export policy, re-examined the Zemach Decision, taking into consideration the requirement to encourage exploration activities in the natural gas sector, while considering additional factors, such as increasing competition in the gas sector and the economic benefits to the Israeli economy. In addition, the Committee conducted an analysis of supply and demand of natural gas based on a variety of scenarios, setting gas quantities to be guaranteed to the local economy, minimum supply obligation and more. The Government adopted the recommendations of the Adiri Committee on 6 January 2019 in Decision 4442, and this decision in general relaxes, and in some cases cancels, the limitations imposed on the export of gas from Israel. The main changes compared to the Zemach Decision were the cancellation of the obligation to connect small gas fields (up to 50 BCM) to the local market including the cancellation of any local supply requirements regarding such fields and the postponement of the obligation to connect fields in the size of 50-200 BCM to the local market until 2032. The Israeli national transmission system is operated by INGL. INGL is a government owned corporation tasked with the construction and operation of Israel’s natural gas transmission network and infrastructure under a 30 year licence, awarded by the Israeli Ministry of Energy in 2004. The transmission network currently includes four main pipelines serving Israel, and currently includes approximately 650 km of pipelines according to INGL.

To accommodate the expected growth of the Israeli natural gas sector, INGL has planned the construction of additional gas facilities, the establishment of a 90 km pipeline between Ramle and Eliakim, a new pipeline to Jerusalem and the connection of various parts of the existing natural gas network. INGL is also working on the development of an additional natural gas export pipeline to Jordan (in addition to the online export project to Jordan). According to the development plan, the transmission network will be able to transmit between 353 to 530 Bcf (between 10 and 15 Bcm) of natural gas (from the receiving terminals to customers) per year, and approximately 63.6 MMcf (1.8 MMcm) per hour.

## 2. The Egyptian Oil and Gas Industry

*Gas*

Egypt is Africa’s second largest gas producer after Algeria with a gas production expected to average 7 Bcfd in 2019. This level represents a ramp-up after a period of gas deficit (2014-2018) when Egypt became a net importer of gas to meet domestic demand. According to the BP Statistical Review, as at 31 December 2018, Egypt had approximately 76 Tcf of proved reserves (approximately 80% of the country’s total remaining oil and gas reserves). More than 90% of Egypt’s known commercial gas reserves are located in the Nile Delta and Mediterranean basin. Zohr and West Nile Delta projects are expected to add approximately 4.2 Bcfd post 2020, expanding the Egyptian gas market in the medium term and underpinning Egypt’s resurgence as a gas producer.

Egypt’s natural gas sector has expanded rapidly over the last decade as domestic gas consumption almost doubled from 1,388 Bcf in 2008 to 2,105 Bcf in 2018 while during the same period gas production increased from 2,005 Bcf in 2008 to 2,069 Bcf in 2018, according to the BP Statistical Review. In the absence of additional discoveries, Wood Mackenzie assumes LNG exports will be sustained until the middle of next decade. A decrease in domestic gas production presents an opportunity for third party gas from Israel and Cyprus to utilise Egypt's LNG facilities. Total gas supply is expected to reach 8.9 bcfd in 2020 from the level of 6.3 bcfd in 2018, according to Wood Mackenzie.

The Egyptian General Petroleum Corporation (“**EGPC**”) owns and operates much of the country’s refining capacity and is also the State entity responsible for managing upstream activities including infrastructure, licensing and production. In addition to EGPC and the Egyptian Mineral Resource Authority, the energy sector is divided among three holding companies: the Egyptian Natural Gas Holding Company (“**EGAS**”), the Egyptian Petrochemicals Holding Company and Ganoub El Wadi Petroleum Holding Company (“**GANOPE**”). EGAS is responsible for promoting the gas sector, establishing a development strategy and distributing tenders, as well as more from managing upstream gas activities including infrastructure, licensing and production. Egyptian Natural Gas Company is the majority-owned subsidiary of EGAS that manages transmission, distribution and processing of natural gas. Major foreign participants in the gas sector in Egypt include: Eni, Shell, BP, Apache and Rosneft, amongst others. The GANOPE is responsible for managing and supervising petroleum activities and supports international oil companies by providing technical expertise and data. International and foreign national oil companies, including Apache, BP, Eni and Royal Dutch Shell play a significant role in Egypt's upstream sector.

In February 2018 the Egyptian Government passed executive regulations to liberalise the gas market allowing private sector participation. The law allows upstream operators with contracts signed post-2013 to either market their share of profit gas or sell to EGAS (as is the current arrangement); private companies will also be able to import gas or LNG directly for sale into the domestic market. Over time a wholesale market is therefore expected to develop. Onshore assets are the ones likely to benefit the most from the liberalisation as they generally receive lower gas prices than offshore assets.

Since the election of Abdel Fattah el-Sisi in 2014 and with the return of political stability in the country, the government has made significant efforts to pay down its debts to those international oil and gas companies ("**IOCs**") present in Egypt. IOCs' arrears had totalled US$6.3 billion before 2014 and since then it has decreased as the sector has repaid part of it to reach the current US$1.2 billion, with the outstanding amount expected to be settled by year-end 2019.

*Oil*

Egypt is a mature oil producer which has been actively explored since 1860, with stable production. The first oil discovery (Gemsa) was made around 140 years ago and the country has been producing oil since 1910.

According to the BP Statistical Review, Egypt had total proved oil reserves of approximately 3.3 billion barrels as at 31 December 2018. Egypt is the largest non-OPEC oil producer in Africa. According to the 2018 BP Statistical Review, domestic oil consumption in Egypt grew by nearly 11 % from 686 kbbl/d in 2008 to 760 kbbl/d in 2018 while during the same period oil production declined by approximately 6% to 670 kbbl/d in 2018. Egyptian oil production primarily comes from three geographical areas: the Gulf of Suez, the Nile Delta and the Western Desert. The Gulf of Suez fields have underpinned oil production in Egypt since the 1960s but are now mature and production has been declining since reaching a peak of 912 kbbl/d in 1993. The emergence of the Western Desert as a key oil producing region since 2000 has managed to offset a large part of the decline from the Gulf of Suez. New discoveries in the Mediterranean deepwater offshore and in mature producing areas in the Gulf of Suez and Nile Delta may offer Egypt substantial additional oil resources in the future.

Wood Mackenzie forecasts that Egyptian liquids production will continue to fall in the longer term in the absence of any major discoveries. The impact of recent Gulf of Suez investment, on top of increased Western Desert and NGL production, has temporarily halted liquids production decline. In an effort to mitigate declining liquids production, Egypt has held numerous exploration bid rounds in recent years. In addition to the Western Desert, Gulf of Suez and Nile Delta areas, blocks have also been offered in lesser known frontier regions like the Red Sea and Upper Egypt.

Future pipeline development

The most significant oil pipeline in Egypt is the SUMED (Suez-Mediterranean) system that is routed from Ain Sukhna on the West Bank of the Gulf of Suez via the Dashour pumping station outside Cairo to the Sidi Kerir terminal on the Mediterranean coast. The system, operated by the Petroleum Pipeline Company (50% owned by EGPC), is made up of two parallel 320 kilometre lines each of 42-inch diameter. The line capacity is 2.4 million b/d and carries crude from Saudi Arabia, Iran and Egypt.

## 3. The Italian Oil and Gas Industry

Italy is Southern Europe's largest oil and gas producer. Eni is the country's leading upstream player with its large portfolio inherited from its State-owned origins. The company operates a large number of onshore and offshore legacy assets, primarily fields that were discovered and commissioned between the 1950s and 1980s. Other Majors (i.e. Shell and Total) have invested in Italy's largest onshore fields such as Val d'Agri and Tempa Rossa, and created partnerships with Eni. The corporate landscape consists of a few large-scale European investors, Asian companies (including Mitsui), as well as small E&P companies also active in the country.

*Oil*

Italy is the largest oil producer in Southern Europe. Oil production peaked at 124 kbbl/d in the 1990s and is expected to exceed 100 kbbl/d in 2020 after an initial decline according to Wood Mackenzie. This increase is based on the start-up of Tempa Rossa and Val d'Agri fields (respectively operated by Total and Eni) that are expected to account for almost 90% of Italian liquids production by the mid-2020s.

According to the BP Statistical Review, Italy had total proved oil reserves of approximately 0.6 billion barrels as at 31 December 2018. Domestic oil consumption in Italy declined nearly by 25% from 1.7 MMbbl/d in 2008 to 1.3 MMbbl/d in 2018 while during the same period oil production only declined by 10% to 97 kbbl/d in 2018.

Development of greenfield projects and new phases at existing projects will result in future production growth. Tempa Rossa production started in December 2019 and will plateau at approximately 52 kbbl/d from 2021 according to Wood Mackenzie. Val d'Agri Phase II is expected to add a further 50 kbbl/d of incremental production at plateau, offsetting decline from Phase I. However, delays are expected in the development of Val d'Agri II, one of the main contributors to Italy's expected oil production renaissance. First production from Tempa Rossa was originally scheduled for 2016 but was delayed to December 2019 as a result of regulatory delays. FIDs at Val d'Agri Phase II and Argo Cluster are expected in the early 2020s, but the timing at both fields remains uncertain.

Wood Mackenzie forecasts a decline in production from the end of the 2020s due to production assets falling into terminal decline with limited expectation of successful exploration activity. Exploration activity has been constrained in recent years due to the low oil price and regulatory challenges such as the re-introduction of an offshore exploration and development ban in January 2016, covering activity within 12 miles of the coast on areas not covered by an existing production licence. In February 2019, the Italian parliament passed an 18-month bill suspending (1) all exploration activity outside of existing production concessions and (2) all new licensing activity.

*Gas*

Gas production in Italy is expected remain below 500 MMcfd before increasing as Eni's Argo Cluster project (offshore Sicily) comes onstream in 2021 according to Wood Mackenzie.

According to the BP Statistical Review, as at 31 December 2018, Italy had approximately 1.6 Tcf of proved reserves. Italian domestic gas consumption slightly declined from 2,857 Bcf in 2008 to 2,444 Bcf in 2018 while during the same period gas production decreased from 311 Bcf in 2008 to 183 Bcf in 2018, according to the BP Statistical Review. Hence, Italy has to rely on gas imports to meet the majority of its demand, with gas imported from North Africa, Northwest Europe and Russia (imports from new sources of supply have also been contracted) relying on gas transportation infrastructure. From 2020, the Trans Adriatic Pipeline (the "**TAP**") is expected to deliver 970 MMcfd of Shah Deniz Phase II gas to Italy, Greece and Bulgaria (EPC is more than 90% complete by Q1 2020). Approximately 80% of these volumes will be sold in Southern Italy. The pipeline will be the final stage of Europe's strategically important Southern Gas Corridor. In future, capacity could double to 1,940 MMcfd via the addition of two further compressor stations.

Development of the Argo Cluster, offshore Sicily, and Val d'Agri Phase II are critical to Italy's production outlook in the early 2020s.

Gas production started in the Po Valley due to extensive development efforts after the Second World War. Pipeline infrastructure was constructed throughout the region by Eni to meet the rapidly growing demand from industrial and residential consumers. Production from offshore fields in the northern Adriatic and Ionian Seas started in the 1960s and 1970s. Output from the Adriatic fields has accounted for the majority of Italian gas production, and will continue to do so in future.

The key gas producing fields are operated by Eni: Barbara, Cervia/Arianna, Annamaria, Luna, Angela-Angelina, Hera Lacinia, Bonaccia and Porto Garibaldi. The fields were developed with 72 fixed platforms with satellite fields linked by subsea infrastructure.

Given the abundance of depleted gas fields and concerns about security of supply, Italy has significant gas storage capacity. There are 12 gas storage sites in the country, most of them being operated by Stoccaggi Gas Italia (Stogit), a wholly owned subsidiary of SNAM, for a total gas storage capacity of 621 Bcf. The storage system is made up of ten depleted onshore fields, eight of which are located in the Po Valley and two in central Italy.

*Future pipeline development*

Italy has an extensive network of gas export/import and inter-field pipelines. The vast majority of Italy's gas pipelines are owned and operated by SNAM.

The TAP is the main pipeline development impacting Italy, it will be the final stage of Europe's Southern Gas Corridor. 775 MMcfd gas are expected to be supplied in Italy through the TAP from Shah Deniz Phase II.

## 4. The Greek Oil Industry

Oil exploration in Greece dates back to at least 1903 with the first wells drilled by companies such as the London Oil Development Company, Hellis and Pan-Israel. Exploration efforts during this early period were mainly focused on onshore areas with evidence of surface oil seepage. In the 1960s and 1970s, exploration became more systematic, requiring the establishment of the first public body oriented to the exploration of hydrocarbons. Extensive geological research was carried out in continental Greece and 17 shallow depth wells were drilled. At the same time, concessions were granted to major companies, such as BP (Aitoloakarnania area), Esso (Northwest Peloponnese, Zante and Paxi Islands) and Chevron (Limnos Island) amongst others, which drilled more than 40 wells, both on- and offshore. The first exploitable hydrocarbon reserves in the offshore area of Thasos Island were discovered during this period. These areas, the Prinos basin and the South Kavala gas-field, are now owned and operated by Energean.

Energean is currently the only company in Greece operating producing assets, while Total, Repsol and Hellenic Petroleum operate exploration assets alongside Energean. Also, ExxonMobil participates in a JV with Total and Hellenic Petroleum. The rest of the domestic industry is focused on refining and distributing oil and oil products. In terms of global oil production, Greece remains a relatively minor player.

In 1996, Greece undertook an International Licensing Round, involving 6 concession areas. As a result of the first international licensing round, 4 licences were granted. Northwest Peloponnese and Ioannina were licensed to Enterprise Oil and Aitoloakarnania and offshore Western Patraikos Gulf were licenced to Triton Ltd. The total amount of investment in seismic surveys and drilling at this time reached approximately €85 million.

These initial surveys failed to identify significant resources and well drilling did not reach the depth prescribed by the original licences. However, two important targets were not investigated. In Ioannina, deep drilling was abandoned due to serious technical problems encountered by Enterprise Oil. In the Western Patraikos Gulf, the planned drilling program was not executed because of the acquisition of Triton Ltd by Amerada Hess. The companies both withdrew from their Greek licences in the early 2000s.

After those withdrawals, almost no exploration activity was undertaken for the next decade. The end of this drilling activity, however, marked the beginning of a concerted effort by the Greek government to reform the legal framework governing the granting of hydrocarbon exploration and exploitation licences.

In 2007, following an amendment added in law 3587 (article 20), the Greek government recalled all concession areas formerly granted apart from those in which Hellenic Petroleum participated in the Prinos area.

The former legal framework surrounding the procedure for granting exploration/exploitation rights was reformed, by the new law 4001/2011. The focus of the reforms was to create a new attractive entrepreneurial environment in the Greek oil and gas industry. In 2014, the Greek government opened a tender process for hydrocarbon exploration rights. Energean bid for three with the remaining 17 receiving no bids.

While Energean is the only company currently producing oil offshore in Greece, there has been a growing amount of interest from other international oil and gas companies. Currently, Greece has two offshore licences that produce hydrocarbons (Prinos and South Kavala, both operated by Energean), two offshore licences under development (Prinos and Katakolo, both operated by Energean), three onshore licences at exploration stage and another six offshore licences at exploration stage.

Seismic surveys have been conducted by Repsol-Energean at the onshore Ioannina block, with a drill or drop decision expected to be made within 2020, and by Hellenic Petroleum – Edison E&P (before Energean) at the offshore West Patraikos block, where exploration drilling has been planned for late 2021. There is also the Sea of Thrace Concession, operated by Calfrac which is stalled (force majeure).

*Oil and gas consumption*

Greece produced 1.2 MMboe of oil in 2019. However, the Greek oil domestic consumption is much higher, as it reached 118.0 MMboe of oil according to the BP Statistical Review.

While its total production volumes put Greece behind other oil producing European nations, there is sufficient demand to support significant future growth in Greek oil production. Between 2008 and 2018 European Union member states decreased their consumption of oil by approximately 8% and Greece reflects this trend with a decline of approximately 27% in that same period, according to the BP Statistical Review. Natural gas consumption, which decreased across Europe by approximately 12% between 2008 and 2018, increased in Greece by approximately 15% during that same period.

Greece has also decided to gradually phase out the use of lignite at electricity-production power plants, which includes the ceasing of operations of existing Public Power Corporation (PPC) lignite units by 2023, except Ptolemaida's unit VI, which will be shut down by 2028. A masterplan aiming to mobilize investments of up to 4.4 billion euros for the coal transition in Greece is expected to be ready by the end of June. This development is expected to further increase gas consumption in Greece, which is now 100% covered by imports from Russia, Algeria, Turkey and by LNG. In its best case scenario, DESFA (THE Greek TSO) expects gas consumption to rise from 4.4 BCM in 2020 to 6.2 BCM by 2028, without taking into consideration the lignite phase out.

*Future pipeline development and other gas infrastructure*

There are currently four major pipeline projects which would traverse Greece, along with the Natural Gas Transmission System. The Trans-Anatolian pipeline (TANAP), which runs from the Turkish border with Georgia, across 20 Turkish provinces, before ending at the Greek border in the Ipsala district of Edirne. TANAP has been connected there to the Trans-Adriatic pipeline (TAP), which runs 550 km across Greece from the border with Turkey in Kipoli to Albania in the west.

Also the East Med pipeline is a 1,700 km long pipeline which is planned to run from the Levantine basin (Israel) to Cyprus then to Crete, Peloponnesus and finally offshore to connect with the Poseidon pipeline to Italy. On January 2, Energean signed with DEPA an LOI for the potential sale and purchase of 2 BCM natural gas per annum from Energean’s gas fields offshore Israel. This has been the first commercial agreement in the context of the specific project.

Finally, in October 2019 an inter-governmental agreement for the natural gas Interconnector Greece-Bulgaria (IGB) was signed in Sofia. The Ministers of Energy of the two countries also signed the first contracts for the 182-kilometer pipeline's construction, budgeted at 250 million euros. The ICB will begin in the northeast Greek city of Komotini, where it intersects with the TAP pipeline, and continue on to Stara Zagora, in southeast Bulgaria. Its initial capacity is three billion cubic metres of natural gas (bcma), with the prospect of reaching five bcma.

There are also a couple of projects related to gas infrastructure that are in progress: a) the Kavala Gas Storage unit, first proposed by Energean back in 2011, which will be developed as an Independent Grid Project. The Hellenic Republic Asset Development Fund is expect to launch a tender within summer 2020. Gas storage capacity expected to be around 0.4-0.5 BCM. b) The FSRU Terminal in Alexandroupoli, which is complementary to the IGB pipeline and consists of an FSRU (Floating Storage Regasification Unit), anchored 10 km off the coastal area of Alexandroupolis, with storage capacity up to 170,000 cubic meters of LNG and 22.7 million cubic meters daily regasification capacity, per day (8.3 billion m3 / year), as well as a 28 km long onshore and subsea pipeline system. Market tests have already been drawn for this project in which Gastrade, DEPA, Bulgartransgaz and Gaslog participate. Final Investment Decision is expected to be made during 3Q 2020.

## 5. The UK Oil and Gas Industry

The UK is one of the world's most mature oil and gas basins with more than 45 Bboe of oil and gas produced since 1967 (first offshore hydrocarbon production). According to Wood Mackenzie, the UK has approximately 7 Bboe of remaining reserves.

The major international oil & gas companies still dominate the UK oil and gas industry, accounting for more than 40% of remaining reserves. The top producers in 2018 were Total, British Petroleum ("**BP**") and Shell. However, newer entrants are gaining market share. Private equity-backed Chrysaor and Siccar Point Energy are both among the largest ten players by reserves. BP is still the largest oil and gas player in the UK by reserves and second largest by production based on large operated stakes at giant fields such as Clair and Schiehallion Area in the West of Shetland. The West of Shetland giant fields account for more than half of the company's reserves, with material growth potential located in the Central North Sea (e.g. Culzean and ETAP projects). Shell and Total, despite recent rationalisation of their portfolios (including the recent divestment of UK non-core assets to HitecVision and PetroGas by Total in July 2019), maintain positions in several material UK assets. Total was the largest producer in 2018, relying on its operated stake in Culzean, the largest gas development to come onstream in the UK since Shearwater in 2001. Chevron and Equinor also hold material operated positions in the UK while ExxonMobil is the only Major not operating assets in the country.

In 2015 the Oil and Gas Authority was established following the Wood Review recommendations to 'Maximise Economic Recovery' from the sector. This independent body charged with stewardship and regulation of the UKCS has since implemented changes in the licencing regime, as well as various other initiatives, including administering two government-funded seismic campaigns. It is also starting to put pressure on operators with regard to developing new fields, and interrogating any requests to cease production at older fields.

The vote to exit the European Union in June 2016 (commonly referred to as "Brexit") added a complicating factor for the UK oil and gas industry. Political uncertainty in the UK is at a level unseen since UK offshore oil and gas was first discovered. According to Wood Mackenzie, Brexit is expected to have a limited impact on current operations as the sector is fully regulated by the UK government, and has been since before the UK joined the EU.

In response to the oil price collapse in 2015 and 2016, the rate of Supplementary Charge Tax was reduced from 30% to 10%, and Petroleum Revenue Tax ("**PRT**") was suppressed. UK upstream companies are still liable for a 30% Corporation Tax. Prior to the changes there was a two-tier tax system in UK oil and gas - older fields were liable for PRT with a headline marginal rate of 81%, while the rate for newer fields was 62%. The combined effect of the changes was to bring the tax rates in line with one another and the marginal rate is now 40% across the board. The government also introduced the basin-wide Investment Allowance in Budget 2015, replacing all other incentives (excluding HP/HT Cluster Area Allowance and Onshore Oil and Gas (Pad) allowance). Further extensions to this allowance were announced in the Summer Budget 2015 and Budget 2016, to include long-term leasing of production units and tariff income.

Although these tax changes have been welcomed by the industry, Wood Mackenzie sees a risk of a return to the UK's historic fiscal instability with the continued oil price volatility and the uncertainty in the UK economy due to “Brexit”.

In the early 2010s, the UK upstream sector was in an era of rapid cost inflation, leading to pressure on project economics. Following the fall in oil prices from late 2014, the sector has gone through a period of rapid cost deflation with the average operating cost per barrel falling by almost 50% from US$29/bbl in 2014 to US$15/bbl in 2017 (when average operating costs in nearby Norway are US$7/bbl).

The West of Shetland is the growth region of the UKCS: according to Wood Mackenzie, large development projects at Clair, Rosebank and Cambo (located in the West of Shetland) are expected to add a combined total of 1.4 Bboe of oil and gas production into the market until 2040, with further upside at all three of these projects.

Exploration activity in the UK has faltered over the past decade and the number of wells drilled reached an all-time low in 2018 (8 exploration wells). However, the UK has seen big recent discoveries such as the Glendronach gas field discovered in the West of Shetland in September 2018 (an estimated 1 Tcf of discovered resources) and the Glengorm gas/condensate field in the Central North Sea discovered in January 2019 (an estimated 250 MMboe of discovered resources, in which Edison holds a 25% stake). These discoveries are expected to add substantial gas volumes into the UK market by the mid-2020s according to Wood Mackenzie.

The maturity of the UK oil and gas industry implies a near-term large-scale decommissioning activity. The need to abandon facilities has been successfully delayed over the years with field lives extended through brownfield drilling, enhanced oil recovery techniques, satellite developments and cost sharing arrangements. Removing the infrastructure and abandoning wells is expected to require around £50 billion (2019 terms) over the next 15 years according to Wood Mackenzie.

*Oil*

UK’s oil production is concentrated in the North Sea areas (Northern and Central North Sea) and the Atlantic Margin (accounting for c.98% of 2019 expected production). According to the BP Statistical Review, the country’s oil production has increased by 8.6% since 2014 to reach 1.1 MMbbl/d in 2019. As at 31 December 2018, the UK had approximately 2.5 Bbbl of proved oil reserves (c.35% of the country total remaining reserves).

According to the BP Statistical Review, domestic oil consumption in the UK declined nearly by 7% from 1,7 MMbbl/d in 2008 to 1.6 MMbbl/d in 2018 while during the same period oil production decreased by 30% to 1.1 MMbbl/d in 2018.

Oil production in the country peaked in 1999 before entering a period of decline until 2015. Production increased in 2015 by around 18% (first production increase since 1999), signalling the start of a brief upturn in the UK production with new fields due to come onstream. Oil production is expected to increase in 2019 to reach 1.1 MMbbl/d as new projects like Mariner and Clair Ridge bolster liquids production. The continued oil production growth in the UK is also due to the focus on production efficiency and facility uptime for operators in the country. However, this is not expected to reverse the overall downward trend beyond 2020 according to Wood Mackenzie, with a production profile expected to decline from 2021 onwards.

*Gas*

The UK gas production peaked in 2000 and entered a decline phase in 2003. Production is concentrated in the North Sea areas (Northern and Central North Sea) and the Southern Gas Basin, with steady production expected until 2022 driven by a ramp-up at Cygnus and the Greater Laggan Area fields, as well as the Culzean field (giant HP/HT field) also expected to boost UK gas production from 2019. Culzean is the UK's largest gas discovery in the last 15 years, and is due to start production in the Central North Sea in 2019. This field will contribute almost 10% of the UK's total gas production in 2021 according to Wood Mackenzie.

According to the BP Statistical Review, as at 31 December 2018, the UK had approximately 6.6 Tcf of proved gas reserves. British domestic gas consumption declined by 20% from 3,454 Bcf in 2008 to 2,786 Bcf in 2018 while during the same period gas production decreased by more than 40% from 2,571 Bcf in 2008 to 1,434 Bcf in 2018.

**PART 10**
**REGULATORY OVERVIEW**

*The following information relating to the regulatory position in certain of the oil and gas markets in the countries in which the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group operates has been provided for background purposes only*.

## 1. Regulatory and legislative framework in Israel

### 1.1 Government regulations

The natural gas sector in Israel is regulated by two primary laws: the Petroleum Law 5712-1952 and the Natural Gas Sector Law 5762-2002 (the "**NG Law**").

While the Petroleum Law establishes the legal framework governing the upstream exploration and production of oil and gas, the NG Law regulates the downstream natural gas sector. The Petroleum Law establishes procedures for granting preliminary permits, licences and leases ("**Petroleum Rights**") and governs both onshore and offshore activities in connection with Petroleum. By contrast, the NG Law governs natural gas infrastructure, including distribution, transmission, storage and LNG facilities and sets out the licensing regime for such infrastructure. The NG Law applies only to natural gas.

The principal regulatory body in Israel's energy sector is the Israeli Ministry of Energy, which is headed by the Minister of Energy. The Ministry of Energy is responsible for all of Israel's energy sectors and its natural resources, including electricity, fuel, LPG, natural gas, conservation of energy, water, sewage, petroleum explorations, minerals, earth science and marine research and more. The Ministry supervises the public and private bodies operating in these fields, while regulating the market, protecting the consumer, and protecting the environment.

The Ministry oversees the public and private entities involved in these fields, and acts to ensure proper response to the sector's changing energy and infrastructure needs.

The Israeli Ministry of Energy's Natural Resources Administration, in charge of Locating new natural resources and efficient utilisation of existing resources while minimising the damage caused to nature houses the Petroleum Unit (overseeing upstream activities and headed by the Petroleum Commissioner who oversees Petroleum exploration and production activities as well as issues the various types of Petroleum Rights). The Israeli Ministry of Energy also houses the Natural Gas Authority, which regulate the infrastructure governed by the NG Law and are responsible inter alia for granting of licences, setting the tariffs and determining service rules for such infrastructure.

*The NG Law*

In order to enable the operation of natural gas infrastructure, a licence must be issued. However, the marketing and sale of natural gas does not currently require a licence under the NG Law.

*The Petroleum Law*

Since petroleum resources belong to the State of Israel, the Petroleum Law requires that in order to conduct exploration and production activities, one of three types of rights must be granted: two relevant to the exploration stage (the preliminary permit and licence, respectively), and the third for production (the production lease).

Upon a "discovery" of Petroleum in commercial quantities during the term of a licence, the licensee has a statutory right to receive a production lease. Petroleum leases may cover an area of up to 250 square kilometres and are granted for an initial term of 30 years, extendible to a maximum of 50 years in total. The Karish and Tanin leases have been granted until 10 August 2044 (with an option to extend by an additional 20 years).

*The Marine Bill*

In recent years, the Israeli government has been working on legislation to eradicate the uncertainty surrounding application of local laws outside Israel's territorial waters, in the Israeli EEZ, where both the Karish and Tanin Leases are located. In December 2014, the Israeli government published the Marine Areas Bill-2014 (the "**Marine Bill**") which, when legislated, seeks to create certainty by determining a "closed list" of local laws that apply in the EEZ. An updated version of the Marine Bill has been formally published in November 2017 and submitted to the Israeli Parliament and has recently passed the first out of three votes.

*Competition with the Upstream Natural Gas Duopoly*

In response to the emergence of a duopoly over offshore natural gas discoveries, the Israel Antitrust Authority issued a number of decisions regarding long-term Gas Supply Agreements signed between Noble, Delek, Avner, Isramco and Dor and private electricity producers and the Israel Electric Company. In 2015, an inter-ministerial task force was appointed, in order to reach a comprehensive agreement addressing several outstanding regulatory and antitrust issues in respect of the duopoly. The taskforce's efforts resulted in the Natural Gas Framework ("**NGF**") struck between the government, Noble and Delek.

The NGF's core principles include requiring Noble and Delek to transfer their rights in the Karish and Tanin reservoirs within a set time period, as well as to dilute and transfer their rights in the Tamar reservoir within a set time period; establishing a termination flexibility and determining a set price mechanism to be proposed for new Gas Supply Agreements signed by the Tamar and Leviathan leaseholders, within a set time period; adopting a broad stability clause; establishing milestones and incentives for the development of the Leviathan field; and clarifying the export allowance from the Tamar field. The NGF was initially approved in August 2015; however, following a decision of the Israeli High Court of Justice rejecting the stability clause, the government, Noble and Delek reached an agreement regarding a revised stability clause in May 2016, allowing for the implementation of the NGF.

### 1.2 Fiscal regulations

Israel has imposed a specific royalty regime on the exploitation of oil and natural gas. Its key elements are a royalty of 12.5% imposed, in accordance with the Petroleum Law, on petroleum and natural gas according to their market value at the wellhead.

In addition, and following the recommendations of a governmental committee in 2011, the Israeli Parliament passed the Taxation of Profits from Natural Resources Law (2011) (the "**PNR Law**"). The Levy imposed under the PNR Law is imposed in addition to the 12.5% royalty to the state as per the Petroleum Law, but is deductible for income tax purposes under section 17 of the Ordinance. The PNR Law imposes a progressive levy on Petroleum Profits derived from a Petroleum Project (the "**Levy**"). Petroleum profits are defined as the difference between the Current Proceeds and the Current Payments in each year (all capitalised terms herein refer to defined terms in the PNR Law).

The Levy is imposed on the Petroleum Profits of a Petroleum Project, ring-fenced by a single Petroleum Right. The Levy is calculated dynamically by comparing receipts to payments and compared to the level of investment made. The Levy is imposed at the rate of 20% once the cost recovery ratio of the Petroleum Project has reached 150% (as calculated under the PNR Law) and is gradually increased up to a ceiling rate of 50% when the cost recovery ratio of the Petroleum Project reaches 230%. Note that the ceiling of 50% may be reduced with a certain formula (as described below) when the corporate income tax exceeds 18%. Unless specifically approved by the Israeli Tax Authority, the shifting of revenues or investment costs from one Project to another is not allowed for the purposes of calculation of the Levy.

Royalty payments are deducted from Petroleum Profits for the calculation of the Levy and also included in Cumulative Current Payments in the numerator of the Levy ratio. In addition, royalties are deductible for corporate income tax purposes in the year incurred under section 17 of the Ordinance.

Under the Law, if corporate tax rate will be higher than 18%, the maximum monthly levy rate will be 50% less 0.64 multiplied by the difference between the actual corporate tax rate and 18%. Since the corporate tax will be 23% (from 2018 onwards), the maximum monthly levy rate will be approximately 46.8%.

The Israeli Income Tax Ordinance 5721-1961 (the "**Ordinance**") imposes tax upon the worldwide income of Israeli residents (including Israeli branches of foreign companies) and the Israeli sourced income of foreign residents. Thus, petroleum exploration and production activities carried out in Israel are subject to tax under the Ordinance, whereas the corporate tax rate in Israel is 23%.

Under the PNR Law, Fixed Assets are depreciated under one of two alternative methods: (i) a straight line depreciation method with a fixed rate of up to 10%; or (ii) a changing rate such that the overall depreciation of Fixed Assets under this method will be equal to the taxable income but with a cap of 10% of the Fixed Asset cost base, at the choice of the oil right holder. Fixed Assets include machines, equipment, exploration and development expenses including expenses for examinations, geological, geophysical, geochemical and similar tests, except for real estate. Depreciation commences in the year commercial production starts.

Energean Israel has obtained a written ruling by the Israeli tax authorities according to which the acquisition cost of Karish and Tanin will be amortised with the following structure, the initial payment US$40 million has a 10% depreciation straight line and the outstanding consideration of the US$108.5 million has a depletion method, which applies the 1P reserves in the denominator of the ratio. The starting point of the depreciation will be the date of commencement of production.

### 1.3 Health, safety and environmental regulations

The Petroleum Regulations include general conservation and safety provisions designed to ensure the health, safety, and welfare of those engaged in Petroleum exploration and production activities. The Petroleum Regulations further address, *inter alia*, precautions to be taken to prevent the uncontrolled flow of fluids between geological formations; establishment of maximum efficiency rates and the Petroleum Commissioner's ability to regulate these; and pressure maintenance provisions.

In addition, Israel's wide-ranging environmental legislation uses all forms of legislative instruments: laws, regulations, administrative orders, and bylaws. These encompass laws that relate to Israel's marine and coastal environment, including Prevention of Sea Pollution from Land-Based Sources Law, 5748-1988, Protection of the Coastal Environment Law, 2004. The environmental legislation also deals with the safe treatment of contaminants and pollutants, including under the Hazardous Materials Law, 5753-1993. Aside from laws and regulations dealing with specific environmental issues, Israel's legislation also includes comprehensive laws - such as the Planning and Building Law and the Licensing of Businesses Law - which provide a framework for controlling the use of resources and promoting sustainable development.

## 2. Regulatory and legislative framework in Egypt

### 2.1 Government regulations

Law No. 66 of 1953 is the principal law governing the petroleum sector in Egypt. Ultimate responsibility for the petroleum sector lies with the Minister of Petroleum ("**MoP**") however some responsibilities have been delegated to various governmental agencies including the Egyptian General Petroleum Corporation ("**EGPC**"), the Egyptian Natural Gas Holding Company ("**EGAS**") and South Valley Petroleum Holding Company ("**GANOPE**").

EGPC is responsible for the development and exploitation of Egypt's petroleum resources and for ensuring the supply of the various refined petroleum products within Egypt, subject to the direct oversight of the MoP. Through its various subsidiaries, EGPC engages in all aspects of the petroleum industry, including the exploration for and production of crude oil, condensate and natural gas, the refining, marketing and transportation of crude oil, condensate, natural gas and refined petroleum products, and the production and marketing of petrochemicals.

The Government established GANOPE in 2002 and since its establishment, GANOPE has taken over responsibility from EGPC for all oil and gas activities in southern Egypt.

EGAS was established in 2001 pursuant and since its establishment, EGAS has become the representative of the Egyptian government in all natural gas concessions. EGPC manages the financial aspects of EGAS' concessions (all payments of EGAS are made by EGPC and all receivables of EGAS are channelled to EGPC).

A new gas law was enacted by Law No. 196 in 2017 ("**New Gas Law**") and is applicable in relation to the gas market only (and not the concessions). The New Gas Law aims to simplify the process for securing the local needs for natural gas. It gradually liberalizes the Egyptian gas market, opening it up for private investment in trading, storing, selling, and distributing natural gas.

Under the New Gas Law, private companies pay a set fee for the use of public transit facilities and pipelines. Profits from these fees are used to expand existing pipelines and encourage investment in gas infrastructure and transportation networks. An independent regulatory body named Gas Market Activities Regulatory Body will be formed under the New Gas Law to regulate and supervise the gas market and issue licences for the importation, transportation, and sale of natural gas. Although certain companies have obtained licences pursuant to the New Gas Law, the New Gas Law has not been fully operationalised and the new Gas Market Activities Regulatory Body is in the process of determining means of liberalising the Egyptian gas market.

### 2.2 Exploration and production regulations

Development of Egypt's reserves of oil and gas typically involves a concession agreement. The production sharing ratio between the contractor and the governmental agency of the remaining petroleum after the cost recovery and Egyptian government's royalty is included in the concession and varies according to the production level.

Following a commercial discovery of oil and/or gas, consisting of one or more producing reservoirs worthy of being developed commercially and if the governmental agency party to the concession and the contractor agree to develop the relevant area, they agree the extent of the area and such area is then, subject to the approval of the Minister of Petroleum, subject to a development lease. The terms of the development lease are pre-agreed in the concession. The duration of any development lease is 20 years, but the period may be extended by a further periods, each of five (5) years upon obtaining the approval of the governmental agency and the Minister of Petroleum. The contractor remains able to continue to explore the areas within the concession that are not subject to the development lease on the exploration terms set out in the concession. Upon the establishment of a development lease, the governmental agency and the contractor decide together on a development and production plan.

## 3. Regulatory and legislative framework in Italy

### 3.1 Government regulations

In Italy, the State owns all mineral resources and awards exploration permits and exploitation concessions to private entities subject to the payment of an annual fee calculated on the size of the granted area and subject also to a royalty payment obligation proportional to the volumes of production. In Sicily, as a special statute region with legislative and administrative autonomy, specific and regional laws are applicable to the hydrocarbon exploration and production activities only if such activities are carried out on the mainland. National laws and rules highlighted below remain applicable to exploration and production activities carried out in the sea (as for Cassiopea).

On 11 February 2019, Law No. 12/2019 was approved by the Italian Parliament. Within eighteen months of its entry into force, the Ministry of Economic Development and the Ministry of the Environment will together adopt a plan (*piano per la transizione energetica sostenibile delle aree idonee* "**PiTESAI**") for sustainable energy extraction which aims to identify suitable areas of the national territory to carry out activities of prospecting, research and exploitation of hydrocarbons.

Before the approval of the above mentioned PiTESAI, all administrative proceedings related to the award of new permits for prospecting or exploration of hydrocarbons and all permits already issued are suspended with consequent interruption of all prospecting and research activities both on land and at sea. Law No. 12/2019 also established that, until the adoption of the PiTESAI, new applications for the award of exploitation concessions cannot be submitted. If the PiTESAI shall not be adopted within twenty-four months from the effective date of the law (13 February 2019) such suspensions and limitations will end automatically.

The exploration permits already issued on the date of adoption of the PiTESAI will be revoked if they are related to areas identified as unsuitable by the plan. The exploitation concessions already in force in unsuitable areas will remain effective, but, on these areas, no new application for renewal of the concessions will be allowed.

### 3.2 Fiscal regulations

Title holders are obliged to make the following royalty payments:

- for onshore production (in Sicily), payment amounting to 20% of the oil or gas production;
- for offshore production (in all the regions) or onshore gas production (in all the regions other than Sicily), payment amounting to 10% of the gas production above 25 ML standard cubic metres (Scm) for onshore and above 80 ML Smc for offshore;
- for offshore oil production, payment amounting to 7% of the oil production above 50,000 tons; and
- for onshore oil production, payment amounting to 10% of the oil production above 20,000 tons.

### 3.3 Exploration and production regulations

Exploration permits are granted, following a single procedure with the participation of all relevant authorities, by a decree of the Ministry of Economic Development. In the case of an onshore project, the granting of the ministerial decree requires an agreement with the relevant region(s).

Exploration permits entitle their holders to carry out any kind of geological, geophysical and geochemical survey aside from drilling activities. With respect to drilling activities, an additional specific authorisation is required, following an environmental assessment.

The permits are granted on an exclusive basis and can be awarded to one or more companies who must appoint an operator as their representative.

The granting of an exploration permit requires a previous evaluation of the project's environmental aspects. If the project is onshore, then the relevant region is called to estimate the expected environmental impacts of the project in order to decide if a deeper environmental impact assessment is necessary. If the project is offshore, then it is always subject to a full environmental impact assessment.

The permits have an initial duration of six years, and may be renewed twice, for three years each time. To obtain such renewals, permit holders are required to relinquish certain percentages of the initial area covered by the permit.

*Exploitation concession*

If, under the exploration permit, a commercial discovery of hydrocarbons is made, then the relevant titleholder(s) can apply for an exploitation concession.

The exploitation concession confers to the holder an exclusive right to exploit the field. The exploitation concession may be held by more than one entity, in which case each party shall have the right to a certain share of the production but remaining however jointly liable *vis-a-vis* the governmental entity granting the concession.

The application for the concession must include a work development plan and a production plan with the expected production profile. Such plans must point out also the prospected investments, including those for the restoration of the places, and shall include also a decommissioning and restoration plan.

Exploitation concessions have an initial duration of 20 years. After 15 years, the concession holder(s) can apply for an extension of ten years if the approved work plan for the first period has been completed. If all obligations provided in the concession with regard to the initial period or the subsequent extension have been fulfilled, further extensions of five years are possible by providing reasonable justification that the field will be still in production.

### 3.4 Health, Safety and Environmental Regulations

(a) Legislative Decree 29 June 2010, No. 128, introduced a prohibition on conducting activities related to exploration and production of hydrocarbons within twelve nautical miles from the coast.

(b) The Decree-Law No. 5 dated 9 February 2012, converted into law No. 35 dated 4 April 2012, introduced among the works subject to integrated environmental authorization the activities carried out on regasification terminals and other installations located on offshore platforms.

(c) The legislation prescribes the environmental impact assessment for:

   (i) drilling of wells for the research and production of liquid and gaseous hydrocarbons onshore and offshore;

   (ii) production of liquid and gaseous hydrocarbons, onshore and offshore, when exceeding 500 tons per day for oil and 500.000 m3 per day for natural gas;

   (iii) construction of submarine pipelines for the transport of hydrocarbons.

(d) It also requires an evaluation and a decision by the State in respect of the necessity of the environmental impact assessment for the production of liquid and gaseous hydrocarbons, onshore and offshore, for a quantity extracted up to 5000 tons per day for oil and 500.000 m3 per day for natural gas.

## 4. Regulatory and legislative framework in Greece

The oil and gas industry in Greece is governed by many statutes and subsidiary legislation, with the most relevant being Law 2289/1995 (the "**Hydrocarbons Law**"). The Hydrocarbons Law, and the regulations made pursuant to it, has established a legal framework for the regulation of the petroleum industry in Greece.

### 4.1 Government regulations

The Ministry of Environment and Energy's (formerly the Ministry of Reconstruction of Production, Environment & Energy) intention is to provide and support a business friendly environment and attract new investors. The Hellenic Hydrocarbons Resources Management was thus formed as a totally independent, corporate entity, whose articles of association are already published in the form of Presidential Decree, and whose board of directors has been selected through the transparent open government process, which has undertaken the responsibility to organise and execute all the relevant exploration and/or production tenders, evaluate the offers, select the first preferred bidders, prepare the relevant agreements and supervise their appropriate execution.

### 4.2 Exploration and production regulations

*Hydrocarbons Law*

The Hydrocarbons Law, as amended, is intended to improve the framework for the commercial exploration and development of hydrocarbon deposits in Greece and to make Greek oil and gas industry investment opportunities more attractive.

In order to be granted the right to prospect for hydrocarbons, a decision needs to be made by HHRM according to the procedures provided by paragraph 17 of Article 2 of the Hydrocarbons Law.

*Presidential Decree 127/1996*

In conjunction with the Hydrocarbons Law, Presidential Decree 127/1996, under the title "*Lease Terms of the Right for Exploration and Exploitation of Hydrocarbons*", regulates the terms and conditions of hydrocarbon lease agreements. It regulates annual task schedules, estimated budgets, waivers of rights, income and expenses, pricing of hydrocarbons, dispute resolution and the extension of terms. It also provides for the formation of a committee for the removal and usage of installations upon the termination of the concession for exploitation.

*Recent Amendments*

A recent amendment to the Hydrocarbons Law was Law 4001/2011. Law 4001/2011 transposes into national legislation EU Directives concerning common rules for the internal market in electricity and common rules for the internal market in gas that oblige EU member states to further liberalise their electricity and natural gas markets.

*Rights of foreign investors (non-EU nationals)*

Non-EU nationals (whether natural or legal persons) may be granted hydrocarbons prospecting, exploration and exploitation rights as long as the principle of reciprocity with their country of origin applies.

*Farm-ins and farm-outs*

Similarly, transfers of parts or entire concessions to third parties or affiliates (including transfers resulting in change of control) are subject to the prior consent of the HHRM and approval by the Minister *provided that* the transferee meets the tender participation criteria and *provided that* there are no grounds standing of national security for the refusal of this consent.

## 4.3 Fiscal regulations

The Hydrocarbons Law imposes an income tax of 20% plus a regional tax of 5% upon the lessee or the contractor, as the case may be. The income tax provisions of the law also involve a complex system of revenue classification and expense allowances. The Hydrocarbons Law also includes certain exemptions from customs duties. Articles 8 and 9 of the Hydrocarbons Law establish a detailed taxation framework which controls the tax assessment process.

The Hydrocarbons Law does not include specific provisions for the payment of royalties however these are payable in relation to Prinos and South Kavala under the lease agreement ratified by Greek Law 2779/1999. Royalties are payable by Energean to the Greek State on its annual gross income generated by the sale of petroleum, prior to the deduction of any expenses, according to a progressive rate in proportion to the average daily production of petroleum, as the latter results based on the total annual production, according to the table below. 2016 was the first year in which the Energean Group's production reached the threshold for royalties to become payable.

| (a) | Average Daily Production | (b) | Total Royalties |
|---|---|---|---|
| (c) | Up to 2,500 barrels | (d) | 0% |
| (e) | From 2,501 to 5,000 barrels | (f) | 3% |
| (g) | From 5,001 to 10,000 barrels | (h) | 6% |
| (i) | From 10,001 barrels and more | (j) | 10% |

Under the Ioannina, Katakolo and Aitoloakarnania lease agreements, royalties, payable in cash or in kind, are calculated by reference to the relevant R-factor (i.e. cumulative revenues / cumulative costs) and imposed quarterly at escalating rates ranging from 2% to 20%.

*Fiscal terms applicable under the leases*

In addition the Energean Group's Greek leases, as ratified by the Hellenic Parliament, contain certain fiscal terms.

Under the terms of the Prinos, Ioannina, Katakolo and Aitoloakarnania leases, the income tax plus the regional tax exhausts the income tax obligations of each co-lessee and its shareholders, members or partners with respect to the profits resulting from its petroleum operations. Withholding taxes other than dividend withholding taxes apply according to general provisions. VAT applies according to general VAT provisions, with a current rate of 24%.

Under these leases, certain exemptions are granted on stamp duties and other indirect taxes applied on loans and credit agreements, interest, and the payments (cash calls) paid by each co-lessee to the operator, *provided that* the purpose of funds granted is exclusively the financing of petroleum operations.

Under the Prinos lease, any additional capital expenditure will be deducted by 100% from the annual gross income at the respective year. Under the Ioannina, Katakolo and Aitoloakarnania leases, annual depreciation is permitted at 40% of the value of the annually produced and saved hydrocarbons and byproducts.

Tax losses in respect of the Prinos field can be utilised to offset taxable profits up to the termination of the leases' duration. Under the Ioannina, Katakolo and Aitoloakarnania leases, losses incurred in respect of a particular exploitation area prior to the commencement of any exploitable production shall be carried forward without any restrictions for such period, but from the commencement of production in any exploitation area onwards, the general income tax provisions shall apply (which currently apply a limit of five years).

For licences falling within the provisions of Law 2289/1995, up to 50% of exploration expenses in one contract area may be included in the expenses of another contract area for which the lessee or each co lessee holds an exploitation licence according to the provisions of Law 2289/1995 and has commenced the production of hydrocarbons.

In addition to the taxes and royalties outlines above, the Ioannina, Katakolo and Aitoloakarnania lease agreements provide for signature bonuses of €0.5 million, €0.2 million and €0.25 million respectively and production bonuses payable at specified cumulative production thresholds set out in the table below:

| **Ioannina** | **Katakolo** | **Aitoloakarnania** |
|---|---|---|
| €1.5 million at 10 million boe | €0.5 million at 1 million boe | €0.5 million at 5 million boe |
| €7.5 million at 50 million boe | €1.0 million at 2.5 million boe | €1.0 million at 10 million boe |
| €15 million at 100 million boe | €2.0 million at 5 million boe | €2.0 million at 20 million boe |
| | €2.5 million at 10 million boe | €3.0 million at 40 million boe |
| | | €5.0 million at 80 million boe |
| | | €10.0 million at 100 million boe |

The Ioannina and Katakolo leases also provide for surface fees of €10/km2 annually during the first phase of the exploration stage, €15/km2 annually during the second phase of the exploration stage, and, in the case of Katakolo, €20/km2 annually during third phase of the exploration stage, increasing under both leases to €200/km2 annually during the exploitation stage. The Aitoloakarnania lease provides for surface fees of €50/km2 annually during the first phase of the exploration stage, €100/km2 annually during the second phase of the exploration stage, and €200/km2 annually during third phase of the exploration stage and any extension thereof, increasing to €1,000/km2 annually during the exploitation stage.

## 4.4 Environmental regulations

Under the Hydrocarbons Law, the Minister of Environment and Energy may, upon the recommendation of HHRM, impose regulations for the performance of operations and projects of any kind, storage tanks and pipelines, the carrying out of drilling operations and the plugging of wells. The Minister of Environment and Energy may impose a fine of up to €1.5 million for every violation of such requirements. Fines for violating regulations relating to sea pollution and damage to flora and fauna may also be imposed by local port authorities.

With regard specifically to offshore areas where oil and gas operations take place, Directive 2013/30/EU18 on the safety of offshore oil and gas operations has been transposed into Greek law, by virtue of Law 4409/2016 (Official Government Gazette 136/A/2016). Further to the Directive's relevant provisions, Law 4409/2016 puts in place a set of rules in order to prevent major accidents in the context of offshore petroleum operations, and to ensure an adequate response system in cases of emergency.

# 5. Regulatory and legislative framework in the UK

## 5.1 Government Regulations

The UK Government's specified policy is to maximise cost effective recovery of UK resources recognising the challenges of a mature area in the North Sea and new potential with shale onshore. Following the recommendations of the independent UKCS Maximising Recovery Review Final Report on how to do this, the Oil and Gas Authority ("**OGA**") was established on 1 April 2015 and took over many of the Department of Energy and Climate Change's functions, including petroleum licensing and regulation of the upstream sector. The Infrastructure Act 2015, which was promulgated soon after, codifies the Government's objective of maximising recovery of the UK's offshore oil and gas resources, provides the legislative basis for the strategy and sets the manner in which the industry and the OGA can achieve its objectives. The present legal framework mainly derives from the Petroleum Act 1998 ("**1998 Act**"), which has consolidated all earlier legislation relating to petroleum, offshore installation and submarine pipelines and sets the regulatory regime applying to oil and gas exploration and production in the UK. A matrix of environmental, health and safety and other legislation supplement the 1998 Act, which vests the Crown with the exclusive right to search and bore for and get petroleum in Great Britain, the United Kingdom Continental Shelf, and Territorial Sea and states that only licence holders can undertake exploration and production of petroleum in the UK.

Amongst the OGA's core functions is the responsibility for regulating licensing of exploration and development of the UK's offshore and onshore oil and gas resources, gas storage and unloading activities as well as decommissioning, pipelines, and enforcing application regulation. The Energy Act 2016 establishes the OGA as a steward and regulator off UK reserves and empowers it to participate in meetings with operators, gain access to data, provide dispute resolution and introduce a range of sanctions such as enforcement notices and fines of up to £11 million.

## 5.2 Fiscal Regulations

Tax relief is available for decommissioning costs when they are incurred and under the Finance Act 2013 the UK government guarantees the current rates of tax relief to individual companies investing in the North Sea by entering into Decommissioning Relief Deeds as E&P did on 2 June 2015. Under these contracts, if the tax relief regime is changed, the government will make a compensatory payment to the affected companies.

## 5.3 Exploration and production regulations

The OGA has the right to grant oil and gas licences for such consideration, and on such terms, as it thinks fit.

The OGA has wide discretionary powers and evaluates all applications by taking into account: (i) the technical and financial capability of the applicant; (ii) the proposed approach for carrying out the activities; (iii) the price the applicant would pay for a licence; and (iv) prior conduct as a licensee in other licences.

Regarding the enforcement of regulation, the OGA has been granted the power to issue sanction notices in relation to petroleum matters including the compliance with the terms of licences including enforcement notices, financial penalty notices, revocation of license notices, and operator removal notices.

5.4 **Health, Safety and Environment regulations**

In respect of the environment, the UK regulations have been updated following the entry into force of the European Offshore Safety Directive ("**OSD**"), in July 2013. According to article 4 of the OSD, transposed into UK national law by the Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015, licensees must, for the duration of offshore petroleum operations, make adequate provision to cover liabilities that potentially derive from such operations and maintain sufficient capacity to meet all the financial obligations that may result from any liability for offshore petroleum operations carried out in the license.

Concerning decommissioning, under Section 299 of the Petroleum Act 1998, the authorities are empowered to serve notice on a wide range of persons indicating that those persons are jointly and severally liable to carry out an approved decommissioning programme. In the first instance, this would include parties to joint operating agreements for installations and owners for pipelines, even if primary liability rests on the owner of the asset at the time of decommissioning.

## PART 11
## DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

### Directors

The following table lists the names, positions and ages of the Directors as of the date of this Prospectus:

| Name | Age | Position |
|---|---|---|
| Karen Simon | 60 | Non-Executive Chairman |
| Matthaios Rigas | 52 | CEO |
| Panagiotis Benos | 40 | CFO |
| Andrew Bartlett | 62 | Senior Independent Director |
| Efstathios Topouzoglou | 63 | Non-Executive Director |
| David Bonanno | 38 | Non-Executive Director |
| Robert Peck | 60 | Independent Non-Executive Director |
| Ohad Marani | 64 | Independent Non-Executive Director |
| Amy Lashinsky | 58 | Independent Non-Executive Director |

The management expertise and experience of each of the Directors is set out below. Further information on the Directors, including the companies of which each Director has been a director at any time in the past five years, is set out in paragraphs 6 and 7 of Part 20 "*Additional Information*". The business address of each of the Directors is Energean plc, Accurist House, 44 Baker Street, London W1U 7AL, United Kingdom.

#### *Karen Simon, Non-Executive Chairman*

Karen Simon is newly retired from J.P. Morgan as a Vice Chairman in the Investment Bank with over 35 years of corporate finance experience with the firm. Most recently, Ms. Simon headed up Director Advisory Services, a newly established client service at J.P. Morgan focused on public company directors. From 2004 to 2016, Ms. Simon worked with private equity firms in J.P. Morgan's Financial Sponsor Coverage group and was promoted to head the European group in 2007 and the North American group in 2013. Ms. Simon held a number of other senior positions previously, including Co-Head of EMEA Debt Capital Markets and Head of EMEA Oil & Gas coverage. Ms. Simon spent 20 years of her career working in London and is a dual US/UK citizen. She currently sits on the boards of Aker ASA in Oslo, an industrial investment company, and the Texas Woman's Foundation, a non-profit charity focused on the needs of underprivileged girls and women across Texas. Ms. Simon graduated from the University of Colorado and has Masters degrees from Southern Methodist University and from the American Graduate School of International Management.

#### *Matthaios (Mathios) Rigas, Chief Executive Officer*

Mr. Rigas has over 20 years of investment banking and private equity experience and is a founding shareholder of the Energean Group, serving as CEO of the Energean Group since 2007. During the years 2001 to 2007 Mr. Rigas set up, and was managing partner of, Capital Connect Venture Partners, a private equity fund in Greece with investments in innovative enterprises in IT, healthcare, waste management and food industries. From 1999 to 2001 Mr. Rigas was in charge of Piraeus Bank's shipping division. Prior to that, from 1993 to 1999, he was vice president of shipping, energy & project finance at Chase Manhattan Bank in London where he arranged financing in excess of US$5 billion, mainly in the oil and gas sector. Mr. Rigas holds a degree in Mining and Metallurgical Engineering from the National Technical University of Athens and an MSc / DIC degree in Petroleum Engineering from Imperial College London.

#### *Panagiotis (Panos) Benos, Chief Financial Officer*

Mr. Benos has 17 years international experience in the oil and gas sector, both in banking and industry, with a long track record of upstream financing in emerging markets. Mr. Benos joined the Energean Group in 2011 from Standard Chartered Bank, where he was a director in the oil and gas team in London delivering a number of award winning project and acquisition finance deals in Africa, Asia and the Middle East. Before that he worked for ConocoPhillips from 2002 to 2006, where he held positions in European treasury, North Sea economics and international downstream with a focus on the North Sea, Central Europe and the Middle East. He commenced his career at Royal Bank of Scotland in shipping finance. He is also a Chartered Accountant (ICAS) and holds an MSc in Shipping, Trade and Finance from Cass Business School.

***Andrew Bartlett, Senior Independent Director***

Mr. Bartlett has over 32 years' experience in the upstream oil and gas industry and currently serves as a non-executive director for Africa Oil Corporation, Petrobras Oil & Gas BV and Impact Oil & Gas and adviser to Helios Investment Partners LLP (a private equity partnership focused on Africa). Before his current directorships, Mr. Bartlett served as the chairman and non-executive director of Azonto Energy from 2013 to 2015 and Eland Oil & Gas from 2013 to 2014. He was also previously the global head of Oil & Gas M&A and Project Finance for Standard Chartered Bank between 2004 and 2011. Prior to this, he worked on the trading and derivatives desk of Standard Bank in South Africa. Before joining the investment banking industry, Mr. Bartlett worked for Royal Dutch Shell between 1981 and 2001, as a petroleum engineer and development manager, where he gained extensive experience in the operation of oil and gas fields. He holds an MSc in Petroleum Engineering from Imperial College London.

***Efstathios Topouzoglou, Non-Executive Director***

Mr. Topouzoglou, is a founding shareholder of the Energean Group and co-founder of Prime Marine Corporation ("**Prime**"), serving as Prime's chief executive officer and managing director. Prime, a leading worldwide product tanker company, is a major global provider of seaborne transportation for refined petroleum products, LPG and ammonia. Mr. Topouzoglou has more than 38 years of experience in founding and growing companies in the energy transportation sector and holds a B.A. in Business Administration and Economics from the University of Athens, Greece.

***David Bonanno, Non-Executive Director***

Mr. Bonanno joined Third Point, the Company's principal shareholder, in 2008. Mr. Bonanno is a managing director at Third Point and his focus is on special situation opportunities in the US and Europe. Mr. Bonanno acts as the primary investment professional responsible for all Third Point's Hellenic Recovery Fund L.P. activities in Greece. Prior to joining Third Point, Mr. Bonanno was an associate in the private equity and distressed investments group at Cerberus Capital Management, L.P from 2006 to 2008. Prior to this, he was an analyst in the restructuring and reorganization advisory group at Rothschild Inc. from 2004 to 2006. Mr. Bonanno graduated *cum laude* from Harvard University with a B.A. in Psychology.

***Robert Peck, Independent Non-Executive Director***

Ambassador Peck worked for 35 years in the Government of Canada as a career Foreign Service Officer. Ambassador Peck was Canada's Ambassador to the People's Democratic Republic of Algeria from 2004 to 2007 and Ambassador to Greece and High Commissioner to the Republic of Cyprus from 2011 to 2015. Ambassador Peck was also Counsellor to the Canadian Embassy in Greece from 1995 to 1998. As Canada's representative to both Algeria and Greece, Ambassador Peck worked closely with the Canadian oil and gas and mining sectors. During a two-year leave of absence from the Government of Canada, Ambassador Peck was Director of Corporate Communications and Investor Relations at CAE Inc., the global leader in aerospace simulation technology. Ambassador Peck holds a B.A. in History and Journalism from Concordia University in Montréal.

***Ohad Marani, Independent Non-Executive Director***

Mr. Marani has significant experience in the Israeli finance and energy sectors, and in the Israeli government as well. Mr. Marani has been a board member of Bank Leumi of Israel Ltd since October 2015 and also a member of the Investment Committee of Israel's Infrastructure Fund since 2006. Mr. Marani held several managerial positions in the energy sector, including Chief Executive Officer of the Israel Land Development Company Energy Ltd from April 2010 to September 2015, the position of Chairman of the board of Emmanuelle Energy from 2010 to 2015, and Chairman of the board of Israel Natural Gas Lines Ltd from 2008 to 2010. Mr. Marani was also the Executive Chairman of the board of ORL Ltd, an Israeli oil refineries and petrochemical company, from 2004 to 2007. Mr. Marani served in senior positions in the Israeli government, including Director-General of the Israeli Finance Ministry from 2001 to 2003, Director General of the Budget Department of the State of Israel from 2000 to 2001 and Minister of Economic Affairs at the Israeli Embassy in Washington from 1995 to 2000. Mr. Marani holds an MA in Public Administration with a major in Economics and Finance from Harvard University, an MBA with major in Finance from the Hebrew University of Jerusalem and a BA in Economics with a major in Accounting and Statistics from the Hebrew University of Jerusalem.

***Amy Lashinsky, Independent Non-Executive Director***

Amy Lashinsky is a co-founder of Alaco, the international risk management company, and a member of its board. Ms. Lashinsky trained as a securities analyst on Wall Street before joining Kroll in New York in 1985. She moved to London in 1988 to help establish Kroll's first overseas office where she became Managing Director of its business intelligence unit. In 1995, Ms. Lashinsky set up Asmara Limited, which was sold to NYSE-listed Armor Holdings in 1998, before founding Alaco in 2002. Ms Lashinsky graduated from the University of Michigan.

**Senior managers**

The current senior management team of the Energean Group is as follows:

| Name | Age | Position |
|---|---|---|
| Mathios Rigas | 52 | CEO |
| Panos Benos | 40 | CFO |
| Dr. Stephen Moore | 57 | Chief Growth Officer |
| Russell Poynter | 64 | General Counsel and Company Secretary |
| Vassilis Tsetoglou | 52 | HS&E Manager |
| Nick Witney | 51 | Commercial Director |
| Angelos Mastrantonis | 45 | Group HR Manager, Greece Country Manager |
| Shaul Zemach | 51 | Israel Country Manager |

The management expertise and experience of each of the Senior Managers is set out below. Further information on the Senior Managers, including the companies of which each Senior Manager has been a director at any time in the past five years, is set out in paragraphs 6 and 7 of Part 20 "*Additional Information*". The business address of each of the Senior Managers is Energean plc, Accurist House, 44 Baker Street, London W1U 7AL, United Kingdom.

***Mathios Rigas, Chief Executive Officer***

Mr. Rigas is the Chief Executive Officer of the Energean Group. For biographical information, please see "—*Directors—Mathios Rigas, Chief Executive Officer*" above.

***Panos Benos, Chief Financial Officer***

Mr. Benos is the Chief Financial Officer of the Energean Group. For biographical information, please see "—*Directors—Panagiotis Benos, Chief Financial Officer*" above.

***Dr. Stephen Moore, Chief Growth Officer***

Dr. Moore is an E&P technical professional with 31 years of experience at Shell, Maersk, Oil and Mubadala Petroleum. He joined the Energean Group in 2014, having previously held the position of Senior Vice President-Technical at Mubadala Petroleum. During the first half of his career, Dr. Moore worked in a variety of operational and process engineering roles. Dr. Moore has worked extensively in the Former Soviet Union, in the Middle East, South East Asia as well as the UK sector of the North Sea. Dr. Moore holds a BSc in Chemical Engineering (1st class hons) from the University of Newcastle upon Tyne, UK and a Ph.D. in Chemical Engineering from the same university.

***Russell Poynter, General Counsel and Company Secretary***

Mr Poynter is an English Solicitor with over 25 years' experience, having qualified in 1993 with a London city firm, after an 11 year previous career as a Chartered Mechanical Engineer. After qualifying as a Solicitor, he initially worked as a UK Government lawyer with the Health & Safety Executive on supporting the UK Ministers in negotiating EU Directives, drafting of UK legislation and general policy and advisory work. Since then, he has worked as in-house lawyer with an international engineering group and later, in the upstream and downstream businesses of various oil and gas majors, including Elf, Total, EON E&P and BP, finally joining Energean in 2018. With the above companies, Mr Poynter has held positions of Head of Legal, Company Secretary, Head of HSEQS, Trustee-Director of several pension schemes; he was also Chairman of the Legal Committee of UK Petroleum Industry Association (UKPIA).

*Vassilis Tsetoglou, HS&E Manager*

Mr Tsetoglou started his career in 1992 in electrical engineering and telecommunication systems, before managing electrical and mechanical projects at Eurotech Services. In 2001 he started working in the oil & gas industry at Kavala Oil, progressing to Technical Services Superintendent before moving to focus on HSE Management in potentially high H2S environments in 2005. Mr Tsetoglou joined Energean as Group HSE Manager in 2015. He is certified as Head of Internal Inspections of ISO 9000/94 Quality Systems by the TÜV Greece. He is also a member of the Technical Chamber of Greece and the Greek Association of Dipl. Electrical & Mechanical Engineers. Mr Tsetoglou holds a BEng and a MEng in Electrical Engineering from Aristotle University of Thessaloniki and a MSc in Technologies in Environmental Legislation from Democritus University of Thrace.

*Nick Witney, Commercial Director*

Mr Witney has been leading the commercialisation of Energean's multi-tcf gas resources including the Karish and Tanin development in Israel since late 2016 while also developing and leading a number of other commercial and business development initiatives. Following a 25 year career including senior commercial roles in international E&P companies, Nick built a successful practice advising a world-wide client base on sale and purchase agreements, upstream asset management, M&A, strategy and dispute resolution and arbitration. Mr Witney previously worked for Santos, BG Group, Star Energy plc, BHP Billiton plc and Centrica plc (formerly British Gas plc). He holds a BEng (Hons) in Fuel & Energy Engineering from the University of Leeds.

*Angelos Mastrantonis, Group HR Manager and Greece Country Manager*

Mr Mastrantonis joined Energean in 2011 as Human Resources and Administration Manager. From July 2016 until end 2017 he also served as the Managing Director of Energean Oil & Gas SA Greece and as a member of the board. He manages HR and Admin, providing decision-making support and leadership along with management of business-critical, large-scale projects. As of April 2020, Angelos is also the Managing Director of Energean Oil & Gas SA (Country Manager of Energean in Greece). Mr. Mastrantonis obtained his business administration degrees (BA and MBA) from University of Staffordshire in the UK and an MSc in Human Resources Management from Athens University of Business and Economics.

*Shaul Zemach, Israel Country Manager*

Mr Zemach is an Israeli Energy and Infrastructure expert, who joined Energean Israel when it was established. He served as Director General of the Israeli Ministry of National Infrastructure, Energy and Water Resources from 2009 to 2013 after acting as Director General of the Israeli Ministry of Tourism. Following the discovery of significant Israeli Natural Gas volumes in 2011, Mr Zemach was appointed as Chairman of an inter-ministerial committee to examine government policy on the natural gas industry by the Israeli Prime Minister and the Minister of Energy. The Committee's final report was approved by the Cabinet in June 2013. Mr Zemach has served on boards of directors for several leading energy and financial corporations in Israel and numerous government-owned companies, including Israel Electric Corporation. He served as Acting Chairman of Israel Airport Authority Council (2006). Mr Zemach holds a BA in Economics and International Relations from the Hebrew University and a Masters in Public Policy from Tel Aviv University.

**Corporate governance**

*UK Corporate Governance Code*

The Board is committed to the highest standards of corporate governance. As of the date of this Prospectus, the Board complies with the UK Corporate Governance Code (the "**Governance Code**") published in July 2018 by the Financial Reporting Council.

The Board comprises an independent non-executive chairman, two Executive Directors and six Non-Executive Directors. The Company regards all of the Non-Executive Directors to be independent within the meaning of "independent" as defined in the Governance Code, other than David Bonanno and Efstathios Topouzoglou. While each of Mr. Bonanno and Mr. Topouzoglou are considered to be independent in character and judgement, David Bonanno is not deemed to be "independent" as a result of representing Third Point, which as at the Latest Practicable Date holds approximately 19.73% of the Shares of the Company, while Efstathiou Topouzoglou is not deemed to be "independent" as a result of representing Oilco Investments, which as at the Latest Practicable

Date holds approximately 9.04% of the Shares of the Company (but which at the time of Mr Topouzoglou's appointment held over 10% of the Shares).

In the period from its admission to the Official List on 21 March 2018 to 31 December 2018, the Board met on five occasions to review trading performance and budgets, funding, to set and monitor strategy, examine acquisition opportunities and report to shareholders. The Board has a formal schedule of matters specifically reserved to it for decisions. The roles of Chairman and Chief Executive Officer are separate and the responsibilities of Chairman and Chief Executive Officer are independently defined. It is the Chairman's responsibility to provide leadership of the Board and set the overall objectives and strategic direction of the Company as well as to ensure that the Board is provided with accurate, timely and clear information in relation to the Energean Group and its business. The Chief Executive Officer has day-to-day executive responsibility for the running of the Company's businesses. The Chairman and Chief Executive Officer share responsibility for the representation of the Company to third parties.

The Governance Code recommends that the Board should appoint one of its Independent Non-Executive Directors to be the Senior Independent Director. The Senior Independent Director should be available to shareholders if they have concerns that contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or where such contact is inappropriate. Andrew Bartlett is the Board's senior independent director.

***Board committees***

The Board has appointed an audit and risk committee, a remuneration committee, a nomination, environmental, social and governance committee and a health, safety and environment committee. The members of these committees are appointed principally from among the independent directors and all appointments to these committees are for an initial period of up to three years and may be extended by no more than two additional three year periods. The terms of reference of the committees have been drawn up in accordance with the provisions of the Governance Code. A summary of the terms of reference of each of these committees is set out below.

*Audit and risk committee*

The audit and risk committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Energean Group's annual and half year financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Energean Group. The audit and risk committee shall additionally oversee and advise the Board on the Energean Group's overall risk appetite, tolerance and strategy, review the Company's capability to identify and manage new types of risk and keep under review the Energean Group's overall risk assessment processes that inform the Board's decision making. The audit and risk committee will meet at such times as are necessary, but not less than four times a year. The audit and risk committee will consider annually how the Energean Group's internal audit requirements shall be satisfied and makes recommendations to the Board accordingly as well as on any area it deems needs improvement or action.

The audit and risk committee is chaired by Andrew Bartlett and its other members are Robert Peck and Amy Lashinsky. It is the opinion of the Directors that Andrew Bartlett has recent and relevant financial experience and is appropriate to chair the audit and risk committee. The Governance Code recommends that the audit and risk committee should consist of at least three independent non-executive directors and that at least one such member has recent and relevant financial experience. The Board considers that the Company complies with the requirements of the Governance Code in this respect.

*Nomination, environmental, social and governance committee*

The nomination, environmental, social and governance committee assists the Board in reviewing the structure, size and composition of the Board, including providing advice to the Board on the retirement and appointment of additional and/or replacement Directors. It is also responsible for reviewing succession plans for the Directors, including the Chairman and Chief Executive and other senior executives. With respect to environmental, social and governance ("**ESG**") matters, among other things, the committee evaluates the

Energean Group's policies and systems for ESG matters to ensure regulatory compliance and effectiveness, assesses the Energean Group's performance relating to the impact of decisions on ESG matter and monitors progress against the Energean Group's publicly stated ESG goals. The committee will meet at such times as are necessary, but not less than twice a year.

The nomination, environmental, social and governance committee is chaired by Robert Peck and its other members are Amy Lashinsky, Ohad Marani and Efstathios Topouzoglou, with Karen Simon in attendance. The Governance Code recommends that a majority of the members of the committee be independent non-executive directors and that the Chairman (other than where the committee is dealing with the appointment of a successor to the chairmanship) or an independent non-executive director should chair the committee. The Board considers that the Company complies with the requirements of the Governance Code in this respect.

*Remuneration committee*

The remuneration committee recommends the Energean Group's policy and framework on executive remuneration, determines the levels of remuneration for Executive Directors, the Chairman and other senior executives and prepares an annual remuneration report for approval by the Shareholders at the annual general meeting. The remuneration committee will also review the scale and structure of Executive Directors' remuneration and the terms of their service or employment contracts, including share based schemes, other employee incentive schemes adopted by the Company from time to time and pension contributions and ensure that payments made on termination are fair to the individual and the Company. The remuneration committee will meet at such times as are necessary, but not less than twice a year.

The remuneration committee is chaired by Ohad Marani, and its other members are Andrew Bartlett and Karen Simon. The Governance Code recommends that the remuneration committee should consist of at least three independent non-executive directors. The Board considers that the Energean Group complies with the requirements of the Governance Code in this respect.

***Share dealing code***

The Company has adopted a code of securities dealings in relation to the Shares which is based on the requirements of Regulation (EU) 596/2014 (the "**Market Abuse Regulation**"). The code adopted will apply to the Directors and other relevant employees of the Energean Group.

***Other***

Each committee and each Director has the authority to seek independent professional advice where necessary to discharge their respective duties, in each case at the Company's expense. In addition, each Director and committee has access to the advice of the Company Secretary, Russell Poynter.

The Company has also implemented internal procedures and measures designed to ensure compliance by it and other members of the Energean Group with the Bribery Act.

**Conflicts of interest**

There are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests or other duties.

## PART 12
## PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

## 1. Principal Shareholders

As at the Latest Practicable Date, the Company had been notified of the following holdings in the Company's issued ordinary share capital pursuant to DTR 5 (each, a "**Notifiable Interest**"):

| Shareholder | Number of shares | Number of voting rights | % of voting rights attached to the issued ordinary share capital |
|---|---|---|---|
| Third Point Hellenic Recovery (Lux) S.À. R.L. | 34,889,566 | 34,889,566 (direct) | 19.73% |
| Growthy Holdings Co. Limited | 18,661,544 | 18,661,544 (direct) | 10.53% |
| Oilco Investments Limited | 16,016,734 | 16,016,734 (direct) | 9.04% |
| Clal Insurance Company Limited | 16,236,609 | 458,557 (direct)<br>15,778,032 (indirect) | 9.17% |
| J.P. Morgan Securities plc / J.P. Morgan Securities LLC | 9,414,408 | 9,414,408 (indirect) | 5.32% |
| Standard Life Aberdeen plc affiliated investment management entities | 8,854,718 (indirect) | 8,854,718 (indirect) | 5.01% |
| Pelham Capital Limited | 7,353,314 | 7,353,314 (direct) | 4.16% |

None of the Shareholders detailed above have voting rights which differ in any way from those of the Company's other Shareholders. So far as the Company is aware, save as set out in the table above, no person has an interest which represents 3% or more of the issued share capital or voting rights of the Company, which would be notifiable under the Disclosure Guidance and Transparency Rules.

So far as the Company is aware, as at the Latest Practicable Date, there are no arrangements the operation of which may at a later date result in a change of control of the Company.

The Company is not aware of any person who either as of the date of this Prospectus, or immediately following Re-admission, exercises, or could exercise, directly or indirectly, control over the Company.

Each of Third Point and Growthy Holdings are a substantial shareholder of, a "person exercising significant influence" over, and a "related party" to, the Company for the purposes of the Listing Rules.

## 2. Relationship Agreements

Descriptions of the Relationship Agreements are incorporated by reference into this Prospectus. See "*Part 7: Additional Information—Material Contracts—The Group—Relationship Agreements*" from page 125 to page 127 of the Circular.

## 3. Related party transactions

The following is a description of the material transactions with related parties to which the Company or its subsidiaries are a party. The Company believes that it has executed all of its transactions with related parties on terms no less favourable to the Energean Group than those it could have obtained from unaffiliated third parties.

Save as disclosed below and in the notes to the financial statements of the Energean Group incorporated by reference in this prospectus, as described in Part 17 "*Historical Financial Information Relating to the Energean Group*", there were no related party transactions entered into during the period covered by the Energean Group's Consolidated Historical Financial Information in this Prospectus and up to the date of this Prospectus.

3.1 **Related Party Transactions with Directors**

*Directors' Remuneration*

The Directors are remunerated for their services on the basis set out in paragraph 7 of Part 20 "*Additional Information*".

*Seven Marine*

The offshore supply ship "Valiant Energy" and the "Energean Wave" support Energean's ongoing investment programme in the Gulf of Kavala.

In May 2016, the Energean Group sold the Valiant Energy to Seven Marine, a company controlled by Efstathios Topouzoglou and in which Panos Benos holds a 19.6% interest, in a sale and leaseback arrangement. Seven Marine also owns the supply vessel Energean Wave which the Energean Group charters to transport personnel to its offshore facilities in the Gulf of Kavala.

The Valiant Energy and the Energean Wave were separately leased by the Energean Group, initially under two-year fixed term time charters at an annual cost of US$4 million and US$2.4 million, respectively. Under the time-charter arrangements, Seven Marine incurs all costs relating to wages, fuel, crew and insurance related to the vessels. The time-charter for the Valiant Energy was terminated with effect on 23 June 2019. The time-charter for the Energean Wave was extended to 31 July 2021 at a reduced annual cost of US$2.0 million.

3.2 **Agreements with Kerogen**

Energean E&P Holdings and Kerogen have entered into a number of agreements in respect of their shareholdings in, and funding of, Energean Israel Limited.

3.3 **Other**

In addition to the above, the Energean Group has entered into a number of related party transactions for amounts and terms which are immaterial to the Energean Group both individually and in the aggregate. See the notes to the financial statements of the Energean Group incorporated by reference in this prospectus, as described in Part 17 "*Historical Financial Information Relating to the Energean Group*".

# PART 13
# OPERATING AND FINANCIAL REVIEW RELATING TO THE ENERGEAN GROUP

*This Part 13 "Operating and Financial Review relating to the Energean Group" should be read in conjunction with Part 2 "Important Information", Part 6"Information about the Acquisition and the Enlarged Group", Part 7 "Information on Energean", Part 9 "Industry Overview" and Part 17 "Historical Financial Information relating to the Energean Group". Investors should read the entire document and not just rely on the summary set out below. The financial information considered in this Part 13 "Operating and Financial Review relating to the Energean Group" is extracted from the financial information as described in Part 17 "Historical Financial Information relating to the Energean Group".*

*The following discussion of the Energean Group's results of operations and financial conditions contains forward-looking statements. The Energean Group's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under Part 1 "Risk Factors" and Part 2 "Important Information". In addition, certain industry issues also affect the Energean Group's results of operations and are described in Part 9 "Industry Overview".*

## 1. Overview

Energean is an independent oil and gas E&P company focused on the exploration, development and production of oil and gas assets in the Eastern Mediterranean, including Greece, Israel and the Adriatic.

Since its establishment in 2007, Energean has acquired a diverse portfolio of producing assets, appraisal and development opportunities and exploration prospects and Energean is the operator of the majority of the key assets in its portfolio. Energean's working interest 2P reserves were 342 MMboe (260 MMboe of gas and 82 MMboe of liquids) and its total 2C resources were 216 MMboe (139 MMboe of gas and 77 MMboe of liquids) as of 31 December 2019.

For the year ended 31 December 2019, the Energean Group had total revenue of US$75.7 million, with an operating loss of US$93.9 million.

## 2. Significant factors affecting the Energean Group's results of operations

### 2.1 Oil and gas prices

Oil and gas prices have a significant impact on the Energean Group's current revenue and, to a lesser extent, the Energean Group's cost of sales. These prices will continue to have a significant impact on the revenue and cost of sales of the Enlarged Group. Historically, the Energean Group has engaged in limited forms of hedging related to oil and gas prices. From 2021, the production of the Enlarged Group will be primarily from gas, and revenue will not be impacted as significantly by such prices as a result. In particular, based on the GSPAs, it is anticipated that 70% of total production (gas) will be sold under contract with pricing mechanisms that protect against Brent price fluctuations.

*Revenue*

Crude oil prices

The Energean Group currently depends on crude oil sales from its producing assets in the Prinos basin, which accounted for 98.9% of the Energean Group's revenue in 2019. The price the Energean Group is able to obtain for its crude oil is determined under an offtake agreement (the "**BP Offtake Agreement**") with BP Oil International Limited ("**BP**") and the price significantly affects the Energean Group's revenues and cash flow generation. The value of Group's crude oil sales could decrease significantly if there is a decline in realised oil prices.

On 6 March 2020, OPEC and non-OPEC allies ("**OPEC+**") met to discuss the need to cut oil supply to balance oil markets in the wake of the COVID-19 outbreak, which has had a material adverse impact on oil demand. OPEC+ failed to reach agreement and on 7 March 2020, Saudi Aramco cut its official selling prices, prioritising market share over pricing. As a result, oil prices fell materially, which may have a material adverse impact on the component of the Energean Group's future earnings that are linked to oil prices.

Under the terms of the BP Offtake Agreement, the Energean Group sells the crude oil it produces from the Prinos, Prinos North and Epsilon fields to BP, and the Energean Group is entitled to continue to sell, and BP to buy, all oil produced from those fields until the later of 1 November 2025 or the delivery of 25 MMbbls. The Energean Group has the right to call on BP to take delivery ("**lift**") when storage at the Energean Group's storage tanks is at 350,000 bbls (capacity is 500,000 bbls), to enable the Energean Group to manage available storage capacity.

The pricing formula in the BP Offtake Agreement provides for a differential to the dated Brent crude price based on a number of factors. In addition, BP has the option to choose the pricing month for the oil delivered, either the month of or the month prior to lifting. As a result of these provisions, as well as the irregular lifting schedule and amount of lifting in the year (ranging between 3 and 5 times per annum at current production levels), sales of the Energean Group's crude oil have historically been at a discount to the average annual Brent crude oil price. In addition, because part of the pricing formula is fixed in dollar terms, the differential is proportionally larger when the underlying oil price is lower (as the fixed discount amount accounts for a larger proportion of the lower oil price). The table below summarises the average realised price for the Energean Group's crude oil and the applicable discount to the Brent price for the financial years ended 31 December 2019, 2018 and 2017. The Energean Group is able to partially manage this price risk through limited short term hedging.

| | **Year ended 31 December** | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Average realised price US$/bbl | 57.6 | 61.25 | 46.73 |
| Brent Average US$/bbl | 64.2 | 71.31 | 54.19 |
| Discount to Brent (%) | 10.3% | 14.1% | 13.77% |
| Discount to Brent US$/bbl | 6.6 | 10.06 | 7.46 |
| Net Hedging Income /(loss) per bbl sold US$/bbl | — | (0.91) | (0.25) |
| Discount to Brent (including Hedging) US$/bbl | 6.6 | 10.97 | 7.71 |
| Discount to Brent including Hedging (%) | 10.3% | 15.4% | 14.2% |

Gas prices

Prospectively, the Energean Group's projected revenues and the success of its business model will also depend on the price the Energean Group is able to obtain for the natural gas it expects to produce, beginning in 2021, from the Karish, Karish North and Tanin fields in Israel, as well as the natural gas produced by the fields acquired in the Acquisition. The Energean Group has to date signed Gas Supply Agreements relating to supply of gas, subject to applicable conditions. The contract price under the agreements is predominantly linked to Israeli electricity market costs, but with a small percentage (approximately 2%) of the contracted quantity indexed to oil, and in each case underpinned by a price floor.

*Cost of sales*

As electricity and fuel have historically been the second largest cost of crude production for the Energean Group, the Energean Group's cost of sales is also exposed directly (as a purchaser of gas requirements beyond what is supplied by its own operations) and indirectly (as a purchaser of electricity) to the market price for gas. An increase in gas prices may therefore increase the Energean Group's cost of sales, negatively impacting the Energean Group's profitability.

### 2.2 Production volumes

The Energean Group's production volumes also have a significant impact on the Energean Group's results of operations, affecting its revenue and costs per unit of production. Historically, the Energean Group's crude oil production volumes from the Prinos basin have had the most significant impact on the Energean Group's results of operations. Prospectively, gas production volumes will have a more significant impact as a result of the Acquisition and as gas production from the Energean Group's Karish and Tanin fields is expected to begin in 2021 and, over time, is expected to account for the majority of the Energean Group's revenue.

The table below presents information on the Energean Group's oil and gas production for the years ended 31 December 2019, 2018 and 2017.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Average daily oil production for the period (bopd) [(1)] | 3,312 | 4,053 | 2,803 |
| Average daily gas production for the period (Nm3pd) [(2)] | 1,515 | 826 | 1,883 |
| Total oil production for the period (kbbls) [(1)] | 1,209 | 1,479 | 1,023 |
| Total gas production for the period (000 Nm3)[(2)] | 553 | 301 | 687 |
| Total oil sales volume for the period (kbbls) [(1)] | 1,301 | 1,446 | 1,179 |

**Notes:**

(1) All oil production occurred at the Energean Group's Prinos and Prinos North offshore fields in Greece. Oil volumes refer to standard oil barrels ("STOB") and include natural gas liquids.

(2) Gas production volumes indicated do not include associated gas production, produced as a by-product of the Energean Group's oil production and reinjected during production at Prinos and Prinos North. No gas was sold during the periods under review.

In 2018, two new wells were drilled and put on stream at the Prinos complex, providing an incremental rise in production of 1,314 bopd. The subsequent increase in sales volume and realised price resulted in an increase in revenue in 2018. In 2019, working interest crude production from Greece averaged 3,312 bopd, a decrease of 18% as compared to 2018. The decrease in production was due to the decision to put the Prinos Area assets under strategic review following the review of capital allocation that was initiated earlier in the year. Total production from 2017 to 2019 was 3,711 kbbls, compared to sales volume of approximately 3,927 kbbls. The Energean Group's policy is to retain 58 kbbls at all times to protect the lining of the storage tanks.

The Energean Group's Prinos, Prinos North and South Kavala fields are mature fields, and production from these fields can be expected to decline over the longer term. As a result, investment in Prinos and Prinos North was limited to US$14.0 million during 2019, while the strategic review process was being undertaken. While the Energean Group intends to bring new production online at the Karish, Karish North and Tanin gas fields, such production will also decline over the life of these fields and the duration of their productive life cannot be known with certainty. To the extent production volumes from these fields decrease in the future, such will have a negative impact on the Energean Group's revenues and cost structure. Edison E&P has two key, near-term development assets (NEA in Egypt and Cassiopea in Italy) that are expected to complement and amplify the Company's existing growth profile following the Acquisition.

*Cost base relative to production*

Oil and gas exploration and production is a resource intensive business, involving high fixed costs relating to property, plant and equipment capital expenditure and related financing, depreciation and maintenance expenses. In particular, as of 31 December 2019, the Energean Group had invested approximately US$213.8 million since 1 January 2017 in the development program at the Prinos, Prinos North and Epsilon fields. Total investment in Prinos to date (since 2015) was approximately US$326.4 million as of 31 December 2019. The Energean Group also expects to make other significant investments going forward, particularly through the development plan for the Karish and Tanin fields of approximately US$1.7 billion, plus a further US$140 million of capital expenditure to be incurred in 2021 / 2022 but paid to TechnipFMC out of operating cashflow in 2022 / 2023, during the development phase running to first gas, expected in 2021. For further information on the Energean Group's planned development expenditure, see "*—Development costs*", "*—Liquidity and capital resources—Capital expenditure*", "*Information on Energean—Overview of assets*" and "*Information on Energean—Field development for the Prinos Basin*". The cost of these investments must be recouped through subsequent production. Similarly, while the Greek state owns the majority of the facilities the Energean Group relies on for its production in the Prinos basin, the Energean Group must operate and maintain these assets for intended use. In the historical period, maintenance costs for the platform, pipeline, and Sigma Plant were between US$5.5 million to US$6.5 million annually, excluding personnel and energy costs. Some of these assets have historically been significantly underutilised. In particular, the Sigma processing plant operated at only around 11% of capacity in 2019, 14% in 2018 and 10% in 2017, representing a relatively high fixed cost base. A cost efficiency program and increased production have improved operational efficiency in the period under review and the Energean Group hopes to continue this trend through expected increases in production.

The Energean Group's profit per unit of production at a given price level is generally higher when production volumes are high and lower when production volumes are low. When production volumes are low, the Energean Group may be more vulnerable to a decline in the net back price for its oil or gas as its higher costs per unit of production dictate a higher break-even price.

The Energean Group's average cost of oil production per barrel (as described below under "—*Key operating costs*") fluctuated during the period, from approximately US$24.7 in 2017, US$17.6 in 2018 and US$21.5 in 2019. The variation was largely attributed to production levels.

### 2.3 Development costs

The Energean Group has incurred and will continue to incur substantial development costs, particularly with respect to the Karish and Tanin development in Israel, its ongoing operations in the Prinos Basin and potentially the development of the Katakolo field in Greece, as well as the development of assets acquired in the Acquisition.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalised within oil and gas properties. In addition, certain borrowing costs and depreciation costs are capitalised in oil and gas property and property under construction. The Energean Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Borrowing costs include interest and loan expenses on an effective rate basis. The capitalised depreciation relating to depreciation of the drilling rig unit Energean Force for the period is related to drilling operation. The Energean Group recorded additions to property, plant and equipment of US$624.1 million in 2019, compared to US$489.4 million in 2018 and US$64.4 million in 2017. Additions to intangible assets amounted to US$61.0 million in 2019, US$5.2 million in 2018 and US$3.2 million in 2017. In the year ended 31 December 2019, the Energean Group's borrowing costs capitalised to assets amounted to US$39.9 million, compared to US$9.3 million in the year ended 31 December 2018 and US$1.3 million in 2017.

In 2019, the Energean Group executed an impairment test for the Prinos and Epsilon fields. In the period, indicators of impairment were noted for the fields, being a reduction in both short-term (Dated Brent forward curve) and long-term price assumptions and a change in the Energean Group's Prinos field production forecast, which resulted in an impairment of US$71.1 million in the carrying value of the fields as at 31 December 2019.

The Energean Group's capital expenditure projections may be subject to change, for instance should the Energean Group deliver the planned development more or less quickly or efficiently than anticipated or should it decide to defer development of certain wells. See also "—*Liquidity and capital resources—Capital expenditure*" for more details on projected capital expenditure with respect to the Energean Group's developments.

*Israel*

The Energean Group's principal anticipated development costs are in regard to the Karish and Tanin leases acquired by Energean Israel in August 2016.

Energean, in conjunction with its strategic partner Kerogen, has planned to develop the Karish and Tanin fields with a new-build FPSO, with estimated capital expenditure of invest approximately US$1.7 billion, plus a further US$140 million of capital expenditure to be incurred in 2021 / 2022 but paid to TechnipFMC out of operating cashflow in 2022 / 2023, during the development phase running to first gas, expected in 2021. In March 2018, the Energean Group, following a final investment decision in respect of the Karish and Tanin assets, sanctioned the 2.3 Tcf (gross, Energean 70%) Karish and Tanin development. The development is on track for first gas in the second half of 2021.

See also "*Risk Factors—Risks relating to the business and operations of the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group—The Energean Group's and, following Completion, the Enlarged Group's business strategy depends significantly on the successful development of the Karish and Tanin offshore gas fields in Israel*"; "*Risk Factors—Risks relating to finance and tax—The Energean Group's and, following Completion, the Enlarged Group's business requires significant capital expenditure and the future expansion and development of the Enlarged Group's business could require further debt and equity financing. The future availability of such funding is not certain and immediately following Completion, the Enlarged Group's cash balances will be reduced*" and "*Risk Factors—Risks relating to the business and operations of the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group—The Energean Group and, following Completion, the Enlarged Group faces significant uncertainties in connection with its exploration, appraisal and development activities, and it may discover or produce less oil or gas than expected*".

*Greece*

Following the announcement of the proposed acquisition of Edison E&P, Energean has commenced a review of capital allocation in order to prioritise those investment opportunities that deliver the highest returns. As part of this, Energean has taken the decision to store the Energean Force drilling rig in Philippos port with resulting cancellation of near term planned rig-based activities. Ahead of conclusion of the review, activity at Prinos and Epsilon will be limited to well maintenance and other activities not requiring the Energean Force.

See also "*Risk Factors—Risks relating to finance and tax—The Energean Group's and, following Completion, the Enlarged Group's business requires significant capital expenditure and the future expansion and development of the Enlarged Group's business could require further debt and equity financing. The future availability of such funding is not certain and immediately following Completion, the Enlarged Group's cash balances will be reduced*" and "*Risks relating to the business and operations of the Energean Group, the Edison E&P Group and, following Completion, the Enlarged Group—The Energean Group and, following Completion, the Enlarged Group faces significant uncertainties in connection with its exploration, appraisal and development activities, and it may discover or produce less oil or gas than expected*".

## 2.4 Key operating costs

The Energean Group's operating costs affect its results of operations and factor in to the price per barrel that it must realise to continue its operations. Key operating costs relating to the Energean Group's cost of oil production include certain staff costs, electricity and fuel, consumptions (comprising spare parts, chemicals and other materials used in production and plant maintenance), machinery repairs and maintenance, subcontracted work, insurance, sundry expenses and royalties. These costs constitute the Energean Group's cost of oil production which, together with inventory movement and depreciation, amount to cost of sales. The Energean Group's cost of oil production (excluding depreciation) slightly decreased by 0.1% in 2019 to US$25.9 million, compared to US$26.0 million in 2018 and US$25.3 million in 2017, principally reflecting increase in Euro/US$ exchange rate as the cost of production was incurred in Euro and retranslated to US$ which is the Energean Group's currency.

Other costs include administration expenses and selling and distribution expenses. These costs together increased by 12.6% in 2019 to US$13.7 million, compared to US$12.1 million in 2018 and US$6.4 million in 2017, principally reflecting the additional staffing and administrative costs associated with the rapid growth of the Energean Group's portfolio, the efforts associated with developing the projects, and additional requirements associated with being a publicly listed company.

*Staff cost*

Staff costs have historically been the largest cash cost item in the Energean Group's operations, accounting for 19.3% of cost of sales and 56.3% of general and administration expenses in 2019. During the historical period, staff costs were paid principally in Euro. Certain of these costs are presented as expenses under cost of sales, administration expenses, selling and distribution expenses, or other expenses depending on the function to which they relate. Certain other costs are capitalised in accordance with IFRS to the value of oil and gas assets and exploration and evaluation costs.

The Energean Group's total payroll cost increased by 2.8% from 2018 to 2019, from US$35.6 million in 2018 to US$36.6 million in 2019 driven primarily by additional staffing for the Energean Group's development projects as well as in administrative and other supporting functions and directors' remuneration.

The Energean Group also maintains a defined benefit pension plan for its employees, which is unfunded.

*Electricity and fuel cost*

Electricity and fuel expense has historically been the second largest cost of production, accounting for 10.9% of cost of sales in the year ended 31 December 2019. The Energean Group requires gas and electricity to run the facilities that process the crude oil it produces. While the Energean Group supplies some of its gas requirements from its own production, the Energean Group has historically met shortfalls between the gas required for crude production and its gas produced by purchasing gas from third parties. Gas is provided on an annual fixed-price contract at a commercial discount. In 2018, associated gas production increased significantly due to an increase in oil production in the Prinos basin, resulting in a high decrease of gas purchase from DEPA, the Public Gas Corporation of Greece. The Energean Group purchased 5.1 million $Nm^3$ of gas in 2019, compared to 2.3 million $Nm^3$ in 2018 and 4.0 million $Nm^3$ in 2017. Gas prices paid by the Energean Group increased by 17.0 % from 2017 to 2019.. The table below sets out the Energean Group's total gas fuel and electricity charges for the years ended 31 December 2019, 2018 and 2017.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(US$ 000)* | |
| Gas fuel | 1,896 | 930 | 1,388 |
| Electricity | 5,176 | 4,845 | 4,284 |
| Utilities (water) | 85 | 84 | 95 |
| **Total** | **7,157** | **5,859** | **5,767** |

*Depreciation*

The Energean Group's depreciation expense relates mainly to its oil and gas properties. Oil and gas properties are depreciated on a unit of production basis over the 2P commercial reserves of the field they relate to. For the purposes of calculating depreciation, the value of oil and gas properties includes both historical capital expenditure and estimated future capital expenditure related to the development of undeveloped 2P reserves. Thus, the Energean Group's depreciation expense may change across periods based on the Energean Group's assumptions regarding the future development costs necessary to access its 2P reserves, in addition to other assumptions regarding factors such as oil prices, reserves and operating expenditure.

For assets whose useful life is shorter than the lifetime of a field, the straight-line method of depreciation is applied so as to write off the cost or revalued amount of each asset to its residual value over its useful life.

Total depreciation expense, excluding capitalised depreciation, amounted to US$38.8 million in the year ended 31 December 2019, US$34.1 million in the year ended 31 December 2018 and US$17.8 million in the year ended 31 December 2017, principally reflecting an increase in depreciable capital expenditures. Amortisation and impairment expense amounted to US$0.3 million in 2019, US$0.2 million in 2018 and US$0.2 million in 2017.

### 2.5 Financing costs

The Energean Group funded its operations principally through borrowings in the period. The Energean Group's total borrowings as of 31 December 2019 were US$916.0 million, comprised of US$159.8 million under the RBL Senior Facility Agreement and the EBRD Subordinated Facility and US$756.2 million under the Senior Credit Facility, compared to US$144.3 million as of 31 December 2018. In addition, in June 2020, the Energean Group entered into the New RBL Facility.

In 2014 and 2015, the Energean Group was funded principally by its largest shareholder, Third Point Capital, through a five-year US$125 million loan which was increased to US$179.7 million in 2015 (the "**Third Point Shareholder Loan**"). On 30 June 2017, the Third Point Shareholder Loan was discharged in consideration for the issuance of preference shares in Energean International, which were acquired by the Company on 15 March 2018.

In May 2016, EOGSA obtained a US$75 million senior secured facility from EBRD, amended in July 2016, to fund its drilling and work program in the Prinos area (the "**EBRD Senior Facility**") and a subsequent US$20 million subordinated facility, amended in March 2017, to help fund its exploration activities (the "**EBRD Subordinated Facility**"). On 30 January 2018, the EBRD Senior Facility was amended and restated to increase the facility amount up to US$180 million in order to fund its ongoing drilling and development program (the "**RBL Senior Facility Agreement**"). The RBL Senior Facility Agreement comprise two facilities: (a) a facility up to US$105 million comprising EBRD and Black Sea Trade and Development Bank as lenders; and (b) a Romanian club facility of up to US$75 million pursuant to which the Export-Import Bank of Romania Eximbank SA and Banca Comerciala Intesa Sanpaolo Romania S.A. will be lenders.

Energean entered into a senior credit facility for the Karish-Tanin Development of up to US$1.275 billion on 2 March 2018 (the "**Senior Credit Facility**"). The proceeds of the Senior Credit Facility, together with certain other funding sources, will be used to fund Karish and Tanin Phase 1 project costs, interest and financing costs, and certain deferred payments to Delek and Avner (which have since merged together into Delek) pursuant to the terms of the Karish and Tanin sale and purchase agreement.

Further, the Energean Group has entered into additional financings in connection with the Acquisition. The Energean Group entered into a US$600 million committed bridge loan facility and undertook a placing US$265 million of equity financing which completed on 8 July 2019 in order to provide funds certain for the Acquisition. The total debt and equity capital raised was sized to cover both the initial consideration and working capital requirements of the Enlarged Group. The US$600 million committed bridge loan facility (subsequently reduced to US$255 million) was replaced in 2020 by the US$220 million New RBL Facility. Up to US$100 million of contingent consideration payable to Edison in respect of the Acquisition is expected to be funded by the combined free cash flow of the Enlarged Group as well as any incremental reserve based facility.

In January 2020, the commitments under the RBL Senior Facility Agreement were reduced by a total amount of US$54 million.

In March 2020, the Senior Credit Facility was increased to US$1.45 billion, providing an additional US$175 million of liquidity for the Karish project and future appraisal activity in Israel.

As a result of such additional borrowings, the Energean Group's finance costs are likely to be higher in the future than in historic periods.

The Energean Group is exposed to interest rate risk in relation to its borrowings, particularly its borrowings under the RBL Senior Facility Agreement, the EBRD Subordinated Facility and the Senior Credit Facility, which are subject to variable interest rates linked to LIBOR. An increase in the interest rates payable on its liabilities could significantly impact the Energean Group's cash flows and results. During the year ended 31 December 2019, the Energean Group, in order to reduce its interest rate risk under the Senior Credit Facility, entered into a hedge contract facility for 50% of the facility notional, to hedge the 3-month LIBOR component of the facility for a fixed LIBOR rate. The Energean Group's EBRD Subordinated Facility also includes an EBITDA participation amount of up to 4.0% of EOGSA's EBITDA, with such participation amount to accrue on a yearly basis from 1 January 2016 until 31 December 2024 and to be payable in full on 25 August 2025. In addition, under the terms of the RBL

Senior Facility Agreement and the EBRD Subordinated Facility, EOGSA and Energean E&P Holdings are subject to a number of negative and affirmative covenants, including prohibition of distributions and restrictions on the use of revenues related to the Prinos, Prinos North and Epsilon fields.

For further information on the Energean Group's borrowings, see "*—Liquidity and capital resources—Capital resources—Borrowings*" and Part 20 "*Additional Information—Material Contracts of Energean*".

## 2.6 Acquisitions and related commitments

The Energean Group has incurred substantial costs related to the acquisition of oil and gas rights, and may make similar acquisitions in the future. The Energean Group is also subject to minimum investment commitments under the terms of certain of the leases and concession agreements under which it operates. For further information on the Energean Group's commitments under the leases and concession agreements, see "*—Commitments and contingent liabilities—Capital expenditure commitments*".

During the period under review, the Company has entered into the Acquisition Agreement and been awarded additional licences, including licences granted for Block D, located 45 km off the Israeli coast ("**Zone D**"), offered in the recent bid round published by the Israeli Ministry of Energy, as well as a 50% working interest and operatorship in Block 2, offshore western Greece.

For further information on the Energean Group's oil and gas leases, including certain other leases acquired during the period, see "*Business overview—Overview of assets*". For further information on the Energean Group's capital expenditure during the period, see "*—Liquidity and capital resources—Capital expenditure*".

## 2.7 Exploration and evaluation costs

The Energean Group's exploration and appraisal activities involve the search for hydrocarbons resources and the determination of the technical feasibility and commercial viability of an identified resource. The success or failure of the Energean Group's exploration and evaluation activities will affect the value and level of its reserves and resources and can result in write-offs or impairment charges.

The Energean Group adopts the successful efforts method of accounting for exploration and evaluation costs. Once the legal right to explore has been acquired, costs directly associated with exploration and evaluation are capitalised as exploration and evaluation assets. Such costs may include initial costs of licence acquisition, seismic and other studies, and drilling. Drilling costs are capitalised until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial reserves or resources are found, the exploration asset is tested for impairment. Any resulting impairment charge is passed through the profit and loss statement as other expenses. If potentially extractable hydrocarbons are found and, subject to further appraisal activity (e.g., by drilling further wells), are likely to be developed commercially, the costs continue to be carried as an oil and gas, exploration and evaluation cost while sufficient and continued progress is made in assessing the commerciality of the hydrocarbons. All such capitalised costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year to confirm the continued intention to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to profit or loss under other expenses in the profit and loss statement. When proved reserves are identified and development is sanctioned by management, the relevant expenditure is transferred to property, plant and equipment as an oil and gas asset and is assessed for impairment and any resulting impairment loss is recognised.

The Energean Group recorded additions to exploration and evaluation cost related intangible assets of US$61.0 million in 2019, compared to US$6.2 million in 2018 and US$3.2 million in 2017. In addition, the Energean Group recognised US$0.8 million in exploration and evaluation expenses in 2019, compared to US$2.1 million in 2018 and US$10.0 million in 2017, relating to assessing and evaluating new assets as well as impairment exploration assets.

## 2.8 Royalties and taxes

The Energean Group's revenues and results of operations are affected by royalties, tax and other amounts payable according to applicable tax laws and the leases under which it operates. Royalties payable may also be provided for in the Energean Group's leases or under the laws of the relevant jurisdiction. For additional information on taxes and royalties affecting the Energean Group, as well as other applicable regulations, see "*Regulatory overview*".

*Greece*

Under the Energean Group's licence in the Prinos, Prinos North, South Kavala and Epsilon fields, royalties are payable as a percentage of gross revenue on a sliding scale, depending on the level of production. The scale references average daily production for the year, and the first 2,500 bopd attract a 0% royalty. A royalty is incurred on production in excess of 2,500 bopd starting at 3% of revenue, increasing to 6% of revenue for production above 5,000 bopd and to 10% of revenue for all production in excess of 10,000 bopd. Any production from the Energean Group's Ioannina and Katakolo fields is subject to royalties on a sliding scale of 2% to 20%, and any production from the Aitoloakarnania field to royalties of 4% to 20%. In addition, the Energean Group's Greek operations are subject to a 20% income tax and 5% regional tax. For further information on Greek tax and royalties, see "*Regulatory overview—Regulatory and legislative framework in Greece—Fiscal regulations*".

During the year ended 31 December 2014, the Greek statutory tax audit of KOSA for the years 2006 to 2011 was finalised and the official tax report was issued by the respective tax authorities resulting in a €7.3 million (US$8.5 million) fine. This was subsequently reduced after KOSA paid €0.9 million (US$1.5 million) of stamp duties and the tax authorities wrote off €0.9 million (US$1.5 million) in interest and penalties. In addition, under the income tax corrective assessments derived from the tax report, carried-forward tax losses of KOSA were reduced from €28.9 million (US$33.6 million) to €1.4 million (US$1.6 million). Following the receipt in June 2018 of a final favourable decision from the appeal process, the provision for transfer pricing and income tax penalties was reversed. During 2015, the Company had been required to make a mandatory prepayment of 50% of the total exposure, US$3.7 million to the Greek tax authorities. Following the final decision, Energean received a refund of aforementioned amount in October 2018.

The Energean Group has also recognised deferred tax assets in respect of losses and other temporary differences to the extent that it is probable that there will be future taxable profits against which the losses and other temporary differences can be utilised. The Energean Group has considered their carrying value at each balance sheet date and concluded that based on management's estimates, sufficient taxable profits will be generated in future years to recover such recognised deferred tax assets.

At 31 December 2019, the Energean Group had unused tax losses available to offset against future profits of US$364.4 million, compared to US$344.5 million as of 31 December 2018 and US$322.1 million as of 31 December 2017.

Deferred tax liabilities are recognised for taxable temporary differences arising mainly on the Energean Group's accounting and tax carrying value in Prinos oil and gas properties. These capital expenditures were expensed as incurred for tax purposes.

The recognition and carrying value of deferred tax assets can be affected by changes in the Energean Group's estimated recoverable reserve levels which require changes in the judgments regarding the existence of deferred tax assets and in the estimates of the likely recovery of such assets.

*Israel*

Under the sale and purchase agreement by which the Energean Group acquired its lease rights in the Karish and Tanin fields, the Energean Group must pay a 7.5% royalty, plus VAT, to Delek until the date the Energean Group will need to pay tax pursuant to the PNR Law and an 8.25% royalty, plus VAT, thereafter, in addition to the US$108.5 million in deferred payments (subject to VAT under a self-tax invoice and application of the reverse charge mechanism) provided in the contract. In addition, the Energean Group's Israeli operations, according to the Petroleum Law, are subject to royalties of 12.5% of the volume of oil produced according to the value of the gas or oil at the well head. Also according to the PNR Law the Energean Group is subject to an oil profit tax/levy at the rate of 20% once the cost recovery ratio of the Petroleum Project has reached 150% (as calculated under the PNR Law) and the rate is gradually increased up to a ceiling rate of 46.8% when the cost recovery ratio of the Petroleum Project reaches 230%. Energean Israel is also subject to Israeli corporate income tax, currently at a rate of 23%. For further information on Israeli tax and royalties, see "*Regulatory overview—Regulatory and legislative framework in Israel—Fiscal regulations*".

### 2.9 Foreign exchange

Energean's presentation currency is the U.S. dollar, primarily because oil sales prices and all of the Energean Group's loan agreements are denominated in U.S. dollars. The U.S. dollar is the functional currency of Energean PLC, Energean Israel and Energean International. The functional currency of Energean E&P Holdings and Energean Oil & Gas SA is the Euro. As most of the Energean Group's staffing and certain other operating costs are denominated in Euro, the Energean Group's results are affected by changes in the U.S. dollar/Euro exchange rate, although in the periods under review, this did not have a significant impact (in 2019, such costs were EUR 27.2 million). The Energean Group also has exposures to movements in the U.S. dollar against other currencies. In particular, as the Energean Group's operations in Israel expand as a result of the development of the Karish and Tanin fields, it expects expenditures in Israeli shekels, U.S. dollars and GBP to constitute a larger share of costs, although to date expenditures have been primarily in U.S. dollars.

The Energean Group did not engage in any foreign exchange hedging activities as of 31 December 2019.

The Energean Group recognised an unrealised exchange loss in the year ended 31 December 2019 of US$3.9 million, compared to a loss of US$23.5 million in the year ended 31 December 2018 and US$36.2 million income in 2017. Such fluctuations related mainly to the retranslation of U.S. dollar denominated debt in EOGSA, principally the EBRD facility and shareholder loan until 2017, at each period end. Realised exchange differences reflect the impact of movements in exchange rates for foreign currency transactions between the date of transaction and the date of settlement.

### 2.10 Oil and gas reserves

The volume of the Energean Group's commercially recoverable oil and gas reserves impacts its future potential production levels and thus potential future revenues, costs and provisions, the carrying value of its oil and gas properties, related depreciation and impairment charges, and the recognition and value of its deferred tax assets. The Energean Group's estimates of its commercially recoverable reserves may be impacted by production volumes and by oil and gas prices to the extent that a portion of its reserves may not be economically recoverable at lower prices. A number of other factors may also impact the estimated volume of commercially recoverable reserves, including new geological information, enhanced field development, changes in drilling or production technology, and other assumptions that may affect the Energean Group's ability in the future to recover the hydrocarbon resources at its oil and gas properties.

In 2018, the Energean Group recorded a significant increase in 2P oil reserves. The increase in 2P recoverable oil reserves is primarily as a result of a final investment decision on the Karish and Tanin fields.

The Acquisition delivers significant additional scale to the Company's reserve base, which secures and reinforces the Company's production profile longevity and further growth potential. Edison E&P's portfolio contains 190 mmboe of working interest 2P reserves (exclusive of the Algerian Interest and the Norwegian Subsidiary). Combined with the Company's existing 342 mmboe 2P reserve base, the Enlarged Group will have a total of 532 mmboe of 2P reserves and will be one of the largest independent E&P companies by reserves listed on the London Stock Exchange.

## 3. Current trading and prospects

Revenue and Adjusted EBITDAX for the three months ended 31 March 2020 amounted to US$2 million and US$(6.9) million, respectively (compared to US$0.4 million and US$(3.4) million, respectively, for the three months ended 31 March 2019). The relative reduction in financial performance for the first quarter of 2020 is primarily attributable to the impact of the COVID-19 pandemic and the OPEC+ price war, which have generated significant market uncertainty and reduced oil prices. Since January 2020, Energean has made an overall reduction of approximately US$215 – 235 million in its expected capital expenditure in respect of the Enlarged Group for 2020.

Details on operational developments are set out below.

### 3.1 Israel – Karish and Tanin Development

The Karish and Tanin development project is on track to deliver first gas into the Israeli domestic market in the second half of 2021.

The Energean Power FPSO hull arrived in the Sembcorp Marine Admiralty Yard in Singapore on 15 April 2020. On arrival, Energean was informed of a temporary halt to operations at the yard, commencing 17 April 2020, which was intended to reduce the risk of COVID-19 transmission following an increase in cases in the area. Restrictions were extended beyond the original two-week shut-down. On 2 June 2020, the yard reopened, and preparation works for lifting of the topside modules of the Energean Power FPSO have commenced. An application was submitted to the Singapore Economic Development Board for the return of up to 529 workers for the Energean Power project. The ramp-up of the workforce will be dictated by the Singaporean authorities' ongoing evaluation of the situation.

Allowing for the ongoing restrictions, Energean now guides to FPSO hull to sailaway from Singapore to Israel in the first half of 2021 with first gas in the second half 2021. Energean does not expect these events to have a material financial impact on the Group due to the contracting structures that it has in place with its main EPCIC contractor, TechnipFMC, and its gas buyers.

### 3.2 Israel – Drilling

During 2019, Energean drilled the KM-01, KM-02, KM-03 development wells and the Karish North exploration well and sidetrack. Completions and installation of the Christmas Trees on those three development wells was the focus of operations during 1Q 2020; clean-up of all three wells has now been completed and results are being analysed. The wells are now ready for integration with the subsea infrastructure and hook up to the FPSO.

Based on the flow results achieved during clean up operations, Energean is confident that the three development wells can produce at combined rates of 800 mmscf/d, which is sufficient to fill the capacity of the FPSO.

The Karish North field was discovered in April 2019, and as of April 2020 was certified in a competent person's report by D&M (the "**Karish North CPR**") to contain gross 2C resources of 1.2 Tcf (33.7 Bcm) of gas plus 39 MMbbl of light oil/condensate. This represents a total of 250 mmboe, of which 84% is gas, and delivers a 32% uplift to the Group's previous Karish North resource best estimate, including approximately 0.3 Tcf (9 Bcm) of gas plus 5 MMbbl of liquids, a total of approximately 60 mmboe (of which 90% is gas). Total gross 2P reserves and 2C resources across Karish, Tanin and Karish North is now estimated at almost 3.5 Tcf (99 Bcm) of gas plus 82 MMbbls of liquids, a total of 698 mmboe, of which 88% is gas.

As a result of these certified figures, 0.6 bcm/yr of contingent GSPAs have been immediately converted to firm GSPAs, with firm GSPAs now expected to deliver approximately 5.6 Bcm/yr of gas sales on plateau. The company has also submitted an addendum to the Karish and Tanin field development plan, envisaging a tie-back to the Energean Power FPSO with a production capacity of up to 300 mmscf/d (approximately 3 Bcm/yr), initially from one well. A final investment decision on that project is anticipated during 2020, with first gas during 2022, after which it is expected that the resource volumes in respect of Karish North will be reclassified as reserves, to the extent that they are underpinned by GSPAs.

Energean has decided to defer its exploration activity on Block 12 and has cancelled its drilling contract with Stena, effective 31 March 2020. Results from the Karish North CPR are expected to be sufficient to ensure that Energean has sufficient gas resources to be able to participate in upcoming GSPA opportunities in Israel. This has allowed Energean to defer investment and conserve capital without impacting potential cash flow-driven returns for its shareholders.

Energean believes that the Zeus and Athena prospects remain very attractive and intends to re-visit its investment decision in due course.

### 3.3 Israel – Commercial

During 2019, Energean agreed an additional 0.8 Bcm/yr of new and increased contracted and unconditional ("firm") GSPAs and 0.4 Bcm/yr of contracted and conditional ("contingent") GSPAs with gas buyers. In early 2020, a further contingent GSPA for up to 0.2 Bcm/yr was signed. In April 2020, the 0.6 Bcm/yr of contingent GSPAs were converted to firm GSPAs, for a total of approximately 5.6 Bcm/yr of gas sales on plateau.

Total contracted gas sales are currently as follows:

*Contracted and Unconditional GSPAs*

- c.5.6 Bcm/yr (542 mmcfd) on plateau

*Contracted and Conditional GSPAs*

- Or Contract: 0.7 Bcm/yr (68 mmcfd) of sales to Or Power, which depends on Or Power succeeding in its application to receive a new licence from the Electricity Authority to construct a new power generation plant in Israel and successfully completing this project.

In the medium term, Energean aims to secure both the resource and offtake for the remaining spare capacity in its 8 bcma (775 mmcfd) capacity FPSO, whilst bearing in mind the need for capital conservation in the current market environment.

All GSPAs contain take-or-pay and floor pricing provisions, which reduce the risks associated with Energean's cash flow generation profile and limit Energean's exposure to global commodity price fluctuations.

Energean is also evaluating gas export monetisation options, including the markets of southern Europe. As part of this strategy, the Company signed a Letter of Intent ("LOI") in January 2020 with the Public Gas Corporation of Greece for the potential sale and purchase of 2 Bcm/yr of natural gas from Energean's fields in Israel through the proposed East Med Pipeline. At this stage, there is no commitment to supply this gas and Energean views the LOI as a longer-term option for monetisation of its gas resources.

### 3.4 Greece – Prinos Area

At the end of 2019, Energean decided to place its Prinos area assets under strategic review, the results of which will be communicated to the market once complete. Working interest production from Greece averaged 3,312 bopd during 2019, however, investment in Prinos, Prinos North and Epsilon will continue to be limited whilst this strategic review is concluded and 2020 production is, therefore, expected to be in the range of 1,500 to 2,000 bopd, assuming no contribution from Epsilon. Production averaged 2,184 bopd for the first five months of 2020. Output from Prinos and Prinos North is to be maintained through rig-less activities, requiring limited expenditure.

Due to higher-return capital allocation priorities, Energean no longer carries a medium-term production target for the Prinos area asset; future production will be a function of the level of investment in the assets.

## 4. Description of key line items

### 4.1 Revenue

In the period under review, the Energean Group generated revenue principally from the sale of oil from its Prinos and Prinos North fields under the BP Offtake Agreement. The Energean Group also derived revenue during the period from the sale of petroleum products, comprising products derived from the Energean Group's petroleum production, principally sulphur and from technical services provided to Energean Israel before the company become a subsidiary. Inter-segment petroleum operations and services are eliminated from Group's revenue.

### 4.2 Cost of sales

Cost of sales includes the cost of oil stock overlift/underlift movement (based on opening and closing inventories), energy cost, material consumption, staff cost and subcontracted work relating to maintenance programs and other projects not capitalised. Oil inventory is stated at the lower of cost and net realisable value. The closing inventory (in barrels) in each reporting period after the valuation at the lower of cost and net realisable value is reduced from the cost of sales of the current period and added in the cost of sales (opening inventory) in the subsequent period. Cost of sales also includes electricity, fuel, machinery repairs and maintenance, insurance, sundry expenses (such as equipment rental), consumptions (including machinery transportation costs), royalties payable to relevant governments in respect of the Energean Group's operations and depreciation of oil and gas assets, plant and machinery, vessel and transportation means.

### 4.3 Exploration and evaluation expenses

Exploration and evaluation expenses include staff and other pre-licence costs and impairment of exploration and evaluation costs.

### 4.4 Other income

Other income for the period included the reversal of prior period provisions, other exceptional non-operating income and write-back of bank liabilities.

### 4.5 Administration expenses

Administration expenses include staff costs (relating to administration, accountants, tax, human resources, other finance, part of the HSE and procurement), telecommunication and other office expenses, operating leases, licences and taxes, repairs and maintenance, audit fees for assurance services, accounting and tax fees, legal fees, other professional fees, overseas travel, corporate social responsibility, amortisation of intangibles, depreciation of property, plant and equipment (including furniture, fixtures, equipment, software and office building) and other administration expenses such as company gifts and office supplies.

### 4.6 Selling and distribution expenses

Selling and distribution expenses include staff costs relating to part of the corporate and communication department payroll, advertising (including conference and sponsorship expenses and press release expenses), and sundry expenses, including travel and accommodation expenses.

### 4.7 Other expenses

Other expenses include transaction costs in relation to future acquisitions, other taxes (comprising stamp duty, penalties and fines), other expenses (comprising prior period expenses and other non-operating expenses), provisions for litigation expenses, gain or loss from sales of property, plant and equipment, impairment loss on intangible assets, impairment loss on property, plant and equipment and impairment loss on inventory.

4.8 **Finance income**

Finance income includes interest income from short term bank deposits.

4.9 **Finance costs**

Finance costs include costs attributable to interest bearing loans and borrowings, amortisation and related party loan interest and issuance fees, the unwinding of discount on restoration provision and lease liability, interest expenses of the Energean Group's pension benefit obligation, third party fees relating to consultancy services for group funding purposes, risk management and other bank charges. The Energean Group also capitalises certain borrowing costs to assets.

4.10 **Gain or loss from foreign exchange transactions**

Gain or loss from foreign exchange transactions is the net gain or loss for the period from realised and unrealised exchange gain or loss from retranslation of foreign currency balances and transactions.

***Taxation income or expense***

Taxation income or expense includes corporation tax for current and prior years and deferred tax amounts.

In Israel, the Energean Group is subject to corporation tax on its taxable profits at the rate of 23%. The capital gain tax rates depends on the purchase date and the nature of asset. The general capital tax rate for a corporation is the standard corporate tax rate. Tax losses can be utilised for an unlimited period, and tax losses may not be carried back.

In Cyprus, the Energean Group is subject to corporation tax on its taxable profits at the rate of 12.5%. Any capital gains are taxed at the rate of 20%. Under certain conditions interest is subject either to corporation tax or to defence contribution. The relevant corporation tax rate for the year is 12.5% and the defence contribution rate is 30%.

In Greece, the nominal tax rates applicable to Energean are exclusively governed per each contract area by the provisions of the lease agreements ratified by Laws 2779/1999 (Prinos), 4298/2014 (Katakolo), and 4300/2014 (Ioannina). The applicable tax rate according to aforementioned agreements for the period ended 31 December 2018 was 25%. Tax losses, to the extent that they are accepted by the local tax authorities, can be utilised to offset taxable profits for a period of time that is dictated by the tax legislation of each country. The Energean Group expects that there will be sufficient profit in the following years and that deferred tax assets, recognised in the financial statements of the Energean Group, will be recovered.

# 5. Results of Operations

***Consolidated income statement***

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *US$ thousands* | |
| Revenue | 75,749 | 90,329 | 57,752 |
| Cost of sales | (65,552) | (60,019) | (48,648) |
| **Gross profit** | **10,197** | **30,310** | **9,104** |
| Administration expenses | (13,305) | (11,666) | (5,991) |
| Selling and distribution expenses | (345) | (453) | (445) |
| Exploration and evaluation expenses | (801) | (2,102) | (9,966) |
| Impairment of property, plant and equipment | (71,115) | — | — |
| Other expenses | (21,584) | (1,118) | (8,187) |
| Other income | 3,095 | 8,869 | 1,789 |
| **Operating (loss) / profit** | **(93,858)** | **23,840** | **(13,696)** |
| Finance income | 2,496 | 1,735 | 14 |
| Finance costs | (9,002) | (13,471) | (22,940) |
| Gain on derivative | — | 96,709 | 25,786 |

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | US$ thousands | |
| Net foreign exchange (loss) / gain | (3,933) | (23,521) | 36,243 |
| **(Loss) / Profit from continuing operations before tax** | **(104,297)** | **85,292** | **25,407** |
| Taxation income / (expense) | 20,531 | 15,527 | (14,061) |
| **(Loss) / Profit from continuing operations** | **(83,766)** | **100,819** | **11,346** |
| **Discontinued operations** | | | |
| Loss from discontinued operations | — | — | (1,403) |
| **(Loss) / Profit for the year** | **(83,766)** | **100,819** | **9,943** |

## 5.1 Comparison of the year ended 31 December 2019 with the year ended 31 December 2018

| | For the year ended 31 December | |
|---|---|---|
| | 2019 | 2018 |
| | (US$ thousands) | |
| Revenue | 75,749 | 90,329 |
| Cost of sales | (65,552) | (60,019) |
| **Gross profit** | **10,197** | **30,310** |
| Administration expenses | (13,305) | (11,666) |
| Selling and distribution expenses | (345) | (453) |
| Exploration and evaluation expenses | (801) | (2,102) |
| Impairment of property, plant and equipment | (71,115) | — |
| Other expenses | (21,584) | (1,118) |
| Other income | 3,095 | 8,869 |
| **Operating (loss) / profit** | **(93,858)** | **23,840** |
| Finance income | 2,496 | 1,735 |
| Finance costs | (9,002) | (13,471) |
| Gain on derivative | — | 96,709 |
| Net foreign exchange (loss) / gain | (3,933) | (23,521) |
| **(Loss) / Profit from continuing operations before tax** | **(104,297)** | **85,292** |
| Taxation income / (expense) | 20,531 | 15,527 |
| **(Loss) / Profit from continuing operations** | **(83,766)** | **100,819** |
| **Discontinued operations** | | |
| Loss from discontinued operations | — | — |
| **(Loss) / Profit for the year** | **(83,766)** | **100,819** |

*Revenue*

Revenue decreased by US$14.6 million, or 16.1%, to US$75.7 million in the year ended 31 December 2019 from US$90.3 million in the year ended 31 December 2018. The decrease in revenue was attributable primarily to the lower levels of production associated with the capital allocation programme and subsequent decision to place the Prinos area assets under strategic review, as well as the decrease in realised selling price. Revenue from the sale of petroleum products (i.e. sulphur) also decreased by US$0.9 million, or 51.2%, to US$0.8 million in the year ended 31 December 2019 from US$1.7 million in the year ended 31 December 2018 mainly as a result of decreased oil production volumes and realised prices. In 2018, the Energean Group realised neither profit nor loss on forward hedging transactions, compared to a net loss of US$1.3 million in 2018.

*Cost of sales*

Cost of oil sales increased by US$6.8 million, or 11.5%, in the year ended 31 December 2019, to US$65.6 million compared to US$58.9 million in the year ended 31 December 2018 principally due to oil stock overlift cost and increased depreciation charges. Stock overlift cost (oil consumption) increased to US$3.0 million in 2019, compared to US$(1.1) million in 2018..

*Gross profit*

As a result of the foregoing gross profit decreased by US$20.1 million, or 66.4%, to US$10.2 million in the year ended 31 December 2019 from US$30.3 million in the year ended 31 December 2018.

*Administration expenses*

Administration expenses increased by US$1.6 million, or 14.0%, to US$13.3 million in the year ended 31 December 2019 from US$11.7 million in the year ended 31 December 2018. This was attributable largely to increased non-cash share-based payment expenses, the Energean Group's audit fees and application of IFRS 16 (depreciation of leased assets). Other administrative expenses decreased by US$0.2 million, or 4.9%, to US$3.5 million in 2019 from US$3.7 million in 2018.

*Selling and distribution expenses*

Selling and distribution expenses remained relatively flat, at US$0.3 million in the year ended 31 December 2019 and US$0.5 million in the year ended 31 December 2018.

*Exploration and evaluation expenses*

Exploration and evaluation expenses decreased by US$1.3 million, or 61.9%, to US$0.8 million in the year ended 31 December 2019 from US$2.1 million in the year ended 31 December 2018.

*Other expenses*

The Energean Group recorded other expenses of US$21.6 million in the year ended 31 December 2019 compared to US$1.1 million in the year ended 31 December 2018. This was largely due to the direct costs incurred in 2019 relating to the proposed acquisition of Edison E&P.

*Finance income*

Finance income increased to US$2.5 million in the year ended 31 December 2019 from US$1.7 million in the year ended 31 December 2018, reflecting increased interest income from time deposits.

*Finance costs*

Financing costs before capitalisation for the period were US$48.9 million (2018: US$22.7 million). Included within this balance is US$34.4 million of interest (2018: US$12.2 million), of which US$7.0 million relates to interest incurred on the RBL facility and US$27.4 million on the Karish project finance facility. In addition, there was US$7.2 million (2018: US$5.7 million) of interest expenses relating to long term payables representing future payments to the previous Karish/Tanin licence holders. This was offset by capitalised borrowing costs of US$39.9 million (2018: US$9.3 million). The remainder of the total finance costs expensed relate primarily to finance and arrangement fees and other finance costs and bank charges. Total finance cost expensed amounted to US$9.0 million (2018: US$13.5 million).

*Gain on derivative*

Gain on derivative decreased by US$96.7 million, or 100.0%, to US$0.0 million in the year ended 31 December 2019 from US$96.7 million in the year ended 31 December 2018. This decrease was due to the fact that the derivative asset which relates to the Energean Israel B shares (a one-off event) was discharged in 2018.

*Gain or loss from foreign exchange transactions*

The Energean Group recorded a loss from foreign exchange transactions of US$3.9 million in the year ended 31 December 2019 compared to a loss from foreign exchange transactions of US$23.5 million in the year ended 31 December 2018. This was attributable primarily to lower fluctuation in the closing euro/dollar rate from 1.145 in 2018 to 1.1234 in 2019. Fluctuation in foreign exchange gain or loss derived mainly from retranslation at year end foreign exchange rates of monetary liabilities (mainly loans) that are in foreign currency other than the functional currency of each company.

*Taxation income or expense*

The Energean Group recorded taxation income of US$20.5 million in the year ended 31 December 2019 compared to US$15.5 million in the year ended 31 December 2018. This was primarily associated with the deferred tax impact of the impairment losses associated with the Prinos assets.

*(Loss) profit for the period*

As a result of the foregoing, profit for the period decreased by US$184.6 million, to a loss of US$83.8 million in the year ended 31 December 2019 from a profit of US$100.8 million in the year ended 31 December 2018.

## 5.2 Comparison of the year ended 31 December 2018 with the year ended 31 December 2017

| | For the year ended 31 December | |
|---|---|---|
| | **2018** | **2017** |
| | *(US$ thousands)* | |
| Revenue | 90,329 | 57,752 |
| Cost of sales | (60,019) | (48,648) |
| **Gross profit** | **30,310** | **9,104** |
| Administration expenses | (11,666) | (5,991) |
| Selling and distribution expenses | (453) | (445) |
| Exploration and evaluation expenses | (2,102) | (9,966) |
| Other expenses | (1,118) | (8,187) |
| Other income | 8,869 | 1,789 |
| **Operating profit (loss)** | **23,840** | **(13,696)** |
| Finance income | 1,735 | 14 |
| Finance costs | (13,471) | (22,940) |
| Gain on derivative | 96,709 | 25,786 |
| Net foreign exchange gain/(loss) | (23,521) | 36,243 |
| **Profit from continuing operations before tax** | **85,292** | **25,407** |
| Taxation (expense) / income | 15,527 | (14,061) |
| **Profit from continuing operations** | **100,819** | **11,346** |
| **Discontinued operations** | | |
| Net results from discontinued operations | — | (1,403) |
| **Profit for the period** | **100,819** | **9,943** |

*Revenue*

Revenue increased by US$32.6 million, or 56.4%, to US$90.3 million in the year ended 31 December 2018 from US$57.8 million in the year ended 31 December 2017. Growth in revenue was attributable primarily to a 60.7% growth in crude oil sales to US$88.6 million in 2018 from US$55.1 million in 2017. Revenue from the sale of petroleum products (i.e. sulphur) also increased by US$0.6 million, or 61.9%, to US$1.7 million in the year ended 31 December 2018 from US$1.0 million in the year ended 31 December 2017 mainly as a result of increased oil production volumes and realised prices. In 2018, the Energean Group realised a net loss of US$1.3 million on forward hedging transactions, compared to a net loss of US$0.3 million in 2017.

*Cost of sales*

Cost of sales increased by US$11.4 million, or 23.4%, in the year ended 31 December 2018, to US$60.0 million compared to US$48.6 million in the year ended 31 December 2017 principally due to a 92.2% or US$16.3 million increase in depreciation and amortisation charges to US$33.9 million in the year ended 31 December 2018 from US$17.6 million in the year ended 31 December 2017, primarily as a result of increased production and an increase in estimated future capital expenditure. Inventories (oil consumption) declined to US$(1.1) million in 2018, compared to US$5.0 million in 2017 due to a decrease in unsold inventory balance on 31 December 2018. Most other components of cost of sales slightly increased or remained flat in 2018. Staff cost increased by US$0.2 million, or 1.8%, to US$12.8 million in 2018 from US$12.6 million in 2017, reflecting increased headcount.

*Gross profit (loss)*

As a result of the foregoing gross profit increased by US$21.2 million, or 232.9%, to US$30.3 million in the year ended 31 December 2018 from US$9.1 million in the year ended 31 December 2017

*Administration expenses*

Administration expenses increased by US$5.7 million, or 94.7%, to US$11.7 million in the year ended 31 December 2018 from US$6.0 million in the year ended 31 December 2017. This was attributable largely to an increase in staff costs of US$3.7 million, or 122.0%, to US$6.8 million in 2018 from US$3.0 million in 2017. Other administrative expenses increased by US$1.6 million, or 73.5%, to US$3.7 million in 2018 from US$2.2 million in 2017, Auditors' fees also increased by 92.3% from US$0.4 million in 2017 to US$0.8 million in 2018. The increase in administrative expenses is attributable to the additional staffing and administrative costs associated with the rapid growth of the Energean Group's portfolio, the efforts associated with developing the projects, and additional requirements associated with being a Premium Listed entity.

*Selling and distribution expenses*

Selling and distribution expenses remained relatively flat, atUS$0.5 million in the year ended 31 December 2018 and US$0.4 million in the year ended 31 December 2017.

*Exploration and evaluation expenses*

Exploration and evaluation expenses decreased by US$7.9 million, or 78.9%, to US$2.1 million in the year ended 31 December 2018 from US$10.0 million in the year ended 31 December 2017.

*Other income (expenses)*

The Energean Group recorded net other income of US$7.8 million in the year ended 31 December 2018 compared to net other expenses of US$6.4 million in the year ended 31 December 2017. This was largely due to a provision in 2017 and reversal of this provision in 2018 for the Greek tax and transfer pricing penalties relating to fiscal years 2006 through 2011, which were the subject of an appeal that was ruled in the Energean Group's favour in July 2018.

*Finance income*

Finance income increased to US$1.7 million in the year ended 31 December 2018 from a null amount in the year ended 31 December 2017, reflecting an increase in interest income on time deposits.

*Finance costs*

Finance costs decreased by US$9.5 million, or 41.3%, to US$13.5 million in the year ended 31 December 2018 from US$22.9 million in the year ended 31 December 2017, primarily due to conversion of a shareholder loan to preference shares during 2017. Interest costs for the year ended 31 December 2018 were composed mainly of US$12.2 million of interest expenses on the EBRD facilities plus US$5.7 million of interest expenses on long term payables representing additional consideration payments to seller for Karish and Tanin licences, offset by capitalised interest of US$9.3 million.

*Gain on derivative*

Gain on derivative increased by US$70.9 million, or 275.0%, to US$96.7 million in the year ended 31 December 2018 from US$25.8 million in the year ended 31 December 2017. This variation was due to the change in fair value between 31 December 2017 and 31 March 2018 of the derivative asset for the commitment to acquire 50% of the of Energean Israel Limited B shares. On 21 March 2018 following the acquisition of a 50% economic interest in Energean Israel the Energean Group derecognised the derivative asset at its total fair value of US$190 million.

*Gain or loss from foreign exchange transactions*

The Energean Group recorded loss from foreign exchange transactions of US$23.5 million in the year ended 31 December 2018 compared to gain from foreign exchange transactions of US$36.2 million in the year ended 31 December 2017. This was attributable primarily with the decrease in the closing euro/dollar rate from 1.1995 in 2017 to 1.1450 in 2018. Fluctuation in foreign exchange gain or loss derived mainly from retranslation at year end foreign exchange rates of monetary liabilities (mainly loans) that are in foreign currency other than the functional currency of each company.

*Taxation income or expense*

The Energean Group recorded taxation income of US$15.5 million in the year ended 31 December 2018 compared to taxation expenses of US$14.1 million in the year ended 31 December 2017. This was due primarily to the reversal of the provision of US$4.3 million relating to previous years' income taxes following the receipt of the final favourable decision from the appeal process and deferred taxes recognised in non-taxable gain of US$96.7 million from the revaluation of the derivative asset due to the acquisition of 50% of Energean Israel.

*Profit (loss) for the period*

As a result of the foregoing, profit for the period increased by US$90.9 million, or 914.0%, to US$100.8 million in the year ended 31 December 2018 from US$9.9 million in the year ended 31 December 2017.

## 6. Liquidity and capital resources

### 6.1 Cash flows

The table below presents a summary of the Energean Group's cash flows for the periods indicated.

| | **For the year ended 31 December** | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(US$ thousands)* | |
| Net cash from operating activities | 36,285 | 62,684 | 29,097 |
| Net cash used in investing activities | (952,119) | (324,664) | (58,599) |
| Net cash from financing activities | 1,051,413 | 482,530 | 28,421 |
| Net increase (decrease) in cash and cash equivalents | 135,579 | 220,550 | (1,081) |
| Cash and cash equivalents at end of the period | 354,419 | 219,822 | 15,692 |

*Net cash generated from operating activities*

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(US$ thousands)* | |
| (Loss) / profit before tax | (104,297) | 85,292 | 24,004 |
| *Adjustments:* | | | |
| Depreciation, depletion and amortisation | 39,054 | 34,087 | 19,808 |
| Impairment loss on property, plant and equipment | 71,115 | — | 1,433 |
| Impairment loss on inventory | — | 992 | — |
| Impairment loss on intangible assets | | — | 6,663 |
| Gain from disposal of property, plant and equipment | — | (6) | — |
| Gain from disposal of subsidiary | — | — | (1,540) |
| Increase (decrease) in provisions | 730 | (6,757) | 8,748 |
| Finance income | (2,496) | (1,735) | (14) |
| Finance costs | 9,002 | 13,471 | 22,940 |
| Fair value gain on derivative | — | (96,709) | (25,786) |
| Other bank liabilities written back | (1,270) | — | — |
| Share-based payment charge | 2,751 | 1,570 | — |
| Net foreign exchange loss / (gain) | 3,933 | 23,521 | (36,243) |
| | **18,522** | **53,897** | **18,124** |
| *Changes in working capital:* | | | |
| Inventories | 2,929 | (1,807) | 4,985 |
| Trade and other receivables | (2,423) | 10,741 | (11,168) |
| Trade and other payables | 18,167 | (3,562) | 17,157 |
| **Cash flows from (used in) operations** | **37,195** | **59,269** | **29,097** |
| Tax paid | (910) | (251) | — |
| Receipts in relation to provisions | — | 3,666 | — |
| **Net cash from (used in) operating activities** | **36,285** | **62,684** | **29,097** |

Comparison of the year ended 31 December 2019 with the year ended 31 December 2018

Net cash generated from operating activities decreased by US$26.4 million, to US$36.3 million, in the year ended 31 December 2018 from US$62.7 million in the year ended 31 December 2018. This decrease was primarily driven by reduced production and revenue in the period and due to US$8.1 million of direct transaction costs for the proposed acquisition of Edison E&P in 2019, which have been recorded under operating activities.

Comparison of the year ended 31 December 2018 with the year ended 31 December 2017

Net cash generated from operating activities increased by US$33.6 million, to US$62.7 million, in the year ended 31 December 2018 from US$29.1 million in the year ended 31 December 2017. This increase was primarily driven by increased crude oil sales and receipt from the refund of prepayment made in 2015 to the Greek tax authorities related to tax litigation. Crude oil sales increased by US$33.5 million, or 60.7% as compared to US$55.1 million in 2017. During 2015, the Energean Group had been required to make a mandatory prepayment of 50% of the total exposure (being US$3.7 million) to the Greek tax authorities. Following the final decision, Energean received a refund of the aforementioned amount in October 2018.

*Net cash used in investing activities*

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(US$ thousands)* | |
| Payment for purchase of property, plant and equipment | (897,153) | (290,123) | (48,744) |
| Payment for purchase of intangible assets | (57,397) | (3,449) | (5,259) |
| Disposal of subsidiary, net of cash disposed | — | — | (5,610) |
| Acquisition of subsidiary, net of cash acquired | — | (32,746) | — |
| Proceeds from disposal of property, plant and equipment | — | 63 | 1,000 |
| Interest received | 2,431 | 1,591 | 14 |
| **Net cash used in investing activities** | **(952,119)** | **(324,664)** | **(58,599)** |

Comparison of the year ended 31 December 2019 with the year ended 31 December 2018

Net cash flows used in investing activities increased by US$627.5 million, or 193.3%, to US$952.1 million in the year ended 31 December 2019 from US$324.7 million in the year ended 31 December 2018. This increase reflected an increase in payment for purchase of property, plant and equipment of US$607.0 million, or 209.2%, to US$897.2 million in the year ended 31 December 2019 related to Karish development project from US$290.1 million in the year ended 31 December 2018. Moreover payment for intangible asset increased by US$53.9 million, to US$57.4 million in in the year ended 31 December 2019 from US$3.5 million in the year ended 31 December 2018. The increase in payment for intangible asset was attributable to exploration expenditures in Israel (mainly Karish North exploration field) by US$46.2 million, in Montenegro by US$4.9 million and in Ioannina (Greece) license by US$2.8 million.

Comparison of the year ended 31 December 2018 with the year ended 31 December 2017

Net cash flows used in investing activities increased by US$266.1 million, or 454.0%, to US$324.7 million in the year ended 31 December 2018 from US$58.6 million in the year ended 31 December 2017. This increase reflected an increase in payment for purchase of property, plant and equipment of US$241.4 million, or 495.2%, to US$290.1 million in the year ended 31 December 2018 from US$48.7 million in the year ended 31 December 2017 related to Israel development project by US$182.5 million and Epsilon & Prinos development and drilling program by US$58.7 million. In addition amount of US$32.8 million in 2018 represent payment made by the Energean Group for the acquisition of additional 20% of Energean Israel shares.

*Net cash from financing activities*

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(US$ thousands)* | |
| Proceeds from issue of share capital | 265,082 | 460,000 | — |
| Drawdown of borrowings | 848,658 | 55,626 | 33,915 |
| Proceeds from capital increases by non-controlling interests | — | 67,613 | — |
| Transaction costs in relation to IPO and new share issue | (8,202) | (20,057) | — |
| Advance payment from future sale of property, plant and equipment (INGL) | 5,090 | — | — |
| Repayment of obligations under leases | (1,024) | — | — |
| Debt arrangement fees paid | (8,557) | (8,237) | (1,475) |
| Finance cost paid for deferred license payments | (4,492) | — | — |
| Finance cost paid | (45,141) | (10,919) | (4,019) |
| Debt arrangement fees for Karish facility | — | (61,496) | — |
| **Net cash from financing activities** | **1,051,414** | **482,530** | **28,421** |

Comparison of the year ended 31 December 2019 with the year ended 31 December 2018

Net cash from financing increased by US$568.9 million, to US$1,051.4 million in the year ended 31 December 2019 from US$482.5 million in the year ended 31 December 2018. This increase reflects an amount of US$830 million drawn down from the US$1.275 billion Karish-Tanin project finance facility. Furthermore in 2019 the Energean Group raised gross proceeds of US$265.1 million through a private placement on the London and Tel Aviv Stock Exchanges.

Comparison of the year ended 31 December 2018 with the year ended 31 December 2017

Net cash from financing increased by US$454.1 million, to US$482.5 million in the year ended 31 December 2018 from US$28.4 million in the year ended 31 December 2017. This increase reflects an increase in proceeds from issue of share capital to US$460.0 million in the year ended 31 December 2018 from US$0 million in the year ended 31 December 2017. In 2018, the Energean Group paid finance costs of US$10.9 million, compared to US$4.0 million in 2017. In 2018, the Energean Group paid debt arrangement fees of US$8.2 million, compared to US$1.5 million in 2017, for the RBL Senior Facility Agreement. Furthermore, the Energean Group paid in 2018 amount of US$61.5 million for debt arrangement fees for Karish project finance in Israel.

## 6.2 Capital resources

The Energean Group's principal sources of liquidity have historically been shareholder equity, borrowings from facilities extended by related parties and the Energean Group's facilities with the EBRD and with Morgan Stanley, Natixis, Bank Hapoalim and Societe Generale. In addition, the Energean Group has relied on cash from its operating activities.

*Cash and Restricted Cash*

As of 31 December 2019, the Energean Group held US$354.4 million in cash and cash equivalents, of which US$4.6 million was held as restricted bank deposits. Restricted cash related to guarantees held under the Energean Group's licence agreements, for which the backing financial institutions stipulate that some or all of the amount underwritten must be restricted within cash.

*Borrowings*

As of 31 December 2019, the Energean Group had US$916.0 million in total borrowings, principally relating to the Energean Group's outstanding facilities with the EBRD and the Senior Credit Facility for the Karish-Tanin Development, described below.

<u>RBL Senior Facility Agreement</u>

In May 2016, EOGSA, as borrower, signed the EBRD Senior Facility Agreement, a five-year borrowing base facility agreement with the EBRD, subsequently amended on 12 July 2016, for a US$75 million facility to fund EOGSA's development program in the Prinos, Prinos North and Epsilon fields. On 30 January 2018, the EBRD Senior Facility Agreement was amended and restated (the "**RBL Senior Facility Agreement**"). The RBL Senior Facility Agreement comprises two facilities—the IFI Facility, a facility of up to US$90 million (originally US$105 million, reduced in January 2020) with EBRD and BSTDB as lenders and the Romanian Club Facility, a US$36 million facility (originally US$75 million, reduced in January 2020) pursuant to which the Romanian ECA and Banca Comerciala Intesa Sanpaolo Romania S.A. (with 95% insurance cover from the Romanian ECA) as lenders (EBRD, BSTDB, Romanian ECA and the commercial banks, together the "**RBL Lenders**"). Proceeds from the Romanian Club Facility will finance exclusively 85% of the value attributable to goods and services under the GSP EPCIC Contract. The facility is secured by substantially all of the assets of EOGSA and a guarantee from Energean E&P Holdings and a pledge of its shares in EOGSA. The facility will have a seven-year tenor.

As of 31 December 2019, the Energean Group had drawn US$145.2 million of the EBRD Senior Facility Agreement. In January 2020, the commitments under the RBL Senior Facility Agreement were reduced by a total amount of US$54 million.

<u>EBRD Subordinated Facility</u>

In July 2016, EOGSA, as borrower, signed a subordinated loan agreement (the "**EBRD Subordinated Facility Agreement**") with the EBRD, subsequently amended on 8 March 2017 and 28 February 2018, for a US$20 million facility to fund EOGSA's exploration activities. The facility is subject to an interest rate of 4.9% plus LIBOR01, in addition to fees and commission and an EBITDA participation amount of up to 3.5% of EBITDA (if EBITDA is positive) for the financial years 2016 and 2017 and up to 4.0% of EBITDA (if EBITDA is positive) thereafter, depending on the amount of the facility drawn. For these purposes, EOGSA's EBITDA is defined in the agreement as the total consolidated operating profit of the borrower before taking into account interest expense, taxes and extraordinary and exceptional items, and after adding back all amounts provided for depreciation and amortisation for such period, as shown in the most recent financial statements provided to the EBRD by EOGSA as set out in the agreement. The EBITDA participation amount shall accrue on a yearly basis from 1 January 2016 until 31 December 2024 and shall be payable in full on 25 August 2025. Subject to provisions regarding mandatory and voluntary prepayment, the facility is repayable in four equal instalments on 25 November 2024, 25 February 2025, 25 May 2025 and 25 August 2025. EOGSA shall pay EBRD a restructuring fee of US$0.1 million on the earlier of the first disbursement under the RBL Senior Facility Agreement and 30 days following the effective date as defined therein. The EBRD Subordinated Facility Agreement imposes a number of affirmative and negative covenants on the Energean Group.

As of 31 December 2019, the Energean Group had drawn US$20.0 million of the EBRD Subordinated Facility.

Senior Credit Facility for the Karish-Tanin Development

On 2 March 2018, the Energean Group entered into a senior secured project finance with Morgan Stanley, Natixis, Bank Hapoalim and Societe Generale for its Karish-Tanin project amounting to US$1,275 million. The loan is held at the Energean Israel Limited level (Energean 70%). The facility matures in December 2021 and has a bullet repayment on maturity. As of 31 December 2019, the Energean Group had paid a total amount of US$70.1 million for debt arrangement and commitment fees.

As at 31 December 2019, an amount of US$830.0 million was drawn down from the US$1.275 billion Karish-Tanin project finance facility. In March 2020, the Senior Credit Facility was increased to US$1.45 billion, providing an additional US$175 million of liquidity for the Karish project and future appraisal activity in Israel.

## 6.3 Capital expenditure

The Energean Group's total cash purchases for capital expenditure for the fiscal years 2019, 2018 and 2017, respectively, was US$954.6 million, US$293.6 million and US$54.0 million. The Energean Group's capital expenditure comprised expenditure on intangibles—principally licence acquisitions—and expenditure on property, plants and equipment, as summarised, by field, in the table below:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(US$ thousands)* | |
| Israel (Karish and Tanin) | 47,014 | 1,033 | - |
| Egypt (West Kom Ombo) | - | - | 3,412 |
| Ioannina/Aitolokarnania | 5,422 | 2,416 | 1,847 |
| Montenegro | 4,961 | - | - |
| **Payments for intangibles** | **57,397** | **3,449** | **5,259** |
| Israel (Karish and Tanin) | 828,891 | 182,482 | - |
| Prinos/Epsilon | 67,911 | 107,345 | 48,639 |
| Katakolo | 351 | 296 | 105 |
| **Payments for property, plant and equipment** | **897,153** | **290,123** | **48,744** |
| **Total capital expenditure paid** | **954,550** | **293,572** | **54,003** |

*Projected capital expenditure*

Total estimated development and production capital expenditure for 2020 is expected to amount to approximately US$665 – 685 million, comprising US$5 million in respect of Prinos and Epsilon, US$580 million in respect of Israel, US$40 – 50 million in respect of Egypt, US$25 – 30 million in respect of Italy, US$10 – 15 million in respect of the UK North Sea, and US$5 million in respect of Croatia. Total estimated exploration capital expenditure for 2020 is expected to amount to approximately US$95 million, comprising Israel exploration expenditure of US$5 million, Western Greece exploration expenditure of US$5 million, Egypt exploration expenditure of US$70 million and UK North Sea exploration expenditure of US$15 million.

The table below presents the Energean Group's estimated capital expenditure by field for the period from 2020 to 2023. In the case of 2020 figures, these are based on the Energean Group's budget for the year. Further years are purely management estimates, and all estimates are subject to change.

| | Estimated capital expenditure | | | |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *(US$ millions)* | | | |
| Karish | 580 | 105 | 70* | 70* |
| Prinos Basin fields | 5 | 5** | 5** | 5** |
| Ioannina / Aitoloakarnania | 5 | 6 | — | — |
| Block 2 | 2 | — | — | — |
| Montenegro | 1 | — | — | — |
| Israel Blocks 12, 21, 22, 23, 31 | 5 | 35 | — | — |
| **Total** | **598** | **151** | **75** | **75** |

* Represents cash settlement of the US$140 million TechnipFMC deferred payments that will be booked as capital expenditure on the balance sheet over 2021 / 2022
** Expenditure in Prinos is restricted to rig-less, maintenance activities whilst the strategic review is concluded. The extent of any future capital expenditure will be announced to the market in due course
*** Katakolo expenditure from 2021 onwards is fully discretionary
*****Israel capital expenditure presented as consolidated. Karish North development expenditure not included.

## 7. Performance guarantees and other commitments

### 7.1 Performance guarantees

All of the Energean Group's licences have performance guarantees attached to them, meaning that the licence specifies a minimum payment, or other amount for which the Energean Group will be liable. Guarantees are backed by financial institutions and the terms of each agreement define the percentage of the guarantee amount to be held in restricted cash, if any. As of 31 December 2019, the Energean Group was subject to a number of performance guarantees, including the following:

**Karish and Tanin Leases -** As part of the requirements of the Karish and Tanin Lease deeds, the Energean Group provided the Ministry of National Infrastructures, Energy and Water with bank guarantees in the amount of US$10 million for each lease (total US$20 million). The bank guarantees were in force until 29 December 2019, and were renewed on November 2019 until 31 March 2021.

**Blocks 12, 21, 22, 23 and 31 -** As part of the requirements of the exploration and appraisal licences which granted to the Energean Group during the Israeli offshore bid in December 2017, the Energean Group provided the Ministry of National Infrastructures, Energy and Water in January 2018 with bank guarantees in the amount of US$6.5 million for all 5 blocks mentioned above. The bank guarantees are in force until 10 January 2021.

**Blocks 55, 56, 61 and 62**, also known as "Zone D" **-** As part of the requirements of the exploration and appraisal licences which granted to the Energean Group during the Israeli 2nd offshore BID in July 2019, the Energean Group provided the Ministry of National Infrastructures, Energy and Water in January 2018 with bank guarantees in the amount of US$3.2 million for all 4 blocks mentioned above. The bank guarantees are in force until 28 September 2020.

**Israeli Natural Gas Lines ("INGL") -** As part of the agreement signed with INGL on June 2019 the Energean Group provided INGL bank guarantee at the amount of 18.26 million ILS (approx. US$5.3 million) in order to secure the first milestone payment from INGL. The bank guarantee is in force until 30 June 2021.

**Israel Custom Authority -** As part of the ongoing importation related Karish development, the Energean Group provided the Israeli Custom authority bank guarantees in 2019 at the amount of 10 million ILS (approx. US$2.9 million). The bank guarantees are in force until 28 February 2021.

**Transmission licence -** During August 2018, Energean Israel Transmission Ltd, subsidiary of the Company (100%), received the licence for construction and operation of a transmission system in accordance with Section 10 of the Natural Gas Sector Law, 5762-2002 for transmitting the gas from Karish and Tanin fields into Israel infrastructures. As part of the requirements of the license, the Energean Group provided the Ministry of National Infrastructures, Energy and Water with bank guarantees in the amount of US$250 thousand. The bank guarantee is in force until 20 September 2020.

The bank guarantee will be renewed each year thereafter as long as the license is valid, in accordance with the period of Karish and Tanin Leases.

**Israel other** - As part of the ongoing operations in Israel, the Energean Group provided various bank guarantees to third parties in Israel which totalled 0.7 million ILS (approx. US$0.2 million). Approximately half of the said bank guarantees are valid until July 2020 and the remaining bank guarantees are in force until October 2021.

**Greece:** The Energean Group provided a performance guarantee for the amount of US$0.7 million (€0.6 million) issued to the Greek Ministry of Environment Energy and Climate Change in respect of the contract with the Greek State for exploitation in Prinos.

As of 31 December 2018, the Energean Group and its partner Repsol provided a bank guarantee for the total amount of US$8.3 million in respect of the Lease Agreement of Aitoloakarnania Area in Greece, to satisfy the Minimum Expenditure Obligations of that agreement for the First Exploration phase. The Energean Group proceeded to restrict an amount of US$3.3 million (€2.9 million), which corresponds to its 40% participating interest.

**Montenegro:** A €3.0 million guarantee from Energean Montenegro Limited in favour of the state of Montenegro, is due to expire on 14 October 2020, relating to the Energean Group's concession and mandatory work programme in Montenegro. The guarantee is secured by a €3.0 million cash deposit. As of 31 December 2019 this guarantee was reduced to US$0.6 million.

### 7.2 Other commitments

*Abandonment liabilities*

Under its Prinos lease, abandonment and decommissioning liabilities of pre-existing offshore and onshore infrastructure are the responsibility of the Greek state. The Energean Group is liable only for decommissioning any additional wells and any infrastructure it adds in the area and for 50% of the abandonment costs and the Greek State is responsible for the remaining 50%.. The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties currently in place, which are expected to be incurred up to 2034, when the producing oil and gas properties are expected to cease operations. These provisions have been created based on the Energean Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes form a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. As of 31 December 2019, the Energean Group recognised decommissioning liabilities for Prinos assets in the amount of US$13.1 million. For more information, please refer to note 23 of the Energean Group's audited consolidated financial statements as of and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

## 8. Off-balance sheet arrangements

Other than the items described in "—*Commitments and Contingent Liabilities*" and in the notes to the Historical Financial Information relating to the Energean Group, the Energean Group had no off-balance sheet arrangements as of 31 December 2019.

## PART 14
## OPERATING AND FINANCIAL REVIEW RELATING TO THE EDISON E&P GROUP

*This Part 14 "Operating and Financial Review relating to the Edison E&P Group" should be read in conjunction with Part 2 "Important Information", Part 8 "Information on Edison E&P", Part 9 "Industry Overview" and Part 18 "Historical Financial Information relating to the Edison E&P Group". Prospective investors should read the entire document and not just rely on the summary set out below. The financial information considered in this Part 14 "Operating and Financial Review relating to the Edison E&P Group" is extracted from the financial information described in Part 18 "Historical Financial Information relating to the Edison E&P Group" which is incorporated by reference into this Prospectus.*

*The following discussion of the Edison E&P Group's results of operations and financial conditions contains forward-looking statements. The Edison E&P Group's actual results could differ materially from those that it discusses in these forward- looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under Part 1 "Risk Factors" and Part 2 "Important Information". In addition, certain industry issues also affect the Edison E&P Group's results of operations and are described in Part 9 "Industry Overview".*

# 1. Overview

Excluding the Algerian Interest and the Norwegian Subsidiary, the Edison E&P portfolio consists of producing assets in Egypt, Italy, Croatia and the UK North Sea, development assets in Egypt and Italy and balanced-risk exploration opportunities across the portfolio. Exclusive of the Algerian Interest and the Norwegian Subsidiary, as at 31 December 2019, the Edison E&P Group had working interest 2P reserves of 190.2 mmboe (as at 31 December 2019) and 2019 net working interest production was 58.7 kboe/d. As announced on 4 July 2019, the Edison E&P Group had working interest 2P reserves of 292 mboe (as at 31 December 2018) and 2018 net working interest production was 69 kboe/d.

For the year ended 31 December 2019, the Edison E&P Group had total sales and other operating revenues of US$494.9 million, with an operating loss of US$186.2 million.

# 2. Significant factors affecting the Edison E&P Group's results of operations

## 2.1 Oil and gas prices

Oil and gas prices have a significant impact on the Edison E&P Group's revenues and, to a lesser extent, on its cost of sales. These prices will continue to have a significant impact on the revenues and cost of sales of the Enlarged Group. The same factors as are described in "*Significant factors affecting the Energean Group's results of operations—Oil and gas prices*" in Part 13 "*Operating and Financial Review relating to the Energean Group*" in respect of the recent volatility in crude oil prices have had, and continue to have, an effect on the Edison E&P Group's results of operations. Historically, the Edison E&P Group, in the framework of the hedging strategy put in place by Edison, has adopted a commodity price hedging strategy to mitigate the risk related to fluctuations in oil and gas prices. At Completion, the hedging in place will be terminated and the hedging strategy will be addressed as part of the Enlarged Group. Any amounts payable or receivable by any member of the Edison E&P Group upon termination of such hedges will be taken into account as part of the working capital adjustments payable in respect of the initial consideration for the Acquisition.

## 2.2 Production volumes

Production volumes also have a significant impact on the Edison E&P Group's results of operations, affecting its revenues and costs per unit of production. Oil and gas exploration and production is a resource intensive business, involving high fixed costs relating to property, plant and equipment capital expenditure and related financing, depreciation and maintenance expenses. Given a high fixed cost base, total costs per unit of production are, in general, negatively correlated with production volumes. Accordingly, the Edison E&P Group's profit per unit of production at a given price level is generally higher when production volumes are high and lower when production volumes are low (or loss-making). When production volumes are low, the Edison E&P Group may be more vulnerable to a decline in the realisable price for its oil or gas as its higher costs per unit of production dictate a higher break-even price.

2.3 **Key operating costs**

The Edison E&P Group's operating costs affect its results of operations and factor in to the price per barrel that it must realise to continue its operations. Key operating costs relating to the Edison E&P Group's cost of oil & gas production include certain staff costs, electricity and fuel, consumptions (comprising spare parts, chemicals and other materials used in production and plant maintenance), machinery repairs and maintenance, subcontracted work, insurance, sundry expenses and royalties. These costs constitute the Edison E&P Group's cost of oil production which, together with inventory movement and depreciation, amount to cost of sales. Other costs include administrative expenses and exploration and evaluation expenses.

2.4 **Financing costs**

Historically, the E&P Edison Group had two forms of financing for the management of its E&P activities and for the development of its projects: overdraft facilities with different approved limit by entity and long-term loans, both granted by the parent company Edison S.p.A (and Edison International Holding B.V. before the E&P restructuring). The first financing instrument was applicable to all the companies while the second involved, amongst others, Edison international S.p.A, Edison E&P UK Ltd, and after the restructuring, also Edison E&P S.p.A. Going forward, the Edison E&P Group's financing requirements will be addressed as part of the Enlarged Group, through a mix of debt and equity funding as the Company determines appropriate.

2.5 **Development and exploration and evaluation costs**

The Edison E&P Group's exploration and appraisal activities involve the search for hydrocarbons resources and the determination of the technical feasibility and commercial viability of an identified resource. The success or failure of the Edison E&P Group's exploration and evaluation activities will affect the value and level of its reserves and resources and can result in write-offs or impairment charges.

The Edison E&P Group adopts the successful efforts method of accounting for exploration and evaluation costs. All field development costs are capitalized as property, plant and equipment. For more details, see the notes "*Accounting Policies—Other intangible assets*" and "*Critical Accounting Estimates and Judgments—Carrying value of intangible exploration and evaluation assets*" in the Edison E&P Group's Historical Financial Information.

2.6 **Royalties and taxes**

The Edison E&P Group's revenues and results of operations are affected by royalties, tax and other amounts payable according to applicable tax laws and the leases under which it operates. Royalties payable may also be provided for in the Edison E&P Group's leases or under the laws of the relevant jurisdiction. For additional information on taxes and royalties affecting the Edison E&P Group, as well as other applicable regulations, see "*Regulatory Overview*".

2.7 **Foreign exchange**

Although the presentational currency used in the Edison E&P Group's Historical Financial Information is the US Dollar, the principal functional currency of the Edison E&P is the Euro. The Euro is the currency that mainly influences sales prices, revenue estimates and has a significant effect on the Edison E&P Group's operations. In the presentation of results of operations, the conversion from Euro into US Dollar for purposes of the Edison E&P Group's Historical Financial Information impacts all line items and their comparability, given the variation in the applicable exchange rate from one period to the next.

As the Edison E&P Group sells its products in various countries around the world, it is exposed to the risk deriving from changes in foreign exchange rates. This risk mainly arises on sales in currencies like the US Dollar and Pound Sterling.

In the framework of the hedging strategy put in place by Edison, the Edison E&P Group agrees currency hedges to set the exchange rate in line with forecast sales and purchases volumes to protect itself against currency fluctuations with respect to its foreign currency transactions. The hedges are based on the Edison E&P Group's net exposure using currency forwards and/or plain vanilla options in line with its financial policy. The hedged risk is part of the global risk and the hedges are not speculative. At Completion, the hedging in place will be terminated and the hedging strategy will be addressed as part of the Enlarged Group. Any amounts payable or receivable by any member of the Edison E&P Group upon termination of such hedges will be taken into account as part of the working capital adjustments payable in respect of the initial consideration for the Acquisition.

### 2.8 Oil and gas reserves

The volume of the Edison E&P Group's commercially recoverable oil and gas reserves impacts its future potential production levels and thus potential future revenues, costs and provisions, the carrying value of its oil and gas properties, related depreciation and impairment charges, and the recognition and value of its deferred tax assets. The Edison E&P Group's estimates of its commercially recoverable reserves may be impacted by production volumes and by oil and gas prices to the extent that a portion of its reserves may not be economically recoverable at lower prices. A number of other factors may also impact the estimated volume of commercially recoverable reserves, including new geological information, enhanced field development, changes in drilling or production technology, and other assumptions that may affect the Edison E&P Group's ability in the future to recover the hydrocarbon resources at its oil and gas properties.

### 2.9 Application of IFRS 16

The Edison E&P Group has adopted IFRS 16 Leases for the period commencing 1 January 2019, which has impacted both the measurement and disclosures of leases that are valued above a low value threshold and with terms that are longer than one year. The transition impacts the Edison E&P Group's results of operations and financial condition as follows.

*Property leases and other vehicles*: In prior periods these leases were included as administrative expenses, and upon transition to IFRS 16, the expense will decrease, offset by an increase in finance costs and depreciation of other fixed assets.

*Oil and gas production and support equipment leases*: Prior to transition, these leases were either treated as operating costs or capitalised as property, plant and equipment. On transition to IFRS 16, operating costs decreased, offset by an increase in finance costs and depletion and amortisation of oil and gas assets.

### 2.10 Transfer of the Algerian Interest and the Norwegian Subsidiary

In light of the intended transfer of the Algerian Interest and the Norwegian Subsidiary, the Edison E&P Group's Historical Financial Information has been prepared on the basis that each of the Algerian Interest and the Norwegian Subsidiary constitute assets held for disposal, as presented in greater detail in note 12 of the Edison E&P Group's Historical Financial Information, as incorporated by reference into this Prospectus.

On a pro forma basis and assuming completion of the Acquisition and the transfer of the Algerian Interest and the Norwegian Subsidiary, details of the impact on the results of operations and financial position of the Enlarged Group can be seen in Part 19 "*Unaudited Pro Forma Financial Information of the Enlarged Group*".

## 3. Current trading and prospects

Sales and other operating revenues for the three months ended 31 March 2020 was US$91.6 million as compared to US$131.7 million for the three months ended 31 March 2019 (in each case excluding the discontinued operations representing the Algerian Interest and the Norwegian Subsidiary). The relative reduction in financial performance for the first quarter of 2020 is primarily attributable to the impact of the COVID-19 pandemic and the OPEC+ price war, which have generated significant market uncertainty and reduced oil prices. As at 31 May 2020, the net receivable position due to the Edison E&P Group in relation to EGPC decreased to US$214 million, of which US$136 million was considered past due, from US$222 million as at 31 December 2019, of which US$126 million was considered past due, but not impaired at such date.

Details on operational developments are set out below.

3.1 **Production**

Working Interest production to 31 December 2019 was 58.7 kboed, broken down by country as follows:

| Country | Working Interest Production Year ended 31 December 2019 |
|---|---|
| | (*kboed*) |
| Egypt | 45.5 |
| Italy | 10.2 |
| UK | 2.5 |
| Croatia | 0.5 |
| **Edison E&P assets to be acquired** | **58.7** |

Working Interest production for the Edison E&P assets to be acquired for the three months ended 31 March 2020 was 52.2 kboed, above the top end of the guidance range, which is currently expected to be 43 kboed to 49.5 kboed for the full year 2020 (excluding Greece, which is expected to add a further 1.5 to 2 kboed).

3.2 **Developments**

In Egypt, the Abu Qir – NEA/NI capital expenditure profiles has been optimised to reflect the current trading environment. Investment in NEA/NI will now be incurred ahead of commencement of infill drilling at Abu Qir. Gas pricing in the NEA concession is more resilient than that of Abu Qir; gas prices remain at US$4.6/mmbtu down to US$40/bbl Brent and have a floor at US$4.45/mmbtu, which is reached when Brent oil is at US$25/bbl. Abu Qir gas prices are reduced below US$3.5/mmbtu when Brent prices are below US$40/bbl, on average for a period of six months. As a result, Energean has reduced its 2020 Egypt capital expenditure forecast from US$100 million to US$40 – 50 million.

The capital expenditure profile in Italy has also been optimised to reflect the current trading environment, with total development capital expenditure for 2020 forecast to be reduced from US$107 million to US$25 – 30 million. On the Cassiopea/Argo development, offshore Italy, ENI received a renewal of the EIA from the ministry in December 2019. The development is now progressing, with first gas expected in 2023.

3.3 **Exploration**

The Ameeq Prospect on the NTO Block, Offshore Egypt, spudded in January 2020, which resulted in the discovery of two – likely modest – gas pools in deeper and shallower plays. However, these discoveries were not commercial and it was decided to relinquish the NTO Block in April 2020.

The Royee Licence expired on 13 April 2020 and on 22 March 2020 Ratio Oil and Israel Opportunity announced on TASE their decision to withdraw from the Royee Licence as well.

Following its notice to withdraw from the Royee licence and relinquishment of the NTO Block, Edison E&P Group's negotiations with Ratio Oil for the farm out of an indirect 15% interest in the NTO licence, offshore Egypt have also terminated.

The Isabella exploration well in the UK North Sea spudded in mid-October 2019 and in March 2020 was announced as a discovery with hydrocarbons encountered in the Upper Jurassic and Triassic sandstone reservoirs. The discovery is a high-pressure, high-temperature discovery in a location close to existing infrastructure. Further analysis of the well results will be performed by the licence operator, Total E&P North Sea UK Limited, to determine future appraisal activity and recoverable resource estimates. The well has been plugged and abandoned.

The South Idku well, onshore Egypt was dry and the concession expired as per the concession agreement on 11 February 2020.

# 4. Description of key line items

## 4.1 Sales and other operating revenues

Sales and other operating revenues includes revenues from sales of natural gas, oil and diluent, other utilities and other sales and services.

The Edison E&P Group applied, for the first time, IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The Edison E&P Group's accounting policy under IFRS 15 is that revenues are recognised when the Edison E&P Group satisfies a performance obligation by transferring oil or gas to its customer. The title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Edison E&P Group are fully satisfied. The accounting for revenues under IFRS 15 does not, therefore, represent a substantive change from the Edison E&P Group's previous accounting policy for recognising revenues from sales to customers.

## 4.2 Cost of sales

Cost of sales includes staff costs, energy, royalties payable, other operating costs and insurance, as well as depreciation and amortisation and movement of inventories of hydrocarbons, in connection with the Edison E&P Group's sales activities.

## 4.3 Administrative expenses

Administrative expenses include staff costs (relating to administration, accountants, tax, human resources, other finance, part of the HSE and procurement), corporate service costs, auditor fees and other general and administrative expenses.

## 4.4 Exploration and evaluation expenses

Exploration and evaluation expenses include staff costs and impairment of exploration and evaluation costs as well as third party fees.

## 4.5 Impairment of property, plant and equipment

Impairment of property, plant and equipment includes impairment charges on property, plant and equipment that are recognised in the financial statements for a value no higher than their recoverable amount ("**impairment testing**"). The impairment testing process calls for testing the sustainability of the value of individual assets broken down into Cash Generating Units ("**CGUs**"). At each reporting date, the Edison E&P Group verifies whether there is any indication that an asset may have suffered a loss in value (impairment indicator).

The recoverable amount is calculated as the value in use through the discounting of cash flows expected from the use of the asset or a CGU as well as the amount expected from its disposal at the end of its useful life.

## 4.6 Other income

Other income includes the reversal of prior period provisions, the capital gain arising from the disposal of assets, recovery of costs from joint ventures, out-of-period income and other non-recurring income.

4.7 **Finance income**

Finance income includes interest and income from bank accounts and receivables and other interest and financial income from loan receivables.

4.8 **Finance costs**

Finance costs include financial charges from capitalisations, bank fees payable, interest expense and the unwinding interest of decommissioning provision.

4.9 **Gain (loss) on derivatives**

Gain (loss) on derivatives refers to the change in fair value evaluation of derivatives which are not eligible for hedge accounting pursuant to IAS 39.

4.10 **Net foreign exchange gain (loss)**

Net foreign exchange gain (loss) is the result of realised exchange effects arising when monetary items are settled.

4.11 **Taxation (expense) income**

Taxation (expense) income represents corporation taxes due or payable from the current or prior periods, as well as any tax provisions and deferred tax.

# 5. Results of Operations

***Consolidated income statement***

| | **For the year ended 31 December*** | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *US$ thousands* | |
| *Continuing Operations* | | | |
| Sales and other operating revenues | 494,927 | 599,178 | 527,986 |
| Cost of sales | (410,341) | (404,944) | (363,631) |
| **Gross profit** | **84,586** | **194,234** | **164,355** |
| Administrative expenses | (26,481) | (27,888) | (22,654) |
| Exploration and evaluation expenses | (15,701) | (62,831) | (21,158) |
| Impairment of property plant and equipment | (235,268) | (64,822) | (101,786) |
| Other expense | (7,391) | (5,152) | (9,439) |
| Other income | 14,025 | 9,924 | 15,787 |
| **Operating (loss) / profit** | **(186,230)** | **43,465** | **25,105** |
| Finance income | 2,608 | 32,390 | 10,317 |
| Finance costs | (28,429) | (42,915) | (47,045) |
| Gain (loss) on derivative | (577) | (71) | 5,872 |
| Net foreign exchange gain / (loss) | 1,534 | 1,375 | (1,304) |
| **Profit (loss) from continuing operations before tax** | **(211,094)** | **34,244** | **(7,055)** |
| Taxation (expense) / income | (296,016) | (106,912) | (131,256) |
| **Loss from continuing operations** | **(507,110)** | **(72,668)** | **(138,311)** |
| *Discontinued Operations* | | | |
| Post-tax (loss)/profit for the year from discontinued operations | (106,452) | 6,571 | (90,426) |
| **Loss for the period** | **(613,562)** | **(66,097)** | **(228,737)** |

* The 2018 and 2017 comparative amounts have been restated to reflect the reclassification of discontinued operations

## 5.1 Comparison of the year ended 31 December 2019 with the year ended 31 December 2018

| | For the year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| | *(US$ thousands)* | |
| *Continuing Operations* | | |
| Sales and other operating revenues | 494,927 | 599,178 |
| Cost of sales | (410,341) | (404,944) |
| **Gross profit** | **84,586** | **194,234** |
| Administrative expenses | (26,481) | (27,888) |
| Exploration and evaluation expenses | (15,701) | (62,831) |
| Impairment of property plant and equipment | (235,268) | (64,822) |
| Other expense | (7,391) | (5,152) |
| Other income | 14,025 | 9,924 |
| **Operating (loss) / profit** | **(186,230)** | **43,465** |
| Finance income | 2,608 | 32,390 |
| Finance costs | (28,429) | (42,915) |
| Gain (loss) on derivative | (577) | (71) |
| Net foreign exchange gain / (loss) | 1,534 | 1,375 |
| **Profit (loss) from continuing operations before tax** | **(211,094)** | **34,244** |
| Taxation (expense) / income | (296,016) | (106,912) |
| **Loss from continuing operations** | **(507,110)** | **(72,668)** |
| *Discontinued Operations* | | |
| Post-tax (loss)/profit for the year from discontinued operations | (106,452) | 6,571 |
| **Loss for the period** | **(613,562)** | **(66,097)** |

*Sales and other operating revenues*

Sales and other operating revenues decreased by US$104.3 million, or 17.4%, to US$494.9 million in the year ended 31 December 2019 from US$599.2 million in the year ended 31 December 2018. This was attributable primarily to the lower levels of production in Egypt, as well as the decrease in realised selling oil and gas price in Italy and realised gas price in Egypt.

*Cost of sales*

Cost of sales increased by US$5.4 million, or 1.3%, to US$410.3 million in the year ended 31 December 2019 from US$404.9 million in the year ended 31 December 2018, principally due to a 5.7% or US$11.1 million increase in depreciation charges to US$205.2 million in the year ended 31 December 2019 from US$194.1 million in the year ended 31 December 2018, primarily as a result of an increase in estimated future capital expenditure.

*Gross profit (loss)*

As a result of the foregoing, gross profit decreased by US$109.6 million, to US$84.6 million in the year ended 31 December 2019 from US$194.2 million in the year ended 31 December 2018.

*Exploration and evaluation expenses*

Exploration and evaluation expenses decreased by US$47.1 million, or 75.0%, to US$15.7 million in the year ended 31 December 2019 from US$62.8 million in the year ended 31 December 2018. This primarily reflected a reduction in exploration costs written off resulting from a reduction in exploration costs written off resulting from Egypt and UK exploration activities in 2018.

*Impairment of property plant and equipment*

Impairment of property plant and equipment increased by US$170.5 million, to US$235.3 million in the year ended 31 December 2019 from US$64.8 million in the year ended 31 December 2018. This primarily reflected lower estimates of Abu Qir reserves and higher discount rates (WACC) used for the calculation of the assets recoverable amounts in Egypt and Italy.

*Other income*

The Edison E&P Group recorded other income of US$14.0 million in the year ended 31 December 2019 compared to other income of US$9.9 million in the year ended 31 December 2018, principally due to gain on disposal of fixed asset of US$2.4 million recorded in 2019 and a US$1.9 million reversal of provision for tax litigation.

*Finance income*

Finance income decreased by US$29.8 million, to US$2.6 million in the year ended 31 December 2019 from US$32.4 million in the year ended 31 December 2018, reflecting primarily adoption of new IFRS 9 in 2018 resulting in the release of a deferral provision in the amount of US$21.3 million not recurring in 2019.

*Finance costs*

Finance costs decreased by US$14.5 million, or 33.8%, to US$28.4 million in the year ended 31 December 2019 from US$42.9 million in the year ended 31 December 2018, primarily due to capitalisation to equity of a shareholder loan in the amount of €850 million in July 2018.

*Taxation (expense) income*

The Edison E&P Group recorded taxation expenses of US$296.0 million in the year ended 31 December 2019 compared to taxation expenses of US$106.9 million in the year ended 31 December 2018. The increase in expenses was due primarily to a write-off of US$214.1 million in relation to deferred tax assets. Following the Edison E&P Group exiting the wider Edison S.p.A tax consolidation group in September 2019, there is now a reduced pool of future forecast profits against which tax assets could be used.

*Post-tax (loss) / profit for the year from discontinued operations*

Post-tax (loss) / profit for the year from discontinued operations decreased by US$113.1 million, to a loss of US$106.5 million in the year ended 31 December 2019 from a profit of US$6.6 million in the year ended 31 December 2018. This decrease reflects the combined results of the Algerian Interest and the Norwegian Subsidiary.

The results of the Algerian Interest decreased by US$107.4 million, to a loss of US$94.2 million in the year ended 31 December 2019 from a profit of US$13.2 million in the year ended 31 December 2018. This loss primarily reflected a write-down of US$114.4 million was recognised to reduce the carrying amount of the asset to its fair value less costs to sell. The results of the Norwegian Subsidiary decreased by US$5.7 million, to a loss of US$12.3 million in the year ended 31 December 2019, from a loss of US$6.6 million in the year ended 31 December 2018, primarily as a result of a write-down of US$27.3 million was recognised to reduce the carrying amount of the assets in the disposal group to its fair value less costs to sell.

*Loss for the year*

As a result of the foregoing, loss for the year increased by US$547.5 million, to US$613.6 million in the year ended 31 December 2019 from US$66.1 million in the year ended 31 December 2018.

## 5.2 Comparison of the year ended 31 December 2018 with the year ended 31 December 2017

| | For the year ended 31 December | |
|---|---|---|
| | **2018** | **2017** |
| | *(US$ thousands)* | |
| *Continuing Operations* | | |
| Sales and other operating revenues | 599,178 | 527,986 |
| Cost of sales | (404,944) | (363,631) |
| **Gross profit** | **194,234** | **164,355** |
| Administrative expenses | (27,888) | (22,654) |
| Exploration and evaluation expenses | (62,831) | (21,158) |
| Impairment of property plant and equipment | (64,822) | (101,786) |
| Other expense | (5,152) | (9,439) |
| Other income | 9,924 | 15,787 |
| **Operating (loss) / profit** | **43,465** | **25,105** |
| Finance income | 32,390 | 10,317 |
| Finance costs | (42,915) | (47,045) |
| Gain (loss) on derivative | (71) | 5,872 |
| Net foreign exchange gain / (loss) | 1,375 | (1,304) |
| **Profit (loss) from continuing operations before tax** | **34,244** | **(7,055)** |
| Taxation (expense) / income | (106,912) | (131,256) |
| **Loss from continuing operations** | **(72,668)** | **(138,311)** |
| *Discontinued Operations* | | |
| Post-tax (loss)/profit for the year from discontinued operations | 6,571 | (90,426) |
| **Loss for the period** | **(66,097)** | **(228,737)** |

*Sales and other operating revenues*

Sales and other operating revenues increased by US$71.2 million, or 13.5%, to US$599.2 million in the year ended 31 December 2018 from US$528.0 million in the year ended 31 December 2017. This was attributable primarily to the recovery of Brent and Italian PSV (gas reference) prices, combined with increased production in Egypt as a result of the commissioning of North Abu Qir Platform III, partly offset by production declines in Italy and Croatia, attributable to natural depletion of the fields.

*Cost of sales*

Cost of sales increased by US$41.3 million, or 11.4%, to US$404.9 million in the year ended 31 December 2018 from US$363.6 million in the year ended 31 December 2017, principally due to the increases in production and sales as noted above.

*Gross profit (loss)*

As a result of the foregoing, gross profit increased by US$29.8 million, to US$194.2 million in the year ended 31 December 2018 from US$164.4 million in the year ended 31 December 2017.

*Administrative expenses*

Administrative expenses increased by US$5.2 million, or 22.9%, to US$27.9 million in the year ended 31 December 2018 from US$22.7 million in the year ended 31 December 2017. This was attributable largely to lower than average administrative expenses incurred in 2017, as well as foreign exchange effects.

*Exploration and evaluation expenses*

Exploration and evaluation expenses increased by US$41.6 million, to US$62.8 million in the year ended 31 December 2018 from US$21.2 million in the year ended 31 December 2017. This primarily reflected an increase in exploration costs written off resulting from exploration activities in the UK and Egypt.

*Impairment of property plant and equipment*

Impairment of property plant and equipment decreased by US$37.0 million, or 36.3%, to US$64.8 million in the year ended 31 December 2018 from US$101.8 million in the year ended 31 December

2017. This primarily reflected impairment losses in the Abu Qir field in Egypt due to a decrease in the Brent forwards prices affecting mainly the LPG and condensate forward sales.

*Other income*

The Edison E&P Group recorded other income of US$9.9 million in the year ended 31 December 2018 compared to other income of US$15.8 million in the year ended 31 December 2017. This was largely due to one-off income recorded in 2018 related to an insurance indemnity on Sarago and Rospo – Alba Marina in Italy for US$12.4 million.

*Finance income*

Finance income increased by US$22.1 million, to US$32.4 million in the year ended 31 December 2018 from US$10.3 million in the year ended 31 December 2017, reflecting primarily an increase in interest and income from receivables due to the unwinding of the discount effect on Egyptian receivables amounting to US$31.5 million in 2018 compared to US$9.9 million in 2017.

*Finance costs*

Finance costs decreased by US$4.1 million, or 8.7%, to US$42.9 million in the year ended 31 December 2018 from US$47.0 million in the year ended 31 December 2017, primarily due to the decrease in the second half of 2018 of financial interest arising from intercompany loans and intercompany current accounts after the E&P debt restructuring.

*Gain (loss) on derivative*

Gain on derivative decreased by US$6.0 million, or 101.2%, to a loss of US$0.1 million in the year ended 31 December 2018 from a gain of US$5.9 million in the year ended 31 December 2017. This variation was principally due to the variance in the fair value evaluation of economic hedge derivatives.

*Gain (loss) from foreign exchange transactions*

The Edison E&P Group recorded gain from foreign exchange transactions of US$1.4 million in the year ended 31 December 2018 compared to loss from foreign exchange transactions of US$1.3 million in the year ended 31 December 2017. This was primarily due to Egyptian realised differences on exchange rates reflecting a loss of US$1.3 million in 2017 to a gain of US$1.4 million in 2018.

*Taxation (expense) income*

The Edison E&P Group recorded taxation expenses of US$106.9 million in the year ended 31 December 2018 compared to taxation expenses of US$131.3 million in the year ended 31 December 2017. The increase in expenses was due primarily to current year income taxes on taxable profit.

*Post-tax (loss) / profit for the year from discontinued operations*

Post-tax (loss) / profit for the year from discontinued operations increased by US$97.0 million, to a gain of US$6.6 million in the year ended 31 December 2018 from a loss of US$90.4 million in the year ended 31 December 2017. This decrease reflects the combined results of the Algerian Interest and the Norwegian Subsidiary.

The results of the Algerian Interest increased by US$13.1 million, to a gain of US$13.2 million in the year ended 31 December 2018 from a gain of US$0.1 million in the year ended 31 December 2017. This gain primarily reflected increased sales, with Reggane ramping up to full production from December 2017 to August 2018. The results of the Algerian Interest were offset in part by the results of the Norwegian Subsidiary.

*Loss for the year*

As a result of the foregoing, loss for the year decreased by US$162.6 million, or 71.1%, to US$66.1 million in the year ended 31 December 2018 from US$228.7 million in the year ended 31 December 2017.

## 6. Liquidity and capital resources

### 6.1 Cash flows

The table below presents a summary of the Edison E&P Group's cash flows for the periods indicated, which have been extracted without material adjustment from the Historical Financial Information relating to the Edison E&P Group set out in "*Historical Financial Information relating to the Edison E&P Group*".

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(US$ thousands)* | |
| Net cash flow generated by operating activities .................. | 279,940 | 338,960 | 337,637 |
| Net cash used in investing activities .................................... | (183,642) | (159,873) | (315,317) |
| Net cash flows (used in)/from financing activities ............... | (55,849) | (180,122) | (14,440) |

*Net cash flow generated by operating activities*

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(US$ thousands)* | |
| (Loss) / Profit from continuing operations before tax ...................... | (211,094) | 34,244 | (7,055) |
| *Adjustments for:* | | | |
| Loss from discontinued operations before tax.................................. | (161,978) | (6,524) | (140,968) |
| Amortisation, depreciation and impairment losses........................... | 608,827 | 392,212 | 410,317 |
| Depreciation of right-of-use assets................................................... | 14,337 | — | — |
| Changes in provisions...................................................................... | (14,267) | (2,708) | 6,023 |
| (Gains)/losses on the sale of non-current assets ............................... | (446) | 2,652 | 534 |
| Fair value gain (losses) on derivatives ............................................. | 577 | 72 | (5,872) |
| Net foreign exchange (gain) or loss ................................................. | (3,142) | (1,709) | 2,906 |
| Finance cost..................................................................................... | 31,284 | 12,929 | 41,167 |
| Non-cash revenues from Egypt* ...................................................... | (55,517) | (86,160) | (85,697) |
| | **208,581** | **345,008** | **221,355** |
| *Changes in working capital:* | | | |
| Change in trade receivables and other current assets........................ | 64,238 | (18,416) | 37,556 |
| Change in inventories ...................................................................... | (5,457) | (6,919) | 16,213 |
| Change in trade payables and other current liabilities ...................... | (13,564) | (3,789) | 14,679 |
| Change in non-current assets ........................................................... | 7,183 | 852 | 1,533 |
| Change in non-current liabilities...................................................... | 23,426 | 3,670 | (448) |
| **Cash flow generated from operations**........................................... | **284,407** | **320,406** | **290,888** |
| Income taxes (received) / paid ......................................................... | (4,467) | 18,554 | 46,749 |
| **Net cash flow generated by operating activities**........................... | **279,940** | **338,960** | **337,637** |

* Non-cash revenues from Egypt arise due to taxes being deducted at source from invoices such as revenue and tax charges are grossed up to reflect this deduction but no cash inflow or outflow results.

<u>Comparison of the year ended 31 December 2019 with the year ended 31 December 2018</u>

Net cash generated from operating activities decreased by US$59.1 million, to US$279.9 million in the year ended 31 December 2019 from US$339.0 million in the year ended 31 December 2018. This decrease was primarily driven by reduced revenue and production in Egypt and Italy.

<u>Comparison of the year ended 31 December 2018 with the year ended 31 December 2017</u>

Net cash generated from operating activities decreased by US$1.4 million, to US$339.0 million, in the year ended 31 December 2018 from US$337.6 million in the year ended 31 December 2017. This decrease was primarily driven by an increase in trade receivables in Egypt.

*Net cash used in investing activities*

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(US$ thousands)* | |
| Investments in property, plant and equipment..................................... | (135,427) | (164,111) | (216,864) |
| Investments in intangible assets .......................................................... | (51,927) | (36,461) | (102,585) |
| Disposals of property, plant and equipment and intangible assets........ | 2,400 | 40,388 | 3,876 |
| Interest received.................................................................................. | 1,312 | 361 | 256 |
| **Net cash flows used in investing activities** ...................................... | **(183,642)** | **(159,873)** | **(315,317)** |

Comparison of the year ended 31 December 2019 with the year ended 31 December 2018

Net cash flows used in investing activities increased by US$23.6 million, to US$183.6 million in the year ended 31 December 2019 from US$160.0 million in the year ended 31 December 2018. This increase was primarily driven by decreased proceeds from disposal of tangible assets.

Comparison of the year ended 31 December 2018 with the year ended 31 December 2017

Net cash flows used in investing activities decreased by US$155.3 million, to US$160.0 million, in the year ended 31 December 2018 from US$315.3 million in the year ended 31 December 2017. This decrease was primarily driven by the relevant development activity in Egypt in 2017, with several production wells and work-over in the Abu-Qir concession, as well as several exploration wells drilled in 2017 in Egypt.

*Net cash flows (used in)/from financing activities*

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(US$ thousands)* | |
| Interest paid | (158) | (74) | (114) |
| Repayment of lease liabilities | (11,143) | — | — |
| Interest paid for lease liabilities (IFRS 16) | (1,799) | — | — |
| Proceed (repayment) of current shareholder borrowings | 35,090 | (292,907) | (183) |
| Repayment of shareholder non-current debt | (77,839) | (1,028,301) | (14,143) |
| Investments in non-current financial assets | — | 1,141,160 | — |
| **Net cash flows (used in)/from financing activities** | **(55,849)** | **(180,122)** | **(14,440)** |

Comparison of the year ended 31 December 2019 with the year ended 31 December 2018

The Edison E&P Group recorded net cash flows used in financing activities of US$55.8 million in the year ended 31 December 2019 compared to net cash flows used in financing activities of US$180.1 million in the year ended 31 December 2018. This was attributable primarily to a decrease repayment in repayment of shareholder debt and an increase in payment of lease liability following the adoption of the IFRS 16 from 1 January 2019.

Comparison of the year ended 31 December 2018 with the year ended 31 December 2017

The Edison E&P Group recorded net cash flows used in financing activities of US$180.1 million in the year ended 31 December 2018 compared to net cash flows used in financing activities of US$14.4 million in the year ended 31 December 2017. This was attributable primarily to the cash management activity with Edison S.p.A, through which, along with shareholders loans, the Edison E&P Group financed its own business. Furthermore, in 2018 the corporate restructuring of the Edison E&P Group involved also a conversion of shareholder's debt to equity.

## 6.2 Capital resources

The Edison E&P Group's principal sources of liquidity have historically been cash generated from its operating activities, as well as external debt facilities and cash management arrangements with Edison. Upon Completion, Energean shall acquire these cash management balances from Edison on the terms of the Acquisition Agreement.

## 6.3 Capital expenditure

The Edison E&P Group's total cash purchases for capital expenditure for the fiscal years 2019, 2018 and 2017, comprising additions to property, plant and equipment and intangible assets, was US$88.7 million, US$200.8 million and US$319.5 million, respectively. For more details, see the note, "*Note to the Statement of Financial Position—Property, Plant and Equipment*" and "*—Intangible Assets*" in the Edison E&P Group's Historical Financial Information.

Under the terms of its leases, the Edison E&P Group is subject to certain minimum investment requirements in respect of its oil and gas properties. Such requirements are typically secured by performance guarantees provided by the Edison E&P Group. As at 31 December 2019, the financial commitments to satisfy minimum investment requirements are mainly in Egypt and are the following:

- North Thekah Field - Phase 2 for an amount of US$75 million; and
- North East Hapy Field for an amount of US$11 million.

*Projected capital expenditure*

Energean currently has planned development and production investment in the near term plan (through 2020) for the Edison E&P assets mainly in Egypt for approximately US$40 – 50 million and the UK North Sea for approximately US$15 million.

## 7. Commitments and contingent liabilities

### 7.1 Contingent liabilities

The Edison E&P Group may face additional liabilities as a result of pending or future litigation. For a discussion of legal proceedings affecting the Edison E&P Group, see "*Additional Information—Litigation*" and "*Risk Factors—Risks relating to legal and regulatory matters— The Energean Group's, the Edison E&P Group's and, following Completion, the Enlarged Group's operations are subject to the risk of litigation*".

### 7.2 Off-balance sheet commitments

As at 31 December 2019, the Edison E&P Group's operating lease commitments were as follows:

| | Due within one year | Due within five years | Due after five years |
|---|---|---|---|
| | | *(US$ thousands)* | |
| Buildings | 3,357 | 7,835 | 10,178 |
| Land | 134 | 82 | 60 |
| Other Assets | 12,577 | 21,420 | 15,001 |
| **Total** | **16,068** | **29,337** | **25,237** |

For information on the Edison E&P Group's total projected capital expenditure under its oil and gas leases, see "*—Liquidity and capital resources—Capital expenditure*", above.

## PART 15
## CAPITALISATION AND INDEBTEDNESS OF THE ENERGEAN GROUP

### Capitalisation and indebtedness of the Energean Group

The table below sets out the Energean Group's indebtedness as of 31 March 2020 and its capitaliation as of 31 December 2019. The indebtedness information has been extracted without material adjustment from the Energean Group's unaudited management accounts as of 31 March 2020, and the capitalisation information has been extracted without material adjustment from the Energean Group's audited financial statements as of 31 December 2019.

| | **As of 31 March 2020** |
|---|---|
| | *(US$ thousands)* *(unaudited)* |
| **Current debt** | |
| Guaranteed | — |
| Secured | 19,020 |
| Unguaranteed/unsecured | — |
| **Total current debt** | **19,020** |
| **Non-current debt** | |
| Guaranteed | — |
| Secured | 941,076 |
| Unguaranteed/unsecured | — |
| **Total non-current debt** | **941,076** |

| | **As of 31 December 2019** |
|---|---|
| | *(US$ thousands)* |
| **Shareholders' equity** | |
| Share capital | 2,367 |
| Merger reserve | 139,903 |
| Equity reserves | 858,760 |
| **Total shareholders' equity** | **1,001,030** |

Since the dates indicated above, there have been no material changes in the capitalisation and indebtedness of the Company, save for entry into the US$220 million New RBL Facility drawn down at Completion.

The table below sets out the Energean Group's net indebtedness as of 31 March 2020. This statement of indebtedness has been extracted without material adjustment from the Energean Group's unaudited management accounts as of 31 March 2020.

| | **As of 31 March 2020** |
|---|---|
| | *(US$ thousands)* *(unaudited)* |
| **Cash and cash equivalents** | |
| Cash | 266,245 |
| Cash equivalent | — |
| Trading securities | — |
| **Liquidity** | **266,245** |
| Current financial receivable | 2,830 |
| Current bank debt | — |
| Current portion of non-current debt | (19,020) |
| Other current financial debt | — |
| **Current Financial Debt** | **(16,190)** |
| **Net Current Financial Indebtedness** | **250,055** |
| Non-current bank loans | (941,076) |
| Bonds Issued | — |
| Other non-current loans | — |
| **Non-current Financial Indebtedness** | **(941,076)** |
| **Net Financial Indebtedness** | **(691,021)** |

# PART 16
# CAPITALISATION AND INDEBTEDNESS OF THE EDISON E&P GROUP

## Capitalisation and indebtedness of the Edison E&P Group

The table below sets out the Edison E&P Group's indebtedness as of 31 March 2020 and its capitaliation as of 31 December 2019. The indebtedness information has been extracted without material adjustment from the Edison E&P Group's unaudited management accounts as of 31 March 2020, and the capitalisation information has been extracted without material adjustment from the Edison E&P Group's Consolidated Historical Financial Information as of 31 December 2019.

| | **As of 31 March 2020** *(US$ thousands)* *(unaudited)* |
|---|---|
| **Current debt** | |
| Guaranteed | — |
| Secured | — |
| Unguaranteed/unsecured | 348,371 |
| **Total current debt** | **348,371** |
| **Non-current debt** | |
| Guaranteed | — |
| Secured | — |
| Unguaranteed/unsecured | — |
| **Total non-current debt** | **—** |

| | **As of 31 December 2019** *(US$ thousands)* |
|---|---|
| **Shareholders' equity** | |
| Equity reserves | 500,639 |
| **Total shareholders' equity** | **500,639** |

Since the dates indicated above, there have been no material changes in the capitalisation and indebtedness of the Edison E&P Group.

The table below sets out the Edison E&P Group's net indebtedness as of 31 March 2020. This statement of indebtedness has been extracted without material adjustment from the Edison E&P Group's unaudited management accounts as of 31 March 2020.

| | **As of 31 March 2020** *(US$ thousands)* *(unaudited)* |
|---|---|
| **Cash and cash equivalents** | |
| Cash | 20,572 |
| Cash equivalent(1) | 182,919 |
| Trading securities | — |
| **Liquidity** | **203,491** |
| Current financial receivable | 348,021 |
| Current bank debt | (6,199) |
| Current portion of non-current debt | — |
| Other current financial debt | (342,172) |
| **Current Financial Debt** | **(350)** |
| **Net Current Financial Indebtedness** | **203,141** |
| Non-current bank loans | — |
| Bonds Issued | — |
| Other non-current loans | — |
| **Non-current Financial Indebtedness** | **—** |
| **Net Financial Indebtedness** | **203,141** |

**Notes:**

(1) Cash equivalent includes cash management balance as of 31 March 2020.

**PART 17**
**HISTORICAL FINANCIAL INFORMATION RELATING TO THE ENERGEAN GROUP**

## 1. Basis of Financial Information

The audited consolidated financial statements of the Energean Group included in the Annual Report 2017, the Annual Report 2018 and the Annual Report 2019 together with the audit reports thereon, are incorporated by reference into this Prospectus. The consolidated financial statements as of and for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 were prepared in accordance with IFRS, were audited and the audit report for each such financial year was unqualified.

## 2. Documents Incorporated by Reference

Certain sections, as set out below, of the Annual Report 2017, the Annual Report 2018 and the Annual Report 2019 are incorporated by reference into this Prospectus.

The following cross-reference list is intended to enable investors to identify easily specific items of information that have been incorporated by reference into this Prospectus.

2.1 **Annual Report 2017**

The page numbers below refer to the relevant pages of the Annual Report 2017:

- Independent auditors' report to the members of Energean Oil & Gas plc – pages 73 to 79.
- Consolidated statement of financial position – page 80;
- Consolidated income statement – page 81;
- Consolidated statement of comprehensive income – page 82;
- Consolidated statement of changes in equity – page 83;
- Consolidated statement of cash flows – pages 84 to 85;
- Accounting policies – pages 86 to 106; and
- Notes to the consolidated financial statements - pages 107 to 140.

2.2 **Annual Report 2018**

The page numbers below refer to the relevant pages of the Annual Report 2018:

- Independent auditors' report to the members of Energean Oil & Gas plc – pages 100 to 106;
- Group income statement – page 107;
- Group statement of comprehensive income – page 108;
- Group statement of financial position – page 109;
- Group statement of changes in equity – pages 110 to 111;
- Group statement of cash flows – pages 112 to 113; and
- Notes to the consolidated financial statements – pages 114 to 160.

2.3 **Annual Report 2019**

The page numbers below refer to the relevant pages of the Annual Report 2018:

- Independent auditors' report to the members of Energean Oil & Gas plc – pages 116 to 122;

- Group income statement – page 123;
- Group statement of comprehensive income – page 124;
- Group statement of financial position – page 125;
- Group statement of changes in equity – pages 126 to 127;
- Group statement of cash flows – pages 128 to 129; and
- Notes to the consolidated financial statements – pages 130 to 181.

**PART 18**
**HISTORICAL FINANCIAL INFORMATION RELATING TO THE EDISON E&P GROUP**

## 1. Basis of Financial Information

The Edison E&P Group's Historical Financial Information, together with the unqualified report thereon, is incorporated by reference into this Prospectus and was prepared in accordance with IFRS, except as noted in the note entitled "Statement of compliance and basis of preparation" in the Edison E&P Group's Historical Financial Information.

## 2. Documents Incorporated by Reference

Certain sections, as set out below, of the Circular are incorporated by reference into this Prospectus.

The following cross-reference list is intended to enable investors to identify easily specific items of information that have been incorporated by reference into this Prospectus.

2.1 **Circular**

The page numbers below refer to the relevant pages of the Circular:

- Part 5: Financial Information on Edison E&P – pages 53 to 114.

# PART 19
# UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

## Section A— Unaudited pro forma financial information relating to the Enlarged Group

The unaudited pro forma financial information set out below has been prepared to illustrate the effect of the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary on: (i) the net assets of Energean plc as at 31 December 2019 as if the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary had taken place on 31 December 2019; and (ii) on the consolidated income statement of Energean plc for the year ended 31 December 2019 as if the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary had taken place on 1 January 2019.

The unaudited pro forma financial information has been compiled on a basis consistent with the accounting policies adopted by Energean plc in preparing its consolidated financial statements for the year ended 31 December 2019, and prepared on the basis of the notes set out below and in accordance with items 1 to 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980.

The unaudited pro forma financial information has been prepared for illustrative purposes only, and by its nature addresses a hypothetical situation and, therefore, does not reflect the Enlarged Group's actual financial position or results.

The unaudited pro forma financial information does not purport to represent what the Energean Group’s or the Enlarged Group’s financial position or results would have been if the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary had taken place on the dates indicated nor does it purport to represent the Energean Group’s or Enlarged Group’s results expected to be achieved in the future.

The unaudited pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies Act.

Investors should read the whole of this document and not rely solely on the unaudited pro forma financial information in this Part 19. Ernst & Young LLP’s report on the unaudited pro forma financial information is set out in Section B of this Part 19 (Unaudited Pro Forma Financial Information of the Enlarged Group).

In addition to the matters noted above, the unaudited pro forma financial information does not reflect the effect of anticipated synergies and efficiencies associated with the Acquisition.

## Unaudited Pro Forma Statement of Net Assets as at 31 December 2019

| | | Adjustments | | | | | |
|---|---|---|---|---|---|---|---|
| | **Consolidated net assets of Energean plc at 31 December 2019** | **Consolidated net assets of Edison E&P Spa Group as at 31 December 2019** | **Transfer of Algerian Interest** | **Transfer of Norwegian Subsidiary** | **New RBL Facility adjustments** | **Acquisition and transaction cost adjustments** | **Unaudited consolidated pro forma statement of net assets of the Enlarged Group as at 31 December 2019** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| | **Note 1** | **Note 2** | **Note 3** | **Note 4** | **Note 5** | **Note 6** | |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 1,902,271 | 637,733 | - | - | - | - | 2,540,004 |
| Intangible assets | 71,876 | 145,198 | - | - | - | - | 217,074 |
| Goodwill | 75,800 | - | - | - | - | - | 75,800 |
| Equity-accounted investment | - | 4 | - | - | - | - | 4 |
| Other receivables | 4,076 | 1,099 | - | - | - | - | 5,175 |
| Deferred tax asset | 33,038 | 16,421 | - | - | - | - | 49,459 |
| **Total non-current assets** | **2,087,061** | **800,455** | **-** | **-** | **-** | **-** | **2,887,516** |
| **Current assets** | | | | | | | |
| Inventories | 6,797 | 58,722 | - | - | - | - | 65,519 |
| Trade and other receivables | 59,892 | 375,911 | - | - | - | - | 435,803 |
| Current tax assets | - | 29 | - | - | - | - | 29 |
| Loans receivables | - | 155,364 | - | - | - | (155,364) | - |
| Cash and cash equivalents | 354,419 | 49,521 | - | - | 213,400 | (220,958) | 396,382 |
| **Total current assets** | **421,108** | **639,547** | **-** | **-** | **213,400** | **(376,322)** | **897,733** |
| **Asset classified as held for sale** | **-** | **464,861** | **(105,941)** | **(358,920)** | **-** | **-** | **-** |
| **Total assets** | **2,508,169** | **1,904,863** | **(105,941)** | **(358,920)** | **213,400** | **(376,322)** | **3,785,249** |
| **Liabilities** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Borrowings | 877,932 | - | - | - | 213,400 | - | 1,091,332 |
| Deferred tax liabilities | 73,381 | - | - | - | - | - | 73,381 |
| Retirement benefit liability | 4,265 | 2,931 | - | - | - | - | 7,196 |

| | | Adjustments | | | | |
|---|---|---|---|---|---|---|
| | **Consolidated net assets of Energean plc at 31 December 2019** | **Consolidated net assets of Edison E&P Spa Group as at 31 December 2019** | **Transfer of Algerian Interest** | **Transfer of Norwegian Subsidiary** | **New RBL Facility adjustments** | **Acquisition and transaction cost adjustments** | **Unaudited consolidated pro forma statement of net assets of the Enlarged Group as at 31 December 2019** |
| Provisions | 13,145 | 715,625 | - | - | - | - | 728,770 |
| Other non-current liabilities | 72,401 | 27,371 | - | - | - | 37,110 | 136,882 |
| **Total non-current liabilities** | **1,041,124** | **745,927** | **-** | **-** | **213,400** | **37,110** | **2,037,561** |
| | | | | | | | |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 168,108 | 223,418 | - | - | - | (9,782) | 381,744 |
| Borrowings | 38,052 | 159,018 | - | - | - | (158,878) | 38,192 |
| Provisions | 133 | - | - | - | - | - | 133 |
| **Total current liabilities** | **206,293** | **382,436** | **-** | **-** | **-** | **(168,660)** | **420,069** |
| Liabilities directly associated with assets classified as held for sale | - | 275,861 | (5,941) | (269,920) | | | - |
| **Total liabilities** | **1,247,417** | **1,404,224** | **(5,941)** | **(269,920)** | **213,400** | **(131,550)** | **2,457,630** |
| | | | | | | | |
| **Net assets** | **1,260,752** | **500,639** | **(100,000)** | **(89,000)** | **-** | **(244,772)** | **1,327,619** |

**Notes:**

(1) The net assets of Energean plc have been extracted, without material adjustment, from its audited consolidated financial statements for the year ended 31 December 2019, as incorporated by reference in Section 2 of Part 17 (*Historical Financial Information relating to the Energean Group*) of this Prospectus.

(2) The net assets of the Edison E&P Group have been extracted, without material adjustment, from the Edison E&P Group's Historical Financial Information for the year ended 31 December 2019, as incorporated by reference in Section 2 of Part 18 (*Historical Financial Information relating to the Edison E&P Group)* of this Prospectus.

(3) This adjustment removes the carrying value of the assets and liabilities constituting the Algerian Interest, which has been removed from the transaction perimeter according to the amendment of the Acquisition Agreement which was signed on 2 April 2020. This adjustment has been extracted, without material adjustment, from the Edison E&P Group's Historical Financial Information for the year ended 31 December 2019, as incorporated by reference in Section 2 of Part 18 (*Historical Financial Information relating to the Edison E&P Group)* of this Prospectus.

(4) This adjustment removes the carrying value of the assets and liabilities constituting the Norwegian Subsidiary, which has been removed from the transaction perimeter according to the amendment of the Acquisition Agreement which was signed on 28 June 2020. This adjustment has been extracted, without material adjustment, from the Edison E&P Group's Historical Financial Information for the year ended 31 December 2019, as incorporated by reference in Section 2 of Part 18 (*Historical Financial Information relating to the Edison E&P Group)* of this Prospectus.

(5) The adjustment to Borrowings relates to a senior secured revolving reserve-based credit facility of up to US$220 million drawn down at Completion (the New RBL Facility). At Completion the proceeds of the New RBL Facility are expected to be US$213.4 million net of estimated debt financing expenses of US$6.6 million (excluding VAT). The adjustment to non-current borrowing and cash and cash equivalents includes the net proceeds of the New RBL Facility of US$213.4 million.

(6) The unaudited pro forma financial information has been prepared on the basis that the Acquisition will be treated as a business combination in accordance with IFRS 3 Business Combinations. The unaudited pro forma financial information does not reflect the fair value adjustments that are expected to be made post-Completion. Energean plc expects to undertake a full fair value exercise following Completion. The fair value adjustments, when finalised following Completion, may be material. For the purposes of the unaudited pro forma financial information, the excess of the adjusted carrying amount of net assets acquired over the purchase consideration has been included in the income statement.

The calculation of the adjustment to income statement/net assets is set out below:

| | **US$'000** | **US$'000** |
|---|---|---|
| Consideration payable as of 31 December 2019 * | | 201,617 |
| Fair Value of contingent consideration | | 37,110 |
| *Less carrying value of net assets acquired as at 31 December 2019:* | | |
| Edison E&P net assets | 500,639 | |
| Transfer of Algerian Interest | (100,001) | |
| Transfer of Norwegian Subsidiary | (88,999) | |
| Borrowing not acquired | 158,877 | |
| Current financial assets not acquired | (155,364) | |
| Pro Forma net assets acquired | | 315,151 |
| **Adjustment in income statement/net assets** | | **(76,424)** |

* The consideration is calculated assuming that the transaction had taken place on 31 December 2019.

The table below reconciles the original US$750 million consideration agreed on 4 July 2019 with the revised consideration that would have been payable at 31 December 2019 if the transaction had taken place at this date:

| | US$ millions |
|---|---|
| **Original consideration** | **750** |
| Adjustment for the removal of the Algerian Interest from the transaction perimeter (1) | (155) |
| Acquisition Agreement and provision adjustments (2) | (111) |
| Adjustment for the removal of the Norwegian Subsidiary from the transaction perimeter (3) | (200) |
| **Net Enterprise Value at the economic reference date (31 December 2018)** | **284** |
| Working capital adjustments as of the locked box date (31 December 2018) (4) | (17) |
| Economic performance of the assets to be acquired, for the year ended 31 December 2019 – before exploration expenditure (5) | (157) |
| Exploration expenditure of the assets to be acquired, for the year ended 31 December 2019 (6) | 42 |
| **Net consideration payable at 31 December 2019 (net of cash acquired)** | **152** |
| Cash acquired at 31 December 2019 (7) | 50 |
| **Consideration payable at 31 December 2019** | **202** |

The above amounts have been extracted or derived from the following sources:

(1) Amendment to the Acquisition Agreement signed on 2 April 2020
(2) Amendments to the Acquisition Agreement signed on 2 April 2020 and 28 June 2020
(3) Amendment to the Acquisition Agreement signed on 28 June 2020
(4) Calculated according to the components of the base consideration specified in the Acquisition Agreement
(5) Calculated according to the formula specified in the Sale and Purchase Agreement using balances as presented in the Edison E&P Group's Historical Financial Information for the year ended 31 December 2019
(6) Note 2 of the Edison E&P Group's Historical Financial Information for the year ended 31 December 2019
(7) Edison E&P Group's Historical Financial Information for the year ended 31 December 2019

The adjustment to cash includes deductions for the total cash consideration of $201.6 million and a deduction for transaction costs of US$19.3 million (excluding VAT) associated with the Acquisition.

The adjustments to current borrowings, totalling US$158.9 million, represent the removal of Edison's shareholder loans and other borrowings, as a result of borrowings not acquired following settlement prior to the Acquisition.
The adjustments to current financial assets, totalling US$155.4 million, represent the removal of Edison's cash balances, as a result of financial assets not acquired following settlement prior to the Acquisition.
The adjustment to Trade and other payables of $9.8 million represents the reversal of accruals for transaction costs recognised as at 31 December 2019 and paid during 2020.
The adjustments to Other non-current liabilities of $37.1 million represents the recognition of a liability in respect of the additional contingent consideration of up to US$100 million, discounted at a rate of 8.8% per annum payable following first gas from the Cassiopea development, offshore Italy. The Company believes that is probable the additional consideration will become payable by the end of 2023.

(7) No adjustment has been made to reflect the trading results of Energean plc or the Edison E&P Group since 31 December 2019.

## Unaudited Pro Forma Income Statement for the year ended 31 December 2019

| | | Adjustments | | | | | |
|---|---|---|---|---|---|---|---|
| | **Consolidated Energean plc results for the year ended 31 December 2019** | **Consolidated Edison E&P Spa results for the year ended 31 December 2019** | **Transfer of Algerian Interest** | **Transfer of Norwegian Subsidiary** | **New RBL Facility** | **Acquisition and transaction costs adjustments** | **Unaudited consolidated results of the Enlarged Group for the year ended 31 December 2019** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| | **Note 1** | **Note 2** | **Note 3** | **Note 4** | **Note 5** | **Note 6** | |
| Revenue | 75,749 | 494,927 | - | - | - | - | 570,676 |
| Cost of Sales | (65,552) | (410,341) | - | - | - | - | (475,893) |
| **Gross profit** | **10,197** | **84,586** | **-** | **-** | **-** | **-** | **94,783** |
| Administration expenses | (13,305) | (26,481) | - | - | - | - | (39,786) |
| Selling and distribution expenses | (345) | - | - | - | - | - | (345) |
| Exploration and evaluation expenses | (801) | (15,701) | - | - | - | - | (16,502) |
| Impairment of property, plant and equipment | (71,115) | (235,268) | - | - | - | - | (306,383) |
| Other expenses | (21,584) | (7,391) | - | - | - | (9,559) | (38,534) |
| Other income | 3,095 | 14,025 | - | - | | | 17,120 |
| **Operating loss** | **(93,858)** | **(186,230)** | **-** | **-** | **-** | **(9,559)** | **(289,647)** |
| Finance Income | 2,496 | 2,608 | - | - | - | (1,319) | 3,785 |
| Finance Costs | (9,002) | (28,429) | - | - | (14,993) | 19 | (52,405) |
| Other extraordinary income | - | - | - | - | - | 76,424 | 76,424 |
| Loss on derivatives | - | (577) | - | - | - | - | (577) |
| Net foreign exchange (loss) / gain | (3,933) | 1,534 | - | - | - | - | (2,399) |
| **Loss from continuing operations before tax** | **(104,297)** | **(211,094)** | **-** | **-** | **(14,993)** | **65,565** | **(264,819)** |
| Taxation income / (expense) | 20,531 | (296,016) | - | - | 2,133 | (158) | (273,510) |
| **Loss from continuing operations** | **(83,766)** | **(507,110)** | | | **(12,860)** | **65,407** | **(538,329)** |
| Net results from discontinued operations | - | (106,452) | 94,170 | 12,282 | - | - | - |
| **Loss for the year** | **(83,766)** | **(613,562)** | **94,170** | **12,282** | **(12,860)** | **65,407** | **(538,329)** |
| | | | | | | | **-** |
| Attributable to: | | | | | | | - |
| Owners of the parent | (83,313) | (613,562) | 94,170 | 12,282 | (12,860) | 65,407 | (537,876) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Non controlling Interests | (453) | - | - | - | - | - | (453) |
| | **(83,766)** | **(613,562)** | **94,170** | **12,282** | **(12,860)** | **65,407** | **(538,329)** |

**Notes:**

(1) The income statement of Energean plc for the year ended 31 December 2019 has been extracted, without material adjustment, from its audited consolidated financial statements for the year ended 31 December 2019, as incorporated by reference in Section 2 of Part 17 (*Historical Financial Information relating to the Energean Group*) of this Prospectus.

(2) The income statement of the Edison E&P Group for the year ended 31 December 2019 has been extracted, without material adjustment, from the Edison E&P Group's Historical Financial Information for the year ended 31 December 2019, as incorporated by reference in Section 2 of Part 18 (*Historical Financial Information relating to the Edison E&P Group)* of this Prospectus.

(3) This adjustment removes the results of the Algerian Interest, which has been removed from the transaction perimeter according to the amendment of the Acquisition Agreement which was signed on 2 April 2020. This adjustment has been extracted, without material adjustment, from the Edison E&P Group's Historical Financial Information for the year ended 31 December 2019, as incorporated by reference in Section 2 of Part 18 (*Historical Financial Information relating to the Edison E&P Group)* of this Prospectus.

(4) This adjustment removes the results of the Norwegian Subsidiary, which has been removed from the transaction perimeter according to the amendment of the Acquisition Agreement which was signed on 28 June 2020. This adjustment has been extracted, without material adjustment, from the Edison E&P Group's Historical Financial Information for the year ended 31 December 2019, as incorporated by reference in Section 2 of Part 18 (*Historical Financial Information relating to the Edison E&P Group)* of this Prospectus.

(5) The adjustment to net interest payable reflects the pro forma twelve-month interest expense of $13.7 million, and amortised upfront loan fees of $1.3 million associated with the New RBL Facility had the New RBL Facility been in place from 1 January 2019, a total expense of $15.0 million. The adjustment to taxation income/(expenses) reflects the tax credit relating to the pro forma twelve-month interest expense described above.

These adjustments have a continuing impact.

(6) The acquisition and transaction cost adjustments reflects:

a. The adjustment to other extraordinary income reflects the excess of the carrying amount of net assets acquired over the purchase consideration as per note 6 in the pro forma Statement of Net Assets above.
b. The adjustment to finance costs reflects the pro forma unwinding of the discount on the liability of the additional contingent consideration of US$3.3 million and the removal of Edison E&P finance costs of US$3.3 million associated with Edison's shareholder loans and other borrowings for the year ended 31 December 2019, as a result of borrowings not acquired following settlement prior to the Acquisition.
c. The adjustment to finance income reflects the removal of Edison E&P finance income of US$1.3 million associated with Edison's cash balances for the year ended 31 December 2019, as a result of financial assets not acquired following settlement prior to the Acquisition.
d. The adjustment to other expenses reflects additional transaction costs of US$9.6 million incurred in connection with the Acquisition. The adjustment relates to estimated transaction fees of US$6.3 million (exclusive of VAT) incurred by Energean plc after 1 January 2020, transaction fees incurred before 1 January 2020 are included in Energean plc's income statement for the year ended 31 December 2019. Furthermore, the adjustment to other expenses includes tax-related transaction expenses of US$3.3 million, of which US$2.2 million represents registration and transaction tax for the transfer interest which has to be paid to the public treasury relating to the transfer of Italian assets. All costs that relate solely to the Acquisition have been expensed in accordance with IFRS 3 Business Combinations.
e. The adjustment to taxation income / (expense) reflects the additional tax charge relating to the removal of the Edison E&P net finance costs in adjustments (6b) and (6c) described above.

Except for adjustments (6a) and (6d) above, these adjustments have a continuing impact.

(7) No adjustment has been made to reflect the trading results of Energean plc or the Edison E&P Group since 31 December 2019.

(8) The table below sets forth a reconciliation of Adjusted EBITDAX with profit/(loss) for the year ended 31 December 2019.

**Unaudited pro forma Adjusted EBITDAX reconciliation table**

| | | | Adjustments | | | | |
|---|---|---|---|---|---|---|---|
| | **Consolidated Energean plc results for the year ended 31 December 2019** | **Consolidated Edison E&P Spa results for the year ended 31 December 2019** | **Transfer of Algerian Interest** | **Transfer of Norwegian Subsidiary** | **New RBL Facility adjustments** | **Acquisition and transaction cost adjustments** | **Unaudited consolidated results of the Enlarged Group for the year ended 31 December 2019** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Adjusted EBITDAX** | **35,601** | **264,054** | **-** | **-** | **-** | **-** | **299,654** |
| Depreciation, amortisation and impairment losses ..... | (39,054) | (205,948) | - | - | - | - | (245,002) |
| Exploration and evaluation expenses... | (801) | (15,701) | - | - | - | - | (16,502) |
| Impairment loss on property, plant and equipment ................. | (71,115) | (235,268) | - | - | - | - | (306,383) |
| Other expenses.......... | (21,584) | (7,391) | - | - | - | (9,559) | (38,534) |
| Other income............ | 3,095 | 14,025 | - | - | - | - | 17,120 |
| Finance income......... | 2,496 | 2,608 | - | - | - | (1,319) | 3,785 |
| Gain / (loss) on derivatives................. | - | (577) | - | - | - | - | (577) |
| Finance costs............. | (9,002) | (28,429) | - | - | (14,993) | 19 | (52,405) |
| Other extraordinary income ..................... | - | - | - | - | - | 76,424 | 76,424 |
| Net foreign exchange (loss) / gain ............... | (3,933) | 1,534 | - | - | - | - | (2,399) |
| **Profit / (loss) from continuing operations before tax.............................** | **(104,297)** | **(211,094)** | **-** | **-** | **(14,993)** | **65,565** | **(264,819)** |
| Taxation (expense) / income ...................... | 20,531 | (296,016) | - | - | 2,133 | (158) | (273,510) |
| **Loss from continuing operations ...............** | **(83,766)** | **(507,110)** | **-** | **-** | **(12,860)** | **65,407** | **(538,329)** |
| Net results from discontinued operations.................. | - | (106,452) | 94,170 | 12,282 | - | - | - |
| **Loss for the year......** | **(83,766)** | **(613,562)** | **94,170** | **12,282** | **(12,860)** | **65,407** | **(538,329)** |

**Notes:**

For information on the notes to the unaudited pro forma Adjusted EBITDAX reconciliation table, refer to notes 1-7 of the Unaudited Pro forma Income Statement for the year ended 31 December 2019 above.

**Section B — Accountants' report on the unaudited pro forma financial information**

The Board of Directors
Energean plc
3rd floor, Accurist House
44 Baker Street
London W1U 7AL

29 June 2020

Dear Sirs

We report on the pro forma financial information (the "**Pro Forma Financial Information**") set out in Section A of Part 19 of the Prospectus dated 29 June 2020 (the "**Prospectus**"), which has been prepared on the basis described, for illustrative purposes only, to provide information about how the Acquisition, the New RBL Facility and the transfer of the Algerian Interest and the Norwegian Subsidiary might have affected the financial information presented on the basis of the accounting policies adopted by Energean plc in preparing the financial statements for the year ended 31 December 2019. This report is required by Section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the Prospectus.

**Responsibilities**

It is the responsibility of the directors of Energean plc to prepare the Pro Forma Financial Information in accordance with Sections 1 and 2 of Annex 20 of Commission Delegated Regulation (EU) 2019/980.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of Energean plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Energean plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and

- such basis is consistent with the accounting policies of Energean plc.

**Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, this report is in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex 1 of Commission Delegated Regulation (EU) 2019/980.

Yours faithfully

Ernst & Young LLP

**PART 20**
**ADDITIONAL INFORMATION**

## 1. RESPONSIBILITY

The Company and the Directors accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

## 2. INCORPORATION AND REGISTERED OFFICE

2.1 The Company was incorporated and registered in England and Wales on 8 May 2017 as a public company limited by shares under the Act with the name Energean Oil & Gas plc and with the registered number 10758801. On 21 May 2020, the Company changed its name to Energean plc.

2.2 The Company's registered office and principal place of business is at Accurist House, 44 Baker Street, London, United Kingdom W1U 7AL, and its telephone number is +44 20 3665 7200. The LEI of the Company is 549300RVMKU0CYUZBB05.

2.3 The principal laws and legislation under which the Company operates and the Shares will be issued are the Act and regulations made thereunder.

2.4 When re-admitted, the Shares will be registered with ISIN number GB00BG12Y042 and SEDOL number BG12Y04.

## 3. ISSUED SHARE CAPITAL

3.1 **Issued share capital**

The issued and fully paid up share capital of the Company as at the Latest Practicable Date was as follows:

| Class of share | Number of shares | Aggregate nominal value |
|---|---|---|
| Ordinary shares of £0.01 each | 177,089,406 | £1,770,894.06 |

3.2 **History of the share capital**

3.2.1 On incorporation the share capital of the Company was £50,000 being 50,000 ordinary shares of £1.00.

Since incorporation, there have been the following changes to the Company's issued share capital:

(a) On 30 June 2017, the Company undertook a share split, redesignating each ordinary share of £1.00 each into 100 Shares, increasing the number of issued Shares to 5,000,000 Shares.

(b) On 30 June 2017, the Company issued 65,468,982 Shares to certain of the Existing Shareholders in consideration for the transfer of shares representing 99.7% of the issued share capital of Energean E&P Holdings to the Company.

(c) On 15 March 2018 the Company acquired the EIL Preference Shares from Third Point in consideration for the issue of 9,270,038 Shares in aggregate (being the Acquisition Shares) to Third Point.

(d) On 15 March 2018, the Company issued an aggregate of 492,202 Shares to (i) Simon Heale, Andrew Bartlett, Ohad Marani, Robert Peck and Karen Simon in payment of their fees as Directors from their respective date of appointment until 15 March 2018 and (ii) certain advisers in respect of their fees payable in respect of the Company's initial public offering.

(e) On 16 March 2018, the Company issued an aggregate of 77,592,016 Shares in connection with its initial public offering.

(f) On 16 November 2018, the Company issued an aggregate of 329,525 Shares in connection with the satisfaction of the first tranche of the Admission Awards awarded in May 2018.

(g) On 16 January 2019, the Company issued an aggregate of 174,138 Shares to HIL Hydrocarbon Investments Ltd and Capital Energy Investments Ltd in consideration for the transfer of shares representing the remaining 0.3% of the issued share capital of Energean E&P Holdings to the Company on the same terms as applied under the Reorganisation Agreement.

(h) On 8 July 2019, the Company issued an aggregate of 23,444,445 Shares in connection with the Placing.

(i) On 21 November 2019, the Company issued an aggregate of 318,060 Shares in connection with the satisfaction of the second tranche of the Admission Awards awarded in May 2018.

3.2.2 There have been no other changes in the share capital of the Company since its incorporation.

3.3 **Other**

3.3.1 Save as disclosed in this paragraph 3 and in paragraph 8 below:

(a) no share or loan capital of the Company has, within three years of the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company;

(c) no share or loan capital of the Company or any member of the Energean Group is under option or agreed conditionally or unconditionally to be put under option;

(d) there are no acquisition rights or obligations in relation to the issue of shares in the capital of the Company or any undertaking to increase the capital of the Company;

(e) there are no other convertible securities, exchangeable securities or securities with warrants in the Company; and

(f) neither the Company, nor any member of the Energean Group, holds any treasury shares in the Company.

3.3.2 The Company is subject to the continuing obligations of the FCA with regard to the issue of shares for cash. The provisions of section 561(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Act) apply to the issue of shares in the capital of the Company except to the extent such provisions have been disapplied as referred to in paragraph 3.4 below.

3.4 **Share capital authorities**

On 13 June 2019, at the annual general meeting of shareholders of the Company, the Shareholders resolved that in substitution for all previous authorities to allot shares in the Company and to grant rights to subscribe for, or convert securities into, shares in the Company, that in accordance with section 551 of the Act, the Directors be generally and unconditionally authorised to allot Relevant Securities:

(a) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £1,022,179.34 (such amount to be reduced by the nominal amount of any Relevant

Securities allotted pursuant to the authority in paragraph (b) below) in connection with an offer by way of a rights issue:

(i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) in any other case, up to an aggregate nominal amount of £511,089.67 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (a) above in excess of £511,089.67),

*provided that* this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next annual general meeting of the Company or on 12 September 2020, whichever is earlier, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

## 4. ARTICLES OF ASSOCIATION

The Articles are available for inspection at the address specified below in paragraph 22 of this Part 20 "*—Documents available for inspection*".

The Articles of Association of the Company (the "**Articles**") include provisions to the following effect:

### 4.1 Share Rights

Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares or class of shares, the Board may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder. Subject to the Articles and to the Act, all the shares for the time being in the capital of the Company are at the disposal of the Board.

### 4.2 Voting Rights

Subject to any rights or restrictions attached to any shares, and any rights or restrictions detailed in the notice of meeting, on a show of hands of every shareholder who is present in person shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share of which he is the holder.

No shareholder shall be entitled to vote at any general meeting of the Company unless all moneys presently payable by him in respect of the shares in the Company have been paid.

If at any time the Board is satisfied that any shareholder, or any other person appearing to be interested in the shares held by such a shareholder, has been duly served with a notice under section 793 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, the Board may, in its absolute discretion at any time thereafter by notice to such shareholder, direct that, in respect of the shares in relation to which the default occurred, the shareholder shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

4.3 **Dividends and Other Distributions**

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the shareholders, *provided that* no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of calls shall be treated for these purposes as paid on the share.

Subject to the provisions of the Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

The Board may also pay, at intervals determined by it, any dividend at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. Dividends may be declared and paid in any currency or currencies that the board shall determine. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

If at any time the Board is satisfied that any shareholder, or any other person appearing to be interested in the shares held by such shareholder, has been duly served with a notice under section 793 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter, serve a direction notice on such shareholder and withhold payment from such shareholder of any dividend otherwise payable, if the relevant shares represent at least a 0.25% interest in the Company's shares or any class thereof.

The Board may, if authorised by an ordinary resolution of the Company, offer to any holder of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole, or some part (to be determined by the Board), of any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.

4.4 **Variation of Rights**

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

4.5 **Lien and Forfeiture**

The Company shall have a first and paramount lien on every share (that is not a fully paid share) for all moneys payable to it (whether presently or not) in respect of that share. The Company may sell any share on which it has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Board may from time to time make calls on the shareholders in respect of any moneys unpaid on their shares. Each shareholder shall (subject to receiving at least 14 clear days' notice) pay to the

Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

### 4.6 Transfer of Shares

A shareholder may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of the shares.

All transfers which are in uncertificated form shall be effected by means of the relevant system unless the Uncertificated Securities Regulations 2001 (the "**CREST Regulations**") provide otherwise.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, *provided that* the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

(a) is lodged, stamped (if stampable), at the office or at another place appointed by the Board, accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(b) is in respect of one class of share only; and

(c) is in favour of not more than four persons.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the CREST Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class, by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

If a notice is given to a shareholder in respect of a share, which is subsequently transferred, a person entitled to that share is bound by the notice if it was given to the shareholder before the person entitled to that share was entered into the register as the holder of that share.

### 4.7 General Meetings

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Act. The Board may call general meetings whenever and at such times and places as it shall determine.

Pursuant to a special resolution passed on 13 June 2019, the Company will be authorised in accordance with the Articles, until the Company's next annual general meeting, to call general meetings on 14 clear days' notice.

4.8 **Directors**

*Appointment of Directors*

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than two but shall not be subject to any maximum in number. Directors may be appointed by ordinary resolution of shareholders at a general meeting, by the Board or, if there is only one Director, by such Director.

*No Share Qualification*

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

*Retirement of Directors*

At every annual general meeting all the Directors appointed by the Board or, if there is only one Director, by such Director at the date of the notice convening the annual general meeting shall retire from office. If the Company does not fill the vacancy at the meeting at which a director retires, the retiring director shall be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the director is put to the meeting and lost.

*Remuneration of Directors*

The emoluments of any Director holding executive office for his services as such shall be determined by the Board, and may be of any description.

The ordinary remuneration of the Non-Executive Directors for their services (excluding amounts payable under any other provision of the Articles) shall be such amount as the Board may from time to time determine. Subject thereto, each such Director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. In addition, any Non-Executive Director who performs special services which in the opinion of the Board are outside the scope of the ordinary duties of a Director may be paid such extra remuneration as the Board may determine.

In addition to any remuneration to which the Directors are entitled under the Articles, they may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any shareholder of his family or any person who is or was dependent on him.

*Permitted Interests of Directors*

Subject to the provisions of the Act, and *provided that* he has disclosed to the Board the nature and extent of his interest, a Director, notwithstanding his office:

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company in which the Company is otherwise interested;

(b) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

(c) may hold any office or place of profit with the Company (otherwise than as auditor) in conjunction with his office of director for such period and upon such terms, including as to remuneration as the board may decide;

(d) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is (directly or indirectly) interested as shareholder or otherwise or with which he has such a relationship at the request or direction of the Company; and

(e) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment, or from any such transaction or arrangement, or from any interest in any such body corporate if the acceptance, entry into or existence of which has been approved by the Board or properly disclosed and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

*Restrictions on Voting*

A Director shall not vote on any resolution of the Board concerning a matter in which he has an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, but these prohibitions shall not apply to:

(f) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;

(g) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;

(h) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(i) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Act) representing 1% or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to shareholders of the relevant body corporate (any such interest being deemed to be a material interest in all circumstances);

(j) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates;

(k) a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors; and

(l) a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the director benefits which are also generally given to the employees to whom the scheme relates.

*Borrowing Powers*

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

*Indemnity of Officers*

Subject to the provisions of the Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, or any associated company, and any other liability incurred by or attaching to him in relation to or in connection with his duties, powers or office, including in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme but this shall not apply to any liability owed to the Company or associated company and shall not provide for or entitle any such person to indemnification to the extent that it would cause this provision, or any element of it, to be treated as void under the Act. This indemnity shall extend to all costs, changes, losses, expense and liabilities incurred by him in relation thereto.

## 5. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO ORDINARY SHARES

Other than as provided by the City Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze out and sell out rules relating to the Company.

### 5.1 Mandatory bid

The City Code applies to the Company. Under the City Code, if an acquisition of interests in shares, whether by a series of transactions over time or not, were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30% or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

The Founders, who collectively are interested in approximately 22.8% of the issued share capital of the Company, are deemed to be acting in concert with each other for the purposes of the City Code.

### 5.2 Squeeze-out

Under the Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire 90% of the shares to which such offer related it could then compulsorily acquire the remaining 10% of the Shares. The offeror would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant shareholders, and pay the consideration to the Company which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a shareholder can show that the offer value is unfair.

### 5.3 Sell-out

The Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on shareholders notifying them of their sell-out rights. If a shareholder exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## 6. DIRECTORS’ AND SENIOR MANAGERS’ INTERESTS

6.1 The interests in the share capital of the Company of the Directors and Senior Managers (all of which, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a Senior Manager) as of the Latest Practicable Date are set out in the following table:

| Director / Senior Manager | Number of Shares | Percentage of issued share capital |
|---|---|---|
| Karen Simon | 176,926 | 0.100% |
| Mathios Rigas[1] | 19,700,916 | 11.125% |
| Efstathios Topouzoglou[2] | 17,079,525 | 9.640% |
| Panos Benos[3] | 4,094,779 | 2.312% |
| Andrew Bartlett | 4,348 | 0.002% |
| David Bonanno | — | — |
| Robert Peck | 6,765 | 0.004% |
| Ohad Marani | 2,690 | 0.002% |
| Amy Lashinsky | — | — |
| Dr Stephen Moore | 47,529 | 0.027% |
| Russell Poynter | — | — |
| Vassilis Tsetoglou | — | — |
| Nick Witney | — | — |
| Angelos Mastrantonis | 17,606 | 0.010% |
| Shaul Zemach | 26,744 | 0.015% |

**Notes:**

(1) Number of shares shown represents the aggregate shareholding of Mathios Rigas as an individual and his indirect holdings by virtue of his controlling interest in Growthy Holdings Co. Limited and Capital Energy Investments Ltd, a company controlled by Mathios Rigas.

(2) Number of shares shown represents the aggregate shareholding of Efstathios Topouzoglou as an individual and his indirect holdings by virtue of his controlling interest in Oilco Investments Limited and HIL Hydrocarbon Investments Ltd, a company controlled by Efstathios Topouzoglou.

(3) Number of shares shown represents the aggregate shareholding of Panos Benos as an individual and his indirect holdings by virtue of his controlling interest in Adobelero Holdings Co. Ltd.

6.2 Save as disclosed in paragraph 3.1 of Part 12 “*Principal Shareholders and Related Party Transactions*”, no Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Energean Group or any of its subsidiary undertakings and which were effected by the Energean Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

6.3 There are no outstanding loans or guarantees granted or provided by any member of the Energean Group to or for the benefit of any of the Directors.

6.4 No Director or Senior Manager has any potential conflict of interest between his or her duties to the Company and his or her private interests or other duties.

### 6.5 Directors’ and Senior Managers’ current and past directorships and partnerships

Set out below are the directorships and partnerships held by the Directors and Senior Managers (other than, where applicable, directorships held in the Company and/or any other company in the Energean Group), in the five years prior to the date of this Prospectus:

| Name | Current directorships / partnerships | Past directorships |
|---|---|---|
| **Name** | **Current directorships / partnerships** | **Past directorships** |
| Karen Simon | Aker ASA | N/A |
| Mathios Rigas | N/A | Capital Connect Venture Managers S.A.<br>Zinais Real Estate Development S.A.<br>MAVIN S.A. Tyres Herco S.A. |

| Name | Current directorships / partnerships | Past directorships |
| --- | --- | --- |
| | | Capital Connect Limited (Greece)<br>Agriculture-livestock- Commercial-Real Estate Ilion S.A. (Greece) |
| Panos Benos | Dunworth Mews Limited<br>Colville Square Mews Management Company Limited | Okto Energy Limited |
| Andrew Bartlett | Africa Oil Corporation<br>Impact Oil&Gas Limited<br>Bartlett Energy Advisers Limited<br>Petrobras Oil & Gas B.V. | Pegasus Capital Investment Ltd.<br>Camelot Foods Limited<br>Azonto Petroleum Ltd.<br>Eland Oil and Gas Ltd.<br>The Petroleum and Renewable Energy Company Limited |
| Efstathios Topouzoglou | Investland Corporation<br>FSL Holdings Pte. Ltd.<br>FSL Asset Management Pte. Ltd.<br>FSL Trust Management Pte. Ltd | Prime Technologia Energeias Kai Perivallontos S.A.<br>Prime Green Chartofylakiou S.A.<br>Jet Ktimatiki S.A. |
| David Bonanno | Hellenic Bank PCL<br>Far Point Acquisitions Corporation | Social Finance Inc.<br>Neptune Finance Inc. |
| Robert Peck | N/A | N/A |
| Ohad Marani | Bank Leumi Ltd.<br>Israel Infrastructure Fund<br>Tadbik Ltd. | ILDC Energy Ltd.<br>Nisko Electronics Ltd. |
| Amy Lashinsky | Alaco Limited<br>Alaco Analytics Limited<br>Alaco Security Services Limited<br>Finemed Limited | 11 PC Limited |
| Dr. Stephen Moore | 5MD Oil and Gas Consultants Ltd. | N/A |
| Russell Poynter | Russpoynter Limited | Russellpoynter Limited |
| Vassilis Tsetoglou | N/A | N/A |
| Nick Witney | Witney Energy Consulting Limited | The Energy Contract Company Limited |
| Angelos Mastrantonis | N/A | N/A |
| Shaul Zemach | N/A | Paz Oil Limited<br>Leumi Compensation Fund<br>Leumi Provident Fund Management Company |

6.6 Within the period of five years preceding the date of this Prospectus, none of the Directors:

6.6.1 has had any convictions in relation to fraudulent offences;

6.6.2 has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or

6.6.3 has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

## 7. DIRECTORS' TERMS OF EMPLOYMENT

7.1 The Directors and their functions are set out in Part 11 "*Directors, Senior Managers and Corporate Governance*".

7.2 **Executive Directors**

7.2.1 **General**

Mr Rigas and Mr Benos were appointed as directors of the Company on incorporation. Each of the Executive Directors were re-elected as directors at the Company's annual general meeting on 13 June 2019 and their ongoing appointment is subject to being re-elected as a director at each subsequent annual general meeting. The Company, or the relevant Executive Director, may terminate the appointment of that Executive Director at any time upon six month's written notice, or an Executive

Director may be required to resign at any time in accordance with the Articles or for any regulatory reason such as the revocation of any approvals required from the FCA.

The Executive Directors are subject to certain restrictive covenants during the term of their executive service contract and, with respect to the undertaking not to disclose or use confidential information, at any time thereafter. The Executive Directors are not permitted to take up any office or employment with, or have any direct or indirect interest in any firm or company which is in direct or indirect competition with the Company or any other member of the Energean Group or any company in which any member of the Energean Group has an interest, without the consent of the Board. Their executive service contract also contains provisions relating to share dealings and a general non-competition covenant in relation to the Energean Group for six months from the date of termination of the relevant executive service contract.

The Company's remuneration strategy is to provide pay packages that will:

- motivate and retain industry leading employees;
- attract high quality individuals to join the Company;
- encourage and support a high performance culture;
- reward delivery of the Company's business plan and key strategic goals; and
- align employees with the interests of shareholders and other external stakeholders.

Consistent with the remuneration strategy, the Remuneration Committee has agreed a remuneration policy for the Executive Directors, whereby:

- salaries will be set at competitive, but not excessive, levels compared to peers and other companies of an equivalent size and complexity;
- performance-related pay, based on stretching targets, will form a significant part of remuneration packages;
- there will be an appropriate balance between rewards for delivery of short-term and longer-term performance targets.

The remuneration framework intended to deliver this policy for the Executive Directors, is a combination of base salary, benefits, an annual bonus (as described in paragraph 7.2.4) and awards under the LTIP as described in paragraph 8.2 below.

Each Executive Director's remuneration arrangements are reviewed at least annually and assessed taking into account the scope and requirements of the role, experience of the incumbent and the total remuneration package. Account will also be taken of remuneration arrangements in peer companies and the wider employee group.

Executive Directors are subject to share ownership guidelines that require them to build up and retain a holding of Shares worth 200% of their salary. Until a Director has satisfied their guideline, they are required to retain at least 50% of vested share awards (after selling sufficient Ordinary Shares to satisfy tax liabilities upon vesting).

The Company submitted its remuneration policy (as it relates to the Directors) to a binding vote of Shareholders at the Company's 2019 annual general meeting and will report on its implementation and submit it to an advisory vote of Shareholders at the Company's 2020 annual general meeting.

7.2.2 **Mathios Rigas**

In addition to his appointment as an Executive Director of the Company, Mr Rigas was appointed as chief executive officer of the Company under an executive service contract with the Company dated 20 February 2018. For the financial year ended 31 December 2019, Mr Rigas received a salary of £675,000 per annum and a benefits package worth £75,000 per annum.

7.2.3 **Panos Benos**

In addition to his appointment as an Executive Director of the Company, Mr Benos was appointed as chief financial officer of the Company under an executive service contract with the Company dated 20 February 2018. For the financial year ended 31 December 2019, Mr Benos received a salary of £450,000 per annum and a benefits package worth £50,000 per annum.

7.2.4 **Annual bonus**

Annual bonuses for the Executive Directors for the financial year ended 31 December 2019 were determined by a combination of financial, strategic and operational Company measures and performance measures appropriate to the individual's role.

A cap on the maximum annual bonus opportunity was introduced for the financial year ended 31 December 2019 of 150% of salary for the Executive Directors.

One-third of any annual bonus earned by the Executive Directors for the financial year ended 31 December 2019 was deferred into awards over Ordinary Shares under the DBP which is summarised in paragraph 8.3 with such awards usually vesting two years post grant. Annual bonuses for the financial year ended 31 December 2019 were paid wholly in cash.

7.3 **Non-Executive Directors**

7.3.1 On 21 November 2019, Karen Simon was appointed as Non-Executive Chairman, and Amy Lashinsky was appointed as Independent Non-Executive Director. Each of the other Non-Executive Directors were re-appointed at the Company's annual general meeting on 13 June 2019 and their appointments will continue until the Company's next annual general meeting.

| Name | Position | Date of Appointment |
|---|---|---|
| Karen Simon.......................................... | Non-Executive Chairman | 21 November 2019 (originally appointed as Independent Non-Executive Director on 15 September 2017) |
| Andrew Bartlett..................................... | Senior Independent Director | 22 August 2017 |
| Efstathios Topouzoglou.......................... | Non-Executive Director | 8 May 2017 |
| David Bonanno...................................... | Non-Executive Director | 8 May 2017 |
| Robert Peck........................................... | Independent Non-Executive Director | 11 July 2017 |
| Ohad Marani.......................................... | Independent Non-Executive Director | 11 July 2017 |
| Amy Lashinsky ..................................... | Independent Non-Executive Director | 21 November 2019 |

Each appointment is for an unlimited term, subject to being re-elected as a director at each annual general meeting, save that a Non-Executive Director or the Company may terminate the appointment at any time upon three months' written notice, or the Non-Executive Director may be required to resign at any time in accordance with the Articles, the UK Corporate Governance Code or for any regulatory reason such as the revocation of any approvals required from the FCA. These appointments are otherwise subject to the provisions of the Articles and the terms of reference of the Board committees.

The Non-Executive Directors are subject to certain restrictive covenants during the appointment and, with respect to the undertaking not to disclose or use confidential information, at any time thereafter. The relevant agreements contain provisions relating to confidentiality, share dealings and conflicts of interest. The Non-Executive Directors are required to devote sufficient time to the affairs of the Company as is necessary to perform their respective duties. The Non-Executive Directors are not permitted to take up any office or employment with, or have any direct or indirect interest in any firm or company which is in direct or indirect competition with the Company or any other member of the Energean Group or any company in which any member of the Energean Group has an interest, without the consent of the Board. Upon termination of the appointment, and where such termination is for any reason other than due to the Non-Executive Director's gross misconduct, material breach of the terms of the appointment, act of fraud or dishonesty or wilful neglect of the Non-Executive Director's duties, the Non-Executive Director will be paid a pro-rated amount of his fees in respect of the period between the beginning of the quarter in which termination took place and the termination date. Otherwise, none of the Non-Executive Directors is entitled to any damages for loss of office and no fee shall be payable in respect of any unexpired portion of the term of the appointment.

7.3.2 **Chairman**

Karen Simon was appointed as a Non-Executive director of the Company under letter of appointment for non-executive director chairman. Ms. Simon receives an annual fee of £150,000, payable monthly and variable by agreement from time to time. Ms. Simon agreed that her annual fees are payable by the issue of new Shares by the Company, rather than in cash. The number of Shares to be issued by the Company shall be equal to the fees for the preceding quarter divided by the average closing price of the Shares on the London Stock Exchange for the last 10 business days in the relevant quarter.

7.3.3 **Non-Executive Directors**

Each of Efstathios Topouzoglou, Robert Peck, Ohad Marani and Amy Lashinsky receive an annual fee of £50,000, payable monthly and variable by agreement from time to time. Mr. Bartlett receives an annual fee of £57,500, payable monthly and variable by agreement from time to time for serving as Senior Independent Director. Mr. Bonanno has waived his entitlement to an annual fee for his services as a Director.

Andrew Bartlett, Ohad Marani and Robert Peck receive an additional annual fee of £5,000 for each Committee that they chair.

7.4 Save as set out in paragraphs 7.2 and 7.3 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Energean Group.

7.5 **Directors' and Senior Managers' remuneration and benefits**

Under the terms of their service contracts for the year ended 31 December 2019, the aggregate remuneration paid (including contingent or deferred compensation) and benefits granted to the Directors and the Senior Managers, was £3.7 million.

Under the terms of their service contracts for the year ended 31 December 2019, the Directors were remunerated as set out below:

| Name | Position | Annual remuneration salary (£) | Annual remuneration bonus (£) | Other benefits (£) | Total remuneration (£) |
|---|---|---|---|---|---|
| Simon Heale (retired 21 November 2019) | Non-Executive Chairman | 135,000 | — | — | 135,000 |
| Mathios Rigas | CEO | 675,000 | 384,000 | 75,000 | 1,134,000 |
| Panos Benos | CFO | 450,000 | 256,000 | 50,000 | 756,000 |
| Andrew Bartlett | Senior Independent Director | 63,000 | — | — | 63,000 |
| Efstathios Topouzoglou | Non-Executive Director | 50,000 | — | — | 50,000 |
| David Bonanno | Non-Executive Director | — | — | — | — |
| Robert Peck | Independent Non-Executive Director | 55,000 | — | — | 55,000 |
| Ohad Marani | Independent Non-Executive Director | 55,000 | — | — | 55,000 |
| Karen Simon | Independent Non-Executive Director | 61,000 | — | — | 61,000 |
| Amy Lashinsky (appointed 21 November 2019) | Independent Non-Executive Director | 5,500 | — | — | 5,500 |

7.6 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

## 8. EMPLOYEE SHARE PLANS

8.1 The Company operates an executive long-term incentive plan ("**LTIP**") and a deferred bonus plan under which a portion of annual bonuses may be deferred into Shares ("**DBP**"). Together the LTIP and DBP are referred to as the "Share Plans".

The principal features of the Share Plans are summarised below, with the common terms of the Share Plans set out in paragraph 8.4 below.

8.2 **LTIP**

LTIP awards were granted to the Executive Directors during 2019 over Shares worth up to 200% of salary. Performance conditions for this award were determined by the Remuneration Committee at the time of grant and are disclosed in the Annual Report for the financial year ended 31 December 2019. The LTIP award granted to the Executive Directors in 2019 were subject to a three year performance period and two year holding period. Selected other senior executives received LTIP awards in 2019.

***Status***

The LTIP was adopted by the Board on 2 March 2018. The LTIP is a discretionary executive share plan, under which the Board may grant share-based awards ("**LTIP Awards**") to incentivise and retain eligible employees. The LTIP is administered by the Board or by any duly authorised committee of it. Decisions in relation to any participation in the LTIP by the Company's Executive Directors will always be taken by the Company's Remuneration Committee.

***Individual limit***

Awards will not normally be granted to a participant under the LTIP in respect of any financial year of the Company over Shares with a market value (as determined by the Board) in excess of 200% of salary. Awards may be granted in excess of this limit to an eligible employee in association with their recruitment (a "**Recruitment Award**"). Recruitment Awards may only be granted to an employee on one occasion.

***Performance conditions***

The vesting of LTIP Awards may (and, in the case of an LTIP Award to an Executive Director other than a Recruitment Award, will) be subject to the satisfaction of performance conditions. At least 50% of the performance conditions applicable to the initial LTIP Awards proposed to be granted to the Executive Directors will be based on relative total shareholder return.

Any performance condition may be amended or substituted if one or more events occur which cause the Board to consider that an amended or substituted performance condition would be more appropriate and would not be materially less difficult to satisfy. The Board may also impose other conditions on the vesting of LTIP Awards.

***Vesting, exercise and release of Awards***

LTIP Awards subject to performance conditions will normally have those conditions assessed as soon as reasonably practicable after the end of the relevant performance period, and, to the extent that the performance conditions have been met, the LTIP Awards will vest either on that date or such later date that the Board determines. LTIP Awards (other than Recruitment Awards) granted to the Executive Directors will normally be subject to a performance period of at least three years and will only be capable of being satisfied in cash. LTIP Awards (other than Recruitment Awards) that are not subject to performance conditions will normally vest on the third anniversary of the grant date or such other date that the Board determines.

The Board may determine that an LTIP Award is also subject to an additional holding period of up to two years following vesting, during which Shares subject to the LTIP Award will not be delivered to participants and at the end of which the Awards will be "released".

Nil-cost options will normally be exercisable from the point of vesting (or, where the LTIP Award is subject to a holding period, release) until the tenth anniversary of the grant date.

8.3 **The DBP**

***Status***

The DBP was adopted by the Board on 2 March 2018. The DBP is a discretionary executive share plan implemented so that a portion of a participant's bonus is deferred into a share-based award (a "**DBP Award**"). The DBP is administered by the Board or by any duly authorised committee of it. Decisions in relation to any participation in the DBP by the Company's Executive Directors will always be taken by the Company's Remuneration Committee.

***Vesting of DBP Awards***

DBP Awards will normally vest on the second anniversary of the grant date or such other date that the Board determines.

Nil-cost options will normally be exercisable from the point of vesting until the tenth anniversary of the grant date or, in the case of a DBP Award granted to a former employee, six months after the normal vesting date.

8.4 **Terms common to the Share Plans**

***Eligibility***

All employees (including Executive Directors) (and, in the case of the DBP, former employees) of the Company or any of its subsidiaries are eligible for selection to participate in the Share Plans at the discretion of the Board.

***Timing of Awards***

LTIP and DBP Awards (together, "**Awards**") can only be granted during the 42 days beginning on: (i) the first dealing day after the announcement of the Company's results for any period; (ii) any day on which the Board determines that exceptional circumstances exist which justify the making of an Award at that time; or (iii) to the extent that dealing restrictions prevent Awards from being granted in any of the preceding three periods, the first dealing day on which such dealing restrictions are lifted.

***Form of Awards***

The Board may grant Awards as conditional awards of Shares, nil-cost options over Shares or as conditional cash awards or options to acquire a cash amount which relates to the value of a certain number of notional Shares (a "**phantom award**"). If the Board grants Awards as phantom awards, it may reserve the right to convert these into conditional awards of Shares or nil-cost options over Shares at any time. No payment is required for the grant of an Award.

***Overall limit***

The Share Plans may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of the Share Plans provide that, in any ten year rolling period, the number of Shares which may be issued under the Share Plans and any other employee share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

Shares transferred out of treasury will count towards this limits for so long as this is required under institutional shareholder guidelines. Awards which are relinquished or lapse will be disregarded for the purposes of this limit.

***Settlement***

At its discretion, the Board may (unless the Board has determined otherwise at an earlier point) decide to satisfy Awards with a cash payment equal to the market value of the Shares that the participants would have received had the relevant Award been satisfied with Shares.

***Dividend equivalents***

The Board may decide that participants will receive an amount (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest on such terms and over such period (ending no later than the date on which the Award vests or, if there is a holding period, is released) as the Board may determine. This amount may assume the reinvestment of dividends and exclude or include special dividends.

***Malus and clawback***

In certain circumstances the Board may at any time prior to the fifth anniversary of the grant date of an LTIP Award or the third anniversary of the grant date of a DBP Award:

(a) reduce an Award (to zero if appropriate) or impose additional conditions on an Award to the extent that cash and/or Shares have not yet been delivered in satisfaction of the Award; or

(b) if cash and/or Shares have been delivered in satisfaction of an Award, require that the participant either return some or all of the Shares acquired pursuant to the Award or make a cash payment to the Company in respect of the Shares delivered.

The Board retains the discretion to calculate the amount subject to recovery, including whether or not to claw back gross or net of any tax or social security contributions applicable to the Award.

The circumstances in which the Board may invoke the malus and clawback provisions include a material misstatement of the Company's audited accounts or any other error that would have reduced the grant or vesting level of an Award, serious reputational damage, serious misconduct by a participant, or a material failure of risk management:

(a) in respect of LTIP Awards, during the period commencing on the grant date (or, where an LTIP Award is subject to a performance condition, at the start of the performance period) and ending on the fifth anniversary of the grant date; and

(b) in respect of DBP Awards, during the period commencing at the start of financial year in respect of which the DBP Award is granted and ending on the third anniversary of the grant date.

***Cessation of employment***

An unvested Award will usually lapse upon a participant ceasing to be employed by or to hold office with the Energean Group. However, if a participant ceases to be a Group employee or director because of their ill-health, injury, disability, redundancy, the sale of the participant's employing company or business out of the Energean Group or in other circumstances at the discretion of the Board (except where they are dismissed for gross misconduct), their Award will normally continue to vest (and be released) on the date when it would have vested (and been released) if they had not ceased to be a Group employee or director, taking into account the satisfaction of any performance conditions applicable to LTIP Awards measured over the original performance period. However, the Board retains discretion to allow the Award to vest (and be released) following the individual's cessation of office or employment, taking into account any applicable performance conditions measured up to that point. Unless the Board decides otherwise, vesting of an LTIP Award will take into account the proportion of the vesting period (or, in the case of an Award subject to performance conditions, the performance period) which has elapsed on the participant's cessation of office or employment. A DBP Award will vest in full.

If a participant dies, unless the Board decides otherwise, their Award will vest (and be released) as soon as reasonably practicable after the date of their death on the basis set out for other "good leavers" above.

If a participant ceases to be an officer or employee of the Energean Group during a holding period, their LTIP Award will normally be released at the end of the holding period, unless the Board determines that it should be released as soon as reasonably practicable after cessation of their office or employment. If a participant dies during the holding period, their LTIP Award will be released as soon as reasonably practicable after their death. If a participant is dismissed for gross misconduct, any outstanding LTIP Awards they hold will lapse immediately.

Awards structured as nil-cost options may normally be exercised to the extent vested for a period of six months after vesting (or, where LTIP Awards are subject to a holding period, release) or 12 months after death (or such other period as the Board may determine). Where nil-cost value options have already vested (and, where relevant, been released) on the date of cessation of office or employment, those options may normally be exercised for a period of six months from the date of cessation, unless the participant is dismissed for gross misconduct, in which case their options will lapse. If a participant dies, a vested (and, where relevant, released) option may normally be exercised until the first anniversary of the death.

***Corporate events***

In the event of a change of control of the Company, Awards will vest (and be released) early. The proportion of any unvested LTIP Awards which vest will be determined by the Board taking into account the extent to which any performance conditions applicable to LTIP Awards have been satisfied at that time and, unless the Board determines otherwise, the proportion of the vesting period, or in case of LTIP Awards subject to performance conditions, the performance period, which has elapsed. DBP Awards will vest in full.

Alternatively, the Board may permit Awards to be exchanged for awards of shares in a different company (including the acquiring company). If the change of control is an internal reorganisation of the Energean Group or if the Board so decides, participants may be required to exchange their Awards.

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the Board's opinion, may materially affect the current or future value of Shares and the Board determines it would not be appropriate or practical to adjust Awards, the Board may determine that Awards will vest (and be released) on the same basis as for a change of control.

***Variation of capital***

If there is a variation of share capital of the Company or in the event of a demerger, delisting, special dividend or other event which in the Board's opinion may affect the current or future value of Shares, the Board may make such adjustments to the number of Shares subject to Awards and/or any performance condition applicable to Awards as it considers appropriate.

***Rights attaching to Shares***

Shares issued and/or transferred under the Share Plans will not confer any rights on any participant until the participant in question has received the underlying Shares. Any Shares allotted will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue).

***Amendments***

The Board may, at any time, amend the provisions of the Share Plans in any respect. The prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of eligible employees or participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining the entitlement to, and the terms of, Awards, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval. There are however exceptions from this requirement to obtain shareholder approval for any minor amendment to benefit the administration of the Share Plans, to take account of the provisions of any legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or member of the Energean Group. No amendment may be made to the material disadvantage of the existing rights of participants unless every participant who may be affected by such amendment has been invited to indicate whether or not he approves the amendment, and the amendment is approved by a majority of those who have so indicated.

***Non-transferability***

Awards are not transferable other than to the participant's personal representatives in the event of his or her death.

***Benefits not pensionable***

Benefits received under the Share Plans are not pensionable.

***Overseas plans***

The Board may, at any time, establish further plans based on the Share Plans for overseas territories. Any such plan will be similar to the Share Plans but may be modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the Share Plans.

***Termination***

No Awards may be granted under the Share Plans more than ten years after Admission.

8.5 **The Company's employee benefit trust**

The Company established an employee benefit trust (the "**EBT**") constituted by a trust deed entered into between the Company and a professional trustee. The Company has the power to appoint and remove the trustee.

The EBT is used to benefit employees and former employees of the Company and its subsidiaries and certain of their dependents. The trustee(s) of the EBT will have the power to acquire Shares and any Shares acquired may be used for the purposes of the LTIP, the DBP and other employee share plans established by the Energean Group from time to time, or otherwise for the benefit of the beneficiaries of the EBT.

The Energean Group may fund the EBT by loan or gift to acquire Shares either by market purchase or by subscription. Any awards to subscribe for Shares granted to the EBT or Shares issued to the EBT will be treated as counting against the dilution limits that apply to the Share Plans.

The EBT will not make an acquisition of Shares if that acquisition would mean that it held more than 5% of the Company's ordinary share capital (other than as nominee for a beneficiary), without prior shareholder approval.

## 9. PENSIONS

In the UK, the Energean Group offers a pension scheme for its employees, as required by law, which terms are based on contributions starting at 3% employer 3% employee up to April 2019 and 4% employer 5% employee onwards. The terms have been based on full employee membership provided but will not alter if there are changes made to the numbers or salaries.

In Greece, the Energean Group offers a mandatory pension plan for its employees as required by law, which has the form of a defined benefit plan. According to this plan, employees are entitled to severance pay on retirement, the amount of which varies according to salary level, tenure of service and years of social insurance. Beneficiaries of this payment are employees who are eligible for full retirement, i.e. under the current pension system in Greece, employees aged between 62 and 67 years.

The Energean Group's policy is to carry out every year an independent actuarial valuation of the liabilities with regard to the abovementioned benefit plan. The last actuarial study was carried out as at 31 December 2019 and the actuarial liability was calculated as US$4.3 million.

# 10. SUBSIDIARIES, INVESTMENTS AND PRINCIPAL ESTABLISHMENTS

## 10.1 Subsidiaries and subsidiary undertakings

10.1.1 The Company is the holding company of the Energean Group. The principal subsidiaries and subsidiary undertakings of the Company are as follows:

| Name | Country of incorporation and registered office | Percentage of ownership interest and voting power | Field of activity |
|---|---|---|---|
| Energean E&P Holdings Limited ................ | Cyprus | 100% | Holding Company |
| Energean Capital Limited ............................ | Cyprus | 100% | Intermediate Holding Company |
| Energean MED Limited……………… | United Kingdom | 100% | Oil and gas exploration, development and production |
| Energean Oil & Gas SA............................... | Greece | 100% | Greek producing and development assets |
| Energean International Limited ................... | Cyprus | 100% | Intermediate holding company |
| Energean Montenegro Limited .................... | Cyprus | 100% | Montenegrin exploration assets |
| Energean Israel Limited............................... | Cyprus | 70.0001%(1) | Israeli development assets |
| Energean Israel Finance S.a.r.l. (Luxembourg) ......................................... | Luxembourg | 70%(2) | Israel development assets financing |
| Energean Israel Transmission LTD | Israel | 70% | Gas transportation license holder |
| Energean Egypt Limited(3) ........................... | Cyprus | 100% | Egyptian producing, development and exploration assets |
| Energean Hellas Limited ............................. | Cyprus | 100% | Greek exploration assets |

(1) The Energean Group currently has a 70% economic interest in Energean Israel Limited, with 70% of the voting rights.
(2) Energean Israel Finance S.à r.l. (Luxembourg) is a 100% subsidiary of Energean Israel Limited.
(3) All Egyptian PSAs and other licences of Edison International will be assigned to Energean Egypt Limited post Completion.

10.1.2 Edison E&P is the holding company of the Edison E&P Group. The principal subsidiaries and subsidiary undertakings of Edison E&P are as follows:

| Name | Country of incorporation and registered office | Percentage of ownership interest and voting power | Field of activity |
|---|---|---|---|
| Edison Idrocarburi Sicilia S.r.l..................... | Italy | 100% | Oil and gas exploration, development and production in Italy |
| Edison International S.p.A........................... | Italy | 100% | Oil and gas exploration, development and production in Egypt, Greece, Israel and Croatia |
| Edison E&P UK Ltd .................................... | United Kingdom | 100% | Oil and gas production and development in the UK |
| Euroil Exploration Ltd................................. | United Kingdom | 100% | Oil and gas exploration in the UK |

## 10.2 Principal establishments

10.2.1 The following are the principal establishments, other than its fields, of the Enlarged Group:

| Name and location | Type of facility | Tenure |
|---|---|---|
| Head office—Accurist House, 44 Baker Street, London, W1U 7AL, United Kingdom | Office | Lease, terminates 29 October 2024 |
| Cyprus Office—22nd Lefkonos Str., 2064 Strovolos, Nicosia, Cyprus | Office | Lease—may be terminated on one month's notice |
| Athens Office—32, Kifisias Avenue, 15125 Marousi, Atrina Center 16o Floor, Athens | Office | Lease—may be terminated on three months' notice |
| Athens Office—32, Kifisias Avenue, 15125 Marousi, Atrina Center 17o and 18o Floor | Office | Lease—may be terminated on three months' notice |
| Tel Aviv Office—21st Floor, Kinneret 5 Bnei Brak, Israel | Office | Lease—terminates 28 February 2019 |

# 11. MATERIAL CONTRACTS OF ENERGEAN

The contracts described in "*Part 7: Additional Information—Material Contracts—The Group*" from page 125 to page 135 of the Circular, which have been incorporated by reference into this Prospectus represent those contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company or another member of the Energean Group: (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Energean Group, and (b) at any time and contain provisions under which the Company or any member of the Energean Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Energean Group as of the date of this Prospectus.

## 12. MATERIAL CONTRACTS OF EDISON E&P

The contracts described in "*Part 7: Additional Information—Material Contracts—Edison E&P*" from page 135 to page 139 of the Circular, which have been incorporated by reference into this Prospectus represent those contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company or another member of the Edison E&P Group: (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Edison E&P Group, and (b) at any time and contain provisions under which the Company or any member of the Edison E&P Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Edison E&P Group as of the date of this Prospectus.

## 13. UK TAXATION

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current UK legislation and what is understood to be the current practice of HMRC as of the date of this Prospectus, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident and, in the case of individuals, domiciled for tax purposes in (and only in) the United Kingdom (except insofar as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than in an individual savings account or self-invested personal pension arrangement) and who are the absolute beneficial owner of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

**The statements summarise the current position and are intended as a general guide only. Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their own professional advisers.**

### 13.1 Taxation of dividends

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

*13.1.1 UK resident individual Shareholders*

Different rates of tax apply to different bands of an individual's dividend income, which for these purposes includes UK and non-UK source dividends and certain other distributions in respect of shares.

An individual Shareholder who is resident for tax purposes in the United Kingdom and who receives a dividend from the Company will not be liable to UK tax on the dividend to the extent that (taking account of any other dividend income received by the Shareholder in the same tax year and excluding any dividends paid within an individual savings account or exempt pension arrangement)) that dividend falls within the nil rate band (i.e. the band of an individual's dividend income to which the dividend nil rate of 0% applies).

In the tax year 2020/2021, the nil rate band applies to the first £2,000 of an individual's dividend income.

To the extent that (taking account of any other dividend income received by the Shareholder in the same tax year and excluding any dividends paid within an individual savings account or exempt pension arrangement) the dividend exceeds the nil rate band, it will be subject to income tax at 7.5% to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other dividend income received in the same tax year and excluding any dividends paid within an individual savings account or exempt pension arrangement) it falls above the threshold for higher rate income tax then the dividend will be taxed at 32.5% to the extent that it is within the higher rate band, or 38.1% to the extent that it is within the additional rate band (each such rate as applicable in tax year 2020/2021). For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which (in the absence of the nil rate band exemption) would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

*13.1.2 UK resident corporate Shareholders*

It is likely that dividends paid on the Shares to UK resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. If a dividend paid on the Shares to a UK resident corporate Shareholder does not fall within one of the exempt classes, that Shareholder will be subject to corporation tax on the gross amount of the dividend at a current rate of 19%.

*13.1.3 Non-UK resident Shareholders*

A Shareholder resident outside the United Kingdom may be subject to non-UK taxation on dividend income under local law. A Shareholder who is resident outside the United Kingdom for tax purposes should consult their own tax adviser concerning their tax position on dividends received from the Company.

13.2 **Taxation of disposals**

*13.2.1 UK resident Shareholders*

A disposal or deemed disposal of Shares by a Shareholder who is resident in the United Kingdom for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals of £12,300 for 2020/2021), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

For such individual Shareholders, any chargeable gain on their disposal of Shares will be subject to capital gains tax at 10% to the extent it does not exceed the income tax basic rate band and 20% to the extent that it exceeds the income tax basic rate band (in each case when treated as received on top of any income and other chargeable gains in that tax year and each such rate as applicable in 2020/2021). Individual Shareholders will not be able to benefit from any indexation allowance in respect of any disposal of shares.

For corporate Shareholders, any chargeable gain, subject to the availability of any exemptions, reliefs and/or allowable losses, will be subject to corporation tax at the prevailing rate (currently 19%).

*13.2.2 Non-UK resident Shareholders*

Shareholders who are not resident in the United Kingdom will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless, at the relevant time, they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Shares are, or have been, used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who acquires shares whilst resident for tax purposes in the United Kingdom but subsequently ceases to be so resident or is subsequently treated as resident outside the UK for the purposes of a double tax treaty for a period of five years or less and who disposes of all or part of his or her Shares during that period may be liable to UK capital gains tax on his or her return to the UK, subject to any available exemptions or reliefs.

13.3 **Stamp duty and Stamp Duty Reserve Tax ("SDRT")**

*Transfers and agreements to transfer*

Stamp duty at the rate of 0.5% (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring Shares. A charge to SDRT will also arise on an unconditional agreement (or a conditional agreement which becomes unconditional) to transfer Shares (at the rate of 0.5% of the amount or value of the consideration payable). In certain cases, the stamp duty or SDRT charges may be based on the market value of the Shares transferred or agreed to be transferred. However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument which is duly stamped, any SDRT already paid will be refunded (generally, but not necessarily, with interest), *provided that* a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee. However, certain persons (called 'accountable persons', such as brokers, dealers and custodians) may have further compliance and payment obligations in respect of SDRT.

Where Shares are transferred to, or to a nominee or agent for, a person whose business is or includes providing a clearance service within Section 70 or Section 96 of the Finance Act 1986, stamp duty or SDRT may be charged at a rate of 1.5% of the amount or value of the consideration given where transferred for consideration, or, in certain circumstances, the value of the Shares transferred.

Following litigation, HMRC's view is that this 1.5% stamp duty or SDRT charge will apply to transfers of shares into a clearance service (such as Euroclear) unless they are an integral part of an issue of share capital. Accordingly, Shareholders should seek specific professional advice before taking action which may incur such a 1.5% stamp duty or SDRT charge, such as transferring Shares which are listed on the LSE to the Tel Aviv Stock Exchange ("**TASE**"), which would entail such Shares' transfer from CREST into Euroclear.

**The statements in this paragraph 13.3 apply to any holders of Shares irrespective of their residence and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries and to shares held through clearance systems and depositary receipt arrangements.**

## 14. LITIGATION – ENERGEAN GROUP

14.1 Save as disclosed in paragraph 14.2 below, there are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had, a significant effect on the Company's and/or the Energean Group's financial position or profitability.

14.2 **Tsabar Oil & Gas Ltd., et al., vs Energean Israel Limited, Energean E&P Holdings Limited, Energean Oil & Gas S.A., Mathios Rigas and Efstathios Topouzoglou**

On 6 November 2019, Tsabar Oil & Gas Ltd., Nammax Oil & Gas Ltd. and Med Sea Ltd. (together, the "**Tsabar Group**"), which entities are beneficially controlled by Beny Steinmetz, issued a claim against Energean Israel Limited, Energean E&P Holdings Limited, Energean Oil & Gas S.A., Mathios Rigas and Efstathios Topouzoglou (together, the "**Respondents**"), in respect of what was described in the claim as "Energean's interests" in the project related to the Karish and Tanin gas reservoirs, offshore Israel (the "**Interests**" and the "**Project**", respectively). The Tsabar Group claims, inter alia, that the Respondents breached agreements and understandings allegedly reached in respect of the Tsabar Group's commercial stake in the Project, should the Israeli Petroleum Commissioner not approve its participation. The Tsabar Group is seeking a declaratory relief stating that it is entitled to a share of 20%-25% in the Interests or financial compensation estimated at US$146.7 million; or, further, in the alternative, a declaratory relief stating that it is entitled to a share in the Project of at least 10% or to a financial compensation estimated at US$172.6 million. Both at the time of the acquisition of the Karish

Tanin interests by Energean Israel Limited and as at the Latest Practicable Date (as acknowledged by the Tsabar Group in its claim), the Israeli Petroleum Commissioner suspended any participation by the Tsabar Group, as controlled by Mr Steinmetz, in the potential acquisition of any interest in Karish-Tanin. On the basis of legal advice obtained to date, the Directors consider that it is more likely than not that the Claim will be dismissed; and the matter will be defended vigorously. The Respondents have appointed a leading law firm in Israel, S. Horowitz & Co, which filed a robust Statement of Defence in the Israeli courts on 21 May 2020. A final court decision on the case may take several years. In the event of the claim being successful, and in the context of the Energean Group's overall operations, cashflows and finances, the financial viability of the Energean Group is unlikely to be affected.

## 15. LITIGATION – EDISON E&P GROUP

15.1 Save as disclosed in paragraphs 15.2 to 15.3 below, there are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had, a significant effect on the Company's and/or the Edison E&P Group's financial position or profitability.

15.2 **Edison E&P vs Agenzia del demanio – concession fees for 2019 under law no. 12/2019**

On 18 October 2019, Edison E&P brought an action before the *Tribunale civile* of Rome against a request received from the *Agenzia del demanio* (*direzione generale Marche*) for certain fees related to five exploitation concessions which represented an immaterial amount of the Edison E&P Group's production in 2018 and of the Edison E&P Group's 2P reserves as at 31 December 2019. The request has been made under the new provisions issued by Italian law no.12/2009 which have increased by 2400% the fees due from concession holders, onshore and offshore (representing an overall increase of approximately €4.7 million per annum for the entire Italian portfolio of Edison E&P). The first hearing, originally scheduled for 24 February 2020, was initially postponed to 17 April 2020 and then further postponed to 16 October 2020, due to the current health emergency caused by COVID-19. Meanwhile, on 27 March 2020, Assomineraria (the association of companies operating in the oil and gas sector in Italy) intervened in the proceeding to support Edison E&P's action.

The purpose of the action is to obtain a decision from the European Court of Justice or the Italian Constitutional Court stating that the provisions of the recent law n. 12/2019 imposing the increase of the annual fees for the exploitation concessions (as described in the paragraph above) are not valid. If successful, this will significantly reduce fees payable in respect of all of the Edison E&P Group's Italian concessions. Otherwise, the Edison E&P Group would need to continue to pay the increased annual fees as described above in respect of all of its Italian concessions.

15.3 **MATTM vs Edison S.p.A and others for the indemnification of environmental damages arising from the Vega field**

On 30 May 2018 the MATTM filed a law suit before the "*Tribunale civile di Catania*" (court in Catania) against Edison and others asking for indemnification of certain environmental damages (quantified in an aggregated amount of €76.5 million plus interest, for which each defendant could be jointly liable) allegedly caused by the waste disposal activities (mainly water re-injection) carried out by Edison as operator of the Vega field between 1989 and 2007. Interim hearings have been held in November 2018 and October 2019. On 11 February 2020, the judge deemed the case ready for the decision and has scheduled the final hearing to clarify each party's demands on 2 March 2021.

If the claim is successful, Edison E&P (as the owner of the Vega concession) may be liable to contribute to, or satisfy in full, any payment of this indemnification claim, and it is not possible to quantify any potential payment at this stage of the proceeding. Edison has provided an indemnity to Energean Capital Limited in the Acquisition Agreement in respect of any liability suffered by any member of the Edison E&P Group in respect of this claim. See Part 4 (*Summary of the Acquisition Agreement*) of the Circular, incorporated by reference in this Prospectus, for more detail on the terms of the indemnity.

## 16. WORKING CAPITAL

In the opinion of the Company, taking into account the facilities available to the Energean Group, the working capital available to the Energean Group is sufficient for the Energean Group's present requirements, that is for at least the next 12 months following the date of this Prospectus.

## 17. SIGNIFICANT CHANGE – ENERGEAN GROUP

Other than:

- the reduction in financial performance for the first quarter of 2020, in particular in relation to Adjusted EBITDAX (US$(6.9) million for the three months ended 31 March 2020 as compared to US$(3.4) million for the three months ended 31 March 2019) and the corresponding reduction in forecast 2020 capital expenditure (reducing expected capital expenditure in respect of the Enlarged Group for 2020 by approximately US$215 – 235 million), which are primarily attributable to the impact of the COVID-19 pandemic and the OPEC+ price war, which have generated significant market uncertainty and reduced oil prices; and
- the entry into the US$220 million New RBL Facility,

there has been no significant change in either the financial performance or the financial position of the Energean Group since 31 December 2019, being the date to which the Energean Group's Consolidated Historical Financial Information incorporated by reference into this Prospectus as described in Part 17 "*Historical Financial Information Relating to the Energean Group*" relating to the Energean Group was prepared.

## 18. SIGNIFICANT CHANGE – EDISON E&P GROUP

Other than:

- the reduction in financial performance for the first quarter of 2020, in particular in relation to revenue (US$91.6 million for the three months ended 31 March 2020 as compared to US$131.7 million for the three months ended 31 March 2019 (in each case excluding the discontinued operations representing the Algerian Interest and the Norwegian Subsidiary)) and the corresponding reduction in forecast 2020 capital expenditure (reducing 2020 Egypt capital expenditure forecast from US$100 million to US$40 – 50 million and reducing 2020 Italy capital expenditure forecast from US40 million to US$25 – 30 million), which are primarily attributable to the impact of the COVID-19 pandemic and the OPEC+ price war, which have generated significant market uncertainty and reduced oil prices;
- *the intended transfer of the Algerian Interest*: In December 2019, in response to correspondence from the Algerian authorities that indicated some uncertainty about their willingness to provide consent to the transfer of Edison International's interests in Algeria, Energean and Edison agreed in principle to amend the Acquisition Agreement under which the Algerian Interest will be removed from the transaction perimeter. On 2 April 2020, an amendment to the Acquisition Agreement was executed, pursuant to which the Algerian Interest shall be transferred by Edison International to a subsidiary of Edison. Energean and Edison agreed that the Algerian Interest will be transferred from Edison International to a subsidiary of Edison with an economic reference date of 1 January 2020. The effective consideration for the Algerian Interest at the economic reference date of the transaction is US$155 million; and
- *the intended transfer of the Norwegian Subsidiary*: Following the termination of the On-sale Agreement for the sale of the North Sea Assets, Energean and Edison agreed in principle to amend the Acquisition Agreement under which the Norwegian Subsidiary will be removed from the transaction perimeter. On 28 June 2020, an amendment to the Acquisition Agreement was executed, pursuant to which the Norwegian Subsidiary shall be transferred from Edison International to Edison for an effective consideration at the economic reference date of the transaction of US$200 million. Energean and Edison agreed that the Norwegian Subsidiary will

be transferred from Edison International to Edison with an economic reference date of 31 December 2019,

there has been no significant change in either the financial performance or the financial position of the Edison E&P Group since 31 December 2019, being the date to which the Edison E&P Group's Historical Financial Information incorporated by reference in Section B of Part 18 "*Historical Financial Information Relating to the Edison E&P Group*" relating to the Edison E&P Group was prepared.

## 19. CONSENTS

19.1 Ernst & Young LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its accountant's report set out in Section B of Part 19 "*Unaudited Pro Forma Financial Information*" and has authorised the contents of this report as part of the Prospectus for the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) and item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980.

19.2 Deloitte LLP, which is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales, has given and has not withdrawn its written consent to the inclusion in this Prospectus of the accountant's report on the consolidated historical financial information of the Edison E&P Group set out in Section A of Part 5 "*Financial Information on Edison E&P*" of the Circular, which is incorporated by reference in Part 18 "*Historical Financial Information Relating to the Edison E&P Group*" of this Prospectus in the form and context in which it appears. For the purpose of Prospectus Rule 5.3.2R(2)(f), Deloitte LLP is responsible for and has authorised that report, and declares that it has taken all reasonable care to ensure that the information contained in its report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This consent and declaration is included in the Prospectus in compliance with Annex 1 (item 1.2 and item 1.3) of Commission Delegated Regulation (EU) 2019/980 and for no other purpose.

19.3 DeGolyer and MacNaughton, whose registered office is at 5001 Spring Valley Road, Suite 800 East, Dallas, Texas 75244, United States of America, are independent petroleum engineers, geologists, geophysicists and petrophysicists and (in its capacity as a competent person), DeGolyer and MacNaughton has given and not withdrawn its written consent to the inclusion in this Prospectus of its report which is incorporated by reference herein and references to them and has authorised the contents of those parts of this Prospectus which comprise its report for the purposes of Rule 5.3.2 of the Prospectus Regulation Rules. The Company confirms that, between the effective date of the D&M CPR (being 31 December 2019) and the date of this Prospectus, no material changes have occurred, the omission of which would make the D&M CPR misleading.

## 20. AUDITORS

Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales, and its registered address is 1 More London Place, London, SE1 2AF.

## 21. GENERAL

The fees and expenses to be borne by the Company in connection with Re-admission including the FCA's fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately US$3.7 million (including VAT).

## 22. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection for twelve months following the date of this Prospectus at the website https://www.energean.com/investors/acquisition-of-edison-ep/:

(a) the Articles of Association;

(b) the Edison E&P Group's Historical Financial Information, together with the related accountant's report from Deloitte LLP;

(c) the report from Ernst & Young LLP on the unaudited *pro forma* financial information, which is set out in Section B of Part 19 "*Unaudited Pro Forma Financial Information of the Enlarged Group*";

(d) the consent letters referred to in "Consents" in paragraph 19 above;

(e) the Annual Reports and audited consolidated financial statements of the Energean Group for each of the three financial years ended 2017, 2018 and 2019;

(f) the documents incorporated by reference into this Prospectus, as described in Part 3 "*Information Incorporated by Reference*" of this Prospectus; and

(g) this Prospectus.

## PART 21
## DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise:

| | |
|---|---|
| "**ACQ**" | Annual Contract Quantity |
| "**Acquisition**" | the proposed acquisition of Edison E&P by a member of the Energean Group, as described in this Prospectus; |
| "**Acquisition Agreement**" | the sale and acquisition agreement dated 4 July 2019 (as amended) as described in Part 4 of the Circular, as incorporated by reference in this Prospectus |
| "**Act**" | the Companies Act 2006, as amended |
| "**Adobelero**" | Adobelero Holdings Co. Limited (beneficially owned and controlled by Panos Benos) |
| "**Algerian Interest**" | the interest of Edison International in the Reggane hydrocarbon licences in Algeria |
| "**Articles**" | the articles of association of the Company |
| "**Auditors**" | Ernst & Young LLP |
| "**Avner**" | Avner Oil Exploration Limited Partnership |
| "**Board**" | the board of directors of the Company |
| "**BP**" | BP Oil International Limited |
| "**BP Offtake Agreement**" | the long-term offtake agreement between BP and the Energean Group for the sale and purchase of crude oil from the Prinos, Prinos North and Epsilon fields |
| "**Bribery Act**" | the UK Bribery Act 2010 |
| "**CA2006 Scheme**" | a scheme of arrangement under Part 26 of the Act |
| "**Circular**" | means the class 1 circular dated 29 June 2020 published by the Company for the purposes of convening the General Meeting to consider and approve the Acquisition |
| "**City Code**" | the UK City Code on Takeovers and Mergers |
| "**Company**" or "**Energean**" | Energean plc |
| "**Completion**" | means the completion of the Acquisition in accordance with the terms of the Acquisition Agreement (and "**Complete**" shall be construed accordingly) |
| "**CREST**" | the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK and Ireland Limited is the operator |
| "**CREST Regulations**" | the Uncertificated Securities Regulations 2001 (SI 2001/37 55) |
| "**CSR**" | Corporate Social Responsibility |

| | |
|---|---|
| "**D&M CPR**" ........................................... | the competent person's report prepared by DeGolyer and MacNaughton which is incorporated by reference into this Prospectus |
| "**Delek**"..................................................... | Delek Drilling Limited Partnership |
| "**Directors**" ............................................. | the Executive Directors and the Non-Executive Directors |
| "**Disclosure Guidance and Transparency Rules**"............................... | the disclosure guidance and transparency rules produced by the FCA and forming part of the FCA's handbook of rules and guidance as from time to time amended |
| "**E&P**"...................................................... | exploration and production |
| "**EBRD**" ................................................... | the European Bank for Reconstruction and Development |
| "**EBRD Senior Facility**" .......................... | the US$75 million senior secured facility from EBRD obtained in May 2016 and amended in July 2016 |
| "**EBRD Subordinated Facility**" ............. | the US$20 million subordinated facility from EBRD |
| "**EBT**" ...................................................... | employee benefit trust |
| "**Edison E&P**" .......................................... | means Edison Exploration & Production S.p.A., a company incorporated under the laws of Italy; |
| "**Edison E&P Group**".............................. | means Edison E&P and Edison E&P's subsidiaries and subsidiary undertakings; |
| **"Edison E&P Group's Historical Financial Information"** .......................... | the consolidated historical financial information in relation to the Edison E&P Group contained in Section 2 of Part 18 "*Historical Financial Information relating to the Edison E&P Group*" |
| **"Edison International"**........................... | Edison International S.p.A., a company incorporated under the laws of Italy |
| "**EEZ**" ...................................................... | Israel's Exclusive Economic Zone |
| "**EIL Preference Shares**"......................... | preference shares in Energean International |
| "**EISL**" ..................................................... | Energean Israel Ltd. |
| "**EISL Shareholders' Agreement**".......... | the shareholders agreement dated 13 June 2017 between Energean E&P Holdings, Kerogen and Energean Israel (as amended) |
| "**Energean E&P Holdings**" .................... | Energean E&P Holdings Limited |
| "**Energean Group**" ................................. | Energean and each of its consolidated subsidiaries and subsidiary undertakings from time to time |
| "**Energean Group's Consolidated Historical Financial Information**".......... | the consolidated historical financial information in relation to the Energean Group contained in Section 2 of Part 17 "*Historical Financial Information Relating to the Energean Group*" |
| "**Energean International**" ...................... | Energean International Limited |
| "**Energean Israel**" .................................... | Energean Israel Limited |
| "**Enlarged Group**" ................................. | the Energean Group following Completion |

| | |
|---|---|
| "**EOGSA**" | Energean Oil & Gas S.A. |
| "**EPCIC**" | engineering, procurement, construction, installation and commissioning |
| "**EU**" | the European Union |
| "**Eurotechniki**" | Eurotechniki Services S.A. |
| "**Executive Directors**" | the executive Directors of the Company, being those persons named on page 106 |
| "**FCA**" | the UK Financial Conduct Authority |
| "**FDP**" | Field Development Plan |
| "**FEED**" | front end engineering design |
| "**Founders**" | Growthy Holdings, Oilco Investments and Adobelero |
| "**FPSO**" | a floating production, storage and offloading unit which is a vessel used for storing and processing hydrocarbons |
| "**FSMA**" | the Financial Services and Markets Act 2000, as amended |
| "**Gas Supply Agreements**" or "**GSPAs**" | the gas sale and purchase agreements between Energean Israel and, *inter alia* Dalia, Or, Israel Chemical and Supergas |
| "**General Meeting**" | means the general meeting of the Company convened for the purposes of considering and approving the Acquisition |
| "**Golden Power Law**" | Law No. 56 dated 11 May 2012 of Italy, as amended or supplemented (including by Law Decree No. 23 of 2020) |
| "**Governance Code**" | the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time |
| "**Growthy Holdings**" | Growthy Holdings Co. Limited (beneficially owned and controlled by Mathios Rigas) |
| "**Hellenic Petroleum**" | Hellenic Petroleum S.A. |
| "**HHRM**" | Hellenic Hydrocarbons Resources Management S.A. |
| "**HMRC**" | HM Revenue and Customs |
| "**HSE**" | health and safety and environmental |
| "**ICL**" | Israel Chemicals Ltd. |
| "**IEC**" | Israel Electric Corporation Ltd |
| "**IFRS**" | International Financial Reporting Standards, as adopted by the European Union |
| "**INGL**" | Israel Natural Gas Lines Ltd |
| "**Initial Wells**" | the three initial wells to be pre-drilled and available at the Karish Main field at first gas |
| "**Israeli Minister of Energy**" | the Minister with responsibility for, and the head of, the Israeli Ministry of Energy |

| | |
|---|---|
| "**Israeli Ministry of Energy**" | Israeli Ministry of Energy |
| "**Isramco**" | Isramco Negev 2 LLP |
| "**IT**" | Information Technology |
| "**Karish-1**" | the discovery well drilled at the Karish field by Noble in 2013 |
| "**Kerogen**" | Kerogen Capital and/or Kerogen Investments No. 38 Limited (the holder of shares in Energean Israel) |
| "**KWA**" | Kavala Workers' Association |
| "**Latest Practicable Date**" | 25 June 2020, being the latest practicable date before the date of this Prospectus |
| "**Leases**" | collectively includes concession agreements, oil exploration, development and production licences and leases, and applicable annual work programmes and FDPs |
| "**Levy**" | levy imposed under the PNR Law |
| "**LIBOR**" | London Interbank Offered Rate |
| "**Listing Rules**" | the listing rules of the FCA made under section 74(4) of the FSMA |
| "**London Stock Exchange**" | London Stock Exchange plc |
| "**LTIFR**" | lost time incidents frequency rate |
| "**Market Abuse Regulation**" | Regulation (EU) 596/2014 |
| "**MATTM**" | the Italian Ministry of Environment |
| "**NAPC**" | North Aegean Petroleum Co EPE |
| "**Neptune**" | Neptune Energy Group Holdings Limited, together with its affiliates, as the context so requires |
| "**New RBL Facility**" | the US$220 million reserve based facility which the Energean Group entered into on 20 June 2020 |
| "**NG Law**" | the Israeli Natural Gas Sector Law 5762-2002 |
| "**NGF**" | the Israeli Natural Gas Framework |
| "**Noble**" | Noble Energy Mediterranean Ltd. |
| "**Non-Executive Directors**" | the non-executive Directors of the Company |
| "**North Sea Assets**" | Edison Euroil Limited, Edison E&P UK Limited and Edison Norge SA |
| "**Norwegian Subsidiary**" | Edison Norge SA |
| "**Official List**" | the Official List of the FCA |
| "**Oilco Investments**" | Oilco Investments Limited (beneficially owned and controlled by Efstathios Topouzoglou) |
| "**OPC Hadera**" | OPC Hadera Ltd. |

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| "**OPC Rotem**"........................................... | OPC Rotem Ltd. |
| "**Or Power**"............................................... | Or Power Energies |
| "**Ordinance**" ............................................. | Israeli Income Tax Ordinance 5721-1961 |
| "**ORL**"....................................................... | Oil Refineries Ltd. |
| "**Petroleum Law**" ..................................... | Israeli Petroleum Law 5712-1952 |
| "**Petroleum Rights**"................................. | preliminary permits, licences and leases granted under the Petroleum Law |
| "**Phase 1**" .................................................. | first phase of development of the Karish and Tanin offshore gas fields |
| "**PNR Law**"............................................... | Taxation of Profits from Natural Resources Law, 5771-2011 |
| "**PRA**" ....................................................... | the United Kingdom Prudential Regulation Authority |
| "**Prime**"..................................................... | Prime Marine Corporation |
| "**Prospectus**"............................................ | the final prospectus approved by the FCA as a prospectus prepared in accordance with the Prospectus Regulation Rules made under section 73A of the FSMA |
| "**Prospectus Regulation**" ....................... | Regulation (EU) 2017/1129 (and any amendments thereto) |
| "**Prospectus Regulation Rules**".............. | the Prospectus Regulation Rules of the FCA made under section 73A of the FSMA |
| "**Ratio**" ..................................................... | Ratio Oil Exploration |
| "**RBL Senior Facility Agreement**" ......... | the reserve based lending agreement signed on 30 January 2018 between EOGSA, as borrower and EBRD, BSTDB, the Romanian ECA and Banca Comerciala Intesa Sanpaolo Romania S.A. as lenders |
| "**Re-admission**" ....................................... | the re-admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities |
| "**Registrars**"............................................. | Computershare Investor Services PLC |
| "**Relationship Agreements**".................... | the relationship agreements entered into between the Company and each of Third Point and Growthy Holdings |
| "**Relevant Securities"** .............................. | Shares other than Shares allotted pursuant to:<br>a) an employee share scheme (as defined in section 1166 of the Act); b) a right to subscribe for Shares where the grant of the right itself constitutes a Relevant Security; or c) a right to convert securities into Shares where the grant of the right itself constitutes a Relevant Security; and<br>b) any right to subscribe for or to convert any security into Shares other than rights to subscribe or convert any security into Shares allotted pursuant to an employee share scheme (as defined in section 1166 of the Act). |
| "**Reorganisation Agreement**"................. | the reorganisation agreement between the Company, Existing Shareholders, Energean E&P Holdings, Energean Israel and Energean International dated 30 June 2017 |

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| "**SDRT**" | stamp duty reserve tax |
| "**Second EISL Subscription Agreement**" | the subscription agreement dated 28 December 2017, based on commercial terms agreed in October 2017, between Energean E&P Holdings, Energean Israel, the Founders and Kerogen |
| "**Senior Credit Facility**" | the senior credit facility entered into by Energean on 2 March 2018 with a syndicate of lenders to facilitate the implementation of Phase 1 of the Karish and Tanin development |
| "**Senior Managers**" | those members of the management bodies of the Company and its subsidiaries who are relevant to establishing that the Company has the appropriate expertise and experience for the management of its business for the purposes of item 12.1 of Annex I of the Prospectus Regulation Rules, being those persons named in Part 11 "*Directors, Senior Managers and Corporate Governance*" |
| "**Seven Marine**" | Seven Maritime Company |
| "**Shareholders**" | the holders of Shares in the capital of the Company |
| "**Shares**" | the ordinary shares of the Company, having the rights set out in the Articles |
| "**Sponsor**" | Morgan Stanley & Co. International plc |
| "**sterling**", "**pounds sterling**", "**GBP**" or "**pence**" | the lawful currency of the United Kingdom |
| "**Takeover Offer**" | a takeover offer for the Company made in accordance with the City Code |
| "**TASE**" | the Tel Aviv Stock Exchange |
| "**TechnipFMC**" | Technip UK Limited and affiliated entities as the context so requires |
| "**Third Point**" | Third Point Hellenic Recovery (Lux) S.À R.L. |
| "**Third Point Director**" | a director on the Board nominated by Third Point |
| "**Third Point Relationship Agreement**" | the relationship agreement between Third Point and the Company dated 16 March 2018 |
| "**U.S. dollars**" **or** "**US$**" | the lawful currency of the United States |
| "**UK**" | the United Kingdom of Great Britain and Northern Ireland |
| "**United States**" **or** "**U.S.**" | the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia |

## PART 22
## GLOSSARY OF TECHNICAL TERMS

The following technical terms are used in this Prospectus. Grammatical variations of these terms should be interpreted in the same way.

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| "**2D seismic**" | seismic data acquired in a single traverse or series of traverses. 2D seismic data provides single cross sections through the subsurface |
| "**3D seismic**" | seismic data acquired as multiple, closely spaced traverses. 3D seismic data typically provides a more detailed and accurate image of the subsurface than 2D seismic data |
| "**aeromagnetic data**" | measurements of the Earth's magnetic field gathered from an aerial survey which is interpreted in order to determine differences between the measured and theoretical values which represent changes in rock type or thickness |
| "**aeromagnetic survey**" | aerial survey of an area performed to collect aeromagnetic data |
| "**anticlinal structure**" | an arched shaped structure in which the strata are convex upwards |
| "**API**" | American Petroleum Institute gravity, a measure of how heavy or light a petroleum liquid is compared to water |
| "**appraisal**" | the phase of petroleum operations immediately following a successful discovery. Appraisal is carried out to determine size, production rate and the most efficient development of a field |
| "**appraisal well**" | a well drilled as part of an appraisal of a field |
| "**barrel or bbl**" | a unit of volume measurement used for petroleum and its products one barrel of oil; one barrel = 35 Imperial gallons (approx.), or 159 litres (approx.); 7.5 barrels = one tonne (approximately depending upon the oil density); 6.29 barrels = one cubic metre |
| "**Bcf**" | billion cubic feet |
| "**BCM**" | billion cubic meters |
| "**block**" | term commonly used to describe areas over which there is a petroleum or production licence or PSC or PSA |
| "**boe**" | a quantity of hydrocarbon (in any form) with a total calorific energy equal to that of one (1) barrel of oil |
| "**bopd**" | barrels of oil per day |
| "**boepd**" | barrels of oil equivalent per day |
| "**Brent or Brent crude**" | a benchmark crude oil from the UK North Sea against which other crude oils are priced. It is widely used as an indicator of the price of oil beyond energy markets. It is traded on forward markets and is the basis of futures and options contracts listed on the International Petroleum Exchange in London |
| "**carry**" | agreement between two parties according to which one of the two agrees to pay for ("**carry**") all or part of the costs attributable |

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| | to the other, typically conditional on later reimbursement by the latter to the former |
| "**charge or migration**" ........................... | the movement of hydrocarbons from source rocks into reservoir rocks. Migration can be local or can occur along distances of hundreds of kilometres in large sedimentary basins, and is a critical to a viable petroleum system |
| "**closure**" ................................................ | the height from the apex of a reservoir structure to the lowest contour that contains the reservoir structure (spill). Measurements of both the areal closure and the distance from the apex to the lowest closing contour are typically used for the calculations of the estimated hydrocarbon content of a trap |
| "**condensate**"........................................... | hydrocarbons which are in the gaseous state under reservoir conditions and which become liquid when temperature or pressure is reduced. A mixture of pentanes and higher hydrocarbons |
| "**contingent resources**" .......................... | those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies |
| "**cost recovery**"....................................... | mechanism determined in a PSC or PSA by which the Company (or companies) party to the PSC or PSA is enabled to recover present and past costs |
| "**Cretaceous**" .......................................... | the final period of the Mesozoic era ranging from approximately 65 to 144 million years ago |
| "**dated Brent**" ......................................... | a term for a physical cargo of Brent blend crude that has received its loading date range |
| "**decommission or decommissioning**" .. | the process or the procedure by which the facilities and the infrastructure related to the production of hydrocarbon from an oil field are demobilised and abandoned |
| "**dip**"........................................................ | the angle at which a rock stratum or structure is inclined from the horizontal |
| "**discovery**" ............................................. | an exploration well which has encountered oil and gas for the first time in a structure |
| "**drilling campaign**" ............................... | a period of time in which drilling activities are performed |
| "**dry well**" ............................................... | a well which does not encounter hydrocarbons in economically producible quantities |
| "**Eocene**" ................................................. | the epoch after the Paleocene and before the Oligocene in the Tertiary period from approximately 55.8 million to 33.9 million years ago |
| "**exploration**".......................................... | the phase of operations which covers the search for oil or gas by carrying out detailed geological and geophysical surveys followed up where appropriate by exploratory drilling |
| "**exploration well**"................................. | a well in an unproven area or prospect, may also be known as a "wildcat well" |

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| "**farm-out**" ............................................ | a term used to describe when a company sells a portion of the acreage in a block to another company, usually in return for consideration and for the buying company taking on a portion of the selling company's work commitments |
| "**fault**" .................................................... | a displacement (vertical, inclined or lateral) below the earth surface that acts to offset rock layers relative to one another. Faulting can create traps for hydrocarbons |
| "**field**"..................................................... | a geographical area under which either a single oil or gas reservoir or multiple oil or gas reservoirs lie, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition |
| "**FOB**" .................................................... | free on board. FOB prices exclude all insurance and freight charges. Most oil is sold either FOB (effectively priced at the loading port) or CIF (effectively priced at the delivery port) |
| "**formation**" .......................................... | a body of rock identified by lithic characteristics and stratigraphic position which is mappable at the earth's surface or traceable in the subsurface |
| "**fluid content**"....................................... | fluid within the pore space of a rock |
| "**gas field**" ............................................. | a field containing natural gas but no oil |
| "**geological basin**" ................................. | a depression in the Earth's crust where sediments accumulate |
| "**geophysical**"......................................... | association with the earth science concerned with the physical properties. Geophysical exploration is concerned with measuring the earth's physical properties to delineate structure, rock type and fluid content; these measurements include electrical, seismic, gravity and magnetics |
| "**gas oil ratio**" ........................................ | the ratio of the volume of natural gas to the volume of oil that comes out of solution at standard conditions |
| "**hydrocarbon**" ...................................... | a compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate |
| "**infrastructure**" .................................... | oil and gas processing, transportation and off-take facilities |
| "**Jurassic**" .............................................. | referring to a geologic period of the Mesozoic Era from approximately 199 million to 145 million years ago |
| "**kip**"....................................................... | a unit of weight, equal to 1000 pounds |
| "**lead**" ..................................................... | an identified trap that may contain hydrocarbons. A potential hydrocarbon accumulation may be described as a lead or prospect depending on the degree of certainty in that accumulation. A lead generally requires more data to mature it to the prospect level |
| "**lease or licence**".................................. | an exclusive right to explore for petroleum, usually granted by a national governing body |
| "**LNG**"..................................................... | natural gas that has been liquefied under high pressure and low temperature to reduce its volume to enable easier transportation |
| "**LPG**" .................................................... | liquefied petroleum gas |

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| "**licence area**" | the area covered by a licence |
| "**Mesozoic**" | referring to a geological time range from approximately 252 to 66 million years ago |
| "**Miocene**" | referring to a geological time frame from approximately 5 to 23 million years ago |
| "**MM**" | millions |
| "**MMbbls**" | million barrels |
| "**MMboe**" | million barrels of oil equivalent |
| "**MMscf/day**" | million standard cubic feet per day |
| "**MMtoe**" | million tonnes of oil equivalent |
| "**natural gas**" | gas, predominantly methane, occurring naturally, and often found in association with crude petroleum |
| "**Nm3**" | normal cubic meters |
| "**offshore**" | that geographic area that lies seaward of the coastline |
| "**oil**" | a mixture of liquid hydrocarbons of different molecular weights |
| "**oil field**" | the mapped distribution of a proven oil-bearing reservoir or reservoirs |
| "**Oligocene**" | the epoch after the Eocene and before the Miocene in the Tertiary period approximately from 34 million to 23 million years ago |
| "**onshore**" | geographic area that lies landward of the coastline |
| "**OPEC**" | Organization of the Petroleum Exporting Countries. An intergovernmental organization of 13 nations as of 2017, founded in 1960 in Baghdad by the first five members (Iran, Iraq, Kuwait, Saudi Arabia, Venezuela), and headquartered since 1965 in Vienna. |
| "**operator**" | the company that has legal authority to drill wells and undertake production of oil and gas. The operator is often part of a consortium and acts on behalf of this consortium |
| "**participating interest**" | the proportion of exploration and production costs each party will bear and the proportion of production each party will receive, as set out in an operating agreement |
| "**petroleum**" | a generic name for oil and gas, including crude oil, natural gas liquids, natural gas and their products |
| "**petroleum system**" | geologic components and processes necessary to generate and store hydrocarbons, including a mature source rock, migration pathway, reservoir rock, trap and seal |
| "**phase**" | a distinct state of matter in a system, e.g. liquid phase or gas phase |
| "**pipeline ullage**" | available headspace in a pipeline |

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| “**Platts Urals RCMB differential**” ........ | a cash settled future based on the difference between the Platts daily assessment price for Urals RCMB (Recombined) and the Platts daily assessment price for dated Brent |
| “**play**” ...................................................... | a conceptual model for a style of hydrocarbon accumulation |
| “**prospect**” .............................................. | an identified trap that may contain hydrocarbons. A potential hydrocarbon accumulation may be described as a lead or prospect depending on the degree of certainty in that accumulation. A prospect generally is mature enough to be considered for drilling |
| “**proved reserves**” ................................. | those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate |
| “**PSA or PSC**” ......................................... | production sharing agreement or contract under which the contractor agrees to fund and carry out pre-agreed work programmes on behalf of the concession owner in return for a share of production revenues |
| “**reserves**” .............................................. | those quantities of petroleum which are anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reference should be made to the full PRMS definitions for the complete definitions and guidelines |
| “**reservoir**” ............................................. | an underground porous and permeable formation where oil and gas has accumulated |
| “**resources**” ............................................ | contingent resources, unless otherwise specified |
| “**rift**” ........................................................ | region in which the Earth’s crust is pulling apart and creating normal faults and down-dropped areas or subsidence |
| “**rig**” ........................................................ | the machine used to drill a wellbore |
| “**royalty**” ................................................. | a percentage share of production, or the value derived from production, paid from a producing well |
| “**seal**” ...................................................... | a relatively impermeable rock, commonly shale, anhydrite or salt, that forms a barrier or cap above and around reservoir rock such that fluids cannot migrate beyond the reservoir. A seal is a critical component of a complete petroleum system |
| “**seismic survey**” .................................... | a method by which an image of the earth’s subsurface is created through the generation of shockwaves and analysis of their reflection from rock strata |
| “**sour**” ...................................................... | with respect to oil: oil containing more than 0.5% sulphur and, with respect to gas: gas containing a measurable amount of $H_2S$ |

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| “**source**” .................................................. | characteristic of organic-rich rocks to contain the precursors to oil and gas, such that the type and quality of expelled hydrocarbon can be assessed |
| “**source rock**”.......................................... | a rock rich in organic matter which, if given the right conditions, will generate oil or gas. Typical source rocks, usually shales or limestones, contain at least 0.5% total organic carbon (TOC), although a rich source rock might have as much as 10% organic matter. Access to a working source rock is necessary for a complete petroleum system |
| “**sweet**” .................................................... | with respect to oil: oil containing less than 0.5% sulphur and, with respect to gas: gas which contains no measurable amount of $H_2S$ |
| “**Tcf**”........................................................ | trillion of cubic feet |
| “**Tertiary**” ............................................... | the Tertiary Period is a geological period from approximately 65 million to 2.5 million years ago |
| “**trap**” ...................................................... | a configuration of rocks suitable for containing hydrocarbons and sealed by a relatively impermeable formation through which hydrocarbons will not migrate. Traps are described as structural traps (in deformed strata such as folds and faults) or stratigraphic traps (in areas where rock types change, such as unconformities, pinch outs and reefs). A trap is an essential component of a petroleum system |
| “**UGS**” ..................................................... | underground gas storage |
| “**Upstream**”............................................. | operations stages in the oil and gas industry that involve exploration and production |