THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Energean plc
("Energean" or the "Company")

Edison E&P Transaction Update
Revised Combined Group Guidance

London, 29 June 2020 - Energean plc (LSE: ENOG, TASE: אנאג), the gas producer focused on the Mediterranean, issues an update on its acquisition of Edison E&P and revised group guidance.

Further to its announcement on 19 May 2020, Energean is pleased to announce that it has entered into further amended terms for its acquisition of Edison E&P following which, *inter alia,* the Norwegian subsidiary will be formally excluded from the transaction perimeter. Combined with the previously announced exclusion of the Algerian asset, $466 million of total reductions to the original consideration[1] have now been agreed. Had completion occurred on 31 May 2020, the net consideration payable under the acquisition agreement, as now amended, would have been $178 million.

Highlights

Revised terms

- The gross consideration[1] for the transaction is now $284 million, which compares to the original sum of $750 million.
- The combined amendments to the original Sale and Purchase Agreement ("**SPA**") will, *inter alia*, result in a $466 million reduction to the gross consideration[1] . This includes:
    - i) $155 million reduction relating to the exclusion of the Algerian asset from the transaction perimeter;
    - ii) $200 million reduction relating to exclusion of the Norwegian subsidiary from the transaction perimeter; and
    - iii) $111 million of additional reductions relating to the macro environment.
- Under the amended SPA, the net consideration which would have been payable had completion occurred on -31 May 2020 (which would have taken into account 17 months of business results since the locked-box date of the transaction), would have been $178

[1] As at the locked-box date of the transaction of 1 January 2019

million. Energean does not expect this number to change materially before actual completion.

- The UK North Sea subsidiaries, which includes interests in the large Glengorm and Isabella gas-condensate discoveries, will now be retained within the perimeter of the transaction, further supplementing the growth potential of the enlarged group.
- The $100 million Cassiopea contingent payment will now vary between $0 and $100 million, depending on future Italian gas prices at the point in time at which first gas production is delivered from the field.

The path to closing

- A $220 million Reserve Based Lending facility has been signed with ING, Natixis and Deutsche Bank and has replaced the acquisition bridge facility that was put in place on 3 July 2019.
- Publication of the Shareholder Circular and Prospectus is expected later today, subject to FCA approvals, and the General Meeting to approve the transaction has been scheduled for 20 July 2020.
- Grant of the outstanding formal government approvals and completion of the carve-outs of the Algerian assets and Norwegian subsidiary is expected in the next few months.
- Energean is working to complete the transaction as soon as possible in 2H 2020.

Updated guidance for the combined group, post completion of the Edison E&P acquisition

- The Energean group will have working interest 2P reserves plus 2C resources of more than 800 million barrels of oil equivalent ("**mmboe**"). 72% of this is gas, approximately 96 billion cubic metres ("**bcm**"), of which - approximately 85 bcm - will be sold under long-term gas pricing contracts that largely insulate the group's revenues from global commodity price fluctuations.
- 2020 *pro forma* production guidance is 44.5 – 51.5 thousand barrels of oil equivalent per day ("**kboed**").
- 2020 *pro forma* capital expenditure guidance has been further reduced to $760 – 780 million from $840 million. This decrease is despite the inclusion of $25 – 30 million of capital expenditure expected on the UK North Sea assets and, therefore, reflects a further $85 – 110 million reduction to underlying capital expenditure guidance.

Mathios Rigas, Chief Executive, Energean commented:

"We are pleased to have agreed revised terms for our acquisition of Edison E&P, which will now exclude the Algerian assets and Norwegian subsidiary, and for which we have agreed $466 million of total reductions to the original consideration. I look forward to completing the transaction,

which I believe represents excellent value for our shareholders and also enhances our material, gas-focused platform for value creation in the Eastern Mediterranean. Upon completion, our core focus, alongside the Karish project, will be integrating our teams and portfolios, which will further secure our long-term, resilient cash flow profile and option-rich portfolio.

"Following completion, around 70% of our production will be sold under long-term gas sales agreements that insulate our future revenues against oil price volatility. We will continue to own and operate the majority of our asset base, and are well-funded for all of our projects.

"Our financial and operational positioning will ensure that we can continue to grow the business but also respond quickly and appropriately to changes in the macro environment, if needed, to protect our business and our shareholders."

Amendments to the SPA

On 4 July 2019, Energean entered into a conditional sale and purchase agreement to acquire Edison E&P from Edison S.p.A. for $750 million[2], with additional contingent consideration of $100 million payable following first gas production from the Cassiopea development.

Since this date, Energean and Edison have agreed a number of amendments to the SPA, in which:

- The Algerian assets will be excluded from the scope of the acquisition;
    - In recognition of the exclusion of the Algerian assets, there will be an adjustment to the gross consideration of the acquisition of $155 million[3];
- The Norwegian subsidiary will be excluded from the scope of the acquisition;
    - In recognition of the exclusion of the Norwegian subsidiary of Edison E&P, there will be a $200 million reduction to the gross consideration for the acquisition[3];
- There will be an additional reduction to the gross consideration of $111 million[3], reflecting the changes in the macro environment since July 2019; and

[2] As at the locked-box date of the transaction of 1 January 2019
[3] As at the locked-box date of the transaction of 1 January 2019

- The $100 million Cassiopea contingent payment will now vary between $0 and $100 million, depending on future gas prices in Italy at the point in time at which first gas production is delivered from the field.
    - $0 will be payable if the arithmetic average of the year one (i.e. the first year after the year in which first gas production occurs) and year two (i.e. the second year after the year in which first gas production occurs) Italian PSV

      futures prices is equal to or less than €10/Mwh (equivalent to approximately $3.4/mcf) when first gas production is delivered from the field.
    - $100 million is payable if that average price is equal to or exceeds €20/Mwh (equivalent to approximately $6.8/mcf)

Separately, following the drilling of the North East Hap'y and North Thekah Offshore wells, neither of which resulted in a commercial discovery, the requirement to pay an 8% royalty on profit oil generated by commercial discoveries in North East Hap'y or North Thekah related to these two wells will no longer be triggered.

Consideration reconciliation

Following the various amendments to the SPA, the estimated consideration payable for the transaction can be described by the following steps, and is reconciled in the table below:

Gross consideration[2] before economic performance of the assets to be acquired:

1. The original enterprise value of the transaction, as announced on 4 July 2019, was $750 million;
2. There is an effective reduction to the gross consideration of $155 million[3] relating to exclusion of the Algerian assets from the perimeter of the transaction;
3. There is an effective reduction to the gross consideration of $200 million[3] relating to exclusion of the Norwegian subsidiary from the perimeter of the transaction;
4. There is reduction of $31 million, relating to the schedule of provisions and other items not included within the enterprise value; and
5. The original enterprise value of the transaction has been reduced by $80 million, reflecting changes in the macro environment since 4 July 2019.

As a result of the above adjustments, the gross consideration[3] for the transaction has been reduced to $284 million from an original enterprise value of $750 million.

Between 1 January 2019 and 31 May 2020, the assets to be retained within the transaction perimeter have generated net cash flows of:

- $206 million of Free Cash Flow (after development and production capital expenditure)
- $89 million of Free Cash Flow, after development and production capex and further deducting $117 million of exploration capital expenditure associated with the drilling of four exploration wells, all of which were either deepwater or complex wells, and can be considered as one-off expenditures.

The sale and purchase agreement signed on 4 July 2019 also contained several adjustments relating to provisions and other items not reflected in the enterprise value of Edison E&P. The net impact of these adjustments is to reduce the gross consideration by a further $17 million. Offsetting these items against the gross consideration of $284 million above gives an estimated net consideration (net of cash acquired) of $178 million. This figure is subject to change according to the economic performance of the assets to be retained between 31 May 2020 and completion of the transaction. Energean does not expect the net consideration payable to change materially on completion.

	Amount ***$ million***	***Resulting Net Consideration*** ***$ million***
Original Consideration	*750*	
Algeria removed from perimeter	*(155)*	
Further SPA provisions adjustments	*(31)*	
Norway removed from perimeter	*(200)*	
Sale and Purchase Agreement adjustments	*(80)*	
Net Enterprise Value at locked-box date (1 January 2019)		*284*

Working capital adjustments as of locked box date	*(17)*	
Economic performance to 31 May 2020 before exploration capital expenditure – assets to be acquired	*(206)*	
Exploration capital expenditure over the period	*117*	
Net consideration payable, net of cash acquired had the transaction completed on 31 May 2020		*178*

Inclusion of UK North Sea

Following the withdrawal of Neptune Energy from its agreement to acquire the UK North Sea and Norwegian subsidiaries in May 2020, Energean will now retain the UK subsidiaries within the perimeter of the transaction. The UK portfolio includes a 25% interest in the Glengorm discovery and a 10% interest in the Isabella discovery, announced in 2019 and 2020, respectively. Glengorm is one of the biggest discoveries in the UK North Sea in the last decade and contained an estimated 250 million barrels of oil equivalent (gross) based on operator estimates. A two-well appraisal programme is scheduled to commence in 4Q 2020 / 1Q 2021 and could represent an attractive source of resource upside for the enlarged group's portfolio. An appraisal programme is also expected on the Isabella discovery in a similar timeframe, contributing additional near-term value creation potential.

DeGolyer & Macnaughton ("D&M") Competent Person's Report ("CPR")

D&M has prepared an independent CPR on the Edison E&P assets being acquired, which will be published in full in the Shareholder Circular that is expected to be published later today. At 31 December 2019, D&M certifies 190 mmboe of 2P reserves and 36 mmboe of 2C resources, excluding any contribution from the Glengorm and Isabella discoveries in the UK North Sea.

Country	**Working Interest 2P Reserves – mmboe**	**Working Interest 2C Resources – mmboe**	**Working Interest 2P + 2C mmboe**
Egypt	114	-	114

Southern Europe[4]	73	36	109
UK North Sea	4	-	4
Total Edison E&P assets to be acquired	**190**	**36**	**226**
Energean standalone	342	260	602
Combined Business	**532**	**296**	**828**

Financing Update

On 20 June 2020, Energean signed a $220 million Reserve Based Lending facility ("**RBL**") with ING (in its capacity as Mandated Lead Arranger, Facility Agent, Documentation Bank and Technical Bank), Natixis (in its capacity as Mandated Lead Arranger, Technical Bank and Modelling Bank) and Deutsche Bank (in its capacity as Mandated Lead Arranger and Account Bank). The RBL has replaced the outstanding $255 million acquisition bridge facility and which is available for both debt and issuance of letters of credit. The acquisition bridge facility was reduced from the original $600 million facility on 20 May 2020 in order to match the approximate size of the RBL.

The RBL has a tenor of six years from the closing date and is subject to semi-annual redeterminations. The interest rate on the RBL is LIBOR plus a margin of 4.75% per annum during the first, second and third years after closing, and 5.75% thereafter. The RBL carries covenants that are customary for this type of facility.

The RBL has an accordion option of up to $200 million, for a total facility limit of up to $420 million.

In addition to the RBL, Energean has entered into a standalone bilateral letter of credit facility with ING. The facility will be an up to GBP 80 million facility provided for the purpose of issuing letters of credit for United Kingdom decommissioning obligations and obligations under the United Kingdom licences and does not impact upon the availability of the new RBL.

This RBL, along with the cash held in Energean plc, will be used to fund the net consideration, as outlined above, plus transaction costs and ongoing working capital requirements of the combined portfolio.

Path to Transaction Close

[4] Italy, Greece and Croatia

Energean expects the transaction to close later in 2020, the main outstanding steps being:

1. Shareholder Circular and Prospectus
    - Following publication of this announcement, Energean will seek formal approval of its Shareholder Circular and Prospectus from the FCA;
    - Subject to the FCA's approval, Energean expects to publish both documents later today; and
    - Shareholder approval for the transaction will be sought at a General Meeting, expected to be held on 20 July 2020; details of the General Meeting will be provided in the Shareholder Circular.

2. Government approvals

    - All outstanding government approvals are expected to be granted in the coming months, with Egypt still planned to be the last approval granted for logistical reasons.

3. Completion of Algerian and Norway carve-outs from Edison E&P

4. Transaction completion and technical relisting of the Company's shares
    - Expected to occur later in 2020, shortly after formal approvals from Egypt

Edison portfolio trading update

Average Working Interest production from the Edison E&P portfolio (assets to be acquired under the amended SPA) in the three months to 31 March 2020 was 52.2 kboed. Production of the combined group was 54.5 kboed, above the top end of the full year guidance range of 44.5 – 51.5 kboed.

Country	**1Q 2020 Average Working Interest Production kboed[5]**
Southern Europe[6]	12.3
Egypt	39.6

[5] Gas has been converted to barrels of oil equivalent using a conversion factor of 5.8 mcf/boe.
[6] Italy, Greece, Croatia

UK North Sea	2.6
Total Combined Group	**54.5**

At 31 May 2020, net receivables after provisions in Egypt were $214 million (31 December 2019: $222 million), of which $136 million (31 December 2019: $126 million) were classified as overdue.

In Egypt, the Abu Qir and NEA capital expenditure profiles have been optimised to reflect the current trading environment. Investment in NEA will now be incurred ahead of commencement of infill drilling at Abu Qir.

Consolidated Group - 2020 Pro Forma Guidance[7]

The production and financial data below reflects the combined Energean and Edison E&P forecasts for the full year of 2020. Edison E&P will be consolidated into Energean's financial statements from the date of transaction completion, which is expected later in 2020. Energean will benefit from net cash flows between the locked-box date of 1 January 2019 and the date of transaction completion, through an adjustment to the variable consideration. Edison E&P figures are unaudited and subject to change.

	Previous Guidance **FY 2020**	**Updated Guidance** **FY 2020**
Working Interest Production		
Egypt (kboed)	32 – 37	34 – 37
Southern Europe (kboed)	10.5 – 13	9.5 – 12.5

[7] Assumes full year of Edison E&P is consolidated. Due to the locked-box date of the transaction of 1 January 2019, all losses/gains post this date for the assets to be retained within the transaction perimeter belong to Energean. Edison E&P will be consolidated for the purposes of the enlarged group's accounts from the date of transaction close.

UK North Sea (kboed)	N/A	1 - 2
Total Pro Forma Production (kboed)	**42.5 – 50.0**	**44.5 – 51.5**
Operating Costs (Cost of Production plus G&A)		
- Egypt ($ million)		55 - 60
- Southern Europe ($ million)		105 - 120
- UK North Sea ($ million)		25 – 30
-		
- Energean plc ($ million)		15 – 20
- Edison HQ ($ million		25 - 30
Total Cost of Production plus G&A ($ million)		**225 - 260**
	Previous Guidance	**Update Guidance**
Development and Production Capital Expenditure		
- Israel ($ million)	580	580
- Egypt ($ million)	100	40 - 50
- Southern Europe ($ million)	90	35 - 40
- UK North Sea ($ million)	NA	10 - 15
Total ($ million)	**770**	**665 - 685**

Exploration Capital Expenditure (Firm)		
- Israel ($ million)	5	5
- Egypt ($ million)	60	70
- Southern Europe ($ million)	5	5
- UK North Sea ($ million)	NA	15
Total ($ million)	**70**	**95**
Abandonment Expenditure ($ million)	**-**	**-**
Total Capital Expenditure ($ million)	**840**	**760 – 780**

3rd floor, Accurist House, 44 Baker Street, London W1U 7AL, United Kingdom
Tel:+44(0)2036557200
www.energean.com