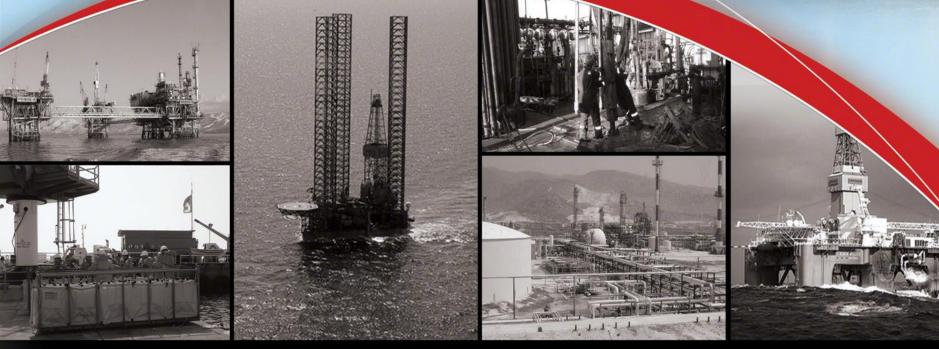


Investing in the SE Med Energy Sector in a \$30 oil price environment. Opportunities and Challenges". Mathios Rigas, Chairman & CEO



Research Centre for Energy Management (RCEM), Masters in Energy Management (MEM & EMEM) London, January 26th, 2016

Energean at a Glance

Private E&P company with focus in the Med and N.Africa The Only Oil & Gas producer in Greece – 2,000 bbls/day current 30 year track record in complex offshore operations

Experienced Management Team with International Oil Industry track record

Strategic Investment by Third Point Greek shipowners & founding shareholder

- Stable cashflow from existing production with low breakeven
- > No country risk as producing licenses valid for 25 years
- ➢ US\$ revenues through BP offtake agreement with € cost base
- 60 mm bbls Reserves & Resources existing infrastructure in shallow waters

THIRD

POINT

- \$200 mm low risk investment plan to increase production to 10.000 bbls
- Exploration Upside in Greece, Egypt, Israel, Montenegro





PRIME





- 1. Oil Price and its effect on the industry *The Biggest Challenge*
- 2. Latest developments in Gas markets in the East Med and the role of Greece as an Energy Hub *The regional Opportunities*
- Greece A new Exploration area opening *The Local Opportunity*
- **4. Energean Case study** the creation and growth of a regional player



The oil price and its effect on the industry



Drown in oversupply



RAI

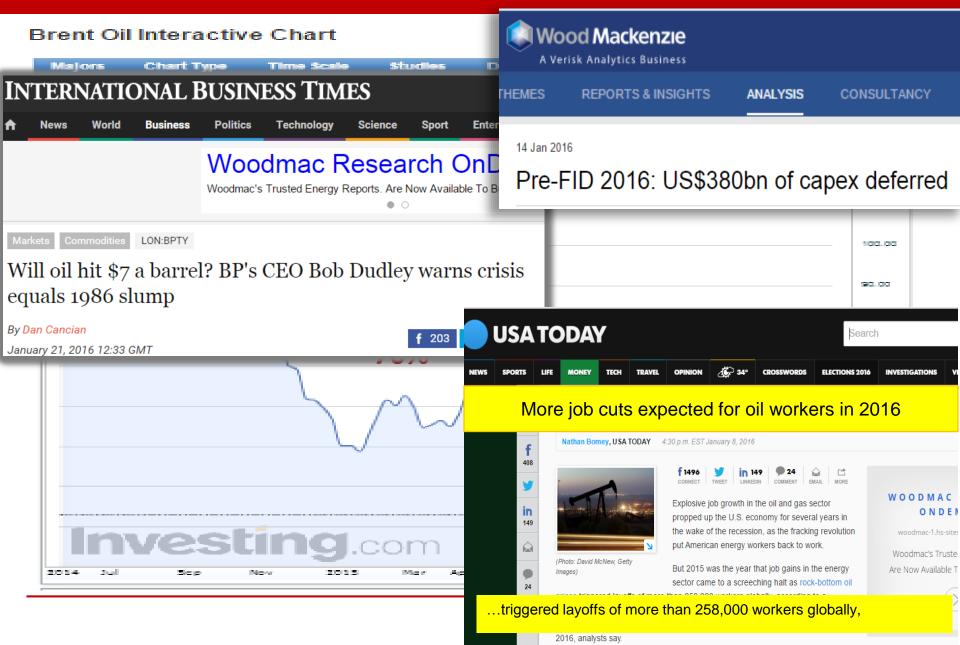
Oil slumps below \$28 to 2003 low as Iran sanctions lifted

Iran sanctions lift sinks oil lower (00:54)

Iran could add around 300,000 barrels a day of additional crude by the end of first quarter, energy monitor says WSJ, Updated Jan. 19, 2016 7:28 a.m. ET



The Oil price



The Worlds Largest producers – Will they intervene?





Survival is the name of the game – Energean operating b/even



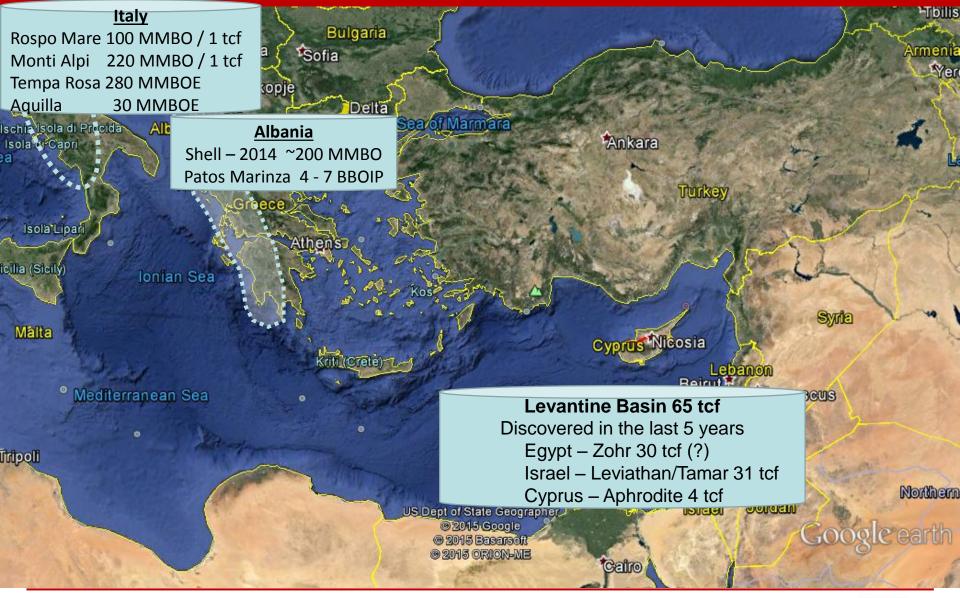
- Substantial operating leverage:
 - Existing onshore and offshore infrastructure that can handle up to 30,000 bpd
 - 5 years of consistent and efficient cost rationalization and control
 - Predominantly EURO denominated cost basis



Latest developments in Gas markets in the East Med and the role of Greece as an Energy Hub

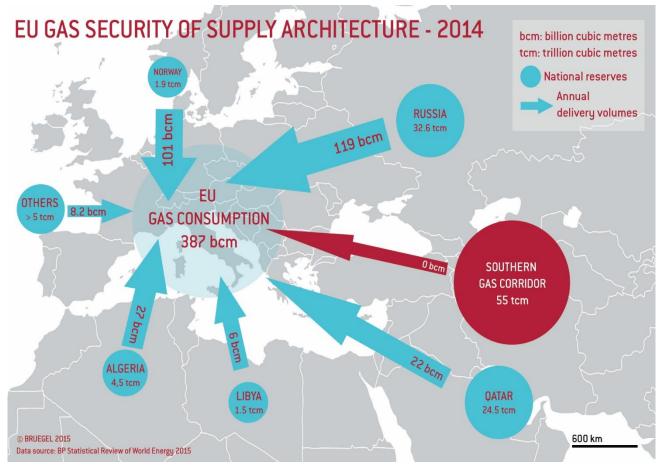


Is there Oil & Gas in the region?





The Big Issue: EU Security of Gas Supply



Council Directive <u>2004/67/EC</u> of concerning measures to safeguard security of natural gas supply.

Member States will adopt and publish a report re:

- 1. The levels of **storage capacity**;
- 2. The long-term **gas supply contracts** concluded by companies established and registered on their territory, and in particular their remaining duration;
- 3. The regulatory frameworks to provide adequate incentives for new investment in Exploration and Production, storage and transport of gas and of LNG.



The regional Energy Scene

Greece will become an Energy Hub



PM Netanyahu meets with Greek PM Tsipras 25 Nov 2015

MINISTER'S OFFICE

משרד ראש הממשלה

Trilateral cooperation may help shape Mediterranean energy map

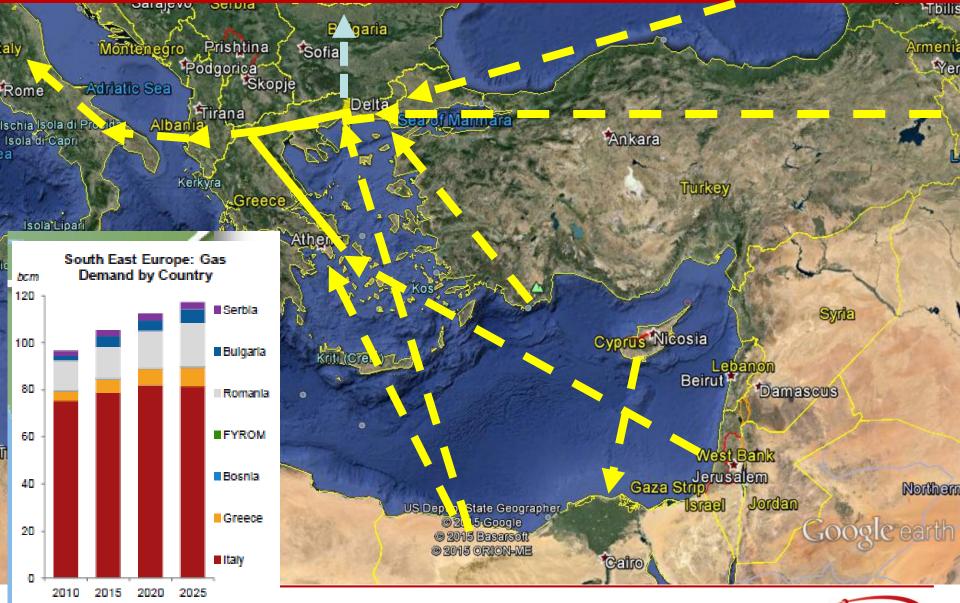


Energean is the Only Producer of Oil & Gas in Greece with assets also in Egypt & Israel





Possible Gas routes





To become an Energy Hub, Greece needs Infrastructure & Investment

| No | Upcoming Interconnection Projects | Budget (€mio) |
|----|---|------------------|
| 1 | TAP (Trans – Atlantic – Pipeline) | 1,500 |
| 2 | Electricity Interconnectors (Attica-Crete, Cyclades, Maritsa East (BG) - Nea Santa (GR)) | 1,149 |
| 3 | LNGs (Alexandroupoli LNG) | 350 |
| 4 | South Kavala Underground Gas storage facility | 400 |
| 5 | IGB (GR-BG Natural Gas pipeline) | 250 |
| 6 | Revythoussa 3rd LNG Tank Storage | 129 |
| 7 | Gas Compressor Station (Kipoi) | 70 |
| 8 | East Med | 5,000 |
| | Total Budget | €8,848 |
| | Which one of the above will happen ? | million |

- Who will fund and take the commercial risk ?
- How will the above be affected by Geopolitics?



Greece, a new exploration area



Is there Oil & Gas in Greece?

Herodotus, 480 b.C.

Ηροδότου Ιστορία 4.195.5: "… εἵη δ' ἂν πᾶν, ὄκου καὶ ἐν Ζακύνϑῷ ἐκ λίμνης καὶ ὕδατος πίσσαν ἀναφερομένην αὐτὸς ἐγὼ ὥρω" Herodotus History 4.195.5: "It is good to know that I personally have seen the tar they refer to on the lake and the waters of Zakynthos island." (...)"They let down a pole into this lake, with a myrtle branch fastened to the end, and pull out the tar that clings to the myrtle, which has the smell of asphalt."



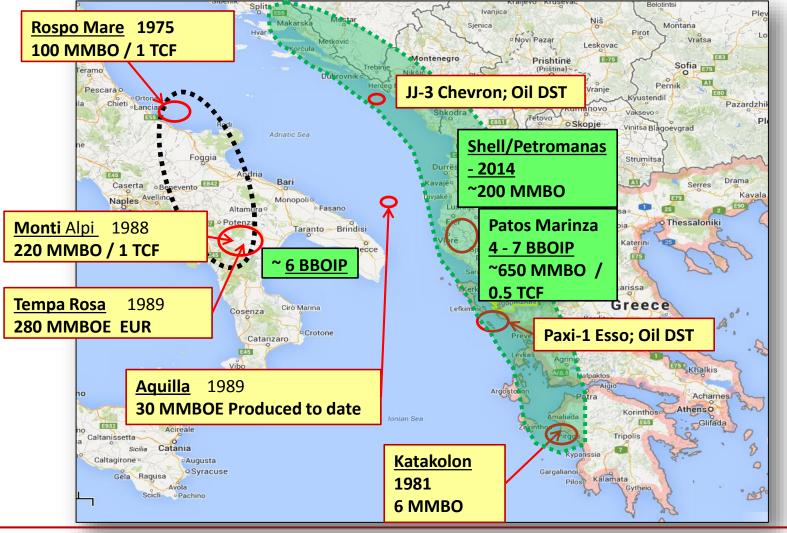


East Mediterranean – Major H/C basins



Western Greece, an underexplored area

The Mesozoic productive basin in Albania known as the Ionian Zone continues south into Western Greece, where it is under explored



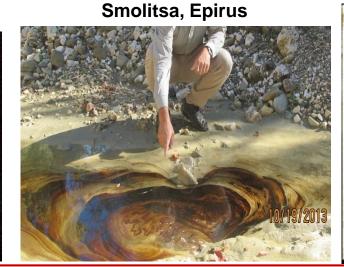


Oil & Gas seeps in Western Greece



Dragopsa, Epirus





Katakolo, "Volcano", 1976

Katakolo, "Volcano", 2004



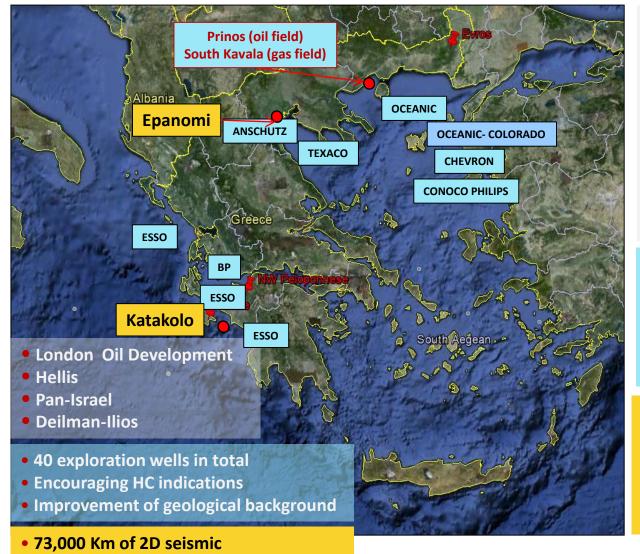
Kyllini, Loutra





The History of Exploration activity in Greece

Beginning of the 20th century to mid 90s'



- 300 Km2 of 3D seismic
- 73 exploration wells

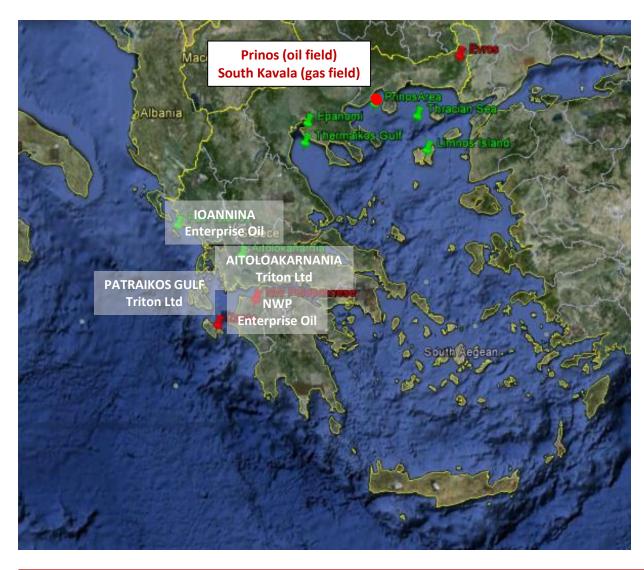
1903 – Start of the
Hydrocarbon
exploration, initially
focused on onshore
areas in W. Greece
driven by oil
seepages

 1971-1974 - Discovery of Prinos Oil field and South Kavala gas field by OCEANIC)

- 1981- Discovery of Katakolo Oil field
- 1988- Discovery of Epanomi Gas field



The History of Exploration activity in Greece mid 90's to 2000



 1996 – 1st International Licensing round:

6 concession areas

- 4 licenses
 - NW Peloponnese and Ioannina (Enterprise Oil)
 - Aitoloakarnania and offshore Western
 Patraikos Gulf (Triton)
- Investment in seismic surveys and drilling €85M
- All wells P&A with minor HC shows
- Acquisition of Triton Ltd by Amerada Hess and Enterprise Oil by Shell – withdrawal in 2000-2001



Active Lease agreements - Onshore ongoing tenders in Greece





Greece, Offshore Exploration

.

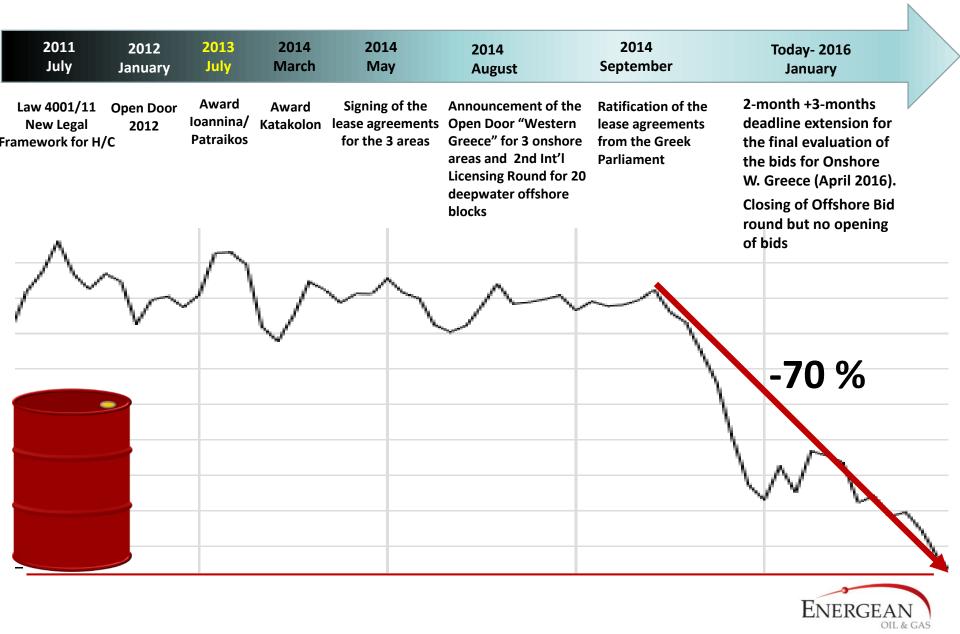
3

Offshore Greece Licensing Round

Energean operated blocks

Onshore W. Greece- bids under evaluation

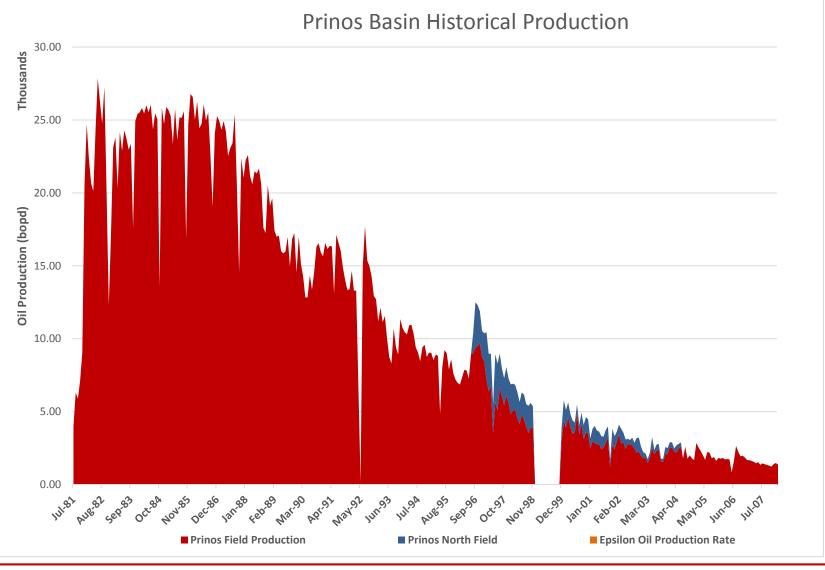
The effect of the Oil price on Greek E&P Exploration



Energean case study: the creation and growth of a regional player



Prinos production history (up to Energean's takeover)







1999 : NAPC withdraws







2005 – The Regal scandal



Regal Petroleum's Greek farce leaves investors at a loss

Shares fall at broker Evolution | Investor Robert Bonnier suffers heavy losses Thursday, May 19 2005 By Michael Jivkov

Regal fine punishes victims of scandal again

FINANCIAL TIMES

There's a palpable sense that justice has not been done at <u>Regal Petroleum</u>. The oil and gas group was censured and fined on Tuesday for misleading the market about its Greek oil interests between 2003 and 2005 <u>By Andrew Hill</u>



One of the biggest share-ramping scandals of recent times has ended in a record £600,000 fine for Regal Petroleum and public censure by the Stock Exchange

In question was Regal's conduct for the two years leading up to the spring of 2005. At the time it was advised by broker Evolution and run by its founder Frank Timis who is now searching for diamonds in Sierra Leone.

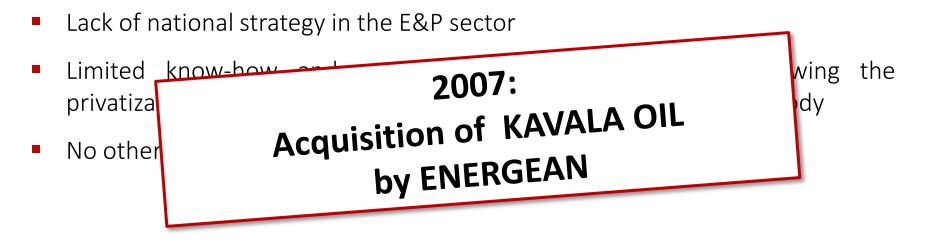
The penalties relate to the ill-fated Kallirachi oil prospect in the Aegean Sea off the coast of Greece. Hopes for the prospect saw Regal's stock soar to more than £5 a share in a frenzy of buying before collapsing when it emerged the wells were dry.



The History of Exploration activity in Greece 2000 to 2011

Market is practically closed:

- Prinos and S. Kavala licenses were about to expire (May 2008)
- Outdated legislation to regulate and effectively manage the hydrocarbons market
- Previous owners' field mismanagement in mid '00 had created a reputation issue (the "Regal Scandal") for Prinos and the Greek Hydrocarbon industry
- No plans for new bid rounds and promotion of exploration activity



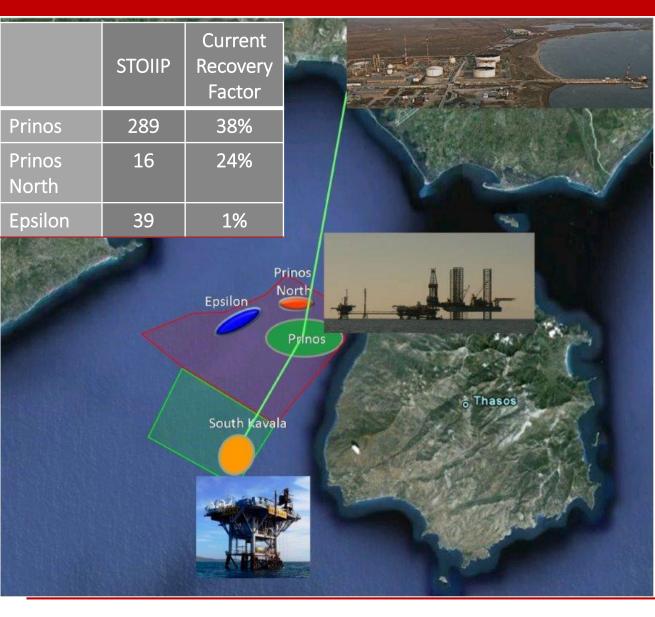


2011-2015: The Re-opening of the E&P sector





Prinos: The only oil field with reserves in Greece



- 115 mmbbls produced, initial estimation at 60 mmbbls
- 850 mm m³ production of gas
- 32m water depth
- Infrastructure to produce 30,000 bbls/d
- 25 years development term
- 8 years exploration term for non-producing areas
- BP offtake agreement all production



Energean investments in the upstream sector 2007-2015

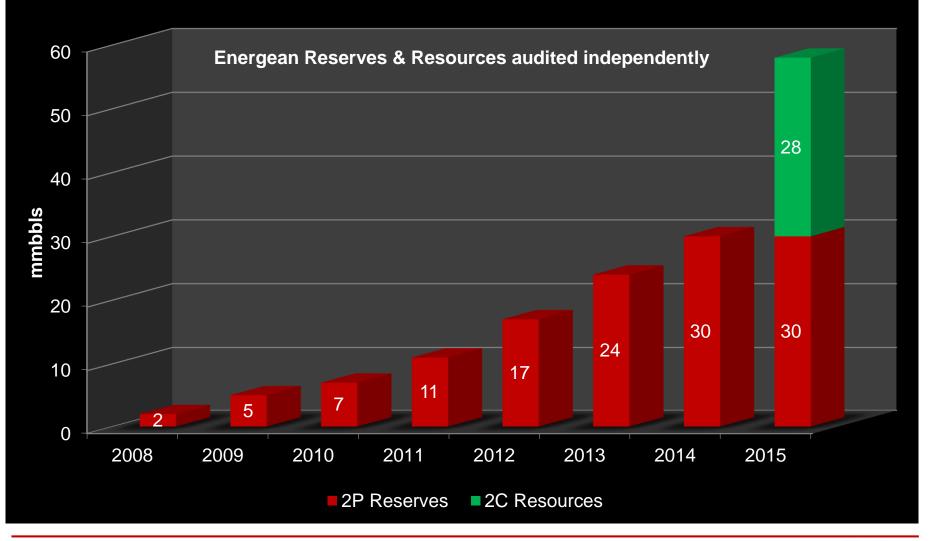


- Acquisition & restructuring of Kavala Oil
- 4 jack-ups mobilized in Greece
- 6 wells drilled and completed
- Technical work Secondary recovery
- Appraisal of the Epsilon Field through ERD
- Acquisition of PSV & Drilling Rig
- 2 new Exploration blocks in W. Greece
- 2 bids for new blocks in W. Greece
- 3D seismic survey in Prinos
- International Expansion

Total investment US\$300 million



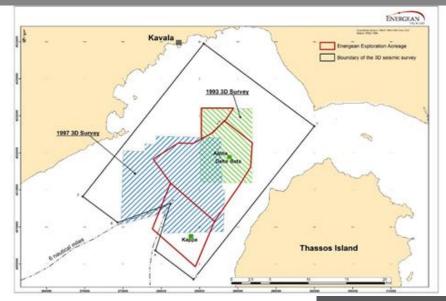
The Success Story of Prinos





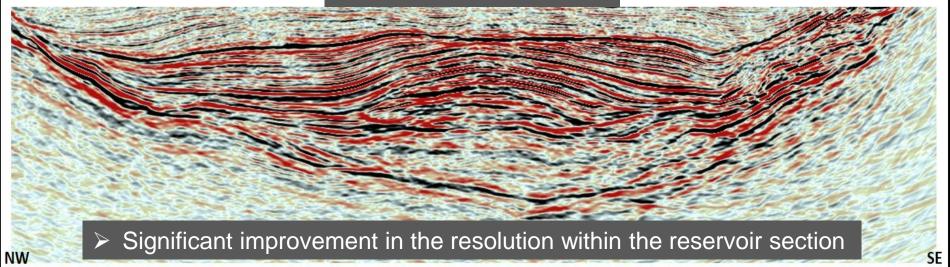
Prinos new 3D Seismic campaign to prove further exploration potential

First 3D campaign using latest technology in 18 years in Greece |390 Km² coverage





Prinos new seismic line



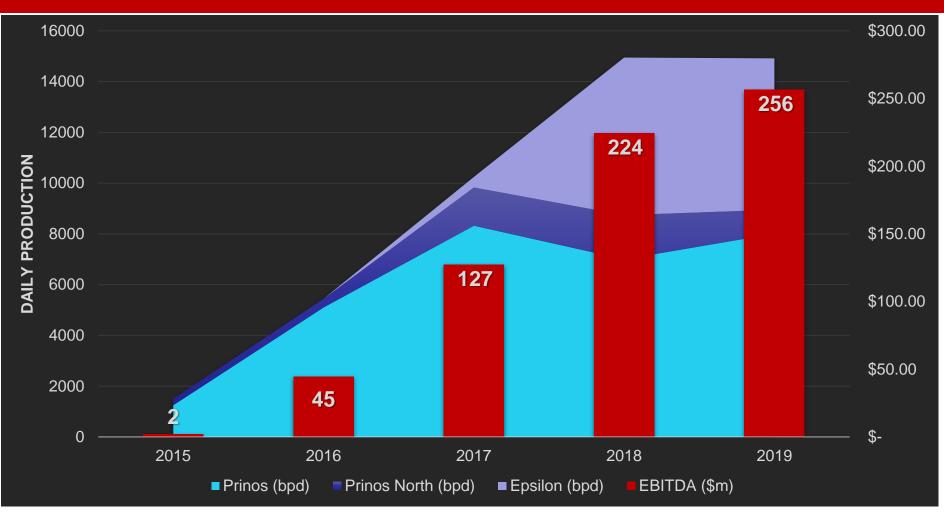
Energean today - New Investment plan 2015-2018

- 1. Drilling 15 development wells in Prinos
- 2. Install new unmanned Platform on Epsilon field
- 3. Increase production to 10,000 bbls day
- 4. Identify new exploration targets from 3D
- 5. Explore Ioannina and Western Greece
- 6. Develop Katakolo
- 7. Develop the first UGS project in Greece
- 8. International Expansion in Croatia, Montenegro, Israel & Egypt

2015-2018: US\$ 200 million Investment plan



Projected results of the ongoing investment plan



- Brent Oil price forward curve
- 2P oil production case (no contingent resources, no exploration upside)
- EURUSD 1.1

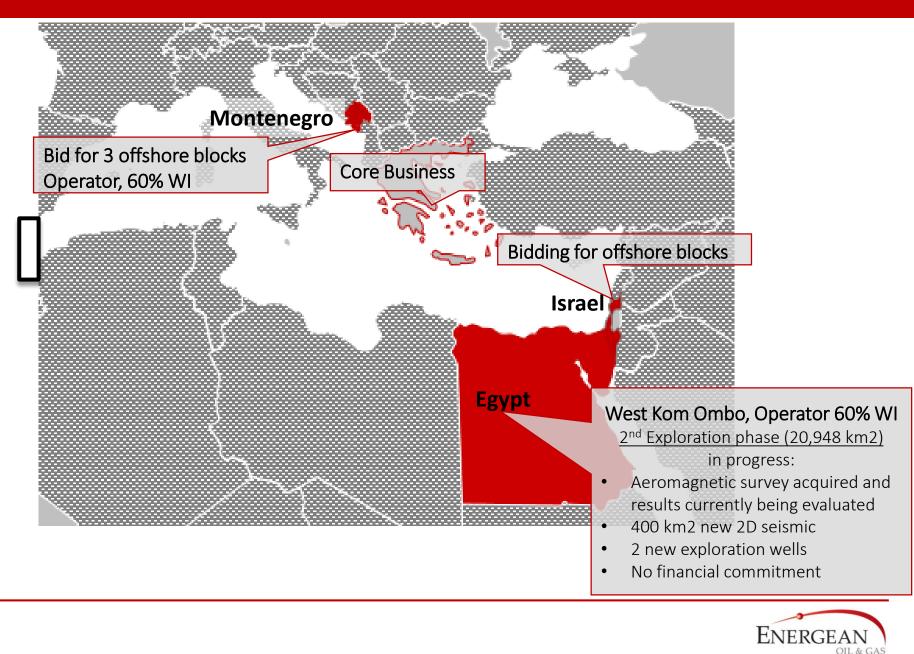


Energean Strategy in Greece





International expansion



OceanEnergean: DeepWater Operator



Become the Leading Independent E&P Player in the Region

Build a balanced portfolio of assets with production, development projects and exploration upside

Build on strong cashflow from core Prinos asset, access to capital markets and shareholder commitment to take advantage of the opportunities



Investors' challenges & opportunities in the SE Med in a \$30 environment



1) Geopolitics

FORTUNE SUBSCRIBE

How Oil's Fall Led to ISIS's Rise

by Chris Matthews @crobmatthews DECEMBER 21, 2015, 3:35 PM EST







Why the drop helps extremists.

A peshmerga checkpoint is reflected in pools of oil with

HailOnline

How ISIS is funded by black-market oil trading, illegal drugs and internet cafes

- · ISIS has secret deal with Syria to sell electricity and gas, say activists
- As coalition block outside sources, ISIS is being funded from within
- · Militants use taxes and religious fines on citizens of 'capital' Raqqa
- Number of internet cafes in Ragga has increased from 20 to 500
- · ISIS is also selling crude oil on the black market, and trading drugs





2) Security of Installation and Infrastructure

THE JERUSALEM POST

08.12.2015

Israel's National Security Council head Yossi Cohen:

"Already during Operation Protection Edge, there were attempts to damage our platform, and luckily, these weapons were not accurate enough and did not succeed in causing harm."



3) Commerciality, Deep waters with limited infrastructure

200

Wood Mackenzie

A Verisk Analytics Busines

Deepwater is hit the hardest

Over the next five years, US\$170 billion of potential investment currently hangs in the balance, across these 68 projects. This is disproportionately weighted towards deepwater projects where half of new projects have been deferred, up from 17 to 29. Deepwater has suffered due to the combination of insufficient cost deflation and significant upfront capital spend discouraging companies from greenfield investment in the sector.

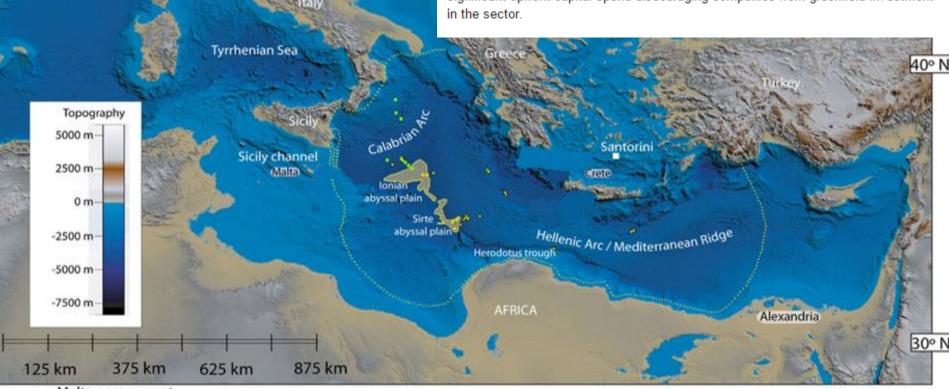


Figure 1: Shaded relief map of topography/bathymetry of the central and eastern Mediterranean Sea. Global Bathymetry and Elevation Data from SRTM30_PLUS (Becker et al., 2009).

Adriatic Sea

100

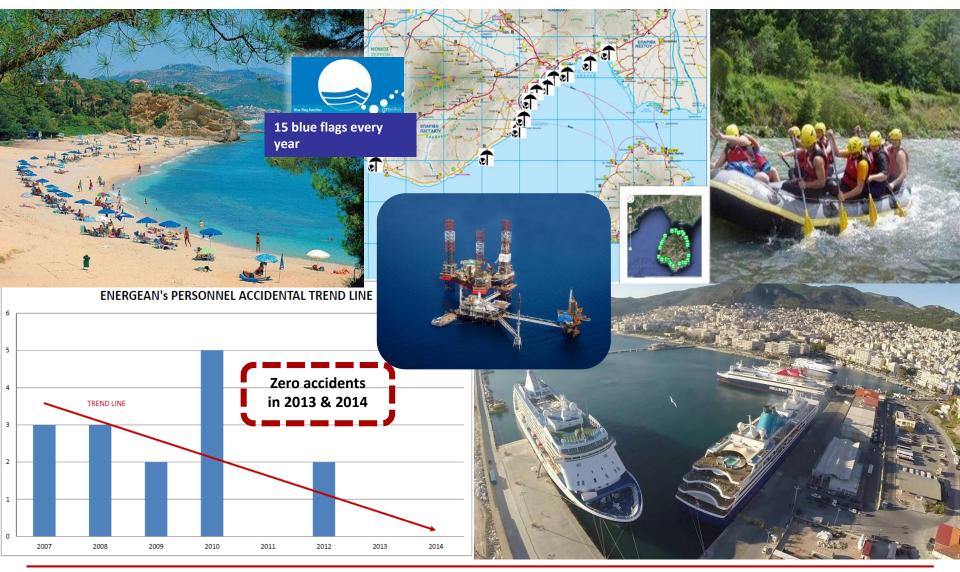


4) SE Mediterranean: A region of high tourist industry value





The Prinos Experience – E&P can co-exist with Tourism





5) The Greek Challenge

8 years at Prinos - 8 Prime Ministers



2007 Costas Karamanlis



January 2009 George Papandreou



Jan-May 2012 Loukas Papadimos



May 2012 Pan. Pikrammenos



June 2012: Antonis Samaras



February 2015: Alexis Tsipras



August 2015: Vassiliki Thanou



September 2015: Alexis Tsipras

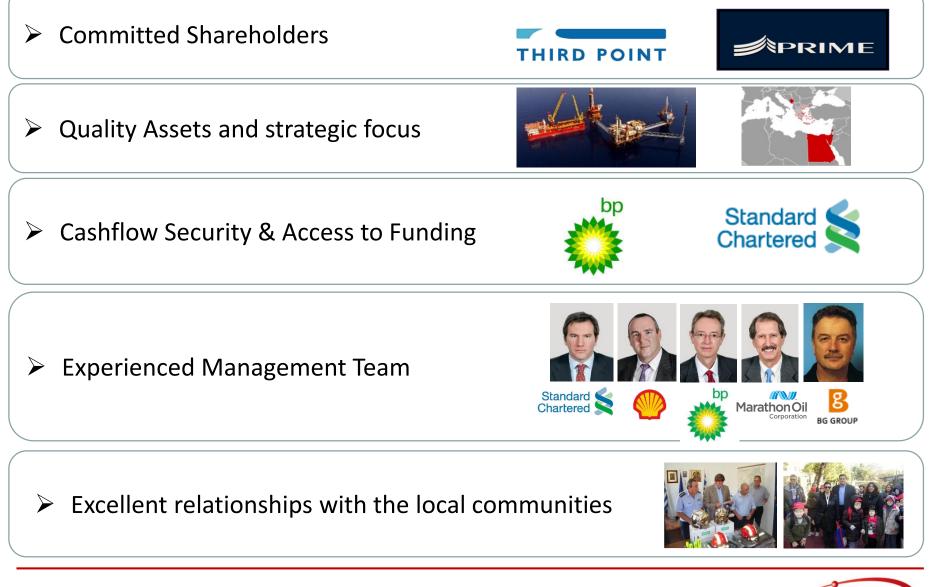


The Opportunity

- Most public companies are under pressure to sell assets
 - Lack of clear regional champion to absorb and weather current oil price volatility
 - Lack of anchor investors in their capital structure with long term growth strategy
 - High G&A and head office corporate costs compared to size of each company
 - Each of those companies is too small to attract investor interest
- The SE Med remain effectively underexplored and the industry has still not explored its full potential
- Limited availability of new capital will put under pressure companies that operate below breakeven
- Limited Competition as most E&P Companies have either stopped any New Venture investing or postponed investments
- Lower costs of service providers & personnel costs



Ingredients for Success





Conclusions

- 1. The SE Med is evolving as a new area with major gas discoveries but the commercialization is affected by Geopolitics and gas prices that will undoubtedly come under pressure due to new discoveries competing with gas coming from Russia, Azerbaijan and LNG imports
- 2. The SE Med can become a major alternative supplier for Europe's energy needs and Greece can become an Energy hub if politicians stop talking about projects that may never happen and promote real investment
- **3**. The recent drop in oil price creates opportunities to acquire assets at distressed prices if you believe oil prices will rebound
- 4. Oil price, Geopolitics, Greece, Tourism, Local communities are major investors' challenges but the success story of Prinos proves the right local partner can succeed and create value

Investing in the E&P sector in a \$30 oil price environment is extremely challenging but smart investors will take advantage of the opportunities and invest at the low point in the cycle





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