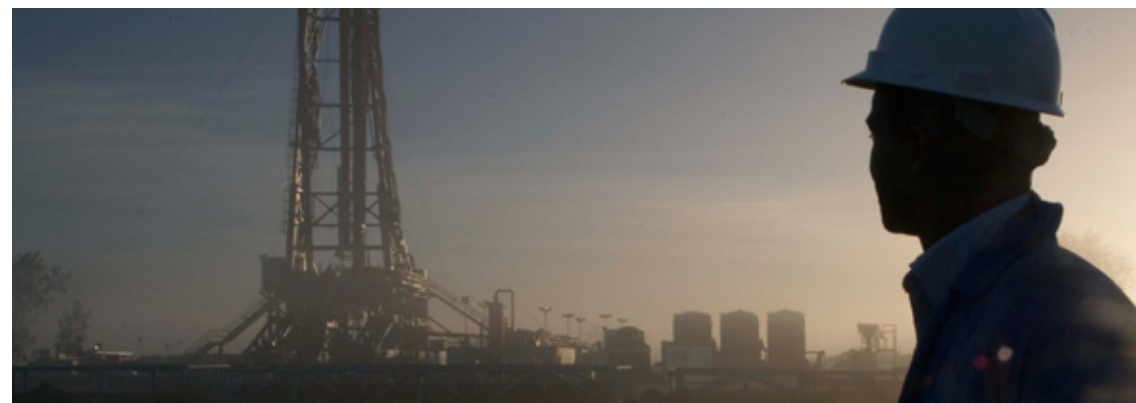


HEALTH, SAFETY, ENVIRONMENTAL AND SOCIAL REVIEW

At Petroceltic, we are committed to maintaining high standards of health, safety, environmental and social performance across all our operations. Our aim is to create a well governed, sustainable business with a strong sense of social responsibility which has a positive impact in the countries in which we operate.



Consistent with our guiding business principles and as declared in our HSES Policy, we strive to:

- Avoid harm to all people involved in, or affected by, our operations
- Minimise the impact of our operations on the environment
- Comply with all applicable legal and regulatory requirements
- Act in an ethical manner and ensuring transparency in our business dealings
- Have a positive impact on the people and communities directly affected by our activities and
- Achieve continuous improvement in our HSES performance.

Health, Safety, Environmental and Social performance is integral to the success of our Company, and is managed alongside all other facets of the business. In recognition of the Company's current portfolio and forward programmes, we have taken significant steps to further enhance our HSES management capability.

During 2014, we made considerable progress in embedding the new HSES Management System into both existing and new operations. Particular emphasis was placed upon adoption of procedures addressing risk management, emergency response, contractor management, incident investigation and performance reporting.

Land transport safety remains a highly ranked risk for Petroceltic, as it is for the industry. We have reviewed and enhanced our land transport safety programmes in both Algeria and Egypt, adopting recognised industry practice to improve our approach regarding equipment, driver competency and journey management.

Enhanced HSES reporting was introduced at the start of 2014 encompassing a broader and deeper range of HSES performance metrics, including the introduction of process safety metrics in line with industry guidance, focused on loss of primary containment events. This has enabled improved understanding of underlying performance and effectiveness of our management system.

Brian O'Cathain, Chief Executive Officer, has been designated as the Executive Board member responsible for the HSES Policy and Management System and formally reports on these matters on a regular basis to the Board. A HSES update is also provided at each monthly meeting of the Executive Management Committee.

Managing HSES Risks and Performance

Central to the HSES Management System Framework is the process of identifying and addressing potential health, safety, environmental and social risks at all stages of the lifecycle, from new business development, to exploration activities, subsequent development and ongoing operations.

Key HSES indicators are identified and monitored throughout the year. Performance against these is reported regularly to the Board and, when required, to regulators, investors and financial stakeholders. The results are consolidated at the end of each year and overall performance



is reviewed by the Senior Management team where areas for improvement are identified and integrated into forward plans.

Safety Performance Data

Historically Petroceltic has monitored a focused set of HSES key performance metrics at corporate level, in line with recognised industry benchmarks. These are reported here for 2014 and 2013, and include the additional metrics introduced in 2014 to enable a deeper level of monitoring and review.

Performance data is presented for all activities under Petroceltic operational control. Injury data includes both staff and contractor personnel. Contractors represent over 60% of the Company's total workforce. Included in the "other" category are Petroceltic office locations in Dublin, Edinburgh, London and Rome.

2014

Safety Data

| | Algeria | Bulgaria | Egypt | Romania | Other | Total |
|--|---------|----------|-------|---------|-------|-------|
| Fatalities | - | - | - | - | - | - |
| Lost Workday Cases | - | - | 2 | - | - | 2 |
| Lost Time Injury Frequency -per million hours worked | | | | | | 0.77 |
| Total Recordable Injuries | - | - | 3 | 1 | - | 4 |
| Total Recordable Injury rate | | | | | | 1.54 |
| Loss of Primary Containment Events | - | - | 26 | - | - | 26 |

Environmental Data

| | | | | | | |
|---|---|--------|--------|-------|---|---------|
| Greenhouse Gas Emissions tCO ₂ e | | 37,566 | 81,224 | 2,652 | - | 121,442 |
| Produced Water Disposal Mbbl | - | 118 | 839 | - | - | 957 |
| Produced Water Reinjecting Mbbl | - | - | 346 | - | - | 346 |

2013

Safety Data

| | Algeria | Bulgaria | Egypt | Romania | Other | Total |
|--|---------|----------|-------|---------|-------|-------|
| Fatalities | - | - | - | - | - | - |
| Lost Workday Cases | - | 1 | 4 | 1 | - | 6 |
| Lost Time Injury Frequency -per million hours worked | - | - | - | - | - | 2.09 |

Environmental Data

| | | | | | | |
|---|---|--------|--------|-------|---|---------|
| Greenhouse Gas Emissions tCO ₂ e | - | 29,207 | 84,652 | 3,548 | - | 117,407 |
| Produced Water Disposal Mbbl* | - | 220 | 560 | - | - | 780 |
| Produced Water Reinjecting Mbbl | - | - | 700 | - | - | 700 |

*Produced water treatment & disposal in both Egypt and Bulgaria is by third party provider

Health, Safety, Environmental and Social performance is integral to the success of our Company, and is managed alongside all other facets of the business.

HEALTH, SAFETY, ENVIRONMENTAL AND SOCIAL REVIEW

CONTINUED



The Group saw a significant reduction in the number of Lost Time Injuries in 2014, from six in the prior year to two. In total, four Recordable Injuries occurred in 2014, with resulting Total Recordable Injury Rate (TRIR) being upper second quartile when compared to industry peers. In all cases the injured parties have made full recoveries and the incidents were each subject to full investigation with appropriate remedial actions identified and implemented. We believe that our focus on contractor management and hazard and risk awareness has positively affected the occupational safety results achieved this year.

Twenty six loss of primary containment events occurred in our Egypt operations during 2014, predominantly relating to near wellhead erosional issues in valves and flowlines arising as water and sand production increase as the reservoirs mature. Specific actions have been taken in light of this data, including piping redesign and reconfiguration, enhanced ultrasonic inspection and sand monitoring, and we have seen positive results through the second half of 2014. Further

review of our integrity management strategy in light of changing reservoir conditions is planned for 2015.

Environmental Performance Data

For this report, Greenhouse Gas ("GHG") emissions are reported as gross operated CO₂e for all countries, using UK Defra / DECC guidance on measurement and reporting of GHG emissions, aligned to the GHG Protocol, the internationally recognised standard for the corporate accounting and reporting of GHG emissions.

GHG emissions increased in 2014 primarily as a result of additional compression use in both Egypt and Bulgaria. Drilling activity occurred in both Romania and Egypt during the year resulting in associated emissions.

Total produced water volumes remained at prior year levels, however operational problems with one of our injection wells in Egypt reduced the amount of produced water re-injected and this was managed by increased safe water disposal.

Social Projects

Petroceltic is keenly aware of the potential social impacts of its oil and gas operations on local communities and strives to respect and accommodate cultural, religious and social diversity. The Company's HSES Policy formally recognises this and provides the basis for an on going programme to actively seek appropriate social investment and development initiatives. There is no pre-determined policy on the level of contribution to social projects and each is taken on its merits with a preference towards sustainable initiatives focused on education, health and job creation.

During 2014, we reviewed and refreshed our social responsibility strategy in Egypt, and as a result launched the new Mis El Kheir ("MEK") micro financing programme in the villages of Sherenkash and Salama Selim, both of which are located near the main South Batra plant facilities. The launch events took place in September and were attended by around 150 local people, the regional Governor and his support staff, the Mansoura PetCo Chairman and Petroceltic and MEK representatives.

Petroceltic also continues to financially support the school near West Dikirnis which opened in 2011 and comprises 28 classrooms for over 200 local children.

In Bulgaria, the Company provides financial and logistical support to Karin Dom, a day centre for the rehabilitation and social integration of children with special needs from the Varna region. The Company also provides support for the staff, funding training and team building events.

2015 HSES Priorities:

Our top HSES priorities in 2015 will be:

- Maintaining occupational safety performance, using TRIR as our primary measure
- Delivering a significant reduction in loss of primary containment events in our Egypt operations
- Establishing Petroceltic "Life Saving Rules" in readiness for field activity in Algeria
- Implementing Land Transport Safety programmes fully in Egypt and Algeria
- Updating our integrity management strategy and programme in Egypt
- Refreshing stakeholder mapping and assessments for all countries in support of our operations

Petroceltic is keenly aware of the potential social impacts of its oil and gas operations on local communities and strives to respect and accommodate cultural, religious and social diversity.

CASE STUDY

ELSA 2 EIA

Our aim at Petroceltic is to create a well governed, sustainable business with a strong sense of social responsibility. Acting in an ethical manner, ensuring transparency, minimising the impact of our operations on the environment and striving to build enduring relationships with the communities in which Petroceltic operates are some of the key principles of the Company's HSES Policy.

These principles are reflected in our current approach to the Elsa 2 well Environmental Impact Assessment ("EIA") process.

Petroceltic's objective since the beginning of the EIA process has been to establish and maintain open dialogue and constructive relations with stakeholders based on transparency, mutual respect and evidence-based discussion.

The Environmental Impact Study ("EIS") was prepared by leading Italian practitioners in Environmental Assessment, with the aim of providing in-depth high quality information to all stakeholders involved.

Prior to submission of the EIS, Petroceltic met with both the central and local institutions involved in the EIA process, in order to present the Company and the project. Furthermore, the Company undertook a series of actions to render the EIS documentation as accessible as possible, including the publication of the study and a specific Q&A document on the Petroceltic Italia website www.petroceltic.it. Subsequently, Petroceltic produced a further document in January 2015, which attempts to provide responses, based on factual scientific information, to each and every observation submitted by local stakeholders to the Ministry of Environment. This document was also made available on the Italian website. Meetings with stakeholders are still an essential part of the process.



In regards to the Elsa project, in the current phase we place emphasis on working with stakeholders, transparency and compliance. Should we move to development phase, we would aim to contribute to the local community through job creation and supporting social investment projects.

Petroceltic's objective since the beginning of the EIA process has been to establish and maintain open dialogue and constructive relations with stakeholders based on transparency, mutual respect and evidence-based discussion.