

The Success Story of Prinos & the Revival of the Greek Oil & Gas Sector

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Energean Oil & Gas at a glance

Balanced portfolio of oil & gas assets – Strong Funding Base



Production assets

- Operator – 100% WI of 2 offshore fields, Prinos and Prinos North
- Production c. 2,000b/d 4 wells planned in 2013 to double production to 4,000b/d
- Infrastructure in place to handle up to 30,000b/d

Development programme

- Epsilon Field oil in place 32mb – 10 mm bbls recoverable
- \$100 mm Development through satellite unmanned platform
- Conversion of S.Kavala to the first UGS project in Greece

Exploration upside

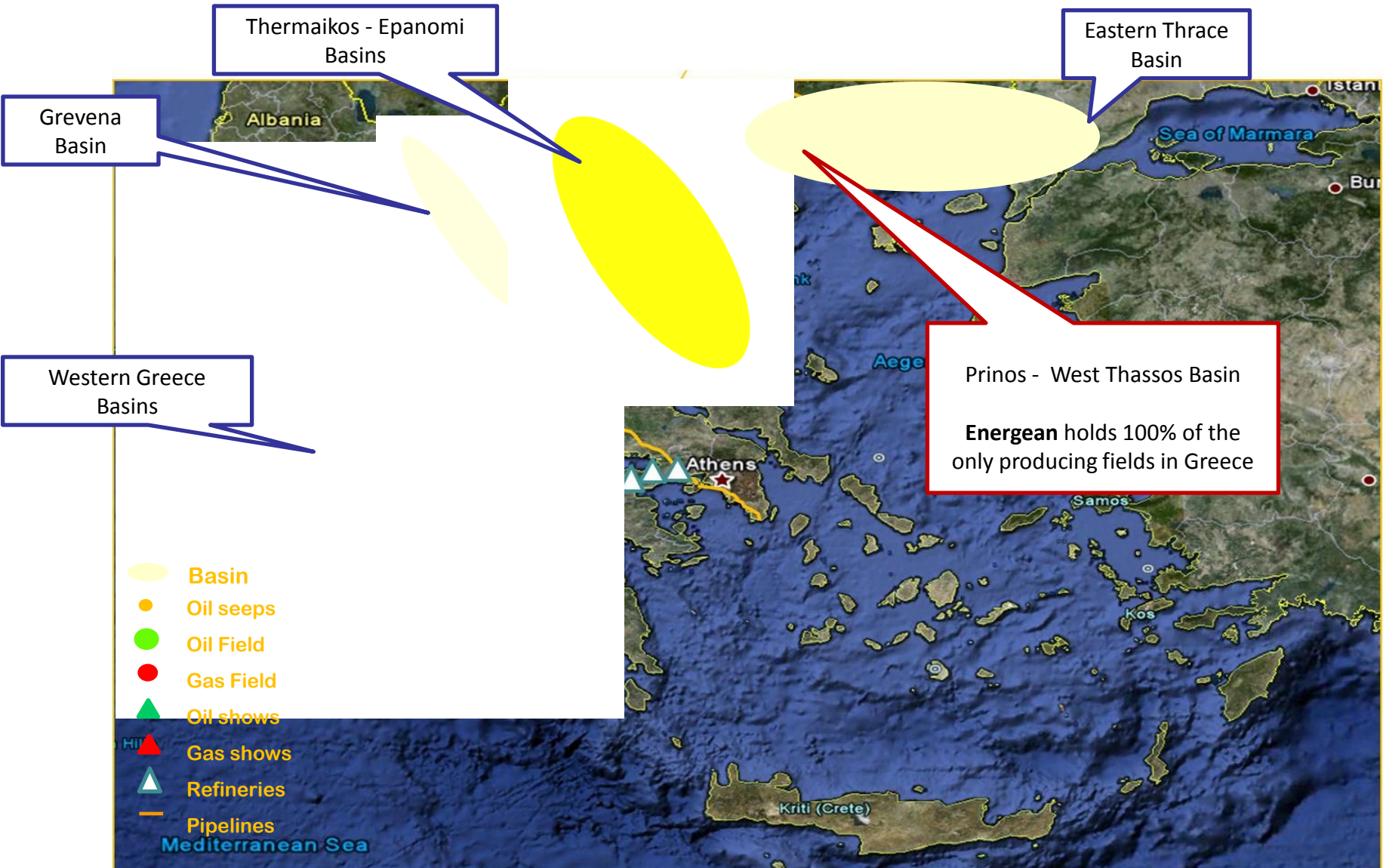
- Reprocessed 2D and 3D in Prinos basin to identify new exploration targets
- 2 blocks in Egypt as operator
- Open door round in Greece – shortlisted for all three blocks
- Application for existing free areas in Greece
- Targeting Western Greece deep water licensing round in 2014

Funding

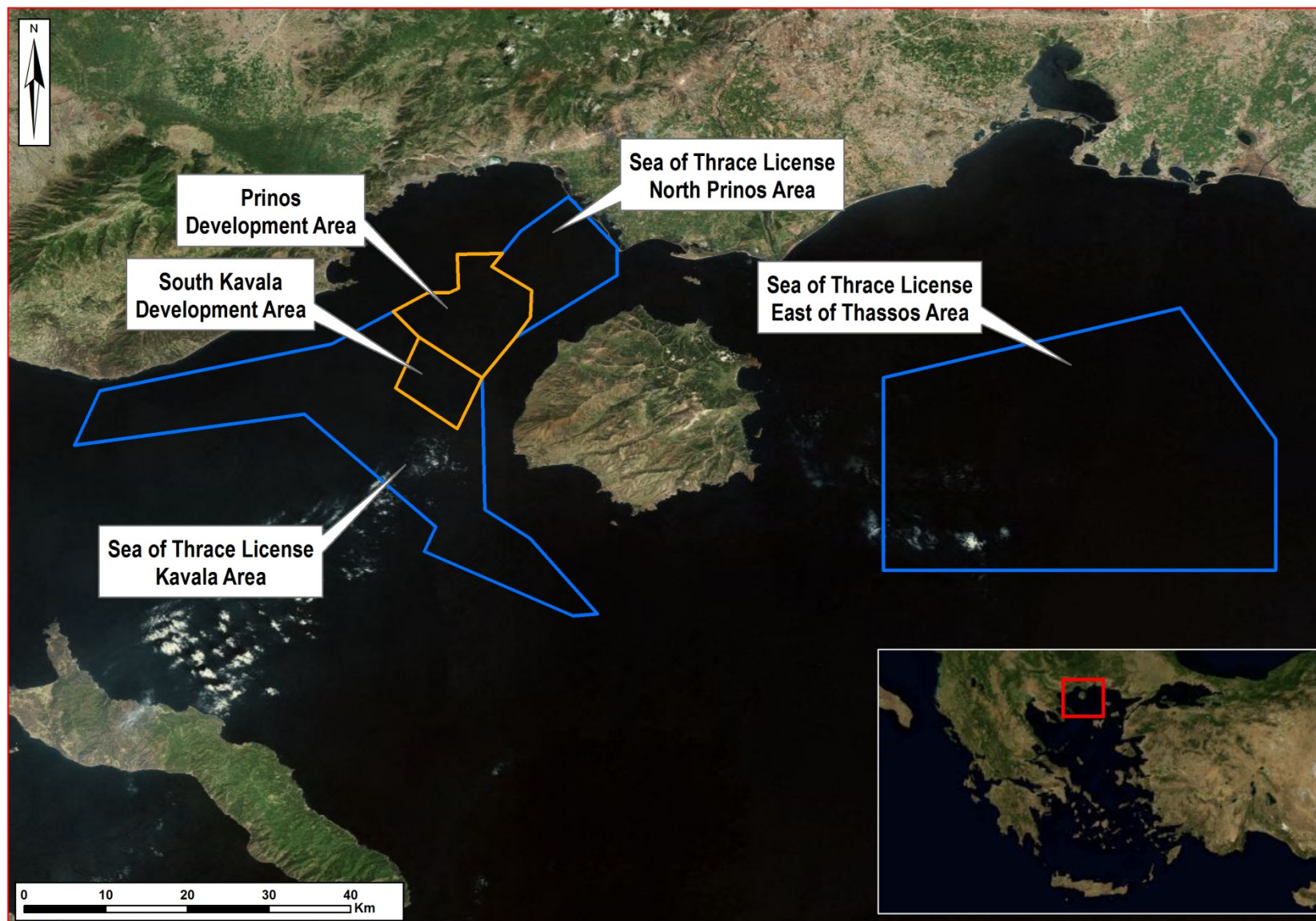
- Strong private shareholders have invested \$90 million Equity
- Support from International Banks raised \$100 million in past 4 years
- \$25 million of EBITDA
- \$60 million equity Investment from Third Point LLC

E&P in Greece: Stepping into a new era

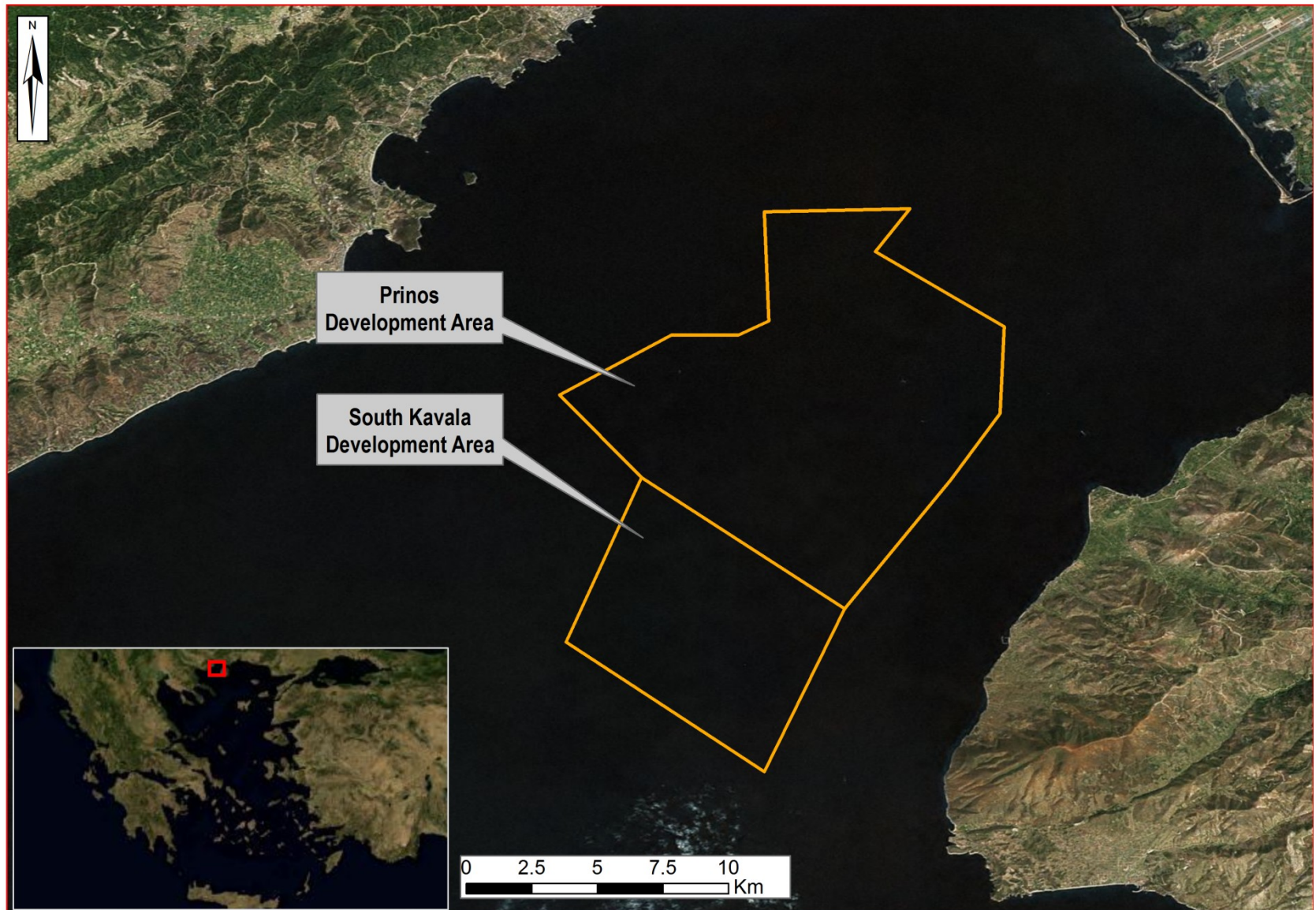
Hydrocarbon Prospective Basins, Occurrences and Infrastructures



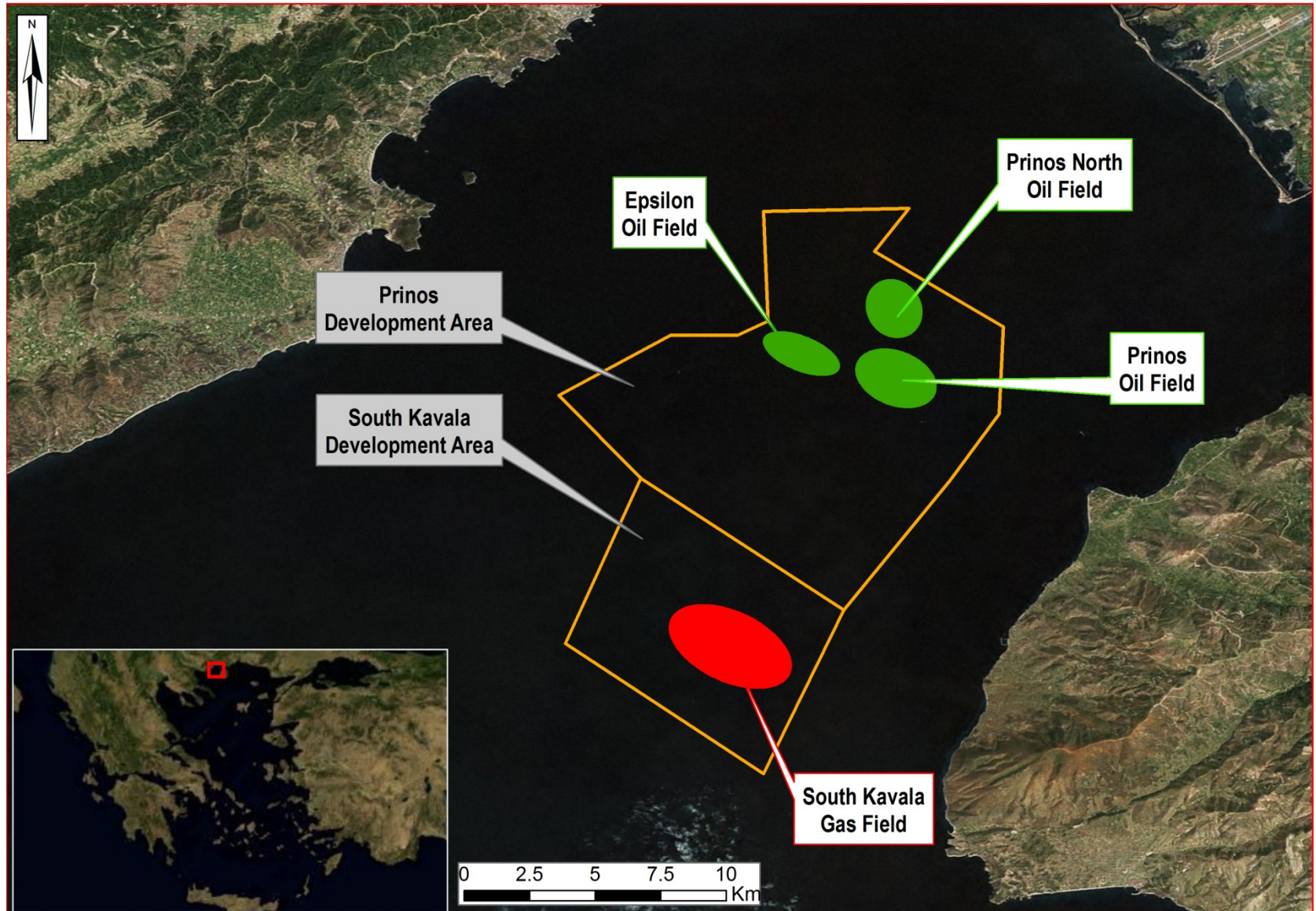
Active Exploration & Development Licenses



Active Development Licenses



Active Exploration & Development Licenses & Fields





Onshore facilities



The E&P Sector in Greece between 1999-2007

- Market practically closed:
 - Prinos and South Kavala the only development licenses
 - No E&P player to push the market agenda forward
- Prinos and South Kavala licenses tenor and fiscal terms were unclear
- Outdated legislation to regulate and effectively manage the hydrocarbons market
- Previous owners' field mismanagement and opportunistic approach in mid '00 caused serious reputational damage for Prinos and the Greek Hydrocarbon industry
 - Largest fine ever from London Stock Exchange for systematic breaches of rules
- No plans for new bid rounds and promotion of exploration activity due to:
 - Lack of national strategy in E&P
 - Dispute with Turkey over extent of the territorial waters and the use of the continental shelf
- Limited know-how and expertise in the Public Sector following the privatization of Hellenic Petroleum and former E&P governmental body

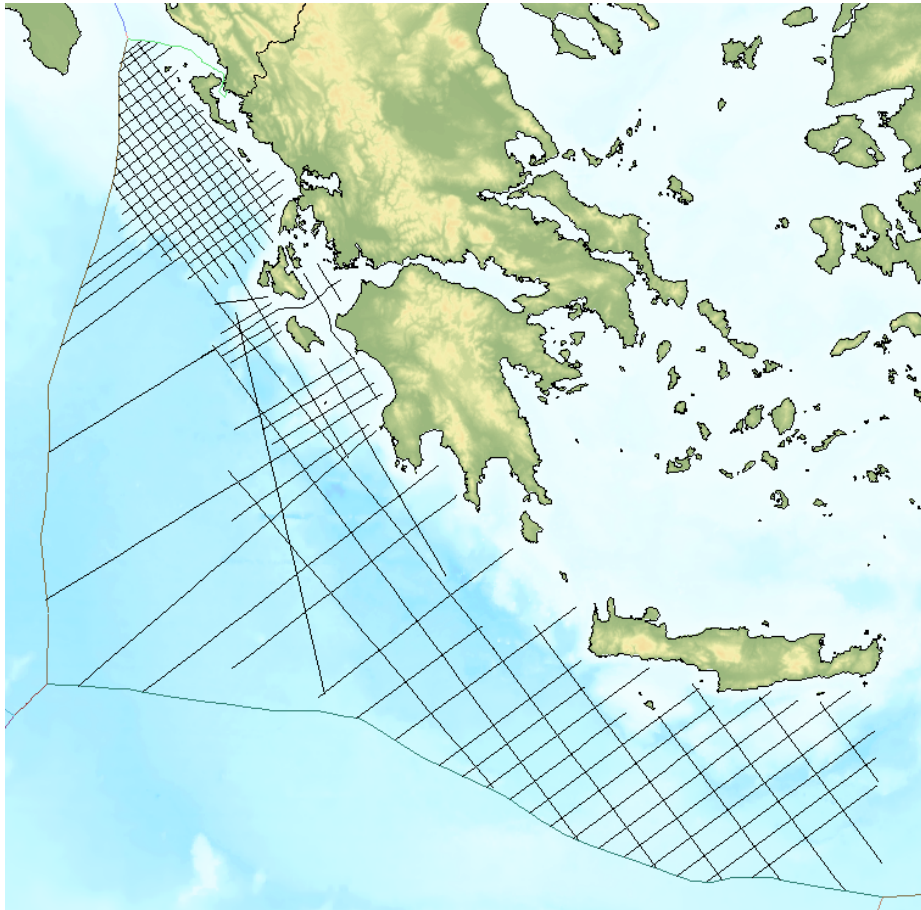
The Jump Start: 2007-2013 – The role of Energean



**The E&P market is opening
after 15 years of inactivity**

- Acquisition of Kavala Oil by Energean Oil & Gas
- \$150 million investment by Energean in the rejuvenation of Prinos
- Under the New Hellenic Hydrocarbon Law, the Government
- Open Door Round – 8 Bids for all blocks, 11 companies participated
- Non-exclusive Seismic survey in W. Greece and S. Crete – completed by PGS. Bid round expected in 2014
- Harmonization of Prinos Licenses with new Law with clear exploration and development tenor
- Energean launches 1st phase of its US\$150m drilling programme in Prinos basin

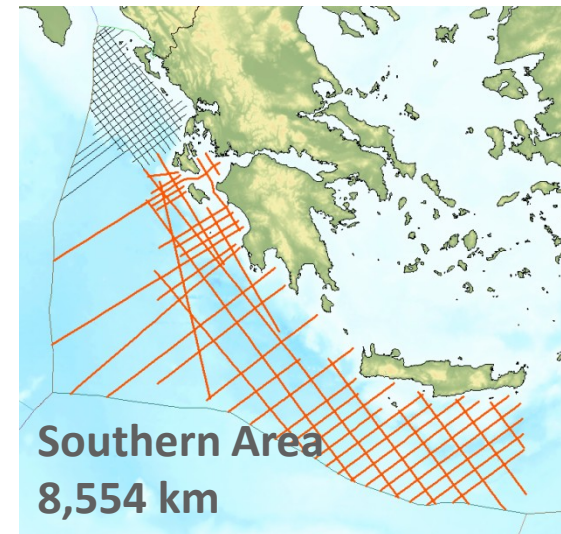
Deepwater Greece – Multiclient 2D survey



Entire area
12,519 km

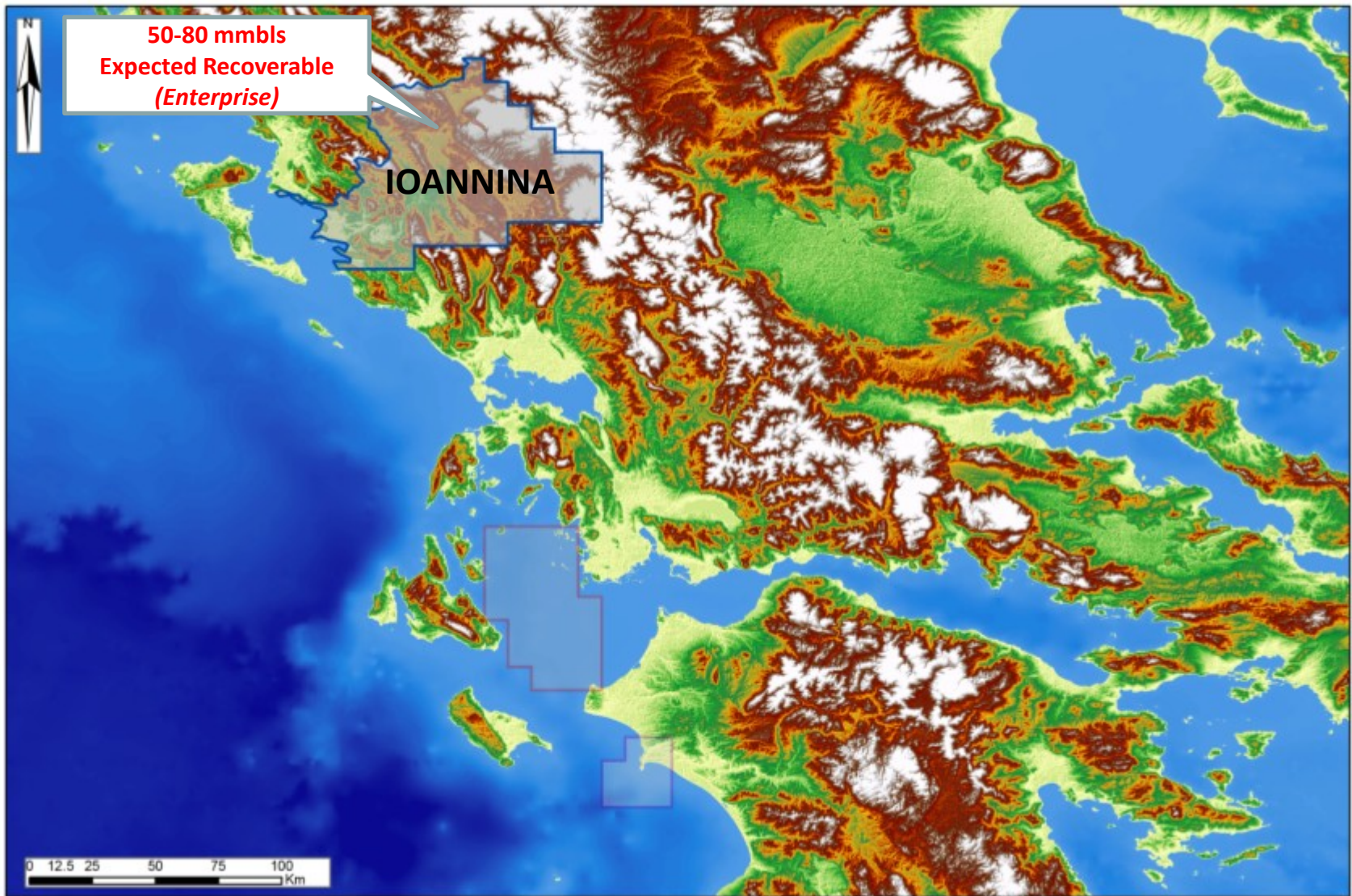


Northern Area
7,852 km

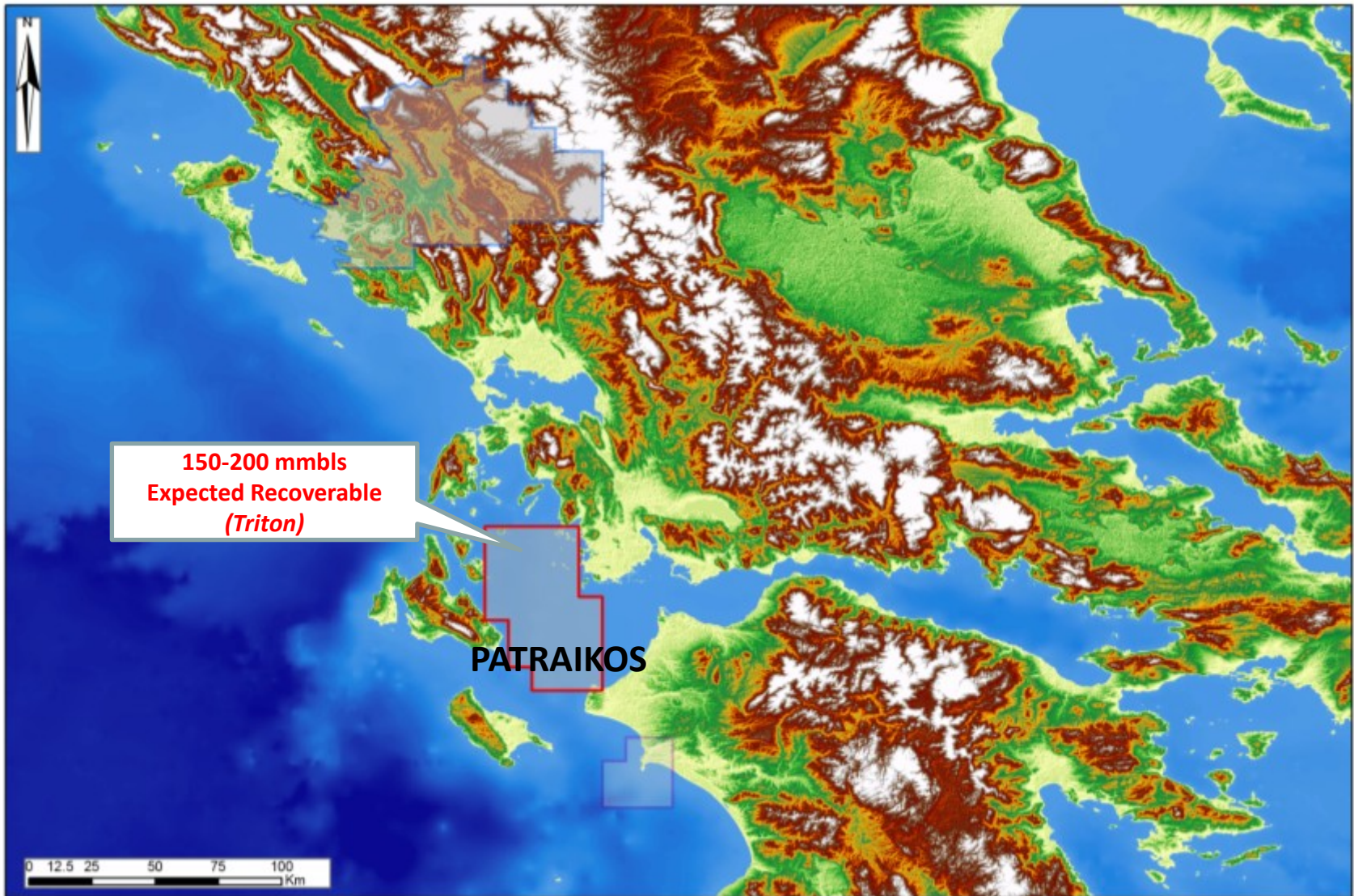


Southern Area
8,554 km

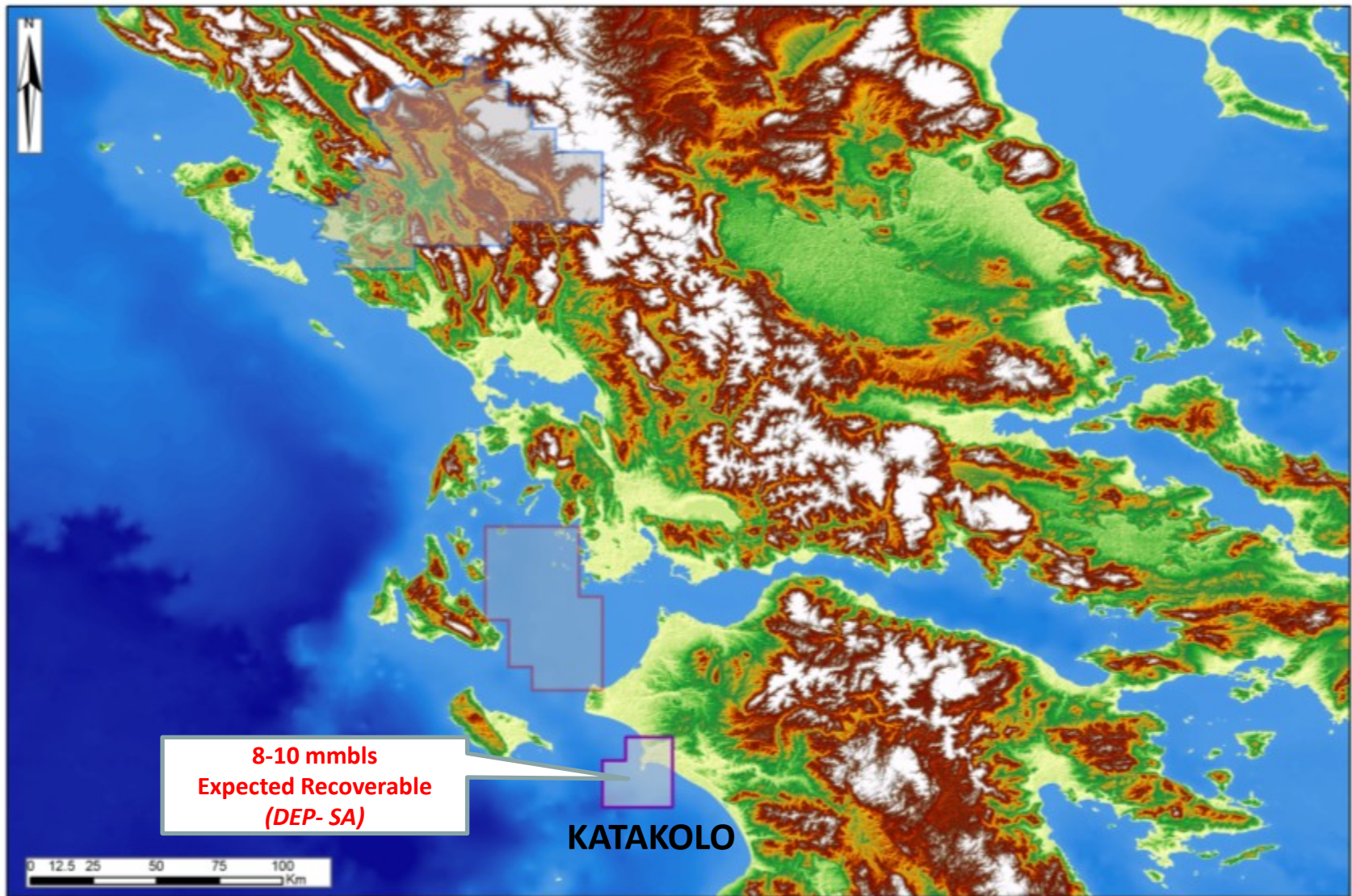
Open Door Invitation for licensing three areas in Western Greece



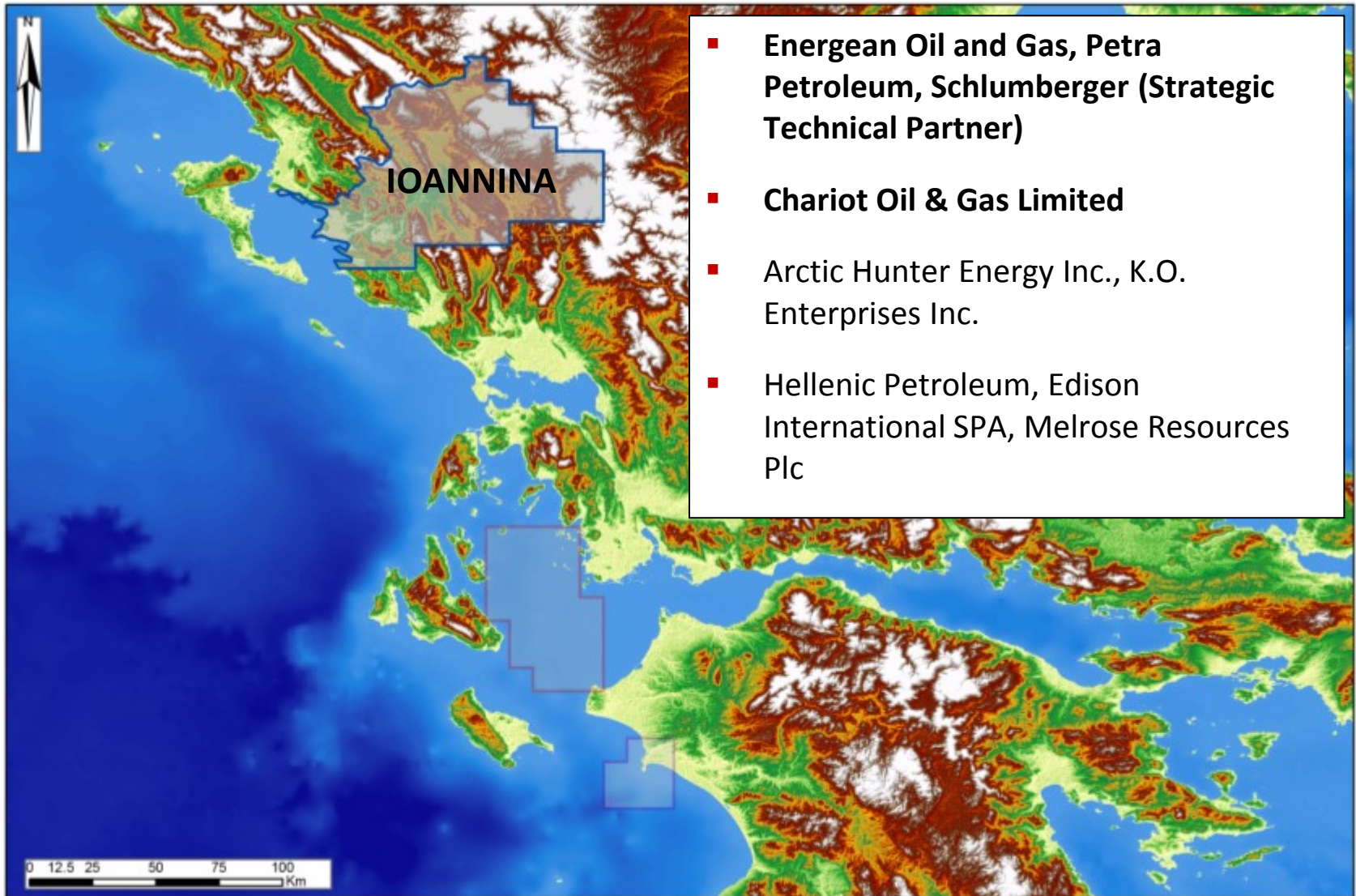
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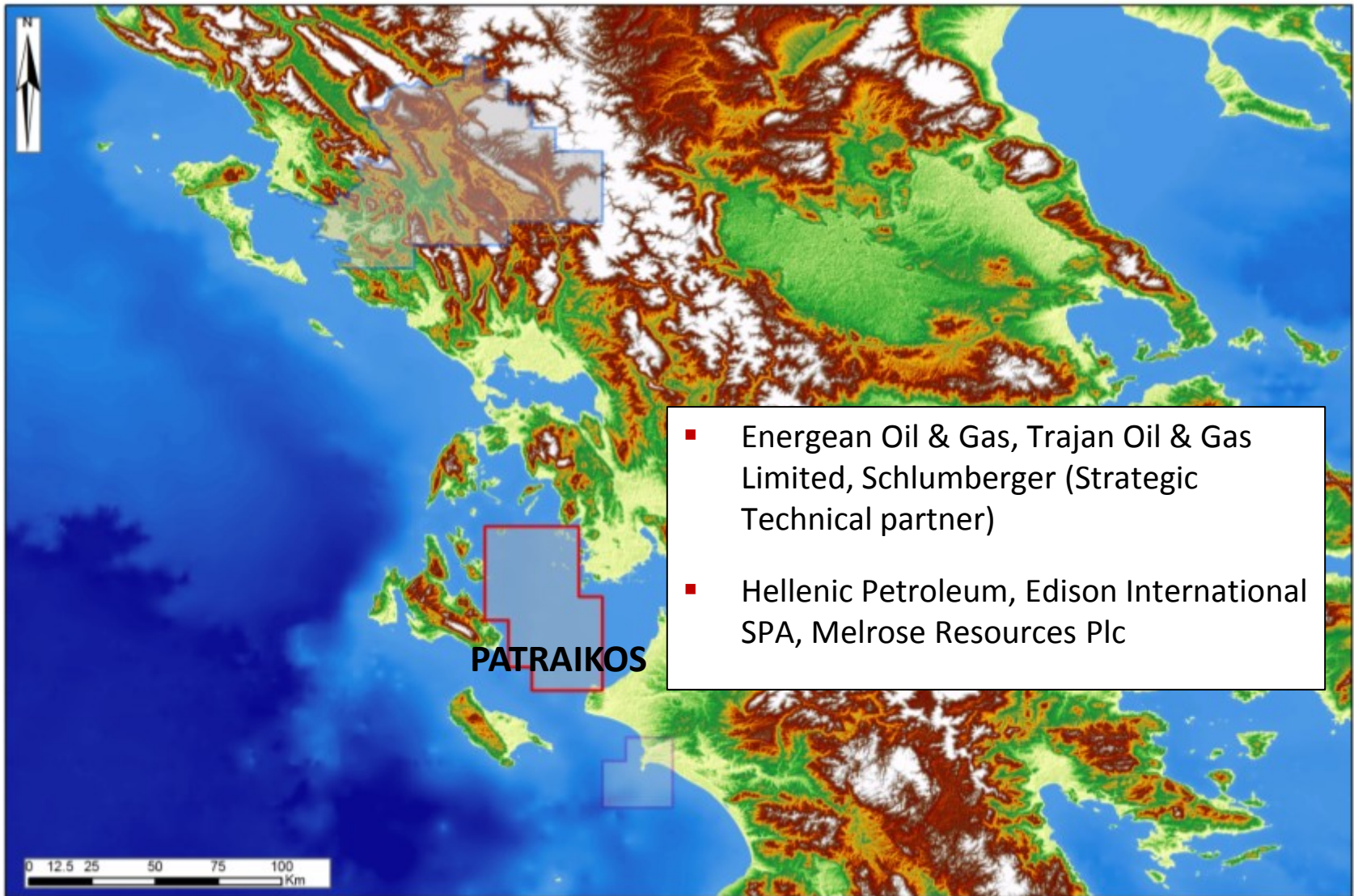
Open Door Invitation for licensing three areas in Western Greece



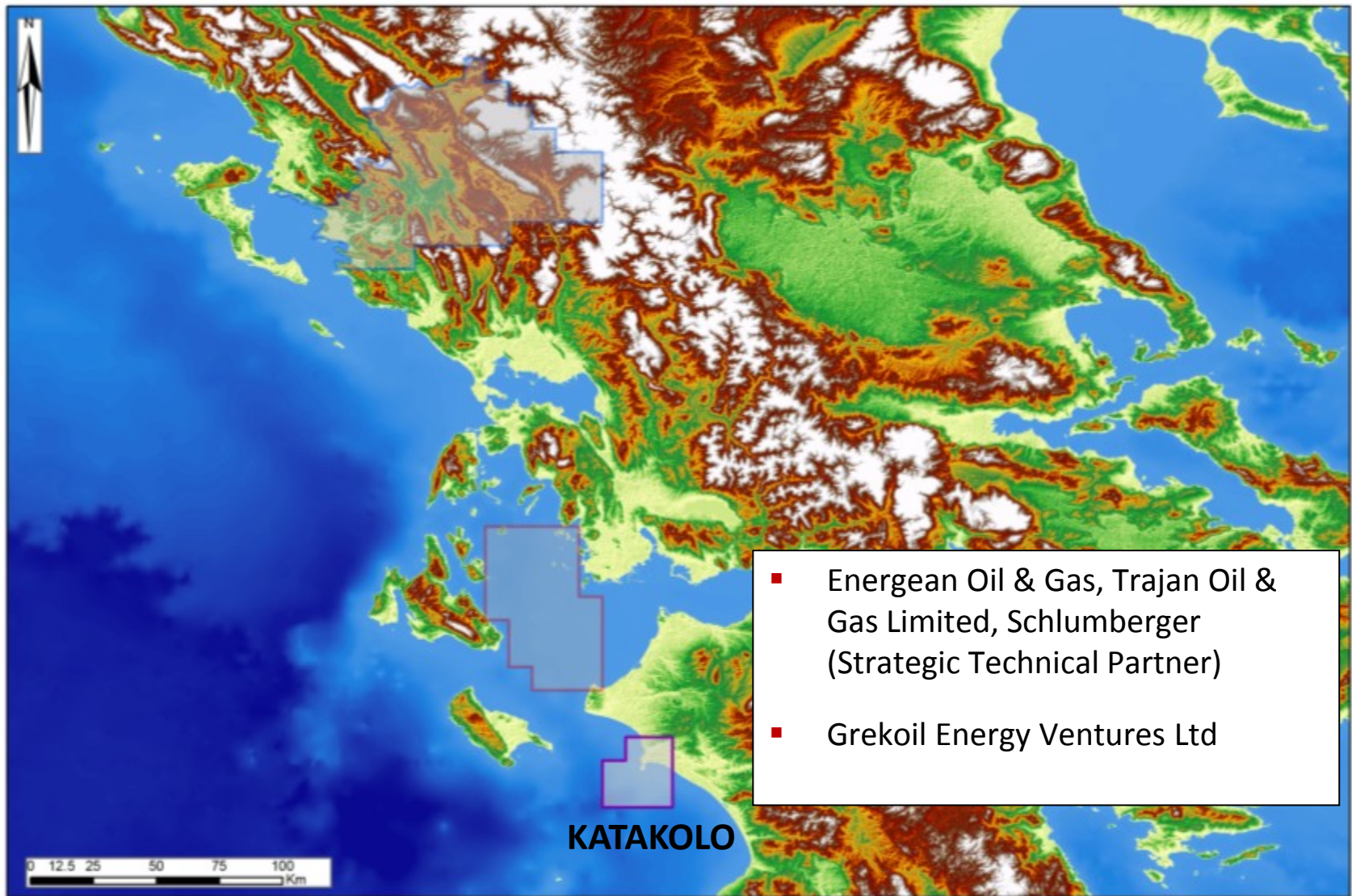
Open Door Invitation for licensing three areas in Western Greece - Bidders



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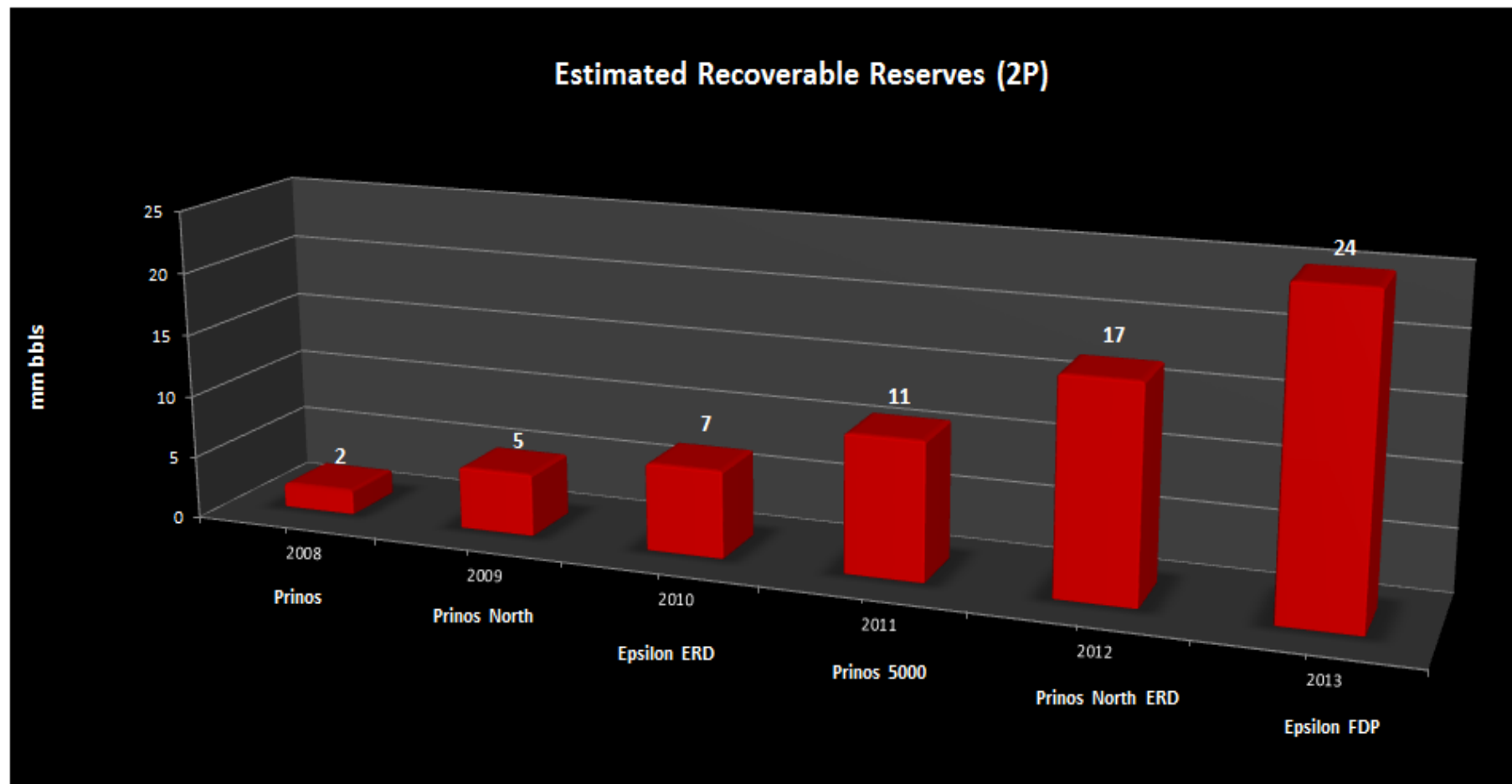


Open Door Invitation for licensing three areas in Western Greece - Bidders



The Success Story of Prinos

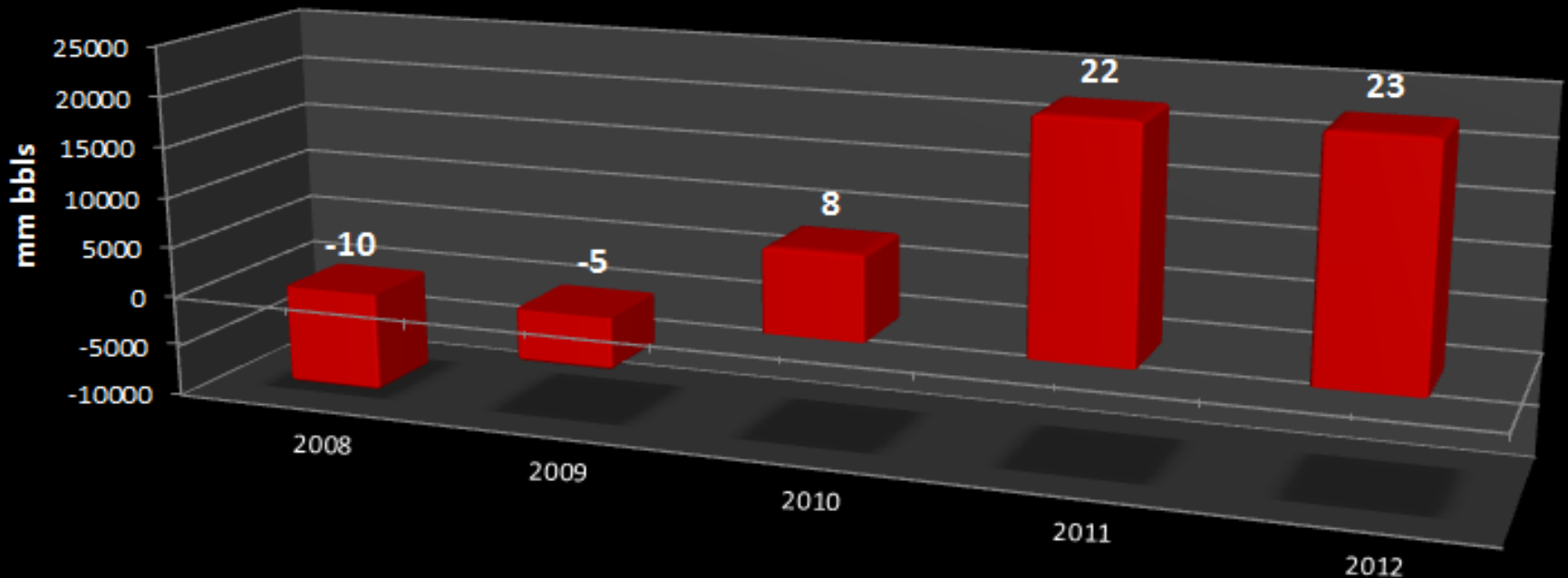
Consistent Reserve Growth



- Initial Estimates in the late 70's that Prinos would produce 60 million barrels
- Actual Production to date >110 million barrels
- Energean in house GGRE work proved significant further upside from the basin

Investment Opportunities – The success story of Prinos

EBITDA



- Complete turnaround of a loss making business
- Improvement of operating margins based not only on improved price environment but increased production rates and achieved operational efficiencies

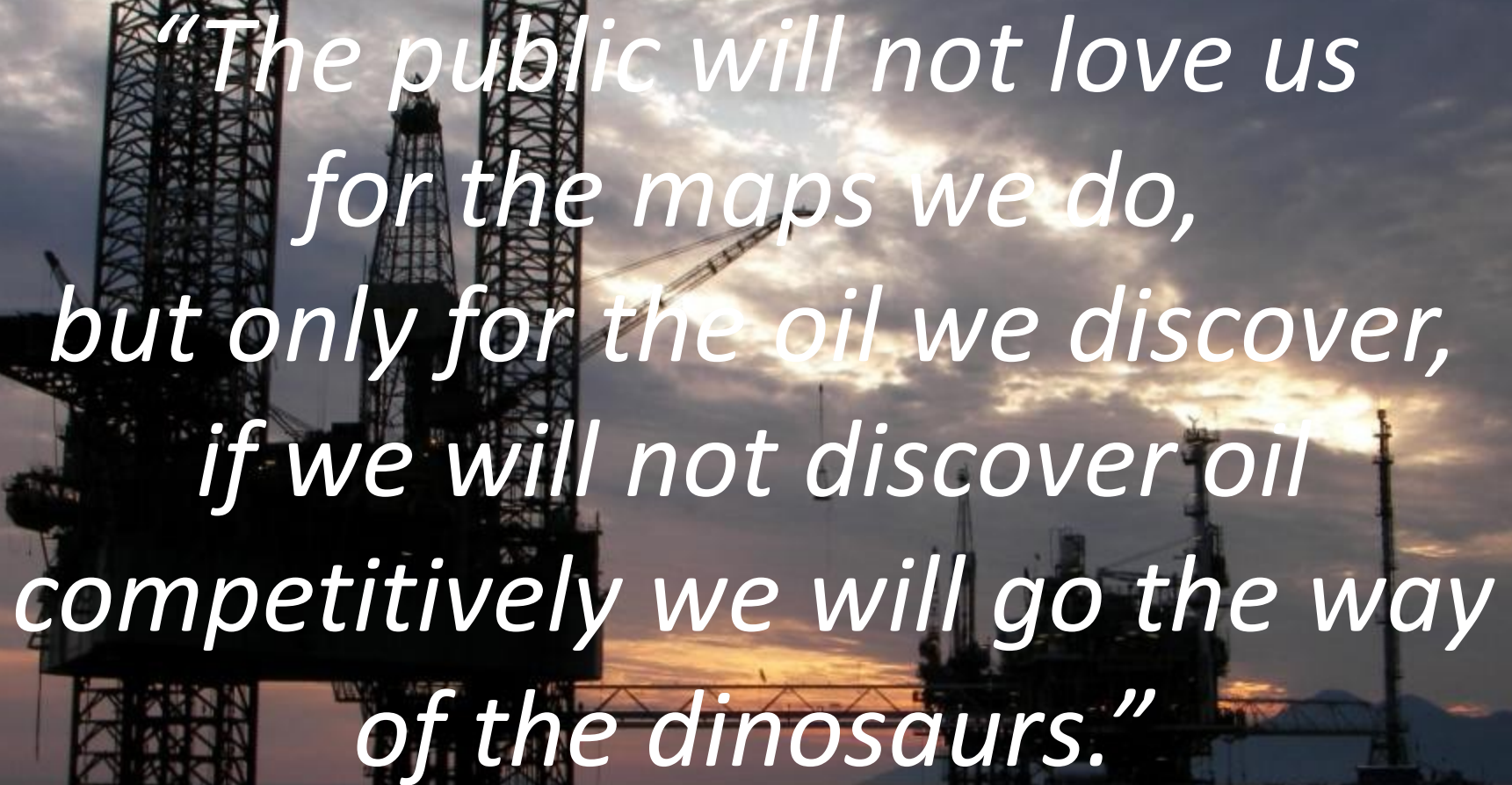
2013: A transformational year

- 4 new infill wells to bring production to >4,000b/d:
 - 3 new Infill wells in Prinos (US\$30m)
 - 1 ERD in Prinos North (US\$45m)
- Epsilon field development FID (US\$ 100 million project)
- Fugro reprocessing of two 3D and one 2D seismic in Prinos basin and interpretation of the newly re-processed seismic set
- ERC Equipoise mandated to do an independent interpretation
- Long-term off-take contract with BP
- Planning to raise new debt financing of US\$125 million
- Awaiting decision on the Open Door Blocks
- Submitted proposal to the Greek Government for conversion of the South Kavala gas field to the 1st UGS project in the country with 1 BCM capacity
- Forming Joint Bidding Group for the planned 2014 bid round for deep water Western Greece
- Strategic investment of US\$60 from Third Point

Next Steps – The way forward

- **Be patient** – 30 Dry Holes drilled in Israel before the first discovery
- **Trust the local players** – Where British Gas failed the local explorers found the Levantine basin
- **Promote Strategic Partnerships** – Noble Energy's role as operator in Block 12 proved key in dealing with geopolitical challenges while drilling offshore Cyprus
- **Be consistent and promote stability** – 30 Years in Cyprus the same team
- **Give incentives** - Attractive & Stable Fiscal terms
- **Remove the "Greek Risk"** – Make exploitation of Natural Resources a National Strategy not affected by political changes
- **Don't "Sell" the assets** – Promote Investment that will add value to the local economy

- The Greek Government has set the **Hydrocarbon E&P sector as a top priority for the turnaround of the Greek Economy**
- Investment opportunities exist offshore & onshore, but **we have to be patient and prudent** not to overpromise and under-deliver
- The environment for oil & gas investments only now commences to shape up, **local players have a very important role to play to move things forward**
- **Energean Oil & Gas is emerging as a fully integrated independent E&P player** in the region with production, development projects and exploration upside and a deep knowledge of operating in Greece
- **The success story of Prinos proves that serious long term investors can find attractive investment opportunities and unlock value even in neglected/mature fields**
- The recent **equity funding by Third Point LLC, a US fund, in Energean and the launch of a new drilling campaign in Prinos, is a vote of confidence to the Greek economy, and especially the opening up of the Greek hydrocarbon sector**

The background of the image shows several large offshore oil drilling rigs silhouetted against a dramatic sky at sunset or sunrise. The sun is low on the horizon, creating a bright glow and reflecting on the water. The rigs are complex structures with many cranes and platforms. The overall mood is industrial and somewhat somber due to the dark silhouettes and the end-of-day lighting.

*“The public will not love us
for the maps we do,
but only for the oil we discover,
if we will not discover oil
competitively we will go the way
of the dinosaurs.”*

Arville Irving Levorsen (1894–1965)
American Geologist