

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

**Results For Half Year Ended 30 June 2019**

**London, 12 September 2019** - Energean Oil and Gas plc (LSE: ENOG), the independent gas and oil exploration and production company focused on the Mediterranean, announces its half-year results for the half year ended 30 June 2019 (“1H 2019”).

**Mathios Rigas, Chief Executive, Energean Oil & Gas commented:**

*“We are on track and on budget to deliver first gas from the Karish Tanin development in Q1 2021 having delivered key milestones in the project, discovered more gas to monetise through the successful Karish North well as well as making good progress elsewhere across the portfolio. The Edison transaction announced in July is on track to complete before the end of this year, at which point Energean will become a company of considerable scale in the Mediterranean with pro-forma 2P reserves of 639 mmbob, weighted 80% towards gas, further enhancing our energy transition strategy. With the addition of the Edison portfolio, Energean now has a significant number of new investment opportunities and, as part of the integration process, we are reviewing all capital allocation options to ensure that investment is prioritised towards those projects which offer the highest returns. We look forward to a busy second half to what has so far been a very successful and transformational year at Energean.”*

**Highlights**

- Acquired Edison E&P for \$750 million of up-front consideration, representing headline metrics of \$2.6 /boe and 1.7x 2018 EBITDAX, and adding immediate cash flows, EBITDAX and incremental growth opportunities. Contingent consideration of \$100 million is payable following first gas from Cassiopea (expected 2022)<sup>1</sup>
- Raised \$265 million of equity and \$600 million of bridge financing to fund the acquisition. Long-term reserve-based lending facility take-out of the bridge financing is ongoing and expected to complete in 4Q<sup>1</sup>
- The acquisition remains on track to complete before 2019 year-end
- Upon completion pro-forma 2P reserves will be 639mmbob (c.80% gas) and pro-forma 2022 production will be c. 140,000 boepd (c. 80% gas)
- Karish and Tanin development on budget and on track for first gas in Q1 2021
- Significant gas discovery at Karish North with a higher-than-expected liquids content
- Completed the drilling of two of the three Karish development wells, confirming a 45m gas column in the D sands and a higher-than-expected liquids content in the main C sand reservoir
- 4.7 bcma of gas sales contracted, leaving 3.3 bcma FPSO capacity for future discoveries. Term sheet agreed with Mrc Alon Tavor Power Ltd., the winning bidder of the Alon Tavor tender
- Initiated a capital allocation review across the enlarged portfolio, in order to prioritise investment towards those projects that deliver the highest stakeholder returns
- Awarded four new, highly prospective licences in the Israeli EEZ
- Completed drilling of the second Epsilon vertical well, which indicated increased oil in place and reinforced Epsilon as the driver of production growth in Greece
- At 30 June 2019, Energean had cash and undrawn debt facilities of \$1.01 billion<sup>2</sup>

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<sup>1</sup> Post-period end

<sup>2</sup> Excludes the equity and bridge financing raised to fund the Edison E&P acquisition, which occurred post period end.

	1H 2019 \$m	1H 2018 \$m	Change
Sales revenue	40.0	26.3	52.1%
Operating profit	3.9	10.2	(62.2%)
Profit / (loss) before tax	(3.1)	82.1	(103.8%)
Adjusted EBITDAX <sup>3</sup>	23.6	16.7	41.1%
Operating cash flow <sup>4</sup>	23.7	16.9	39.9%
Capital expenditure	346.9	105.5	228.9%
Cash capital expenditure <sup>5</sup>	541.4	136.4	296.9%
Net debt / (cash)	390.4	(166.5)	(334.4%)

#### 4Q19 Outlook

- Completion of the acquisition of Edison E&P
- Sailaway of the Energean Power FPSO hull from China to Singapore for integration of the topsides
- Completion of the Karish Main development drilling programme
- Appraisal of Karish North with the intention of narrowing the resource range and further defining the liquids content
- NSAI CPRs to define the upside volumes associated with the Epsilon Deep and Dolomitic Zones and Katakolo development project
- 2019 Full Year production guidance of 3,400 – 3,600 bopd (previously 4,300 – 4,800 bopd). Early conclusions from the capital allocation review resulted in the smart stacking of the Energean Force, halting Prinos infill drilling and focusing near-term investment on interventions, workovers and the high-return Epsilon accumulation
- 2019 development and production capital expenditure guidance reduced by \$40 million, driven by the revised investment programme in Greece

#### Enquiries

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A conference call for analysts and investors will be held at 08:00am GMT today. Conference call details are provided below. The presentation slides are available on the website [www.energean.com](http://www.energean.com).

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<sup>3</sup> EBITDAX is defined in the Financial Review

<sup>4</sup> After working capital movements

<sup>5</sup> Before acquisitions and disposals

## Acquisition of Edison E&P

On 4 July 2019, Energean announced that it has 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”) for US\$750 million, subject to working capital adjustments, with additional contingent consideration of US\$100 million payable following first gas from the Cassiopea development (expected 2022), offshore Italy.

Edison E&P’s portfolio of assets includes producing assets in Egypt, Italy, Algeria, the UK North Sea and Croatia, development assets in Egypt, Italy and Norway and balanced-risk exploration opportunities across the portfolio. The Edison E&P portfolio 2P reserves of 292 mmbob and 2018 production of 69 kboe/d. Upon completion pro-forma 2P reserves will be 639mmbob (c. 80% gas) and pro-forma 2022 production will be c. 140,000 boepd (c. 80% gas).

The acquisition of Edison E&P on attractive metrics is in line with Energean’s stated strategy of creating the leading independent, gas-focused E&P company in the Mediterranean, playing an important role in the energy transition. It will significantly increase Energean’s scale and diversification by adding a complementary portfolio of accretive development, appraisal and exploration opportunities, whilst immediately contributing EBITDAX and cashflow to support the enlarged Group’s strategic growth and medium-term ambition to start paying a dividend. With the addition of the Edison portfolio, Energean now has a significant number of new investment opportunities. As part of the integration process, we will be reviewing all of these opportunities, along with those in our existing portfolio, to ensure that capital is allocated to those projects with optimum returns and strategic fit.

The initial consideration will be funded through a \$600 million committed bridge loan facility and \$265 million of equity placed at 900p per share. The total debt and equity capital has been sized to cover both the initial consideration and working capital requirements of the Enlarged Group.

The \$600 million committed bridge loan facility is expected to be replaced in H2 2019 using a combination of a reserve-based lending facility and/or corporate debt. The \$100 million of contingent consideration is expected to be funded by the combined free cash flow of the enlarged Group as well as any incremental reserve-based facility and/or corporate debt capacity. Energean is also progressing the potential sale of non-core assets of the enlarged Group.

Energean is progressing with regulatory approval and Edison E&P continues to perform in-line with expectations since announcement of the acquisition. Energean expects the transaction to close in 4Q 2019.

## Operational Review

### Israel

Energean’s Karish and Tanin development project remains on budget and on track to deliver first gas into the Israeli domestic market in 1Q 2021. During the period, Energean met its key milestones of spudding its first wells, including completing the drilling of Karish North, Karish Main-03 and Karish Main-02, and keel laying on the FPSO. The next visible milestones will be completion of the development drilling programme, expected 4Q 2019, Karish North appraisal and sailaway of the FPSO Hull from China to Singapore, expected late 2019.

#### *Israel – Drilling*

During the period, Energean completed drilling operations at Karish North, confirming a substantial gas discovery, with an initial estimate of 1 – 1.5 Tcf of Gas in Place. Initial in situ analysis suggests that the discovered gas has a higher liquids content than found in Karish Main. Further evaluation is currently being undertaken to further refine both the resource potential and liquids content of the discovery. The discovery will be appraised via a sidetrack to the Karish North well bore in 2H 2019 (subject to customary approvals) with the target of taking Final Investment Decision on its development in the near-to-medium term. The

Karish North sidetrack does not utilise any of the drilling options available under the drilling contract with Stena and is expected to cost US\$10 million. The Karish North discovery will be commercialised via a tie-back to the Energean Power FPSO, which is located 5.4km from the Karish North well. The FPSO is being built with total processing and export capacity of 8 bcma (775 mmcf/d), which will enable Karish North, and future discoveries, to be monetised.

Following the Karish North discovery well, the Stena DrillMAX returned to drilling the three Karish Main development wells. Drilling of Karish Main-03 and Karish Main-02 has now been finished and the wells are expected to be completed in 1H 2020. Results and data obtained from both of the wells drilled are positive:

- a 45m gross gas column has been discovered in the D-sands interval with reservoir quality in line with pre-drill prognosis; and
- fluid samples taken within the main reservoir sands suggest a higher condensate ratio than that used for the 2018 NSAI report.

The final development well, Karish Main-01, is now drilling ahead and is expected to conclude in 4Q 2019, after which all three wells that are required to deliver an initial 4.3 bcma of gas sales into the Israeli domestic market will have been completed.

### ***Israel – Onshore***

On 24 June 2019, Energean signed a Detailed Agreement with Israel Natural Gas Lines (“INGL”) for the transfer of title (the “hand over”) of the near shore and onshore part of the infrastructure that will deliver gas from the Karish and Tanin FPSO into the Israeli national gas transmission grid. As consideration, INGL will pay Energean 369 million Israeli New Shekels, approximately US\$105 million, which will be paid in accordance with milestones detailed in the Agreement. The Agreement covers the onshore section of the Karish and Tanin infrastructure and the near shore section of pipeline extending to approximately 10km offshore. It is intended that the hand over to INGL will become effective shortly after the delivery of first gas from the Karish field in 1Q 2021. Following hand over, INGL will be responsible for the operation and maintenance of this part of the infrastructure. Energean will not incur any charges or tariffs for use of this infrastructure.

In 1H 2019, Energean recorded a \$5 million inflow in relation to this agreement, in line with expectations.

### ***Israel – Commercial***

In May 2019, Energean 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 Power Energy Cyprus Limited. Energean also received an Expression of Interest to buy gas from a further private electricity producer in Cyprus and, post period end, has entered into two further Letters of Intent to supply gas to Independent Power Producers.

In the Israeli domestic market, in December 2018, Energean signed a contract with I.P.M Beer Tuvia (‘I.P.M.’) to supply an estimated 5.5 Bcm (0.2 Tcf) of gas over the life of the contract. The contract is contingent, *inter alia*, on Energean confirming sufficient additional quantities of gas and the Karish North discovery significantly increases the likelihood of its conversion into a firm contract.

Inclusive of the I.P.M. contract, Energean has contracted 4.7 bcma (445 mmcf/d) of gas sales, leaving a further 3.3 bcma (330 mmcf/d) of spare capacity in its 8 bcma FPSO for additional sales of discovered gas at Karish North and the tie back of future discoveries.

In June 2019, Energean executed a Term Sheet with Mrc Alon Tavor Power Ltd., the winning bidder of the Alon Tavor tender, the first of the tenders to be published by the Israel Electric Company Ltd for the sale of five power station sites, as part of the electricity reform initiated by the Government of Israel. This Term Sheet includes material commercial terms for the sale of gas to Mrc for use in the natural gas fired generation units in the Alon Tavor site and both parties are working together to conclude a GSPA.

### ***Israel – Other***

In July 2019, Israel’s Petroleum Council awarded Energean Israel (80%) and Israel Opportunity – Energy Resource LP (20%) four new licences for oil and gas exploration in the Israeli EEZ. Commitments on the licences are minimal.

The awarded Licences were granted for Block D, located 45 km off the Israeli coast – and include Licences 55,56,61,62 (“Zone D”), offered in the recent Bid Round published by the Israeli Ministry of Energy. 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 SW of the license contingent to further seismic processing. A relatively shallow Mesozoic four-way dip closure prospect was also identified.

## **Greece**

### ***Prinos, Prinos North & Epsilon***

In the period to 30 June 2019, Energean produced 3,920 bopd from the Prinos, Prinos North and Epsilon fields.

Following 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 stakeholder 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 will be limited to well maintenance and other activities not requiring the Energean Force. Energean continues to view the Epsilon satellite accumulation as a priority investment opportunity that will deliver attractive returns for shareholders; as discussed below, excellent results have been achieved from the pre-drilling of vertical wells into this reservoir to date and Energean anticipates a resource upgrade at this asset before year end.

The Energean Force smart stacking operation was completed in July 2019 and entailed a series of heavy lift operations, which could not be performed over a live platform for safety reasons. As such, all wells had to be shut-in during each heavy lift operation, which resulted in a periodic loss of production post-period end, estimated to be approximately 400 bopd over a five-week period. During this time, Energean was also unable to perform well maintenance operations or intervention activities to maintain and / or increase production; these activities recommenced in 3Q 2019. Following shutdown of the facilities, the reservoir will also take some time to re-pressurise. Full Year production guidance is 3,400 – 3,600 bopd (from 4,300 – 4,800 bopd). A \$40 million reduction to 2019 capital expenditure guidance accompanies this revision; Energean now expects to spend between \$70 and \$80 million in 2019 (previously \$110 to 120 million). Longer term production guidance will be dependent on the results from the review.

The Epsilon Lamda development is progressing with platform installation planned for 1H 2020 and first oil in 3Q 2020. During the period, Energean completed the pre-drilling of the second well of the Epsilon Platform development, which confirmed and supplemented the findings of the first well. Total hydrocarbon column and potential net pay is still under evaluation, but the Hydrocarbons in Place for the Epsilon field are expected

to increase as a result of the wells drilled to date. A CPR has been commissioned for publication in 4Q 2019 and the Deeper Volumes are expected to be included in an updated Field Development Plan. EL-3 is currently being progressed and pre-drilling is expected to complete in 4Q19.

### ***Additional Activities***

At Katakolo, legacy 3D seismic re-processing has been finalised in parallel with application for necessary environmental permits. Analysis suggests upside to previous in place volumes and a CPR will be commissioned to confirm this quantum. A decision on whether to farm down or take Final Investment Decision will be taken after the results from this analysis have been finalised.

At Ioannina, the Company completed the acquisition of 2D seismic in September 2019 and plans to move on to seismic evaluation in due course. The operator, Repsol, has applied for a one-year licence extension until October 2020.

At Aitoloakarnania, a tender for the 2D seismic acquisition has been issued with the programme expected to commence in early 2020.

In Montenegro, processing and interpretation of the recently acquired 3D seismic survey (completed February 2019) is ongoing. Results, which will enable Energean to better interpret prospectivity, are anticipated before Year End 2019.

## **Environment, Social and Governance (“ESG”)**

Sustainable development is integral to Energean’s corporate philosophy. Energean is committed to creating value for all its stakeholders, and becoming the leading gas-focused, independent E&P Company in the Mediterranean whilst retaining focus on all environmental, social and economic aspects of the business. Energean’s gas-focused portfolio means that the Company is already implementing its energy transition strategy: with pro-forma<sup>6</sup> 2P reserves c.80% gas and pro-forma 2022 production also being c.80% gas. The Company is committed to the highest standards of HSE regarding its employees, contractors, partners and the general public, as well as the mitigation of the Company’s environmental impact. In 2019, Energean saw no incidents of non-compliance with laws and regulations in the social, environmental and economic area. Energean’s Greenhouse Gas (“GHG”) intensity, both direct and indirect, was materially lower compared to the prior corresponding period. The Company is on track to establish a Climate Change Department that will report directly to the Board and plans to disclose carbon emissions in line with Carbon Disclosure Project (“CDP”) practises by the end of the year; from 2020, there will be a direct link between executive remuneration and ESG KPIs.

## **Outlook**

Energean expects an active 18 months ahead. It expects to complete on its acquisition of Edison E&P in 4Q19 and, over the following 12 months, complete the integration of the two businesses, drawing out operational and functional synergies, whilst also high grading the portfolio for investment. Energean will also progress its sale of the non-core Edison assets. In Israel, Energean is on track to deliver first gas in Q1 2021 from Karish Main with no change to the expectation that the FPSO Hull will sail from China to Singapore at year end, with completion of the drilling programme at the same time. Energean will also look to start proving up additional hydrocarbons that can be easily monetised. In Greece, it will continue to focus on bringing the Epsilon field on stream and optimising existing production.

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<sup>6</sup> Assuming the transaction completes

## Financial Review

### Financial results summary

	1H 2019	1H 2018	Change
Working interest production (kboe)	709	688	3.1%
Av. daily working interest production (boed)	3,920	3,801	3.1%
Sales revenue (\$m)	40.0	26.3	52.1%
Realised Oil Price (\$/boe)	58.3	57.7	1.0%
Cost of sales (\$m)	28.6	17.8	61.0%
Cost of production <sup>7</sup> (\$m)	13.5	13.2	2.3%
Cost of production per barrel (\$/boe)	19.0	19.4	(1.9%)
Adjusted EBITDAX <sup>8</sup> (\$m)	23.6	16.7	41.1%
Operating profit (\$m)	3.9	10.2	(62.2%)
Cash flow from operating activities (\$m)	23.7	16.9	39.9%
Cash capex <sup>9</sup> (\$m)	541.4	136.4	296.9%
	1H 2019	FY 2018	Change
2P reserves <sup>10</sup> (million bbls)	349	349	-
2C resources <sup>7</sup> (million bbls)	48	48	-
Net debt (cash) (\$m)	390.4	(75.6)	(616.3%)
Net debt / equity (%)	36.0%	(7.0%)	(614.1%)

### Revenue, Production and commodity prices

Working interest production from Greece averaged 3,920 boepd, an increase of 3.1% for the period (1H 2018: 3,801 bopd).

Prinos production is sold at a \$6.4/bbl discount to Urals Med blend, adjusted for final cargo API. 1H 2019 revenue includes sale of 2 cargoes (668,811 barrels) versus one cargo (417,566 barrels in total) sold in the equivalent period in 2018.

<sup>7</sup> Cost of sales before inventory movements and depreciation.

<sup>8</sup> Page 11 defines Adjusted EBITDAX, which Energean uses as a core business KPI.

<sup>9</sup> Before acquisitions and disposals.

<sup>10</sup> 2P and 2C numbers reflect the reclassification from the August 2018 NSAI Competent Persons' Report.

## **Cost of production**

Cost of oil production is a non-IFRS measure that is used by the Group as a useful indicator of the Group's underlying cash costs to produce hydrocarbons. The Group uses the measure to compare operational performance period-to-period, to monitor cost and assess operational efficiency. Cost of oil production is calculated as cost of sales, adjusted for depreciation and hydrocarbon inventory movements.

The spare processing capacity in the Prinos infrastructure provides a high level of operational leverage. Production was relatively consistent between 1H 2018 and 1H 2019 and this has resulted in a 2% reduction in per barrel production costs, from \$19.4/bbl in 1H 2018 to \$19.0/bbl in 1H 2019. As production grows, Energean expects operating costs to continue to fall, reaching less than \$10 /bbl if production of more than 10,000 bopd is achieved.

## **Depreciation**

Depreciation increased by 33.8% to \$17.7 million (1H 2018: \$13.2 million) due to increased production and capex invested in Greece. On a per barrel of production basis, this represented a 29.2% increase to \$24.4/boe (1H 2018: \$18.9/boe) reflecting the increased capex.

## **Selling, General and Administrative expenses**

Energean incurred S, G & A costs of \$5.5 million in 1H 2019. This represents a 9.7% increase versus the comparable period last year (1H 2018: \$5.1 million) and is due to the additional staffing and administrative costs caused by the rapid growth of the Group's portfolio, the efforts associated with developing the projects, and additional requirements associated with being a Premium listed entity. For the full year Energean expects S, G & A costs to be \$15 million.

## **Other income**

Other income of \$1.0 million includes mainly other bank liability written off.

## **Finance costs**

Interest expenses for the period were \$16.8 million and are composed mainly of \$6.6 million of interest expenses on the EBRD and RBL facilities secured on Energean's producing Greek assets, \$3.6 million of interest expenses on deferred licence consideration on Karish & Tanin licenses and \$6.7 million on the Senior Credit Facility for the Karish-Tanin Development, offset by capitalised interest of \$12.4 million.

## **Crude oil hedging**

Energean has no crude oil hedges outstanding as of 30 June 2019.

## **Taxation**

Energean recorded tax expense of \$1.4 million in 1H 2019 comprised totally from deferred tax expenses mainly due to leased asset additions (IFRS 16) and decrease in exchange losses (1H 2018: \$5.3 million tax income).

## **Adjusted EBITDAX**

Adjusted EBITDAX is a non-IFRS measure used by the Group to measure business performance. It is calculated as profit or loss for the period, adjusted for discontinued operations, taxation, depreciation and amortisation, other income and expenses (including the impact of derivative financial instruments and foreign exchange), net finance costs and exploration costs. The Group presents adjusted EBITDAX as it is used in assessing the

Group's growth and operational efficiencies as it illustrates the underlying performance of the Group's business by excluding items not considered by management to reflect the underlying operations of the Group.

	1H 2019 \$m	1H 2018 \$m
Adjusted EBITDAX	23.6	16.7
<b>Reconciliation to profit / (loss):</b>		
Depreciation and amortisation	(17.7)	(13.0)
Exploration and evaluation expense	(3.0)	(0.6)
Other income/(expense)	1.0	7.4
Finance expenses	(6.7)	(6.5)
Finance income	0.8	0.4
Gain on derivative	-	96.7
Net foreign exchange	(1.0)	(18.7)
Tax	(1.4)	5.3
<b>Profit / (loss) from continuing operations<sup>11</sup></b>	<b>(4.5)</b>	<b>87.4</b>

### Operating cash flow

Cash from operations before movements in working capital was \$20.9 million, representing a 26.7% increase on the comparable period (1H 2018: \$16.5 million). After adjusting for working capital movements, cash from operations was \$23.7 million, a 39.9% increase on the comparable period (1H 2018: \$16.9 million).

### Capital Expenditure

Capital Expenditure is defined as additions to property, plant and equipment and intangible exploration and evaluation assets less lease asset additions, asset additions due to decommissioning provisions, capitalised share-based payment charge, capitalised borrowing costs and certain other non-cash adjustments. The Directors believe that capital expenditure is a useful indicator of the Group's organic expenditure on oil and gas development assets, Exploration and Evaluation assets incurred during a period because it eliminates certain accounting adjustments such as capitalised borrowing costs and decommissioning asset additions.

	6 months ended 30 June	
	2019 \$'000	2018 \$'000
Additions to property, plant and equipment	336,694	687,484
Additions to intangible exploration and evaluation assets	37,550	2,215
Less:		
Leased assets additions	(9,791)	-
Capitalized borrowing cost	(12,412)	(1,386)
Capitalised share-based payment charge	(1,164)	(356)
Capitalised depreciation	(1,573)	(1,232)
Change in environmental rehabilitation provision	(2,356)	(726)
Acquisition of subsidiary	-	(580,521)
<b>Total capital expenditures</b>	<b>346,948</b>	<b>105,478</b>
Movement in working capital	194,434	30,912
<b>Cash capital expenditures per the cash flow statement</b>	<b>541,383</b>	<b>136,390</b>

<sup>11</sup> Numbers may not sum due to rounding

Cash capital expenditure in 1H 2019 amounted to \$541.4 million (1H 2018: \$136.4 million). \$496.3 million was invested in Israel (1H 2018: \$96.3 million), \$40.5 million in Greece (1H 2018: \$40.0 million) and \$4.5 million in Montenegro.

Energean guides to \$775 - 800 million of accrued capex for the year. Cash capital expenditure will be contingent on payment timing at the end of the year.

### Net cash / debt and gearing ratio

Net debt is defined as the Group's total borrowings less cash and cash equivalents. Management believes that net debt is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of borrowings after taking account of any cash and cash equivalents that could be used to reduce borrowings. The Group defines capital as total equity and calculates the gearing ratio as net debt divided by capital.

Net debt reconciliation	1H 2019 \$m	1H 2018 \$m	31 December 2018 \$m
EBRD facility (\$200m)	157.2	121.8	144.3
Israel Project Finance facility (\$1,275m)	276.6	-	-
<b>Total borrowings</b>	<b>433.8</b>	<b>121.8</b>	<b>144.3</b>
Cash and cash equivalents	(43.5)	(288.3)	(219.8)
<b>Total net debt / (cash)</b>	<b>390.4</b>	<b>(166.5)</b>	<b>(75.6)</b>
Capital	1,084.7	1,038.0	1,087.8
<b>Gearing ratio</b>	<b>36%</b>	<b>(16.0%)</b>	<b>(7.0%)</b>

Post period end, in July 2019, Energean raised gross proceeds of \$265 million through a new equity raise and \$600m of bridge financing.

## Principal risks and uncertainties

### *Strategic*

- Reserve replacement: the Group's long term future success depends on its ability to find, develop and acquire additional oil and gas reserves that are economically recoverable.
- Geopolitical: the geopolitical situation in Israel may adversely affect the Group's business.

### *Health, Safety and Environmental*

- The Group is obliged to comply with health, safety and environmental regulations and cannot guarantee that it will be able to full adherence with these regulations.

### *Project Execution and Production Operation*

- Project execution: the Group's success will be partly dependent upon completing the Karish-Tanin development on budget and on schedule. Whilst the execution strategy has been designed to mitigate this risk as far as possible, any delay in project delivery could have an impact on the Group's Gas Sales and Purchase contracts.
- Production: the Group's success will be partly dependent upon continuing production from Prinos; it is exposed to the effects of disruption, delays or interruptions of production from wells in this area.
- Major cyber or information security incident.

### *Financial*

- Compliance with financial covenants: the Group's loan agreements are subject to restrictive debt covenants and security arrangements that may impact its ability to finance its operations.
- Treasury and trading: the Group is exposed to associated risks surrounding foreign exchange and commodity price risk, although seeks to manage these risks where Management believe necessary.
- Counterparty risks: including exposure to delayed payment, counterparty default or suspension, or termination of sales.

### *Governance and Compliance*

- Fraud, bribery and corruption.

## Events since 30 June 2019

On 4<sup>th</sup> July 2019 the Group entered into a conditional sale and purchase agreement to acquire Edison Exploration & Production S.p.A. ("Edison E&P") from Edison S.p.A. for \$750 million, to be adjusted for working capital, with additional contingent consideration of \$100 million payable following first gas from the Cassiopea development (expected 2022), offshore Italy. Edison E&P's portfolio of assets includes producing assets in Egypt, Italy, Algeria, the UK North Sea and Croatia, development assets in Egypt, Italy and Norway and balanced-risk exploration opportunities across the portfolio. The Edison E&P portfolio adds working interest 2P reserves of 292 mmbob and 2018 net working interest production of 69 kboe/d. The initial consideration will be funded through a \$600 million committed bridge loan facility and up to \$265 million of equity financing through the Placing announced at the same day. A total of 23,444,445 new ordinary shares have been placed by Morgan Stanley & Co. International plc ("Morgan Stanley"), Stifel Nicolaus Europe Limited ("Stifel"), Peel Hunt LLP ("Peel Hunt") and RBC Europe Limited (trading as RBC Capital Markets) ("RBC") with both existing and new institutional investors at a price of £9.00 per Placing Share, raising proceeds of approximately US\$265 million (approximately £211 million) before expenses. The Placing Shares being issued represent approximately 15.3 per cent. of the issued share capital of the Company prior to the Placing.

In July 2019, Israel's Petroleum Council has awarded the Group four new licences for oil and gas exploration in the Israeli EEZ.

### **Going concern**

The Company monitors its funding position and its liquidity risk throughout the year to ensure it has access to sufficient funds to meet forecast cash requirements. Cash forecasts are regularly produced based on the Company's latest production and expenditure forecasts, management's best estimates of future commodity prices (based on Gas Sales Agreements, forward curves, adjusted for the Company's hedging programme) and the Company's borrowing facilities. Sensitivities are run to reflect different scenarios including, but not limited to, changes in oil and gas production rates, changes in commodity prices and delays or cost overruns on major development projects. This is done to identify risks to liquidity and covenant compliance and to enable management to formulate appropriate and timely mitigation policies.

At 30 June 2019, Energean Israel was yet to draw down \$925 million on the project financing facility that will fund the Karish-Tanin development offshore Israel, and Energean retained sufficient liquidity within the Reserve Based Lending Facility that is funding development activity at Prinos, Prinos North and Epsilon in Greece. Energean retains sufficient financial headroom on the covenant restrictions contained within the various financing facilities, and the Company's forecasts show that this will be maintained for at least the 12 months following the approval of the 2019 Interim Report and Accounts.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing these interim condensed consolidated financial statements.

### **Statement of Directors' responsibilities**

The Directors confirm that to the best of their knowledge:

- 1) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- 2) The interim management report contains a fair review of the information required by FTR 4.2R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- 3) The interim management report includes a true and fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

**Mathios Rigas**  
Chief Executive Officer  
11 September 2019

**Panos Benos**  
Chief Financial Officer  
11 September 2019

### **Disclaimer**

This report may contain forward-looking statements and information that both represents management's current expectations and beliefs and are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business and with any statement about the future.

Whilst Energean believes that such expectations and beliefs are reasonable in the light of the information available at this time, the actual outcomes may be materially different from the said statements, owing to factors beyond Energean's knowledge or control (or within Energean's control where, for example, the Company decides on a change in strategy).

Energean undertakes no obligation whatsoever to revise any such forward looking statements to reflect any changes (in expectations, beliefs, or circumstances, events, the Group's plans or strategy or otherwise). Accordingly, no reliance may be placed on such forward-looking statements or any figures therein.

# INDEPENDENT REVIEW REPORT TO ENERGEAN OIL & GAS PLC

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes 1 to 26. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

## Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

## Our Responsibility

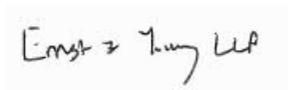
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.



**Ernst & Young LLP**

**London**

**11 September 2019**

Condensed Consolidated Income Statement  
Six months ended 30 June 2019



		6 months ended 30 June (Unaudited)	
		2019	2018
		\$'000	\$'000
<b>Consolidated income statement</b>	<b>Notes</b>		
Revenue	5	40,012	26,257
Cost of Sales	6a	(28,611)	(17,775)
<b>Gross profit</b>		<b>11,401</b>	<b>8,482</b>
Administrative expenses	6b	(5,345)	(4,835)
Selling and distribution expenses	6c	(199)	(218)
Exploration and evaluation expenses	6d	(3,029)	(609)
Other income	6e	1,025	7,393
<b>Operating profit</b>		<b>3,853</b>	<b>10,213</b>
Finance Income		755	406
Finance Costs	7	(6,695)	(6,508)
Gain on derivative	8	-	96,709
Net foreign exchange loss		(1,020)	(18,742)
<b>(Loss)/profit before tax</b>		<b>(3,107)</b>	<b>82,078</b>
Taxation income / (expense)	9	(1,381)	5,322
<b>(Loss)/profit for the period</b>		<b>(4,488)</b>	<b>87,400</b>
Attributable to:			
Owners of the parent		(4,450)	90,069
Non-controlling Interests		(38)	(2,669)
		<b>(4,488)</b>	<b>87,400</b>
<b>Basic and diluted total (loss)/earnings per share (cents per share)</b>			
Basic	10	<b>(\$0.03)</b>	<b>\$0.81</b>
Diluted	10	<b>(\$0.03)</b>	<b>\$0.80</b>

	6 months ended 30 June (Unaudited)	
	2019 \$'000	2018 \$'000
<b>Consolidated statement of comprehensive income</b>		
<b>Profit/(loss) for the year</b>	(4,488)	87,400
<b>Other comprehensive income:</b>		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Cash Flow Hedge, net of tax	691	(2,823)
Exchange difference on the translation of foreign operations, net of tax	(971)	107
<b>Other comprehensive loss after tax</b>	(280)	<b>(2,716)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>(4,768)</b>	<b>84,684</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the parent	(4,937)	87,353
Non-controlling Interests	169	(2,669)
	<b>(4,768)</b>	<b>84,684</b>

**Condensed Consolidated Statement of Financial Position**  
**Six months ended 30 June 2019**



	Notes	6 months ended 30 June (Unaudited) \$'000	Year ended 31 December 2018 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,656,919	1,341,704
Intangible assets	12	47,937	10,555
Goodwill	4	75,800	75,800
Other receivables	16	3,771	71,845
Deferred tax asset	13	13,944	15,532
		<b>1,798,371</b>	<b>1,515,436</b>
<b>Current assets</b>			
Inventories	15	12,166	9,912
Trade and other receivables	16	47,098	32,883
Cash and cash equivalents	14	43,450	219,822
		<b>102,714</b>	<b>262,617</b>
<b>Total assets</b>		<b>1,901,085</b>	<b>1,778,053</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	2,068	2,066
Share premium	17	658,805	658,805
Merger reserve	17	139,903	139,903
Other reserve		6,391	5,907
Foreign currency translation reserve		(16,484)	(15,513)
Share-based payment reserve		8,308	6,617
Retained earnings		25,543	29,993
<b>Equity attributable to equity holders of the parent</b>		<b>824,534</b>	<b>827,778</b>
Non-controlling interests	18	260,214	260,045
<b>Total equity</b>		<b>1,084,748</b>	<b>1,087,823</b>
<b>Non-current liabilities</b>			
Borrowings	19	433,802	144,270
Deferred tax liabilities	13	76,433	76,370
Retirement benefit liability	20	3,720	3,659
Provisions	21	10,007	7,530
Other payables	22	70,722	72,723
		<b>594,684</b>	<b>304,552</b>
<b>Current liabilities</b>			
Trade and other payables	22	221,653	385,678
		<b>221,653</b>	<b>385,678</b>
<b>Total liabilities</b>		<b>816,337</b>	<b>690,230</b>
<b>Total equity and liabilities</b>		<b>1,901,085</b>	<b>1,778,053</b>

Approved by the Board on 11<sup>th</sup> September 2019

Matthaios Rigas  
Chief Executive Officer

Panos Benos  
Chief Financial Officer

Condensed Consolidated Statement of Changes in Equity  
Six months ended 30 June 2019



	Share Capital \$'000	Share Premium <sup>1</sup> \$'000	Other Reserve <sup>2</sup> \$'000	Share based payment reserve <sup>3</sup> \$'000	Translation Reserve <sup>4</sup> \$'000	Retained earnings \$'000	Merger reserve <sup>5</sup> \$'000	Total \$'000	Non Controlling Interests \$'000	Total \$'000
<b>At 1 January 2018</b>	<b>917</b>	-	<b>73,750</b>	-	<b>(11,427)</b>	<b>(138,455)</b>	<b>139,903</b>	<b>64,688</b>	<b>224,294</b>	<b>288,982</b>
Retrospective application of IFRS 9	-	-	-	-	-	(4,337)	-	(4,337)	-	(4,337)
<b>At 1 January 2018 (restated)</b>	<b>917</b>	-	<b>73,750</b>	-	<b>(11,427)</b>	<b>(142,792)</b>	<b>139,903</b>	<b>60,351</b>	<b>224,294</b>	<b>284,645</b>
Profit for the period	-	-	-	-	-	90,069	-	90,069	(2,669)	87,400
Cash flow hedge, net of tax	-	-	(2,823)	-	-	-	-	(2,823)	-	(2,823)
Exchange difference on the translation of foreign operations	-	-	-	-	107	-	-	107	-	107
<b>Total comprehensive income</b>	-	-	<b>(2,823)</b>	-	<b>107</b>	<b>90,069</b>	-	<b>87,353</b>	<b>(2,669)</b>	<b>84,684</b>
<b><u>Transactions with owners of the company</u></b>										
IPO shares	1,016	462,101	-	-	-	-	-	463,117	-	463,117
Transaction cost in relation to IPO and new share issue	-	(23,068)	-	-	-	-	-	(23,068)	-	(23,068)
Employee share schemes (note 23)	-	-	-	608	-	-	-	608	-	608
Derecognition of derivative asset	-	-	(67,505)	-	-	67,505	-	-	-	-
Advances for shares	-	-	-	-	-	-	-	-	23,000	23,000
Shares issued in settlement of preference shares in subsidiary	129	223,871	-	-	-	-	-	224,000	(224,000)	-
NCl on acquisition of subsidiary	-	-	-	-	-	-	-	-	204,800	204,800
<b>At 30 June 2018</b>	<b>2,062</b>	<b>662,904</b>	<b>3,422</b>	<b>608</b>	<b>(11,320)</b>	<b>14,782</b>	<b>139,903</b>	<b>812,361</b>	<b>225,425</b>	<b>1,037,786</b>

**Condensed Consolidated Statement of Changes in Equity**  
**Six months ended 30 June 2019**



	Share Capital \$'000	Share Premium <sup>1</sup> \$'000	Other Reserve <sup>2</sup> \$'000	Share based payment reserve <sup>3</sup> \$'000	Translation Reserve <sup>4</sup> \$'000	Retained earnings \$'000	Merger reserve <sup>5</sup> \$'000	Total \$'000	Non Controlling Interests \$'000	Total \$'000
<b>At 1 January 2019</b>	<b>2,066</b>	<b>658,805</b>	<b>5,907</b>	<b>6,617</b>	<b>(15,513)</b>	<b>29,993</b>	<b>139,903</b>	<b>827,778</b>	<b>260,045</b>	<b>1,087,823</b>
Loss for the period	-	-	-	-	-	(4,450)	-	(4,450)	(38)	(4,488)
Cash flow hedge, net of tax	-	-	484	-	-	-	-	484	207	691
Exchange difference on the translation of foreign operations	-	-	-	-	(971)	-	-	(971)	-	(971)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>484</b>	<b>-</b>	<b>(971)</b>	<b>(4,450)</b>	<b>-</b>	<b>(4,937)</b>	<b>169</b>	<b>(4,768)</b>
<b><u>Transactions with owners of the company</u></b>										
Issuance of shares	2	-	-	-	-	-	-	2	-	2
Share plan reserve	-	-	-	1,691	-	-	-	1,691	-	1,691
<b>At 30 June 2019</b>	<b>2,068</b>	<b>658,805</b>	<b>6,391</b>	<b>8,308</b>	<b>(16,484)</b>	<b>25,543</b>	<b>139,903</b>	<b>824,534</b>	<b>260,214</b>	<b>1,084,748</b>

<sup>1</sup> The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 0.01p per share less amounts transferred to any other reserves.

<sup>2</sup> Other reserve are used to recognise remeasurement gain or loss on cash flow hedge and actuarial gain or loss from the defined retirement benefit plan. Furthermore, other reserve are used to recognise measurement gains from derivative asset, refer to note 8 for further detail of this transaction

<sup>3</sup> The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 23 for further details of these plans.

<sup>4</sup> The foreign currency translation reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US dollars.

<sup>5</sup> Refer to note 17

**Condensed Consolidated Statement of Cash Flows**  
**Six months ended 30 June 2019**



	Note	6 months ended 30 June (Unaudited)	
		2019	2018
		\$'000	\$'000
<b>Operating activities</b>			
<b>Profit / (loss) before taxation</b>		<b>(3,107)</b>	<b>82,078</b>
Adjustments to reconcile profit/(loss) before taxation to net cash provided by operating activities:			
Depreciation, depletion and amortisation	11,12	17,704	13,229
(Decrease)/increase in provisions		50	(7,243)
Finance income		(755)	(406)
Finance costs	7	6,695	6,508
Fair value gain on derivative	8	-	(96,709)
Other bank liabilities written back		(1,283)	-
Share-based payment charge	23	527	252
Net foreign exchange gain/(loss)		1,020	18,742
Cash flow from operations before working capital adjustments		20,851	16,451
(Increase) in inventories		(2,314)	(9,418)
Decrease/(increase) in trade and other receivables		(1,507)	2,912
Increase in trade and other payables		6,754	6,970
Cash flow from operations		23,784	16,915
Taxes paid		(133)	-
Net cash inflow from operating activities		23,651	16,915
<b>Investing activities</b>			
Payment for purchase of property, plant and equipment		(503,181)	(134,882)
Payment for purchase of intangible assets		(38,202)	(1,508)
Acquisition of a subsidiary, net of cash acquired	4	-	(32,746)
Interest received		725	406
Net cash used in investing activities		(540,658)	(168,730)
<b>Financing activities</b>			
Proceeds from issue of share capital		2	460,000
Drawdown of borrowings		363,474	34,085
Proceeds from share capital increase in subsidiary		-	23,000
Transaction costs in relation to IPO and new share issue		-	(19,459)
Advance payment from future sale of property, plant and equipment (INGL)	22	5,090	-
Repayment of obligations under leases		(454)	-
Debt arrangement fees paid		(8,449)	(52,277)
Finance cost paid for deferred license payments		(4,492)	-
Finance costs paid		(14,689)	(9,646)
Net cash from financing activities		340,482	435,703
Net increase / (decrease) in cash and cash equivalents		(176,525)	283,888
Cash and cash equivalents:			
At beginning of the period		219,822	15,691
Effect of exchange rate fluctuations on cash held		153	(11,319)
At end of the period	14	43,450	288,260

## Notes to the Condensed Interim Consolidated Financial Statements

### 1. Corporate Information

Energiean Oil & Gas plc (the 'Company') was incorporated in England & Wales on 8 May 2017 as a public company with limited liability, under the Companies Act 2006. Its registered office is at 44 Baker Street, London W1U 7AL, United Kingdom. The Company and all subsidiaries controlled by the Company, are together referred to as "the Group".

The Group has been established with the objective of exploration, production and commercialisation of crude oil and natural gas in Greece, Israel, North Africa and the wider Eastern Mediterranean.

On 16 March 2018 the Company acquired the 50% of the preference shares of Energiean Israel Limited ("Energiean Israel") from its founding shareholders after paying total consideration of \$10 million.

On 21 March 2018 the Company completed the admission of its shares to the Premium Segment of the London Stock Exchange.

On 29 March 2018, the Group, following a final investment decision in respect of the Karish and Tanin assets, subscribed for additional ordinary shares in Energiean Israel for an aggregate consideration of \$266.7 million, payable in cash. Upon completion of this subscription, the Group holds 70% of the shares in Energiean Israel, with Kerogen Capital holding the remaining 30% (refer to note 4).

Based on the above, since 29 March 2018 Energiean has consolidated Energiean Israel in its consolidated financial statements.

### Subsidiaries

Name of subsidiary	Country of incorporation / registered office	Principal activities	Shareholding At 30 June 2019 (%)	Shareholding At 31 December 2018 (%)
Energiean E&P Holdings Ltd	22 Lefkonos Street, 2064 Nicosia Cyprus	Holding Company	100	100
Energiean MED Limited	44 Baker Street, London W1U 7AL	Oil and gas exploration, development and production	100	100
Energiean Oil & Gas S.A.	32 Kifissias Ave. 151 25 Marousi Athens, Greece	Oil and gas exploration, development and production	100	100
Kavala Oil S.A.*	P.O. BOX 8, 64006 Nea Karvali Kavala, Greece	Provision of oil and gas support services	99.92	99.92
Energiean International Limited	22 Lefkonos Street, 2064 Nicosia Cyprus	Oil and gas exploration, development and production	100	100
Energiean Israel Limited (Note 4)	22 Lefkonos Street, 2064 Nicosia Cyprus	Oil and gas exploration, development and production	70	70
Energiean Montenegro Limited	22 Lefkonos Street, 2064 Nicosia Cyprus	Oil and gas exploration, development and production	100	100
Energiean Israel Finance SARL	560A rue de Neudorf, L-2220, Luxembourg	Financing activities	70	70
Energiean Israel Transmission LTD	9, Metsada St., Bnei Brak 5120109 ISRAEL	Gas transportation license holder	70	70

\* On 29 July 2019 Kavala Oil was merged with Energiean Oil & Gas S.A. through absorption of 100% of the company's shares.

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

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The Income Statement and Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and associated Notes to the Financial Statements for the financial year ended 31 December 2018 included in the 30 June 2019 half yearly financial report do not constitute the Group's statutory accounts, as defined under section 435 of the Companies Act 2006. The Group's statutory financial statements for the financial year ended 31 December 2018 have been audited by the Group's external auditor and filed with Companies House in the United Kingdom. The auditor's opinion on these accounts was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006. The Group's interim condensed consolidated financial statements are unaudited but have been reviewed by the auditors and their report to the Company is included on page 13. These condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 11<sup>th</sup> September 2019

### 2. Basis of preparation

#### 2.1 Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 included in this interim report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union, and unless otherwise disclosed have been prepared on the basis of the accounting policies set out in the Group's Annual Report for year ended 31 December 2018.

The unaudited condensed consolidated interim financial statements are prepared on a going concern basis as the Directors, having considered available relevant information, have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future.

The consolidated financial statements have been prepared on a historical cost basis and are presented in US Dollars, which is also the Company's functional currency, rounded to the nearest thousand dollars (\$'000) except as otherwise indicated.

The US dollar is the currency that mainly influences sales prices and revenue estimates, and also highly affects its operations. The functional currencies of the Group's main subsidiaries are as follows: for Energean E&P Holdings Ltd, Energean Oil & Gas S.A., Kavala Oil SA and Energean Montenegro is Euro, for Energean International Limited and Energean Israel Limited is US\$.

Comparative figures for the period to 30 June 2018 and 31 December 2018 are for the period ended on that date. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements in the Energean Oil & Gas plc Annual Report and Accounts for the year ended 31 December 2018. The significant judgements made by management in applying these policies, and key sources of estimation uncertainty are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2018, except for the adoption of the following standards and amendments:

#### New and amended accounting standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *IFRS 16 Leases*

The Group adopted IFRS 16 Leases, for the year commencing 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet accounting model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

On adoption of IFRS 16, the Group has recognised lease liabilities in relation to leases which were previously classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities have been measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate as of 1 January 2019. The determination of whether there is an interest rate implicit in the lease, the calculation of the company's incremental borrowing rate, and whether any adjustments to this rate are required for certain portfolios of leases involves some judgement and is subject to change over time. In accordance with the transition provisions in IFRS 16 the modified retrospective approach has been adopted, with the cumulative effect of initially applying the new standard recognised on 1 January 2019.

Accordingly, the comparative information in these interim condensed consolidated financial statements has not been restated.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard on transition: the use of a single discount rate to a portfolio of leases with reasonably similar characteristics and to not separate and account for both the lease and the associated non-lease components as a single combined lease component. The financial impact of transition to IFRS 16 for the first half of financial year 2019 has been summarised within this note. The Group has identified lease portfolios for property, oil and gas supply vessels and other support equipment, and other vehicles.

Lease portfolio	Gross value on transition \$'000
Property leases	2,435
Oil and gas supply vessels and other support equipment leases	7,152
Software License	49
Other vehicles	156
<b>Total</b>	<b>9,792</b>

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	\$'000
<b>Operating lease commitments as at 31 December 2018</b>	<b>5,489</b>
Weighted average incremental borrowing rate as at 1 January 2019	6.38%
Discounted operating lease commitments at 1 January 2019	4,619
<b>Less:</b>	
Commitments relating to short-term leases	(1,087)
<b>Add:</b>	
Payments in optional extension periods not recognised as at 31 December 2018	6,260
<b>Lease liabilities as at 1 January 2019</b>	<b>9,792</b>

### Financial impact of the transition

#### **Income statement**

The Group impact of the transition resulted in a net increase in operating costs, along with a \$0.1m increase in finance costs. The Group has recognized depreciation on right-of-use assets for the first half of 2019 of \$1.5m, of which \$0.09m has subsequently been capitalized through the Group's normal operations in accordance with the relevant accounting policy. Interest on the Group's finance lease liabilities for the first half of 2019 was \$0.1m.

	30.06.2019 unaudited \$'000
Impact of IFRS16 on the consolidated income statement	
Cost of sales	(1,526)

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

<b>Impact of IFRS16 on the consolidated income statement</b>	<b>30.06.2019 unaudited \$'000</b>
Gross profit	(1,526)
Administrative expenses	(131)
Operating profit	(1,657)
Finance cost	(156)
Profit/(loss) for the period	(1,813)
Deferred tax credit	(1,634)

### **Balance sheet**

The Group impact of the transition has resulted in higher property, plant and equipment and non-current lease liabilities. For short term leases (lease term less than 12 months) and leases of low value assets the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. Depending on the nature of the lease, this is either recognized as additions to property, plant and equipment, operating costs or administrative costs.

<b>Impact of IFRS16 on the consolidated balance sheet</b>	<b>30.06.2019 unaudited \$'000</b>
<b>Property, plant and equipment</b>	
Oil & gas asset	5,774
Other asset	2,357
<b>Lease Liabilities</b>	
Non-current	4,317
Current	3,786

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

### 3. Segmental Reporting

The information reported to the Group's Chief Executive Officer and Chief Financial Officer (Chief Operating Decision Makers) for the purposes of resource allocation and assessment of segment performance is focused on five operating segments: Greece (including production asset of Prinos and non-producing assets of Ioannina, Katakolo and Aitolokarnania), Israel, Egypt (for the period ended 30 June 2017 included non producing exploration asset of West Kom Ombo), Montenegro (including two non producing exploration assets) and New Ventures.

The Group's reportable segments under IFRS 8 *Operating Segments* are Greece and Israel. Segments that do not exceed the quantitative thresholds for reporting information about operating segments have been included in Other.

#### Segment revenues, results and reconciliation to profit before tax

The following is an analysis of the Group's revenue, results and reconciliation to profit before tax by reportable segment:

	Greece	Israel	Other & intercompany transactions	Total
	\$'000	\$'000	\$'000	\$'000
<b>Six months ended 30 June 2019 (unaudited)</b>				
Revenue	42,537	-	(2,525)	40,012
Adjusted EBITDAX <sup>12</sup>	26,620	(1,367)	(1,692)	23,561
<i>Reconciliation to profit before tax:</i>				
Depreciation and amortisation expenses	(17,483)	(12)	(209)	(17,704)
Exploration and evaluation expenses	(2)	(54)	(2,973)	(3,029)
Other income/(expense)	1,407	-	(382)	1,025
Finance income	292	743	(280)	755
Finance costs	(6,382)	(233)	(80)	(6,695)
Net foreign exchange gain/(loss)	(1,888)	851	17	(1,020)
<b>Profit/(loss) before income tax</b>	<b>2,564</b>	<b>(72)</b>	<b>(5,599)</b>	<b>(3,107)</b>
Taxation expense	(1,344)	(26)	(11)	(1,381)
<b>Profit / (loss) for the period</b>	<b>1,220</b>	<b>(98)</b>	<b>(5,610)</b>	<b>(4,488)</b>
<b>Six months ended 30 June 2018 (unaudited)</b>				
Revenue	24,964	-	1,293	26,257
Adjusted EBITDAX	18,466	(615)	(1,193)	16,658
<i>Reconciliation to profit before tax:</i>				
Depreciation and amortisation expenses	(13,163)	(7)	(59)	(13,229)
Exploration and evaluation expenses	(18)	-	(591)	(609)
Other income/(expense)	7,475	-	(82)	7,393
Finance income	73	113	220	406
Finance costs	(12,963)	(35)	6,490	(6,508)
Gain on derivative	-	-	96,709	96,709
Net foreign exchange gain/(loss)	(9,541)	(10,973)	1,772	(18,742)
<b>Profit/(loss) before income tax</b>	<b>(9,671)</b>	<b>(11,517)</b>	<b>103,266</b>	<b>82,078</b>
Taxation income / (expense)	2,832	2,638	(148)	5,322
<b>Profit / (loss) for the period</b>	<b>(6,839)</b>	<b>(8,879)</b>	<b>103,118</b>	<b>87,400</b>

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively:

<sup>12</sup> Adjusted EBITDAX is a non-IFRS measure used by the Group to measure business performance. It is calculated as profit or loss for the period, adjusted for discontinued operations, taxation, depreciation and amortisation, other income and expenses (including the impact of derivative financial instruments and foreign exchange), net finance costs and exploration costs.

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

	Greece	Israel	Other & intercompany transactions	Total
	\$'000	\$'000	\$'000	\$'000
<b>Six months ended 30 June 2019 (unaudited)</b>				
Oil & Gas properties	367,034	1,254,524	(627)	<b>1,620,931</b>
Other property, plant and equipment	33,453	575	1,960	<b>35,988</b>
Intangible assets	9,222	32,921	5,794	<b>47,937</b>
Other assets	67,283	129,216	(270)	<b>196,229</b>
<b>Total assets</b>	<b>476,992</b>	<b>1,417,236</b>	<b>6,857</b>	<b>1,901,085</b>
<b>Total liabilities</b>	<b>261,929</b>	<b>553,346</b>	<b>1,062</b>	<b>816,337</b>
<b>Year ended 31 December 2018</b>				
Total assets	436,494	1,333,850	7,709	1,778,053
Total liabilities	221,355	470,550	(1,675)	690,230

### Segment Cash flows

	Greece	Israel	Other & intercompany transactions	Total
	\$'000	\$'000	\$'000	\$'000
<b>Six months ended 30 June 2019 (unaudited)</b>				
Net cash from (used in) operating activities	25,807	(3,062)	1,039	23,784
Net cash (used in) investing activities	(37,851)	(495,612)	(7,195)	(540,658)
Net cash from financing activities	7,515	333,348	(381)	340,482
Net increase/(decrease) in cash and cash equivalents	(4,529)	(165,326)	(6,537)	(176,392)
Cash and cash equivalents at end of the period	84	31,601	11,765	43,450
<b>Six months ended 30 June 2018 (unaudited)</b>				
Net cash from (used in) operating activities	20,619	(136)	(3,568)	16,915
Net cash (used in) investing activities	(45,509)	(96,232)	(26,988)	(168,729)
Net cash from financing activities	23,094	265,206	147,402	435,702
Net increase/(decrease) in cash and cash equivalents	(1,796)	168,838	116,846	283,888
Cash and cash equivalents at end of the period	5,621	160,282	122,357	288,260

#### 4. Business combination

From 29 March 2018, Energean Israel was consolidated into the Group represented a business combination for which acquisition accounting was required in line with IFRS 3: Business Combinations. For a full description of this transaction please refer to note 6 of the Company's 2018 Annual Report and Accounts.

The identifiable assets acquired and liabilities assumed of the acquiree were recognised as of the acquisition date and measured at fair value as at that date. Any non-controlling interest in the acquiree was also recognised at fair value at the acquisition date. This resulted in an aggregate fair value of \$682.7 million being allocated to the identifiable assets and liabilities acquired, prior to the recognition of a deferred tax liability of \$79.0 million as further described below.

The 2018 interim condensed consolidated financial statements included the results of Energean Israel for the three month period ended 30 June 2018.

The fair values of the identifiable assets and liabilities of Energean Israel as at the date of acquisition were as follows:

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

	Six months ended 30 June 2018 (unaudited)
	Fair value recognised on acquisition \$'000
<b>Assets:</b>	
Property, plant and equipment	579,906
Intangible assets	615
Trade and other receivables <sup>1</sup>	309,248
Cash and cash equivalents	3,104
	<b>892,873</b>
<b>Liabilities</b>	
Trade and other payables	(211,194)
Deferred tax liabilities	(78,012)
	<b>(289,206)</b>
<b>Total identifiable net assets at fair value</b>	<b>603,667</b>
Goodwill arising on acquisition	75,800
Fair value of non-controlling interest on acquisition	(204,800)
<b>Fair value of purchase consideration transferred</b>	<b>474,667</b>
<b>Acquisition - date fair value of consideration transferred</b>	
Cash paid for the acquisition of 50% preference shares	10,000
Cash paid at acquisition as advance for shares issuance	25,850
Cash paid after acquisition date for shares issuance	240,817
Cash payable at 2018 reporting date	8,000
Derivative asset	190,000
<b>Consideration transferred</b>	<b>474,667</b>
The cash outflow on acquisition is as follow:	
Net cash acquired with the subsidiary	3,104
Cash paid	(35,850)
<b>Net consolidated cash outflow</b>	<b>(32,746)</b>

<sup>1</sup> Included in Trade and other receivables is an amount of \$248.8 million receivable from Energean E&P Holdings due for share capital increases, of which \$240.8 million was paid in April 2018.

The balances above which were increased as a result of fair value adjustments being applied upon acquisition are oil & gas properties and deferred tax liabilities.

Goodwill of \$75.8 million had been recognised upon acquisition. An amount of \$79.0 million was due to the requirement of IAS 12 to recognise deferred tax assets and liabilities for the difference between the assigned fair values and tax bases of assets acquired and liabilities assumed. The assessment of fair value of such licences is therefore based on cash flows after tax. Nevertheless, in accordance with IAS 12 Sections 15 and 19, a provision is made for deferred tax corresponding to the tax rate of Israel (23%) multiplied by the difference between the acquisition cost and the tax base. The offsetting entry to this deferred tax is goodwill. Hence, goodwill arises as a direct result of the recognition of this deferred tax adjustment ("technical goodwill"). None of the goodwill recognised will be deductible for income tax purposes.

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

### 5. Revenue

	6 months ended 30 June (Unaudited)	
	2019 \$'000	2018 \$'000
Crude oil sales	39,417	24,090
Rendering of services	-	1,421
Petroleum products sales	595	746
<b>Total revenue</b>	<b>40,012</b>	<b>26,257</b>

The Group's weighted average realised sale price for the six months ended 30 June 2019 was \$58.3 (period ended 30 June 2018: \$57.7)

### 6. Operating profit/(loss) before taxation

	6 months ended 30 June (Unaudited)	
	2019 \$'000	2018 \$'000
(a) <b>Cost of sales</b>		
Staff costs	6,672	6,585
Operating costs	6,826	6,649
Depreciation and amortisation	17,301	12,987
Movement in inventories of oil	(2,188)	(9,669)
<i>Total cost of oil sales</i>	28,611	16,552
<i>Cost of services</i>	-	1,223
<b>Total Cost of sales</b>	<b>28,611</b>	<b>17,775</b>
(b) <b>Administrative expenses</b>		
Payroll costs	2,679	1,318
Depreciation and amortisation	404	206
Other General & administration expenses	2,262	3,311
<b>Total administrative expenses</b>	<b>5,345</b>	<b>4,835</b>
(c) <b>Selling and distribution expense</b>		
Payroll costs	27	80
Other Selling and distribution expense	172	138
<b>Total selling and distribution expense</b>	<b>199</b>	<b>218</b>
(d) <b>Exploration and evaluation expenses</b>		
Staff costs	242	292
Third party fees	2,787	317
<b>Total exploration and evaluation expenses</b>	<b>3,029</b>	<b>609</b>
(e) <b>Other operating (income)/expenses</b>		
Other income	(711)	(55)
Write-back bank liabilities	(1,283)	-
Other expenses	532	89

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

	6 months ended 30 June (Unaudited)	
	2019	2018
	\$'000	\$'000
Restructuring costs	383	
Provision for litigation expenses (note 21)	-	(7,427)
Provision for bad debts	54	-
<b>Total other operating (income)/expenses</b>	<b>(1,025)</b>	<b>(7,393)</b>

### 7. Net finance cost

	6 months ended 30 June (Unaudited)	
	2019	2018
	\$'000	\$'000
Interest on bank borrowings	13,267	6,054
Interest expense on long term payables	3,580	-
Less amounts included in the cost of qualifying assets	(12,412)	(1,386)
	4,435	4,668
Finance and arrangement fees	1,309	1,341
Other finance costs and bank charges	617	295
Interest on obligations for leases	168	
Unwinding of discount	166	204
<b>Total finance costs</b>	<b>6,695</b>	<b>6,508</b>
Interest income from time deposits	(755)	(406)
<b>Total finance revenue</b>	<b>(755)</b>	<b>(406)</b>
Foreign exchange losses/(gain)	1,020	18,742
<b>Net financing costs</b>	<b>6,960</b>	<b>24,844</b>

### 8. Gain on derivative / fair value measurements

The information set out below provides information about how the Group determines the fair values of various financial assets and liabilities.

The fair values of the Group's non-current liabilities measured at amortised cost are considered to approximate their carrying amounts at the reporting date.

The carrying value less any estimated credit adjustments for financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values due to their short term-nature.

The Group had one material financial asset measured at fair value at 31 December 2017 which relates to the Energean Israel B shares, for full description of this transaction please refer to note 27.2 of the Company's 2018 Annual Report and Accounts.

The change in fair value of \$96.7 million between 31 December 2017 and 30 June 2018 is included in "Gain on derivative" in the consolidated income statement for the period ended 30 June 2018 as it is due to changes in measurement assumptions. Upon recognition, this derivative was the only instrument in the Level 3 category of the fair value hierarchy.

There were no transfers in or out of this category in the period, and the only movement in the category relates to the increase in fair value of the derivative.

The fair value hierarchy of financial assets and financial liabilities that are not measured at fair value (but fair value disclosure is required) is as follows:

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

	Fair value hierarchy as at 30 June 2019 (Unaudited)			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Trade and other receivables (note 16)	-	2,455	-	2,455
Cash and cash equivalents and bank deposits (note 14)	43,450	-	-	43,450
<b>Total</b>	<b>43,450</b>	<b>2,455</b>	<b>-</b>	<b>45,905</b>
<b>Financial liabilities</b>				
<i>Financial liabilities held at amortised cost:</i>				
Borrowings (note 19)	-	433,802	-	433,802
Trade and other payables (note 22)	-	217,876	-	217,876
<b>Total</b>	<b>-</b>	<b>651,678</b>	<b>-</b>	<b>651,678</b>

	Fair value hierarchy as at 31 December 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Trade and other receivables (note 16)	-	1,486	-	1,486
Cash and cash equivalents and bank deposits (note 14)	219,822	-	-	219,822
<b>Total</b>	<b>219,822</b>	<b>1,486</b>	<b>-</b>	<b>221,308</b>
<b>Financial liabilities</b>				
<i>Financial liabilities held at amortised cost:</i>				
Borrowings (note 19)	-	144,270	-	144,270
Trade and other payables (note 22)	-	452,332	-	452,332
<b>Total</b>	<b>-</b>	<b>596,602</b>	<b>-</b>	<b>596,602</b>

### 9. Taxation

#### (a) Taxation charge

	6 months ended 30 June (Unaudited)	
	2019 \$'000	2018 \$'000
Corporation tax - current year	-	(500)
Corporation tax - prior years	(11)	(129)
Deferred tax (Note 13)	(1,370)	5,951
<b>Total taxation income / (expense)</b>	<b>(1,381)</b>	<b>5,322</b>

#### (b) Reconciliation of the total tax charge

The Group calculates its income tax expense based on IAS 34 by applying the estimated weighted-average annual effective income tax rate to pre-tax income for the interim period.

The tax (credit)/charge recognised in the income statement is reconciled to the Group's weighted average tax rate of 44.4% (30 June 2018: 6.48%). The differences are reconciled below:

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

	6 months ended 30 June (Unaudited)	
	2019	2018
	\$'000	\$'000
Profit/(loss) before tax	(3,107)	82,078
Tax calculated at the applicable tax rates	777	(20,520)
Impact of different tax rates	(166)	(83)
Reassessment of recognized deferred tax asset in the current period	(251)	2,425
Permanent differences	(424)	5,254
Non recognition of deferred tax on current period losses	(1,333)	-
Tax effect of non-taxable income		18,375
Other adjustments	27	(0)
Prior year tax	(11)	(129)
<b>Taxation income/(expense)</b>	<b>(1,381)</b>	<b>5,322</b>

### 10. Earnings per share

The earnings per share has been calculated by dividing the net profit or loss for the period by the weighted average number of shares outstanding during the period ended 30 June 2019 and 30 June 2018.

	6 months ended 30 June (Unaudited)	
	2019	2018
	\$'000	\$'000
Total (Loss)/Income attributable to equity shareholders	(4,450)	90,069
Effect of dilutive potential ordinary shares	-	-
	(4,450)	90,069

	6 months ended 30 June (Unaudited)	
	2019	2018
	Number	Number
<b>Number of shares</b>		
Basic weighted average number of shares	153,297,878	111,733,179
Dilutive potential ordinary shares	1,529,538	659,050
<b>Diluted weighted average number of shares</b>	<b>154,827,416</b>	<b>112,392,229</b>
<b>Basic earnings per share</b>	<b>(\$0.03)/share</b>	<b>\$0.81/share</b>
<b>Diluted income per share</b>	<b>(\$0.03)/share</b>	<b>\$0.80/share</b>

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

### 11. Property, plant and equipment

	Oil and gas properties	Leased assets	Other property, plant and equipment	Total
Property, plant and equipment at Cost	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2018</b>	<b>429,921</b>	-	<b>54,535</b>	<b>484,456</b>
Additions	484,969	-	4,417	489,386
Capitalized borrowing cost	8,307	-	-	8,307
Acquisition of subsidiary (Note 4)	579,688	-	80	579,768
Disposals	(372)	-	(57)	(429)
Capitalized depreciation	2,574	-	-	2,574
Change in environmental rehabilitation provision	1,758	-	-	1,758
Foreign exchange impact	(19,391)	-	(2,462)	(21,853)
<b>At 1 January 2019</b>	<b>1,487,454</b>	-	<b>56,513</b>	<b>1,543,967</b>
Additions	309,841	-	821	310,662
Adjustment on adoption of IFRS 16 leases	-	9,792	-	9,792
Capitalized borrowing cost	12,312	-	-	12,312
Capitalised depreciation	1,573	-	-	1,573
Change in environmental rehabilitation provision	2,356	-	-	2,356
Foreign exchange impact	(3,097)	-	(344)	(3,441)
<b>At 30 June 2019</b>	<b>1,810,439</b>	<b>9,792</b>	<b>56,990</b>	<b>1,877,221</b>
<b>Accumulated Depreciation</b>				
<b>At 1 January 2018</b>	<b>149,655</b>	-	<b>24,825</b>	<b>174,480</b>
Charge for the period				
-Expensed	33,194	-	893	34,087
-Capitalised to oil and gas properties	-	-	2,574	2,574
Foreign exchange impact	(7,727)	-	(1,151)	(8,878)
<b>At 1 January 2019</b>	<b>175,122</b>	-	<b>27,141</b>	<b>202,263</b>
Charge for the period				
-Expensed	15,337	1,658	584	17,579
-Capitalised to oil and gas properties	-	90	1,483	1,573
Foreign exchange impact	(951)	-	(162)	(1,113)
<b>At 30 June 2019</b>	<b>189,508</b>	<b>1,748</b>	<b>29,046</b>	<b>220,302</b>
<b>Net carrying amount</b>				
<b>At 31 December 2018</b>	<b>1,312,332</b>	-	<b>29,372</b>	<b>1,341,704</b>
<b>At 30 June 2019</b>	<b>1,620,931</b>	<b>8,044</b>	<b>27,944</b>	<b>1,656,919</b>

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

Included in the carrying amount of leased assets at 30 June 2019 is right of use assets related to Oil and gas properties and Other property, plant and equipment of \$5.7 million and \$2.3 respectively.

The depreciation charged on these classes for the six month ending 30 June 2019 were \$1.5 million and \$0.3 million respectively

The additions to Oil & gas properties for the period of six months ended 30 June 2019 is mainly due to development costs of Karish field which related to the EPCIC contract (FPSO, Sub Sea and On-shore construction cost) at the amount of \$182.9m and development drilling costs at the amount of \$44.9m.

Borrowing costs capitalised for qualifying assets, included in oil & gas properties, for the six months ended 30 June 2019 amounted to \$12.3 million (year ended 31 December 2018: \$8.3 million). The weighted average interest rates used:

- 9.62% (for the six months ended 30 June 2019)
- 7.0% (for the year ended 31 December 2018)

### 12. Intangible assets

	Exploration and evaluation assets \$'000	Other Intangible assets \$'000	Total \$'000
<b>Intangibles at Cost</b>			
<b>At 1 January 2018</b>	<b>3,611</b>	<b>1,662</b>	<b>5,273</b>
Additions	5,227	8	5,235
Capitalized borrowing costs	950	-	950
Acquisition of subsidiary	616	-	616
Exchange differences	(94)	(29)	(123)
<b>At 1 January 2019</b>	<b>10,310</b>	<b>1,641</b>	<b>11,951</b>
Additions	37,270	180	37,450
Capitalized borrowing costs	100	-	100
Exchange differences	(33)	(16)	(49)
<b>At 30 June 2019</b>	<b>47,647</b>	<b>1,805</b>	<b>49,452</b>
<b>Accumulated Amortisation</b>			
<b>At 1 January 2018</b>	<b>261</b>	<b>1,012</b>	<b>1,273</b>
Charge for the period	-	171	171
Exchange differences	-	(48)	(48)
<b>At 1 January 2019</b>	<b>261</b>	<b>1,135</b>	<b>1,396</b>
Charge for the period	-	125	125
Exchange differences	-	(6)	(6)
<b>30 June 2019</b>	<b>261</b>	<b>1,254</b>	<b>1,515</b>
<b>Net Carrying Amount</b>			
<b>At 31 December 2018</b>	<b>10,049</b>	<b>506</b>	<b>10,555</b>
<b>At 30 June 2019</b>	<b>47,386</b>	<b>551</b>	<b>47,937</b>

The additions to Intangible assets for the period of six months ended 30 June 2019 is mainly due to exploration drilling costs which related to the prospect Karish North at the amount of \$26.0 million as well as seismic acquisition for Montenegro exploration licences of \$4.6 million.

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

### 13. Net deferred tax (liability)/ asset

Deferred tax (liabilities)/assets	Property, plant and equipment	Right of use asset (IFRS 16)	Prepaid expenses and other receivables	Inventory	Tax losses	Staff leaving indemnities	Accrued expenses and other short-term liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2018</b>	<b>(70,017)</b>		<b>(3,656)</b>	<b>395</b>	<b>80,571</b>	<b>923</b>	<b>(2,650)</b>	<b>5,566</b>
Acquisition of subsidiary (Note 4)	(79,117)		-	-	1,099	-	6	(78,012)
Increase / (decrease) for the period through:								
profit or loss (Note 9)	(4,524)	-	1,841	45	7,677	(63)	7,147	12,123
other comprehensive income	-	-	-	-	-	-	87	87
Exchange difference	3,025	-	110	236	(3,733)	(40)	(200)	(602)
<b>At 1 January 2019</b>	<b>(150,633)</b>	<b>-</b>	<b>(1,705)</b>	<b>676</b>	<b>85,614</b>	<b>820</b>	<b>4,390</b>	<b>(60,838)</b>
Increase / (decrease) for the period through:								
profit or loss (Note 9)	(8,786)	(1,634)	286	783	5,419	34	2,527	(1,371)
other comprehensive income	-	-	(206)	-	-	-	-	(206)
Exchange difference	377	(11)	12	(23)	(458)	35	(5)	(73)
<b>30 June 2019</b>	<b>(159,042)</b>	<b>(1,645)</b>	<b>(1,613)</b>	<b>1,436</b>	<b>90,575</b>	<b>889</b>	<b>6,912</b>	<b>(62,488)</b>

At 30 June 2019 the Group has unused tax losses of \$ 364.7 million (as of 31 December 2018: \$344.5 million) available to offset against future profits. Out of the total tax losses, \$335.0 million relate to Greek operations and \$29.7 million relate to Israeli operations.

The Israeli operations relate to the Karish license which is in development phase and expected to commence production by 2021. Tax losses incurred under Israeli licences can be utilised for an unlimited period and cannot be carried back.

The Greek tax losses largely relate to Prinos exploitation area, \$333.8 million, which is the only producing asset of the Group, and \$1.2 million relates to Ioannina and Aitolokarnania areas which are in exploration phase as well as Katakolo area which is in development phase. Tax losses incurred under the Prinos licence (Law 2779/1999) can be utilised to offset taxable profits until the termination of Prinos exploitation area.

A deferred tax asset of \$90.6 million (as of 31 December 2018: \$85.6 million) is recognised on tax losses of \$364.7 million as at 30 June 2019. This represents the losses which are expected to be utilised based on the Group's projection of probable future taxable profits in the jurisdictions in which the losses reside.

### 14. Cash and cash equivalents

	6 months ended 30 June (Unaudited)	Year ended 31 December
	2019	2018
	\$'000	\$'000
Cash at bank	33,441	207,043
Restricted bank deposits	10,009	12,779
	<b>43,450</b>	<b>219,822</b>

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

Bank demand deposits comprise deposits and other short-term money market deposit accounts that are readily convertible into known amounts of cash. The effective interest rate on short-term bank deposits was 1.19% for the six months period ended 30 June 2019 (year ended 31 December 2018: 1.33%).

Restricted bank deposits comprise mainly cash retained as a bank security pledge for the Group's performance guarantees in its exploration blocks of Israel, Montenegro, Ioannina and Aitolokarnania.

### 15. Inventories

	6 months ended 30 June (Unaudited)		Year ended 31 December	
	2019		2018	
	\$'000		\$'000	
Raw materials and supplies	4,589		5,407	
Crude oil	7,577		4,505	
<b>Total inventories</b>	<b>12,166</b>		<b>9,912</b>	

The Group's raw materials and supplies consumptions for the six months ended 30 June 2019 was \$0.8 million (year ended 31 December 2018: \$1.7million)

The Group did not record impairment and write-off charges on inventory for the period ended 30 June 2019 (year ended 31 December 2018: \$1.0 million related to materials written off).

### 16. Trade and other receivables

	6 months ended 30 June (Unaudited)		Year ended 31 December	
	2019		2018	
	\$'000		\$'000	
<b>Trade and other receivables-Current</b>				
<u>Financial items:</u>				
Trade receivables	2,455		1,462	
Receivables from related parties (note 24)	-		24	
	2,455		1,486	
<u>Non-financial items:</u>				
Deposits and prepayments	18,133		17,422	
Deferred insurance expenses	7,548		6,139	
Government subsidies <sup>2</sup>	3,228		3,248	
Refundable VAT	15,336		4,187	
Reimbursement from insurance contracts	398		401	
	44,643		31,397	
<b>Total trade and other receivables-Current</b>	<b>47,098</b>		<b>32,883</b>	
<b>Trade and other receivables-Non Current</b>				
<u>Non-financial items:</u>				
Deferred borrowing fees <sup>1</sup>	-		65,558	
Deferred Insurance expenses	3,041		5,617	
Other non current assets	730		670	
<b>Total trade and other receivables-Non Current</b>	<b>3,771</b>		<b>71,845</b>	

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

<sup>1</sup> This item represents arrangement fees and issue costs that the Group has incurred in connection with Karish-Tanin debt raising, which completed on March 2, 2018.

Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised as finance costs over the term of the debt using the effective interest method.

<sup>2</sup> Government subsidies mainly relate to grants from Greek Public Body for Employment and Social Inclusion (OAED) to financially support the Kavala Oil S.A. labour cost from manufacturing under the action plan for promoting sustainable employment in underdeveloped or deprived districts of Greece, such as the area of Kavala.

Kavala Oil S.A. have participated in this scheme since July 2010 until subsidies ceased to be in force in January 2016. The subsidies balance outstanding at 30 June 2019 is for the period commencing 1 July 2010 until 31 December 2015. In December 2015, the Group filed a petition against OAED, and the Greek state itself, seeking the payment of US\$2.9 million (€2.5 million), which represent the outstanding balance until 31 December 2014. Following several postponements of the hearing initiated by the Greek state, the hearing took place on 14 June 2017 before the Administrative Court of Piraeus. By decision A6360/2017, the Administrative Court of Piraeus found itself as non-competent court in terms of forum and referred the case to the Three-Membered Administrative Court of Kavala. A new hearing date is still expected to be set by the Kavala court.

The Group is of the view, based on legal advice, that this petition will prevail.

### 17. Share capital

On 30 June 2017, the Company became the parent company of the Group through the acquisition of the full share capital of Energean E&P Holdings Limited, in exchange for 65,643,120 £0.01 (\$0.013) shares in the Company issued to the previous shareholders. From that point, in the consolidated financial statements, the share capital became that of Energean Oil & Gas plc. The previously recognised share capital of \$14.9 million and share premium of \$125.8 million was eliminated with a corresponding positive merger reserve recognised of \$139,903 thousand.

On 21 March 2018, the Company issued 72,592,016 new shares in relation to the placement of its initial public offering of ordinary shares at £4.55 per share. The table below sets out changes in the Company's share capital since 1 January 2018.

	Equity share capital allotted and fully paid	Share capital	Share premium
	Number	\$'000	\$'000
<b>Issued and authorized</b>			
At 1 January 2018	70,643,120	917	-
Issued during the year			
- IPO shares	72,592,016	1,009	434,934
- Group Restructuring	9,095,900	129	223,871
- Share based payment	821,727	11	-
<b>At 31 December 2018</b>	<b>153,152,763</b>	<b>2,066</b>	<b>658,805</b>
Issued during the year			
- Issued during the period	174,138	2	-
<b>At 30 June 2019</b>	<b>153,326,901</b>	<b>2,068</b>	<b>658,805</b>

### 18. Non-controlling interests

Name of subsidiary	Voting rights		Share of loss		Accumulated balance	
	6 months ended 30 June (Unaudited)	Year ended 31 December	6 months ended 30 June (Unaudited)		6 months ended 30 June (Unaudited)	Year ended 31 December
	2019	2018	2019	2018	2019	2018
	%	%	\$'000	\$'000	\$'000	\$'000

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

Kavala Oil S.A.	0.08	0.08	(9)	(5)	73	92
Energean Israel Ltd	30.00	30.00	178	(2,664)	260,141	259,953
<b>Total</b>			<b>169</b>	<b>(2,669)</b>	<b>260,214</b>	<b>260,045</b>

### Energean Israel Limited

On 29 March 2018, the Group, following a final investment decision in respect of the Karish and Tanin assets, after acquiring the 50% founders shares, subscribed for additional shares in Energean Israel for an aggregate consideration of \$266.7 million, payable in cash. Upon completion of this subscription, the Group holds 70% of the shares in Energean Israel, with Kerogen Capital holding the remaining 30%. The fair value of the non-controlling interest at the date of the acquisition of the additional 20% and control of the company, amounted to \$204.8 million (refer to note 4).

### 19. Borrowings

	6 months ended 30 June (Unaudited)		Year ended 31 December	
	2019 \$'000		2018 \$'000	
<b>Net Debt</b>				
Current borrowings	-		-	
Non-current borrowings	433,802		144,270	
Total borrowings	433,802		144,270	
Less: Cash and cash equivalents and bank deposits	(43,450)		(219,822)	
<b>Net Debt (1)</b>	<b>390,352</b>		<b>(75,552)</b>	
Total equity (2)	1,084,748		1,087,823	
<b>Gearing Ratio (1/2):</b>	<b>35.99%</b>		<b>(6.95%)</b>	

#### EBRD Senior Facility

On 30 January 2018, the Group's existing EBRD Senior Facility Agreement was amended and restated pursuant to the RBL Senior Facility Agreement, giving rise to a modification loss amount of \$1.4 million included in Group's finance cost. The RBL Senior Facility Agreement comprises two facilities—a facility of up to \$105.0 million with EBRD and the Black Sea Trade and Development Bank as lenders and a \$75.0 million facility pursuant to which the Export-Import Bank of Romania Eximbank SA and Banca Comerciala Intesa Sanpaolo Romania S.A. (with 95% insurance cover from the Romanian ECA) as lenders. Proceeds from the Romanian Club Facility will finance exclusively 85% of the value attributable to goods and services under the GSP Engineering, Procurement, Construction and Installation Contract (EPCIC) contract. The facility is secured by substantially all of the assets of the subsidiary company Energean Oil & Gas S.A. and a guarantee from Energean E&P Holdings and a pledge of its shares in Energean Oil & Gas S.A. The facility will have a seven-year tenor and incurs interest on outstanding debt at US dollar LIBOR01 plus an applicable margin (4.9% for the \$105.0 million facility and 3.0% for the \$75.0 million facility). As at 30 June 2019 amount of \$140.2 million has been drawn down from the EBRD Senior Facility (year ended 31 December 2018: \$126.6 million).

#### EBRD Subordinated Facility

In July 2016, the Group signed a EBRD Subordinated Facility Agreement, a subordinated loan agreement with the EBRD, subsequently amended on 8 March 2017, for a \$20 million facility to fund the Group'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) depending on the amount of the facility drawn.

On 28 February 2018, the Group's existing Subordinated Facility Agreement was amended and restated regarding the Maturity Date and EBITDA participation amount. As at 30 June 2019 amount of \$20 million has been drawn down from the EBRD Subordinated Facility (year ended 31 December 2018: \$20 million).

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

### Senior Credit Facility for the Karish-Tanin Development:

On 2 March 2018, the Group entered into a senior secured project finance for its Karish-Tanin project amounting to \$1,275 million. The loan is held at the Energean Israel Limited level (Energean 70%). Once drawn, interest is to be charged at LIBOR + 3.75% over months 1 to 12, LIBOR + 4.00% over months 13 – 24, LIBOR + 4.25% over months 25 – 36 and LIBOR + 4.75% over months 37 – 45. The facility matures in December 2021 and has a bullet repayment on maturity. There is a commitment fee of 30% of the applicable margin. As of 31 December 2018 the Group had paid a total amount of \$61.5 million for debt arrangement and commitment fees.

As at 30 June 2019 amount of \$350 million was drawn down from the \$1.275 billion Karish-Tanin project finance facility.

### Reconciliation of liabilities arising from financing activities

	Non cash changes							30 June 2019
	31 December 2018	Cash flows	Gross value on transition	Borrowing costs including amortisation of arrangement fees	Foreign exchange impact	Other	Fair value changes	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	230,788	329,119	9,792	(46,609)	56	(1,365)	897	522,678
Long -term borrowings	144,270	339,825	-	(50,356) <sup>13</sup>	63	-	-	433,802
Long -term payables	-	5,090	-	47	29	-	-	5,166
Lease liabilities	-	(454)	9,792	166	(36)	(1,365)	-	8,103
Deferred license payments	86,518	(15,342)	-	3,534	-	-	-	74,710
Asset held to hedge long-term borrowings	-	-	-	-	-	-	897	897

<sup>13</sup> Includes a total amount of \$61.5 million for debt arrangement and commitment fees paid in 2018, deducted from the debt proceeds on initial recognition of the liability (March 2019) and are amortised as finance costs over the term of the debt using the effective interest method.

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

### 20. Retirement benefit liability

#### 20.1 Provision for retirement benefits

	6 months ended 30 June (Unaudited)	Year ended 31 December
	2019 \$'000	2018 \$'000
Defined benefit obligation	3,720	3,659
<b>Provision for retirement benefits recognised</b>	<b>3,720</b>	<b>3,659</b>
Allocated as:		
Non current portion	3,720	3,659

#### 20.2 Defined benefit obligation

	6 months ended 30 June (Unaudited)	
	2019 \$'000	2018 \$'000
At 1 January	3,659	3,288
Current service cost	248	114
Interest cost	31	23
Restructuring costs	(85)	-
Benefits paid	(112)	(111)
Exchange differences	(21)	(95)
<b>At 30 June / 31 December</b>	<b>3,720</b>	<b>3,219</b>

### 21. Provisions

	Decommissioning	Litigation and other claims	Total
	\$'000	\$'000	\$'000
<b>At 1 January 2018</b>	<b>5,688</b>	<b>9,306</b>	<b>14,994</b>
New provisions and changes in estimates	1,758	(10,989)	(9,231)
Refunds	-	3,666	3,666
Payments	-	(1,887)	(1,887)
Unwinding of discount	351	-	351
Currency translation adjustment	(267)	(96)	(363)
<b>At 31 December 2018</b>	<b>7,530</b>	<b>-</b>	<b>7,530</b>
Current provisions	-	-	-
Non-current provisions	7,530	-	7,530
<b>At 1 January 2019</b>			
New provisions and changes in estimates	2,357	-	2,357
Unwinding of discount	166	-	166
Currency translation adjustment	(46)	-	(46)
<b>At 30 June 2019</b>	<b>10,007</b>	<b>-</b>	<b>10,007</b>
Current provisions	-	-	-
<b>Non-current provisions</b>	<b>10,007</b>	<b>-</b>	<b>10,007</b>

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

### Decommissioning provision

The decommissioning provision represents the present value of decommissioning costs relating to the Prinos asset in Greece.

According to the Prinos concession agreement ratified by the Greek Law, the Group is obliged to plug the wells drilled pursuant to its own drilling activities.

Reviews of estimated future decommissioning and restoration costs and the discount rate applied are carried out annually.

### Litigation and Other Claims

As of 31 December 2017 the Group recorded a provision of \$6.9 million for transfer pricing and income tax penalties following tax litigation in Greece, for the tax audit of the years 2008-2011 which was appealed. Furthermore, the Company recognised a provision for its unaudited tax years 2012 – 2016 of \$4.2 million. This takes into consideration the outcome of the tax audit of the Company's transfer pricing policies finalised for fiscal years 2010- 2011, which were the subject of the appeal. This amount corresponds to corporate income tax amount of \$2.3 million plus penalties and interest of \$1.9 million.

Following the receipt in June 2018 of the final favourable decision from the appeal process, the provision for transfer pricing and income tax penalties has been reversed and recorded in "other income" (note 6e) in the consolidated income statement. During 2015, Energean had been required to make a mandatory prepayment of 50% of the total exposure, \$3.7 million to the Greek tax authorities. Following the final decision, Energean received a refund of the aforementioned amount in October 2018.

## 22. Trade and other payables

	6 months ended 30 June (Unaudited)	Year ended 31 December
	2019 \$'000	2018 \$'000
<b>Trade and other payables-Current</b>		
<u>Financial items:</u>		
Trade accounts payable	149,540	323,953
Accrued Expenses	44,099	36,341
Other creditors	73	2,372
Deferred licence payments due within one year <sup>1</sup>	14,843	15,342
Other finance costs accrued	5,535	3,148
Short term lease liability	3,786	-
	217,876	381,156
<u>Non-financial items:</u>		
Social insurance and other taxes	2,974	3,583
Income taxes	803	939
	3,777	4,522
<b>Total</b>	<b>221,653</b>	<b>385,678</b>
<b>Trade and other payables-Non Current</b>		
<u>Financial items:</u>		
Deferred licence payments <sup>1</sup>	59,867	71,176
Long term lease liability	4,317	-
Advance payment (INGL) <sup>2</sup>	5,166	-
<u>Non-financial items:</u>		
Social insurance	1,372	1,547
	<b>70,722</b>	<b>72,723</b>

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

<sup>1</sup> In December 2016, Energean Israel acquired the Karish and Tanin offshore gas fields for \$40.0 million closing payment with an obligation to pay additional consideration of \$108.5 million plus interest inflated at an annual rate of 4.6% in ten equal annual payments. As at 30 June 2019 the total discounted deferred consideration was \$74.7 million (As at 31 December 2018 \$86.5 million)

<sup>2</sup> In June 2019, Energean signed a Detailed Agreement with Israel Natural Gas Lines (“INGL”) for the transfer of title (the “hand over”) of the near shore and onshore part of the infrastructure that will deliver gas from the Karish and Tanin FPSO into the Israeli national gas transmission grid. As consideration, INGL will pay Energean 369 million Israeli new shekel (ILS), approximately \$102 million for the infrastructure being built by Energean which will be paid in accordance with milestones detailed in the agreement. The agreement covers the onshore section of the Karish and Tanin infrastructure and the near shore section of pipeline extending to approximately 10km offshore. It is intended that the hand over to INGL will become effective shortly after the delivery of first gas from the Karish field expected in 1Q 2021. Following hand over, INGL will be responsible for the operation and maintenance of this part of the infrastructure.

### 23. Share based payments

#### Analysis of share-based payment charge

	6 months ended 30 June (Unaudited)	
	2019 \$'000	2018 \$'000
Employee Share Award Plan	691	3,000
Energean Long Term Incentive Plans	1,000	511
<b>Total share-based payment charge</b>	<b>1,691</b>	<b>3,511</b>
Capitalised to intangible and tangible assets	1,164	1,941
Expensed as administration expenses	487	1,520
Expensed to exploration and evaluation expenses	40	50
<b>Total share-based payment charge</b>	<b>1,691</b>	<b>3,511</b>

#### Energean Long Term Incentive Plan (LTIP)

Under the LTIP, Senior Management can be granted nil exercise price options, normally exercisable from three to ten years following grant provided an individual remains in employment. The size of awards depends on both annual performance measures and Total Shareholder Return (TSR) over a period of up to three years. There are no post-grant performance conditions. No dividends are paid over the vesting period; however, Energean’s Board may decide at any time prior to the issue or transfer of the shares in respect of which an award is released that the participant will receive an amount (in cash and/or additional Shares) equal in value to any dividends that would have been paid on those shares on such terms and over such period (ending no later than the Release Date) as the Board may determine. This amount may assume the reinvestment of dividends (on such basis as the Board may determine) and may exclude or include special dividends.

The weighted average remaining contractual life for LTIP awards outstanding at 30 June 2019 was 2.35 years, number of shares outstanding 1,150,006 and weighted average price at grant date £6.35.

#### Deferred Share Bonus Plan (DSBP)

Under the DSBP, the portion of any annual bonus above 30 per cent of the base salary of a Senior Executive nominated by the Remuneration Committee was deferred into shares.

Deferred awards are usually granted in the form of conditional share awards or nil-cost options (or, exceptionally, as cash-settled equivalents). Deferred awards usually vest two years after award although may vest early on leaving employment or on a change of control.

The weighted average remaining contractual life for DSBP awards outstanding at 30 June 2019 was 1.75 years, number of shares outstanding 81,620 and price at grant date £7.65.

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

### Employee Share Award Plan (ESAP)

Most Group employees are eligible to be granted nil exercise price options under the ESAP.

On 24 May 2018, the Company, following its admission on the London Stock Exchange on 21 March 2018 granted conditional awards to most of the Group employees under the Energean 2018 Long Term Incentive Plan (LTIP) over 659,050 ordinary shares in Energean Oil & Gas plc.

Subject to the rules of the LTIP, half of the shares subject to each employee Award vested on 22 November 2018, and the remainder will vest on 22 November 2019.

The weighted average remaining contractual life for ESAP awards outstanding at 30 June 2019 was 2.4 months, number of shares outstanding 329,525 and price at grant date £5.00.

## 24. Related parties

### 24a. Related party relationships

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Directors of Energean Oil & Gas Plc are considered to be the only key management personnel as defined by IAS 24. The following information is provided in relation to the related party transaction disclosures provided in note 24b below:

**Adobelero Holdings Co Ltd.** is a beneficially owned holding company controlled by Panos Benos, the CFO of the Group.

**Growthy Holdings Co Ltd** is a beneficially owned holding company controlled by Matthaios Rigas, the CEO of the Group.

**Oil Co Investments Limited** is beneficially owned and controlled by Efstathios Topouzoglou, a Non-Executive Director of the Group. The nature of the Group's transactions with the above related parties is mainly financing activities.

**Third Point Hellenic Recovery (Lux) S.A.R.L** is a US based institutional investor that has historically supported the Group through debt funding and remains one of the Group's largest shareholders.

**Kerogen Capital** is an independent private equity fund manager specialising in the international oil and gas sector, which currently holds the 30% of Energean Israel ordinary shares not held by the Group.

**Seven Maritime Company (Seven Marine)** is a related party company controlled by one the Company's shareholder Mr Efstathios Topouzoglou. Seven Marine owns the offshore supply ships Valiant Energy and Energean Wave which support the Group's investment program in northern Greece.

**Energean Israel Limited** was an associate of the Group until 29 March 2018, when the company became a subsidiary to the Group. A Technical Services Agreement dated 19 December 2016 was signed between Energean International Limited and Energean Israel Limited for the provision of project advisory, technical and commercial consulting services between the two companies.

**Abbey Investing:** Property lease to other related party includes rental fees of a flat in London. The property is beneficially owned by Energean's executive director's spouse. The flat is used as a company flat for Energean's staff and consultants. The lease agreement was terminated in August 2018.

**Capital Earth:** During the period ended 30 June 2019 the Group received consultancy services from Capital Earth Limited, a consulting company controlled by the spouse of one of Energean's executive directors, for the provision of Group Corporate Social Responsibility Consultancy and Project Management Services.

### 24b. Related party transactions

#### Purchases of goods and services

		6 months ended 30 June (Unaudited)	
		2019	2018
		\$'000	\$'000
	<u>Nature of transactions</u>		
Other related party "Seven Marine"	Vessel leasing	3,084	3,166
Other related party "Abbey Investing"	Property lease	-	17

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

Other related party "Capital Earth Ltd"	Consulting services	63	-
		<b>3,147</b>	<b>3,183</b>

### Revenue and other income

		6 months ended 30 June (Unaudited)	
		2019	2018
		\$'000	\$'000
	<u>Nature of transactions</u>		
Energean Israel Ltd	Technical services	-	226
		-	<b>226</b>

### 24c. Related party balances

#### Payables

		6 months ended 30 June (Unaudited)	Year ended 31 December
		2019	2018
		\$'000	\$'000
	<u>Nature of balance</u>		
Seven Marine	Vessel leasing	5,953	4,053
Capital Earth Ltd	Consulting services	-	158
		<b>5,953</b>	<b>4,211</b>

### 25. Commitments and contingencies

In acquiring its oil and gas interests, the Group has pledged that various work programmes will be undertaken on each permit/interest. The exploration commitments in the following table are an estimate of the net cost to the Group of performing these work programmes:

	6 months ended 30 June (Unaudited)	Year ended 31 December
	2019	2018
	\$'000	\$'000
Due within one year	12,464	16,176
Due later than one year but within two years	3,016	5,840
Due later two years but within five years	114	229
	<b>15,594</b>	<b>22,245</b>

#### Performance guarantees

Energean Israel Limited, on 25 December 2016, submitted to the Israeli Petroleum Commissioner two irrevocable bank guarantees issued by HSBC of \$10 million each, for each of the Karish and Tanin Leases, to secure compliance with the leases and related liabilities. The guarantees replace the respective guarantees in the amount of US\$7.5 million each given by the previous leaseholders, Noble, Delek, and Avner.

The Group has issued bank guarantees in favour of the Israeli Petroleum Commissioner in respect of a committed minimum work program in five exploration blocks, Block 12, Block 21, Block 22, Block 23 and Block 31, which are located in the economic waters of the State of Israel.

The Group provided a performance guarantee for the amount of \$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.

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

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The original \$8.6 million (€7.9 million) performance bank guarantee related to Ioannina block was reduced to \$6.7 million (€5.6 million), and will be further reduced from time to time to represent the remaining minimum expenditure obligations. For the security of any bank claim on the aforementioned guarantee, Energean Oil & Gas S.A. proceeded to restrict an amount of \$2.5 million (€2.2 million), which corresponds to its 40% participating interest (refer to Note 14). The aforementioned bank guarantee is reduced to \$nil on 12 July 2019 and therefore expired since the relevant actual expenditures exceeds the amount of the Minimum Expenditure Obligation as per Ioannina Lease Agreement.

As of 31 December 2018, the Group and its partner Repsol provided a bank guarantee for the total amount of \$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 Group proceeded to restrict an amount of \$3.3 million (€2.9 million), which corresponds to its 40% participating interest.

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 Group's concession and mandatory work programme in Montenegro. The guarantee is secured by a €3.0 million cash deposit (refer to Note 14).

### Legal cases and contingent liabilities

The Group had no any material contingent liabilities as of 30 June 2019 and 31 December 2018.

## 26. Subsequent events

On 4<sup>th</sup> July 2019 the Group entered into a conditional sale and purchase agreement to acquire Edison Exploration & Production S.p.A. ("Edison E&P") from Edison S.p.A. for \$750 million, to be adjusted for working capital, with additional contingent consideration of \$100 million payable following first gas from the Cassiopea development (expected 2022), offshore Italy. Edison E&P's portfolio of assets includes producing assets in Egypt, Italy, Algeria, the UK North Sea and Croatia, development assets in Egypt, Italy and Norway and balanced-risk exploration opportunities across the portfolio. The Edison E&P portfolio adds working interest 2P reserves of 292 mmbob and 2018 net working interest production of 69 kboe/d. The initial consideration will be funded through a \$600 million committed bridge loan facility and up to \$265 million of equity financing through the Placing announced at the same day. A total of 23,444,445 new ordinary shares have been placed by Morgan Stanley & Co. International plc, Stifel Nicolaus Europe Limited, Peel Hunt LLP and RBC Europe Limited (trading as RBC Capital Markets) with both existing and new institutional investors at a price of £9.00 per Placing Share, raising proceeds of approximately US\$265 million (approximately £211 million) before expenses. The Placing Shares issued represent approximately 15.3 per cent. of the issued share capital of the Company prior to the Placing.

In July 2019 Israel's Petroleum Council has awarded the Group four new licences for oil and gas exploration in the Israeli Exclusive Economic Zone.