Energean Oil & Gas plc
(“Energean” or the “Company”)

Trading Statement & Operational Update

Karish and Tanin remains on track for first gas in 1Q 2021

London, 16 January 2019 - Energean Oil and Gas plc (LSE: ENOG, TASE: אנאג) the London Premium Listed FTSE 250 and Tel Aviv Listed TA-90 E&P company with operations offshore Israel, Greece and the Adriatic intends to announce its preliminary results for the year to 31 December 2018 on Thursday 21 March 2019. In advance of these results, Energean is pleased to provide an update on recent operations and the Group’s trading performance in 2018 together with guidance for 2019. This information is unaudited and subject to further review.

Mathios Rigas, Chief Executive, Energean Oil & Gas commented:
"2018 was a very successful year for Energean. We increased revenues by 56% while reducing cost of production by 29%, made significant progress on our development projects and converted significant volumes of resources into reserves. In Israel, Karish and Tanin remains on track for first gas in 1Q 2021 and we have secured $12.9 billion of future revenues through 4.6 bcm/yr of contracted gas sales, firmly underpinning the project’s economics. I look forward to continuing this positive momentum in 2019, which will include the drilling of at least six new wells across our acreage in Israel and Greece, targeting significant increases in reserves, resources and production. In Israel we continue to see increasing demand for our gas and are aiming to fill the 3.4 bcm/yr of spare capacity in our FPSO in the medium term. We continue to target value-enhancing opportunities in the Mediterranean area and aim to match the growth achieved over the last decade.”

Israel
Energean’s Karish and Tanin development project remains on track to deliver first gas into the Israeli domestic market in 1Q 2021. The next visible milestone will be mobilisation of the Stena Drillship in February 2019 ahead of spudding of Karish North in March.

2019 Drilling Programme
The Company’s 2019 drilling programme will target up to 2.3 Tcf of gross prospective gas resources and is well aligned with its exploration strategy to target resources that can be quickly, economically and safely monetised.

Karish North will directly target 1.3 Tcf of gas and 16 million barrels of liquids (gross) with a volume-weighted geological chance of success of 69%. Energean believes that success at Karish North could have a positive read-across to Karish East; technical analysis indicates that the fault between Karish North and Karish East does not form a barrier and, therefore, does not limit the extent or flow of any hydrocarbons. Karish East contains gross prospective resources of 0.5 Tcf of gas and 7.5 million barrels of liquids with a volume-weighted geological probability of success of 70%. Karish North will also provide important read-across information for the Karish Main structure.

Drilling of the three Karish Main development wells will immediately follow Karish North and completion is expected by year end 2019.

The exploration component of the Karish Main wells consists of drilling into the deeper D sand horizons, which have been proven in the Tamar field (upper D sands) and Aphrodite (lower D sands) discovery. Energean believes that Karish Main drilling offers additional upside beyond that reflected in NSAI independent estimates.

	Gross Prospective Resources targeted in 2019			Volume weighted
	Oil – mmbbls	Gas – Tcf	Gas - BCM	chance of success
Karish North	16.4	1.33	36.67	69%
Karish East	7.5	0.51	14.33	70%
Karish Main[i1]	7.0	0.48	13.60	61%
Total	**30.9**	**2.32**	**65.60**	**68%**

Energean has a further six options available on the Stena drilling contract at a favourable rig rate. NSAI has identified additional gross prospective resources of 5 Tcf of gas and 62 million bbls across the Tanin lease and five exploration blocks. Energean is evaluating all potential opportunities to monetise the value of the remaining options.

Gas Sales & Purchase Agreements ("GSPAs")

Following signature of the I.P.M. Beer Tuvia ("IPM") gas sales agreement announced on 2 January 2019, Energean has now signed GSPAs for 4.6 BCM/yr from its Karish and Tanin FPSO[2], which is being built with a total capacity of 8 BCM/yr. Energean targets filling the remaining 3.4 BCM/yr of FPSO spare capacity in the medium term, which it believes will deliver attractive incremental economics.

The IPM agreement has added between 0.265 and 0.38 BCM/yr of gas sales, currently expected to commence in approximately 2024, contingent on results of the 2019 drilling programme. Energean estimates that the agreement will contribute revenues of approximately $0.9 billion over the life of the contract, bringing total secured revenues to $12.9 billion over the life of the fields.

[1] Exclusive of Tamar A sands, which will not be intersected by the Karish Main development wells. The Tamar A sands contain gross prospective resources of 0.2 Tcf of gas and 1 million bbls of liquids

[2] Exclusive of the 0.7 bcm/yr Or Contract

Energean continues to see strong incremental demand for its gas. Privatisation of the Alon Tavor power station is ongoing and is expected to generate additional opportunities to sell gas to the domestic market. Energean is also evaluating export options to key regional export markets.

Project progress and upcoming milestones

The facilities workstream, managed and executed by TechnipFMC under the $1.36 billion lump sum turnkey EPCIC contract signed in 2018, is progressing in line with expectations. First steel cut on the topsides was achieved in December 2018. Key upcoming milestones are:

- March 2019: Keel laying on the FPSO to commence.
- June 2019: Beach crossing at Dor to be completed.
- December 2019: FPSO Hull sailaway from the Cosco Yard (China) to Singapore for topsides integration.

Greece

Energean delivered 2018 FY production of 4,053 bopd, within the stated guidance range of 4,000 to 4,250 bopd. Fourth quarter production averaged 4,573 bopd, representing the sixth successive quarter of production growth from the Prinos Area. Four cargoes were lifted during the year, the last of which was on 28 December 2018.

During 2019, Energean expects to deliver average production of between 5,000 and 6,000 bopd. The range is driven by assumptions on performance of the Epsilon Extended Reach Well, timing and performance of 2019 wells, workovers, and historic performance / decline of the existing well stock. Energean continues to target production of more than 10,000 bopd in 2021.

The first vertical well of the Epsilon Lamda Platform development, EL-1, was completed successfully in December and a full set of logs, cores and pressure data has been obtained. The well encountered the previously discovered Epsilon A reservoir and found a marginally thicker gross section of 98m with 40 – 45m of net pay in the Epsilon A reservoir as compared to the gross and net thicknesses of 80m and 40m encountered in past wells. EL-1 also penetrated the Deeper Epsilon Reservoir, discovering a zone of approximately 82m thickness and 30-35m net pay, which was ahead of expectations. A third zone, the Dolomitic Zone, has also been penetrated, showing some additional hydrocarbon potential across the 140m drilled. An update of the Epsilon volumes will be included in the Full Year End 2018 CPR to be published 1Q 2019.

First Oil from the Epsilon Extended Reach well is expected in 1Q 2019. The 2019 drilling programme in Prinos will consist of at least two additional wells that will be drilled by Energean's own drilling rig Energean Force. The Epsilon Vertical Well Platform Development under the EPCiC contract with GSP is expected to achieve first oil end 2019.

Exploration

Energean and operator, Repsol, commenced a seismic acquisition programme in the Ioannina Block in November 2018 and expect to complete the acquisition and processing of 400km^2 of data in 2019. In the Aitoloakarnania Block, Repsol and Energean expect to complete the first stage of its seismic acquisition programme during 2019. Energean is substantially carried through both seismic programmes by Repsol.

In Montenegro, Energean will commence a 338km^2 seismic acquisition programme in January 2019. Acquisition is expected to take two weeks and full interpretation of the results will follow. Energean expects to make a drill-or-drop decision on the licenses in 1H 2020.

New Business Activities

Energean continues to assess new business opportunities in the Mediterranean region that are aligned with its strategy. Energean will only pursue opportunities deemed to represent attractive value creation opportunities for shareholders.

Financial and Corporate Update

Energean commenced trading on the Tel Aviv Stock Exchange on 29 October 2018. Shares are fully transferrable and fungible between the two markets and no new equity was issued in association with the listing. Energean was admitted to the Tel Aviv 90 Index on 4 January 2019 and is currently included at 20% of its expected overall weighting.

Guidance is provided in relation to Energean's full year reporting to 31 December 2018 in advance of the Group's Full Year Results release on 21 March 2019. This information is unaudited and subject to change.

	FY 2018 $ million (unless stated)	**FY 2017 $ million (unless stated)**	**% Change**
Production – boed	4,053	2,803	45%
Revenues	90.3	57.8	56%
Cost of Production - $ /bbl	17.6	24.7	(29%)
Capital Expenditures	492.0	67.6	628%
Net Debt / (Cash)	(77.3)	75.6	202%

2019 Guidance

Cost of production is expected to reduce to the range of $14 – 17/ bbl in 2019. The year-on-year decrease is due to operational leverage associated with the forecast increase in production. Energean forecasts a reduction in operating costs to less than $10/ bbl once production exceeds 10,000 bopd.

Administrative Expenses are expected to be $15 million.

Energean expects accrued consolidated[3] capital expenditure in 2019 to be $825 – 860 million, the break-down of which is provided in the table below.

	Israel $ million	Greece $ million	Montenegro $ million	New Business $ million	Total $ million
Exploration	30 – 40	5 - 10	5	5	45 – 60
Development	640 – 650	140 - 150	-	-	780 - 800
Total	**670 - 690**	**145 - 160**	**5**	**5**	**825 - 860**

[3] Energean Israel is consolidated at 100%

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About Energean Oil & Gas plc

Energean is a London Premium Listed FTSE 250 and Tel Aviv Listed E&P company with operations offshore Israel, Greece and the Adriatic. Energean has 349 mmboe of 2P reserves and 48 mmboe of 2C resources across its portfolio.

In August 2017 the Company received Israeli Governmental approval for the FDP for its Karish-Tanin gas development project, where it intends to use an FPSO and produce first gas in 2021. Energean has already signed contracts for 4.6 bcma of gas sales into the Israeli domestic market. Future gas sales agreements will focus on both the growing Israeli domestic market and key export markets in the region. In Greece, the Company is pursuing an ongoing investment and development programme to increase production from its Prinos and Prinos North oil fields and to develop the Epsilon oil field in the Gulf of Kavala, Northern Greece.

Energean has five exploration licences offshore Israel, and a 25-year exploitation licence for the Katakolo offshore block in Western Greece and additional exploration potential in its other licences in Western Greece and Montenegro.

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