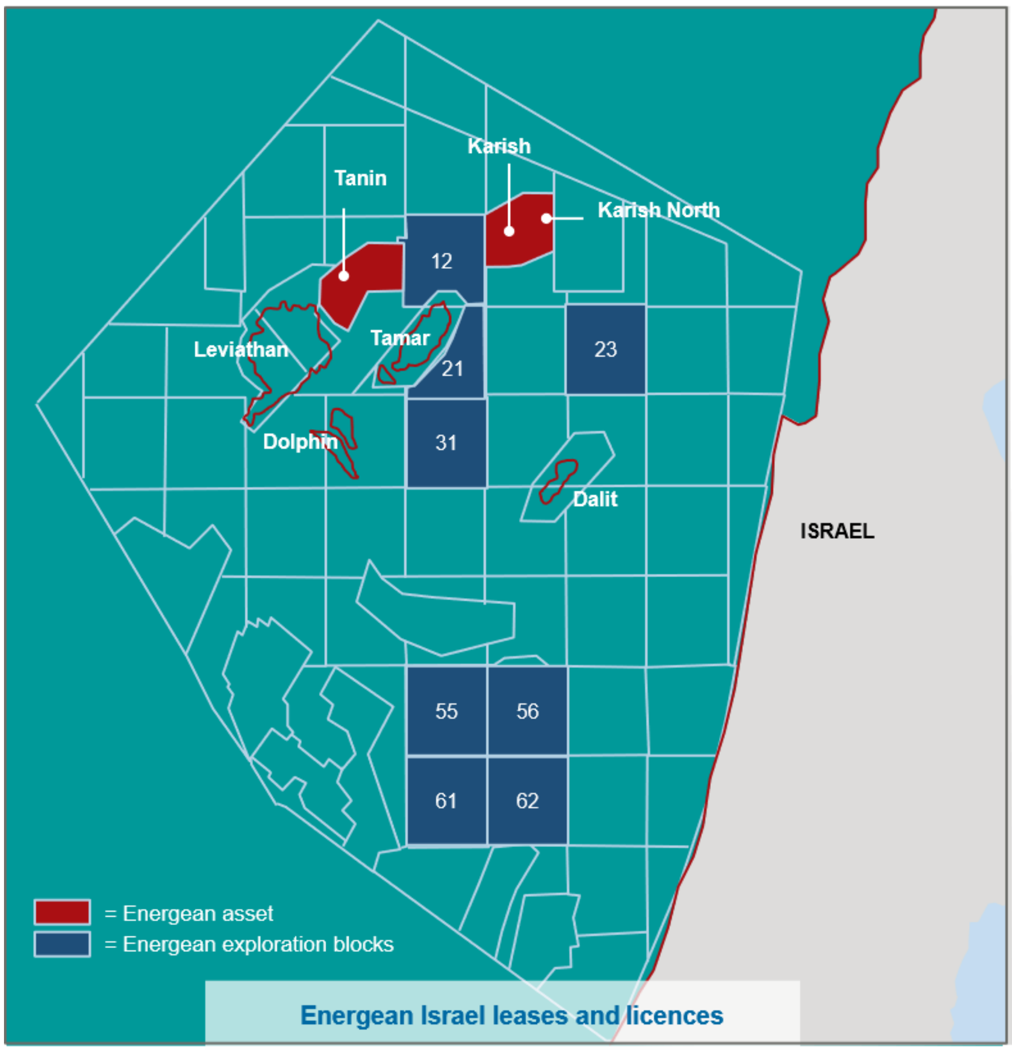
Energean plc
(“Energean” or the “Company”)

Karish North Final Investment Decision and New Term Loan

London, 14 January 2021 - Energean plc (LSE: ENOG, TASE: אנאג) is pleased to announce that it has taken Final Investment Decision (“**FID**”) on the Karish North gas development, offshore Israel, 21-months after the announcement of the discovery.



In November 2020, DeGolyer and MacNaughton issued an independent Competent Persons Report that, *inter alia*, certified 2P reserves of 32 Bcm of gas plus 34 million barrels of liquids (approximately 241 million barrels of oil equivalent in aggregate) in Karish North as at 30 June 2020. The discovery will be commercialised via a low-cost tie-back to the Energean Power FPSO, which will be just 5.4km away. Production from the first well at Karish North is expected to be up to 300 mmscf/d (approximately 3 Bcm/yr) and first production is expected during 2H 2023. Initial capital expenditure in the project is expected to be approximately $150 million, or $0.6/boe; and Energean estimates that the project will deliver IRRs in excess of 40%.

On 13 January 2020, Energean signed an 18-month, $700 million term loan facility agreement with J.P. Morgan AG and Morgan Stanley Senior Funding, Inc. (the "**Loan**"), the primary uses of which will be:

- Accelerating the development of Karish North, enabling the capital expenditure on the project to be undertaken in advance of first gas from Karish Main. Following first gas from Karish North, the overall Karish project well stock will be able to produce well in excess of the full 8 Bcm/yr capacity of the FPSO, retaining operational redundancy in the well stock therefore further enhancing overall project reliability.
- Funding the $175 million up-front consideration for the acquisition of the minority interest in Energean Israel Limited, as announced on 30 December 2020, which becomes payable on transaction close, expected 1Q 2021. Energean views the acquisition, for between $380 million and $405 million in total, as highly value-accretive, with very attractive transaction metrics.

Additional uses of the loan are:

- Funding approximately $100 million of capital expenditure required to install the second oil train and second riser on the Energean Power FPSO, which will increase the Energean Power FPSO liquids production capacity to approximately 40 kbopd (from 21 kbopd) and allow maximum gas production of 800 mmscf/d (approximately 8 Bcm/yr, from 6.5 Bcm/yr). Both the oil train and the second riser are expected to become operational during 2022.
- The 2022 offshore Israel exploration and appraisal drilling programme in early 2022, with up to five wells including:
    - Appraisal of the potential oil rim that was identified as part of the Karish development drilling campaign plus exploration of further prospective gas and liquids volumes within the Karish lease.
    - Block 12, which is located between the Karish and Tanin leases, and is estimated to contain gross prospective recoverable resources in excess of 108 Bcm (3.8 Tcf) according to the D&M CPR, with the primary targets having geological chances of

success ranging between 63% and 79%. The first well is expected to target the 20 Bcm (0.7 Tcf) Athena prospect, for which the primary target (11 Bcm /0.4 Tcf) has a 70% geological chance of success. Success at Athena would significantly de-risk the remaining 88 Bcm (3.1 Tcf) of prospective resources in the block. Any discovery in that block would be prioritised over the development of Tanin due to (i) lower capital expenditure investment (as compared to Tanin) and (ii) the absence of any seller royalties, unlike the Karish and Tanin leases as Block 12 was not part of the original Karish-Tanin acquisition.
    - Additional prospects assessed to contain 102 Bcm (3.6 Tcf) of gross recoverable prospective resources, based on management estimates, in Energean Israel's remaining exploration blocks.
- Whilst total pre-production capex guidance for the Karish Main project remains at $1.7 billion plus the $140 million of deferred payments to TechnipFMC, the balance of the Loan will provide further financial flexibility for Energean Israel Limited.

The Loan will only be drawn to the extent necessitated and drawn amounts will attract a margin of 5.75%, which steps up by 0.25% every three months, with a maximum of 7.00%. The Loan has been sized to cover the cost of associated fees and interest. Energean maintains its target to retain its medium-term net debt / EBITDAX ratio below 2.0x

On 13 January 2021, Energean also agreed with the existing lenders of its $1.45 billion project finance facility to extend the maturity by nine months, from December 2021 to September 2022. Combined with the above Loan, the extension to the maturity date of the project finance facility provides Energean the necessary time and flexibility to optimise its long-term capital structure. This is expected to take place in 2021, depending on market conditions.

Mathios Rigas, CEO of Energean, said:

"I am delighted that we have taken Final Investment on Karish North, proving the value of the Energean Power FPSO as a quick and low-cost commercialisation route for our assets in Israel. We are also increasing the liquid processing capacity of our FPSO to process the additional volumes we discovered for minimal incremental cost.

The new term loan and the extension of our project finance facility are a further testament of the confidence of the financial markets in Energean and I want to thank all the institutions for their support. We remain committed to optimising our capital structure to ensure that we maximise total shareholder returns whilst implementing our growth ambitions in Israel and the East Med.

We remain on track to achieve our goal of delivering meaningful free cash flows that will support the payment of a sustainable dividend whilst also moving towards our stated target to achieve net zero emissions."

<u>Enquiries</u>

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