

FOR IMMEDIATE RELEASE

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CAPRICORN ENERGY PLC (“Capricorn” or “the Company”)

Operational and Trading Update

Ahead of announcing its preliminary results for the year to 31 December 2021 on 8 March 2022, Capricorn today provides an update on its operations and trading performance together with guidance for 2022. This information is unaudited and subject to further review.

Simon Thomson, Chief Executive, Capricorn Energy PLC said:

“We are very encouraged by the initial operating performance of our newly acquired Western Desert Assets in Egypt, with production growth ahead of expectations. We look forward to accelerating cash flows from the assets whilst reducing their emissions profile.

We are actively pursuing opportunities to grow our producing asset base within our strict capital allocation criteria.

With balance sheet strength and financial flexibility, Capricorn enters 2022 positioned to make another significant capital return to shareholders with the company having concluded all required steps to enable payment of the India tax refund.”

Production Highlights

Egypt

- 2021 production following completion of the acquisition in September, averaged 36,300 boepd net to Capricorn’s working interest (WI)
- Production from the Egyptian assets increased ~8% during the period from completion of the acquisition to 31 December 2021
- 2022 Capricorn WI production is anticipated to average 37,000-43,000 boepd with production growing throughout the year and 2022 exit rates forecast to exceed the top end of guidance range
 - Oil and condensate are expected to comprise 35-40% of the production mix in 2022, with an increased focus on liquids rich opportunities
 - Production costs are forecast to be US\$4.5 - US\$5.5 per boe

UK

- Earn-out consideration on the disposal of the UK Catcher and Kraken interests in relation to 2021 production and oil prices will be ~US\$76m, payable in Q2 2022. Uncapped further earn-out

consideration will be payable in respect of calendar years 2022 to 2025, based on meeting minimum production volumes and average oil prices.

Tax refund from Government of India

The Company has concluded all necessary steps under the rules of the India Taxation (Amendment) Act 2021 required for payment by the Government of India of a tax refund of approximately INR 79bn (US\$1.06bn). Payment is expected to be made in early 2022.

Corporate and Finance Highlights

- Group net cash at year end was US\$133m, comprising US\$314m cash and US\$181m debt drawn to fund the Egypt acquisition
- Special dividend of US\$257m paid following completion of Senegal sale
- Net cash outflow in year of US\$133m on acquisition of Egypt with a further US\$21m to be settled in Q1 2022
- Oil and gas revenue in Egypt from acquisition completion on 23 September to 31 December was US\$56m, from net entitlement production of 1.5 mmboe of which ~38% was liquids. Oil sales averaged US\$77.5/boe and gas sales averaged US\$2.9/mcf. Production costs over the period were ~US\$22m, or ~US\$6/boe (on a WI basis)
- Group capital expenditure on continuing operations during the year was ~US\$75m, below guidance, including US\$20m post acquisition expenditure in Egypt
- Net cash inflow from UK producing assets of US\$296m, comprising US\$213m net cashflow generated during the year, US\$53m received on completion of sale and US\$30m realised on sale of bonds issued by the purchaser as consideration
- Cash outflows in respect of capital activity totalled US\$65m (producing assets ~US\$25m, exploration and appraisal activities ~US\$40m)
- Current estimates of 2022 capital expenditure total approximately US\$200m, including:
 - Egypt production and development expenditure of US\$90-110m targeted at delivering substantial production growth during 2022
 - Egypt exploration expenditure of US\$30-35m to sustain the resource base over time
 - UK infrastructure-led exploration expenditure of ~US\$40m, predominantly on the Jaws and Diadem wells, with no further well commitments beyond 2022
 - Other international exploration of US\$30-35m, principally in Mexico, with no further commitments beyond 2022 and any further investment contingent on farm-downs

Planned return of capital to shareholders

With the tax refund from the Government of India due and active management of the asset portfolio in recent years, Capricorn is well positioned to continue delivery of its differentiated business model of returning value to shareholders whilst building sustainable cashflow generation and growth. As previously announced, Capricorn plans to return up to US\$700 million of the India tax refund proceeds to shareholders. Having consulted with shareholders on the capital return options, Capricorn has determined that, to provide flexibility to its shareholders, US\$500m will be returned by way of tender

offer, whereby shareholders will be invited to tender some or all of their shareholding for purchase on terms that will be set out in a Circular to be posted to shareholders. It is intended that the remaining sum of up to US\$200m will be returned by way of an ongoing share repurchase programme to provide a continuing value-accretive return of capital to shareholders. Each of these returns is subject to shareholder approval.

On 15 November, it was announced that the Company would commence a buyback programme of an initial amount of up to £20m out of the planned US\$200m programme. This was due to end on 31 January 2022 and has now been extended to run until the end of February 2022.

Production

Egypt

Working interest production across the four main concession areas of Obaiyed (Capricorn 50% WI), Badr El Din (Capricorn 50% WI), North East Abu Gharadig (Capricorn 26% WI) and Alam El Shawish West (Capricorn 20% WI) averaged ~36,300 boepd during the period from acquisition completion on 23 September to year end 2021, with ~38% of the production mix comprising oil and condensate. This was within the guidance range for WI production of 33,000-38,000 boepd announced in March 2021.

Across the operations, a full assessment of emissions reduction opportunities is being developed. As well as agreement to undertake an emissions baseline study and reduction strategy, several decarbonisation projects are already underway including gas replacement for diesel, centralisation of power and electrification. The application of renewable power in-field is under consideration and good progress is being made on identifying flare reduction opportunities.

During H1 2022, an additional three drilling rigs are expected to be contracted to further support early production ramp-up activities. The first of these additional rigs is undergoing acceptance and is in the field preparing for operations. Up to 40 new production or injection wells are scheduled for drilling and completion in 2022, with a number of field extension well opportunities also identified.

UK North Sea

Capricorn announced completion of the sale of its UK North Sea production interests to Waldorf Production in November 2021. Estimated 2021 annual production from these interests was approximately 18,300 bopd, towards the upper end of our original guidance of 16,000 – 19,000 bopd. Under earn-out provisions, based on 2021 production levels and average oil prices, a payment of ~US\$76m is due to be made by Waldorf to Capricorn in Q2 2022.

Uncapped further earn-out consideration will be payable in respect of calendar years 2022 to 2025, based on meeting minimum production volumes and average oil prices.

Exploration

In Egypt, the prospect portfolio has been matured with drilling targets identified. The first of three Capricorn-operated wells (Capricorn 50% WI) to be drilled in 2022 is expected to be in the South Abu Sennan concession, commencing in H2 2022.

In Mexico, Block 10 (Capricorn 15% WI) operations were completed in Q4 2021 on the Eni-operated Saasken-2DEL appraisal well. The well has been temporarily plugged and abandoned with the acquired data being evaluated as part of the ongoing Saasken Evaluation Programme. The Eni-operated Yatzil exploration well in Block 7 Offshore Mexico (Capricorn 30% WI) is planned for H2 2022.

In the UK, the Jaws exploration well (Capricorn 50% WI) spudded in November 2021. Drilling operations continue with well results expected later in Q1 2022. In the Southern North Sea, the acquisition of 3D seismic data over licence P2428 (60% Capricorn WI) has concluded. Final processed data due in Q2 2022 will enable Capricorn and its JV partner Deltic Energy to fast-track an assessment of prospectivity in the licence area.

In addition, preparations continue on the Capricorn operated licence P2379 (Capricorn 50% WI) targeting drilling of the Diadem exploration well in Q2 2022.

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About Capricorn Energy PLC

Capricorn Energy PLC is one of Europe's leading independent upstream energy companies, headquartered in Edinburgh, UK. Historically we have discovered, developed and produced oil and gas in multiple settings throughout the world. Today our focus is on growing our current gas and liquids production base through development and exploration, with an ambition to use our strong balance sheet to expand that production base into other attractive markets and to commercialise exploration resources. We adhere to high sustainability standards, we invest to ensure our portfolio remains competitive through stringent energy transition scenarios and we are committed to net zero carbon emissions by 2040.

For further information on Capricorn please see: www.capricornenergy.com