



**Repsol International
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The Hague, June 17, 2016

In accordance with Article 14 of Law of 9 May 2006, on market abuse, Repsol International Finance, B.V. (the "Company") is filing the attached official notice published by Repsol, S.A, Guarantor of the Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme of the Company, related to the filing of an arbitration statement of claim in relation to its assets in the UK.

The official notice was filed today by Repsol, S.A. with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

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Madrid, 17 June 2016

As provided for by section 228 of the Securities Market Act, to complement the information already disclosed by Talisman and Repsol in their financial statements from the first semester 2015 onwards, both companies inform:

Addax Petroleum UK Limited and Sinopec International Petroleum Exploration and Production Corporation (both companies ultimately owned by the Chinese Government) have initiated arbitration proceedings against Talisman Energy Inc. (currently Repsol Oil & Gas Canada Inc.) and Talisman Colombia Holdco Limited. In those proceedings Addax and Sinopec seek repayment of their initial investment in TSEUK, which was executed in 2012 through the purchase of 49% of TSEUK from the Canadian group Talisman, together with any additional investment, past or future, in such company, and further for any loss of opportunity, and which they estimate in a total approximate amount of 5,500 million US\$. However, at the same time, Addax intends to maintain its current stake in TSEUK.

The claim, which has been periodically disclosed, is considered by Talisman and Repsol to be baseless and therefore it is currently assessed by them, as well as by their external legal counsel, as Remote Risk.

The claimants' proceedings can be interpreted as a defensive action undertaken by those who adopted an investment decision in the United Kingdom which has not delivered the results expected by them—as it has also happened with other investments by this group of companies—.

In addition, the arbitration claim is groundless and is inconsistent with the loyalty to be expected from a business partner. The claims have commenced almost three years after Addax acquired a stake in TSEUK, even though Addax has participated at a management level and in all decisions adopted by TSEUK since then, without expressing any worries or concerns. Addax's has chosen to commence legal proceedings trying to gain an illegitimate advantage in its own benefit instead of devoting all efforts to improving TSEUK's performance, as it has occurred in the past months—since Repsol's entry into the Joint Venture—, something that might explain its desire to remain as a shareholder in TSEUK.

Talisman and Repsol, while vigorously defending their rights in relation to any adverse consequences that may be caused to them or to their affiliate TSEUK by Addax and Sinopec's actions, hope that such group will rectify and devote all efforts to the best management of their affiliates in Brazil and the United Kingdom.