

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities before taking any action. The whole text of this document should be read. Investment in the Company is speculative and involves a high degree of risk.

This document constitutes an admission document drawn up in accordance with the AIM Rules. This document does not constitute a prospectus within the meaning of section 85 of FSMA and has not been drawn up in accordance with the Prospectus Regulation or approved or filed with the FCA. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The Company and the Directors, whose names appear on page 2 of this document, accept responsibility for the information contained in this document including collective and individual responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Company and the Directors are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is emphasised that no application has been made or is being made for admission of the Enlarged Share Capital to the Official List of the FCA. The Ordinary Shares are not traded on any recognised investment exchange and no application has been or is intended to be made for the Enlarged Share Capital to be admitted to trading on any such market. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 28 November 2019.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The attention of prospective investors is particularly drawn to the section entitled "Risk Factors" set out in Part II of this document and all statements regarding the Company's business should be viewed in light of these risk factors.

Longboat Energy plc

(Incorporated in England & Wales with Registered Number 12020297)

Placing of 9,500,000 new Ordinary Shares at 100 pence per share and Admission to trading on AIM

Stifel Nicolaus Europe Limited *Nominated Adviser, Broker and Bookrunner*

Enlarged Share Capital immediately following Admission
(assuming full subscription under the Placing)

Number of Ordinary Shares
10,000,000

Fully paid amount
£1,000,000

The Placing Shares will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions deemed, made or paid after the issue of the Placing Shares.

Stifel Nicolaus Europe Limited ("Stifel") is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the FCA. Stifel is acting as the Company's nominated adviser, broker and bookrunner for the purposes of the AIM Rules in connection with the Placing and Admission and, as such, its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person or entity in respect of his reliance on any part of this document. Stifel is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of Stifel nor for providing advice in relation to the contents of this document or any matter referred to herein. No representation or warranty, express or implied is made by Stifel for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

The distribution of this document outside the UK may be restricted by law and therefore persons outside the UK into whose possession this document comes should inform themselves about and observe any restrictions as to the Ordinary Shares or the distribution of this document.

This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States, Canada, the Republic of South Africa, Australia, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under securities legislation of any province or territory of the United States, Canada, the Republic of South Africa, Australia, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, subject to certain exemptions, the Ordinary Shares may not

be offered or sold directly or indirectly in or into the United States, Canada, the Republic of South Africa, Australia, the Republic of Ireland or Japan or to any national, resident or citizen of the United States, Canada, the Republic of South Africa, Australia, the Republic of Ireland or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors or Stifel. Without prejudice to the Company's obligations under the AIM Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this document or that the information contained in this document is correct as of any time subsequent to the date of this document. Stifel has not authorised the contents of this document and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Stifel as to the contents of this document and no responsibility or liability whatsoever is accepted by Stifel for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document, for which the Company and the Directors are solely responsible.

The Ordinary Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States. Consequently, none of the securities may be offered or sold or otherwise transferred within the United States, or to, or for the account or benefit of, US Persons except in accordance with the Securities Act or an exemption therefrom. Subject to certain exceptions, this document should not be distributed, forwarded, transferred, copied or otherwise transmitted to any persons within the United States or to any US Persons.

IMPORTANT NOTICE

Investors should take independent advice and should carefully consider the section of this document headed "Risk Factors" before making any decision to purchase Ordinary Shares.

Investment in the Ordinary Shares will involve significant risks due to gearing and the inherent illiquidity of the underlying investments and should be viewed as a long term investment. The Ordinary Shares may not be suitable for all recipients or be appropriate for their personal circumstances. You should carefully consider in the light of your financial resources whether investing in the Company is suitable for you. An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

Stifel has been appointed as nominated adviser, broker and bookrunner to the Company. In accordance with the AIM Rules, Stifel has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Stifel for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

Notice to US investors

THE ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY US STATE SECURITIES LAWS. THE SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS THE ORDINARY SHARES ARE REGISTERED UNDER THE 1933 ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT IS AVAILABLE. THE COMPANY HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT").

The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any US state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The Ordinary Shares will be offered and sold outside the United States to non-US Persons pursuant to the requirements of Regulation S under the 1933 Act ("Regulation S"). The Ordinary Shares cannot be offered, resold, pledged or otherwise transferred in the United States or to US Persons except in accordance with the restrictions and procedures set forth in Part IV of this document entitled "Terms and Conditions of the Placing".

Data protection

The information that a prospective investor provides in documents in relation to a purchase of Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("personal data") will be held and processed by the Company (and any third party to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about products and services, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;

- meeting the legal, regulatory, reporting and/or financial obligations of the Company in England and Wales and elsewhere (as required); and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company's business.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by a member of the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data are disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Forward looking statements

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include any of the words "targets", "believes", "expects", "estimates", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known or unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as of the date of this document. In addition, even if the Company's actual results, performance, achievements of or dividends paid are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

CONTENTS

	Page
KEY INFORMATION	6
EXPECTED TIMETABLE OF EVENTS	6
PLACING STATISTICS	6
DIRECTORS, SECRETARY AND ADVISERS	7
DEFINITIONS AND ABBREVIATIONS	8
PART I – INFORMATION ON THE COMPANY	12
1. Introduction	12
2. Management Track Record	13
3. Investment Opportunity	14
4. Investment Objectives and Strategy	15
5. Investing Policy	16
6. Investment Process	16
7. Reasons for Admission and use of proceeds	16
8. Directors and Management	17
9. Founder Incentivisation Arrangements	18
10. Employee Incentivisation Arrangements	19
11. Lock-in Arrangements	19
12. The Placing	19
13. Admission to Trading and Dealing Arrangements	20
14. Financial Information	20
15. Borrowings	20
16. Dividend Policy	20
17. Taxation	20
18. Corporate Governance	20
19. CREST	21
20. Takeover Code	21
PART II – RISK FACTORS	23
PART III – ADDITIONAL INFORMATION	34
PART IV – TERMS AND CONDITIONS OF THE PLACING	61

KEY INFORMATION
EXPECTED TIMETABLE OF EVENTS

Publication of this document	26 November 2019
Admission and commencement of dealings in the Ordinary Shares on AIM	28 November 2019
Settlement of Placing Shares in uncertificated form through CREST	28 November 2019
Despatch of definitive share certificates in respect of the Placing Shares in certificated form to Placees by no later than	12 December 2019

The dates and times specified above are subject to change at the discretion of the Company and Stifel without further notice. Any changes will be notified through announcement through a Regulatory Information Service

PLACING STATISTICS

Placing Price	100p
Number of Existing Ordinary Shares in issue at the date of this document	500,000
Number of Placing Shares	9,500,000
Enlarged Share Capital – number of Ordinary Shares in issue immediately following the Placing	10,000,000
Placing Shares as a percentage of the Enlarged Share Capital	95 per cent.
Market capitalisation following Admission at the Placing Price	£10,000,000
Gross proceeds of the Placing	£9,500,000
Estimated net proceeds of the Placing	£8,760,000
Ticker	LBE
ISIN	GB00BKF2482
SEDOL	BKF248
LEI	213800D1D587TB36ST68

DIRECTORS, SECRETARY AND ADVISERS

Directors	Helge Ansgar Hammer (<i>Chief Executive Officer</i>) Jonathan Robert Cooper (<i>Chief Financial Officer</i>) Graham Duncan Stewart (<i>Non-Executive Chairman</i>) Brent Cheshire (<i>Senior Non-Executive Director</i>) Jorunn Johanne Saetre (<i>Non-Executive Director</i>) Katherine Louise Margiad Roe (<i>Non-Executive Director</i>)
Company Secretary	Julian Riddick
Registered Office	5th Floor One New Change London EC4M 9AF United Kingdom
Nominated Adviser, Broker and Bookrunner	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET United Kingdom
Auditors and Reporting Accountants	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Solicitors to the Company	K&L Gates LLP One New Change London EC4M 9AF United Kingdom
Solicitors to the Nominated Adviser	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF United Kingdom
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Company website	www.longboatenergy.com

DEFINITIONS AND ABBREVIATIONS

“2C”	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent resources are a class of discovered recoverable resources
“2P” or “Proved plus Probable Reserves”	those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus 2P. In this context, when probabilistic methods are used, there should be at least a 50 per cent. probability that the actual quantities recovered will equal or exceed the 2P estimate
“3P” or “Proved plus Possible Reserves”	those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10 per cent. probability that the actual quantities recovered will equal or exceed the 3P estimate
“Act”	the Companies Act 2006, as amended
“Admission”	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules” or “AIM Rules for Companies”	the AIM Rules for Companies, as published by the London Stock Exchange and amended from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers, as published by the London Stock Exchange and amended from time to time
“Articles” or “Articles of Association”	the current articles of association of the Company
“boe”	barrels of oil equivalent
“boepd”	barrels of oil equivalent per day
“Company” or “Longboat Energy”	Longboat Energy plc, incorporated in England and Wales with registered number 12020297
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 of the UK (SI 2001/3755), as amended from time to time, and any applicable rules made under those regulations
“Directors” or “Board”	the directors of the Company, whose names are set out on page 2 of this document
“Disclosure and Transparency Rules”	the disclosure and transparency rules published by the FCA from time to time under Part VI of FSMA

“E&P”	exploration and production
“EEA”	the European Economic Area, including the protectorates of any of its members
“Enlarged Share Capital”	the Existing Ordinary Shares and the Placing Shares in issue immediately following Admission
“Existing Ordinary Shares”	the 500,000 Ordinary Shares in issue at the date of this document
“Faroe Petroleum”	Faroe Petroleum plc (now DNO North Sea Plc)
“FCA”	the UK Financial Conduct Authority
“FIP”	the Founders’ Incentive Plan
“Founders”	Blackacre Trust No.1, Blackacre Trust No.2, Hammer Investering AS, Jonathan Cooper, Julian Riddick and Graham Stewart
“Founders’ Incentive Plan”	the incentive arrangement for the Founders over a five-year period from the date of Admission
“FSMA”	the UK Financial Services and Market Act 2000, as amended
“GHG”	greenhouse gas emissions
“HSE”	health, safety and environment
“Investing Policy”	the investing policy of the Company as set out in paragraph 5 of Part I of this document under “Investing Policy”
“London Stock Exchange”	London Stock Exchange plc
“MAR”	the Market Abuse Regulation (EU) No 596/2014
“mboe”	thousand barrels of oil equivalent
“mmboe”	millions barrels of oil equivalent
“NCS”	the Norwegian Continental Shelf
“Official List”	the Official List of the FCA
“Ordinary Shares”	ordinary shares of £0.10 each in the capital of the Company
“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	the placing of the Placing Shares at the Placing Price to the Placees being arranged by Stifel, pursuant to the terms set out in the Placing Agreement and the subscription for Placing Shares by Jorunn Saetre, John Arnton, Hammer Investering AS, Graham Stewart, Jonathan Cooper, Blackacre Trust No.1, Blackacre Trust No.2, and Graeme Thomson
“Placing Agreement”	the conditional placing agreement dated 26 November 2019 between the Company, the Directors and Stifel relating to the Placing, a summary of which is set out in paragraph 10.3 of Part III of this document
“Placing Price”	100p per Placing Share
“Placing Shares”	the 9,500,000 new Ordinary Shares being issued by the Company pursuant to the Placing
“Possible Reserves”	those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible Reserves, which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10 per cent. probability that

	the actual quantities recovered will equal or exceed the 3P estimate
“Prospectus Regulation”	the Prospectus Regulation (EU) 2017/1129
“Proved Reserves”	those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the estimate.
“Qualified Investors”	persons in member states of the EEA who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation
“Registrar”	Equiniti Limited
“Regulation S”	Regulation S promulgated under the Securities Act
“Relevant Member State”	a member state of the EEA which is subject to the Prospectus Regulation
“Relevant Person”	(a) persons in member states of the EEA who are Qualified Investors, and (b) in the United Kingdom, Qualified Investors who are persons who (i) have professional experience in matters relating to investments falling within Article 19(5) (Investment Professionals) of FSMA (Financial Promotion) Order 2005 (the “Order”), as amended; (ii) are persons falling within Article 49(2)(a) to (d) (High Net Worth Companies, Unincorporated Associations, etc.) of the Order; or (iii) are persons to whom the Placing may otherwise be lawfully communicated (all such persons together being referred to as “Relevant Persons”)
“reserves”	reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status
“Securities Act”	United States Securities Act of 1933, as amended
“Shareholders”	holders of Ordinary Shares from time to time
“Stifel”	Stifel Nicolaus Europe Limited, as the Company’s nominated adviser, broker, and bookrunner
“Takeover Code”	the City Code on Takeovers and Mergers, as updated from time to time
“Takeover Panel”	the Panel on Takeovers and Mergers in the UK
“Total Shareholder Return”	share price return generated at a relevant measurement date above the starting market share price, taking into account dividends paid in the period
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

“United States” or “US”

the United States of America, its territories, its possessions, any state of the United States, and the District of Columbia

“US Person”

US person as defined by Regulation S

PART I – INFORMATION ON THE COMPANY

1. Introduction

Longboat Energy is a newly incorporated company established by the successful former Faroe Petroleum management team to fast track the creation of a new mid cap independent oil and gas company. Upon Admission, the Company will be an “investing company” for the purposes of the AIM Rules for Companies.

On Admission, the Board will comprise Helge Hammer as Chief Executive Officer, Jonathan Cooper as Chief Financial Officer and the following non-executive directors: Graham Stewart (Chairman), Brent Cheshire, Jorunn Saetre and Katherine Roe.

The Directors have many years of experience in evaluating and progressing acquisitions and investment prospects within the oil and gas sector. The Company will not, therefore, have a separate investment manager although it will utilise independent third parties to provide expert advice where necessary.

2. Management Track Record

Each of the Directors were previously involved in the management of Faroe Petroleum, an experienced oil and gas operator of both production and exploration assets, principally in Norway and the UK. Under the management of the Directors, Faroe Petroleum:

- had a strong track record of delivering value to shareholders, as exemplified by:
 - the growth of 2P reserves from 19 mmboe in 2013 to 98 mmboe in 2018, respectively a compounded annual growth rate of approximately 39 per cent.;
 - the growth of production from 6.1 mmboe in 2013 to 17.8 mmboe in H1 2019, respectively a compounded annual growth rate of approximately 22 per cent.¹; and
 - achieving a sale price of £642 million in January 2019, at a price of 160 pence per share (compared to the share price for the Company’s previous equity raise, in July 2016, of 70 pence per share), which represented a 129 per cent. Total Shareholder Return;
- had a successful mergers and acquisitions (“M&A”) strategy with a strong track record of value creation through active portfolio management and M&A, including:
 - asset swaps:
 - the Maria asset swap which completed in December 2011 (Norway), pursuant to which the company swapped its interest less than 18 months from discovery for a portfolio of producing assets, adding net production of approximately 7,600 boepd and 14.2 mmboe of 2P reserves; and
 - the Equinor asset swap contracted in December 2018 (Norway), pursuant to which the Company swapped non-producing assets for a portfolio of producing assets which accelerated growth, rebalanced reserves, unlocked tax synergies and added £96 million of projected cash flow over two years;
 - acquisitions and farm-ins:
 - the NCS portfolio acquisition from DONG Energy in 2016 boosted the production base and created a new strategic hub around the Ula platform with an 11 month full payback and 90 per cent. reserve increase over three years in the assets;
 - the Blane additional interest acquisition in 2017 (UK) which provided further exposure to a low cost, high quality and long life asset; and
 - the Agar farm-in in August 2018 (UK) where a 25 per cent. stake was acquired for US\$3.75 million, quickly followed by a commercial discovery of up to 12.5 mmboe net; and
 - portfolio management and sell downs, such as the Fenja partial divestment in 2018, where a 17.5 per cent. stake was sold to Suncor for US\$54.5 million (including tax) and reducing net Group capex by US\$163 million;

¹ As reported by DNO in H1 2019 financial results

- had a leading exploration track record with 74 mmboe discovered between 2013 and 2018 and discovery costs per barrel of US\$1.1/boe (post tax), being 20 per cent. below NCS average;
- consistently drilled 4-5 exploration wells a year, with at least one discovery in 7 of the 8 years prior to January 2019 and each discovery being among the top five on the NCS in its respective year; and
- was in the top quartile of licence recipients in 6 out of 8 years between 2011-2018 with over 50 licences awarded to Faroe Petroleum in total.

The Directors have strong industry relationships that are expected to provide a pipeline of opportunities for Longboat Energy. The management team are able to utilise their deep industry network to identify opportunities for bilateral transactions. The Directors believe that their direct access to opportunities will provide them with the ability to execute future acquisitions at attractive valuations. At the date of this document, the Directors are engaged in ongoing discussions with various counterparties on a bilateral basis and, following Admission, Longboat Energy intends to progress these opportunities as quickly as possible.

The Board consider that their reputation, experience, technical capabilities and track record are valued by authorities and partners, as demonstrated by their experience at Faroe Petroleum.

3. Investment Opportunity

The fall in oil price globally, since late 2014, and growth of unconventional US onshore production has, along with other factors, caused dislocation in the oil and gas industry. In part due to this dislocation, there have been a significant number of departures from the North Sea including from majors, utilities and large independents as well as funding and leverage difficulties for some smaller E&P companies. The resultant gap has been filled to a significant part by the entry of private equity-backed companies which have acquired many of the assets disposed of by exiting parties. The Directors believe that this North Sea private equity capital is primarily focused on producing assets of scale and major developments and these package acquisitions designed to build scale has also led to the creation of sub-portfolios with non-core assets that do not warrant their full focus and investment.

The Board believes that, following this wave of acquisitions, acquiring companies will look to rationalise portfolios and dispose of non-core assets. The Directors believe that many of these non-core assets can hold significant value for companies like Longboat Energy which can focus on unlocking intrinsic and upside value, thereby benefitting both parties in a transaction.

The Board believes that a reduction in competition amongst smaller E&P companies resulting from continuing North Sea consolidation, portfolio streamlining and ongoing exits from incumbent firms should present a timely opportunity for Longboat Energy to identify and acquire attractive assets in Norway and the UK.

Consequently the Directors initially plan to focus on evaluating oil and gas opportunities in Norway and the UK where they have operated successfully, and in many other countries, for more than twenty five years.

Norway

Norway contains significant remaining resources estimated to be 27 billion boe of 2P reserves and 2C resources and 25 billion boe of yet-to-find oil.

With production of over circa 4 million boepd, activity levels in the Norwegian North Sea are close to a record high. Forty-three exploration and appraisal wells have been spudded in 2019 to date, from which sixteen discoveries have been reported with a total discovered volume of 394 mmboe. There has been a 16 per cent. increase in total investment level from 2018 to 2019. Five new fields are expected on stream in 2019, including Johan Sverdrup which started production in October 2019. The application of advancing technology continues to deliver resource growth. The ambitious 2014 reserve growth target set by the Norwegian Petroleum Directorate was exceeded and significant additional reserves are being added to existing fields.

United Kingdom

The UK remains a significant hydrocarbon province with an estimated 10-20 billion boe of remaining potential.

Activity levels in the UK remain high with production in 2019 forecast to be circa 1.70 million boepd, an increase of approximately 20 per cent. since 2014. Exploration in the region is making a comeback with a 115 per cent. reserves replacement in 2018 (600 mmmboe produced and 680 mmmboe added with exploration). This includes new large discoveries including the Glengorm and Glendronach fields.

4. Investment Objectives and Strategy

The investment objectives of Longboat Energy are to create a full-cycle North Sea E&P company in order to deliver value to investors. The Board has excellent relationships across the North Sea oil and gas industry which it believes will provide Longboat Energy with access to deal opportunities.

Through focus on and investment in acquired assets, the Directors believe that they will be able to achieve the investment objectives of the Company and create value:

- by targeting assets that are non-core to existing owners;
- through geological expertise, technical knowledge and understanding in addition to deep experience across the E&P life cycle;
- through more efficient operations, cost reductions and targeted investments in the assets to be acquired; and
- by focussing on assets that have the potential to provide material upside to Longboat Energy.

Longboat Energy aims to deliver value by applying the a business model of growing production and reserves through value creative M&A and exploration similar to the model that was successful in Faroe Petroleum. They will focus on 'near field' exploration with access to infrastructure and de-risking through nearby discoveries.

The Company is targeting an initial acquisition that will deliver asset(s) that are able to meet its investment criteria (including near term cashflow) as well as provide an appropriate basis to build on the Company's investment objectives. Typical initial acquisition targets are likely to be:

- located offshore Norway and the UK or the wider EEA region;
- producing and/or near producing assets, providing cash flows to fund organic growth with robust economics, sustainable in a low oil price environment;
- assets with identifiable upsides via organic growth through further field investment (infill drilling etc.), potential near-field exploration and with follow on opportunities to deliver a hub strategy;
- assets with aligned partnerships where the Company can influence and optimise operations; and
- assets where the management team's experience is valued by the other licence partners and the authorities and can be exploited to add value.

An objective in any acquisition will be a focus on investments where the Directors believe that their expertise and experience can be deployed to facilitate growth and unlock inherent value.

The Company does not intend to invest or trade in physical commodities except where such physical commodities form part of a producing asset. The Company's equity interest in a proposed acquisition may range from a minority position to 100 per cent. ownership.

The Directors will conduct initial due diligence appraisals of potential targets and, where they believe further investigation is warranted, ensure appropriately qualified persons carry out this process. The Directors are currently assessing various opportunities which may prove to be suitable acquisition candidates.

It is likely that the Company's financial resources will be invested in either a small number of projects or one large investment which may be deemed to be a reverse takeover under the AIM Rules. In every case, the Directors intend to mitigate risk by undertaking appropriate due diligence

and transaction analysis. Any transaction constituting a reverse takeover under the AIM Rules will also require Shareholder approval.

Farm-ins to exploration assets are expected to be funded mainly in the form of equity. In the event of exploration discoveries following successful appraisal and approval of a field development plan, an appropriate level of debt would be raised to partially cover the financing of development of such assets. Portfolio management including divestment or part-divestment of discoveries that move into development will also be considered in order to balance and manage risk. Acquisitions of producing and near-producing assets are more likely to include an element of debt to equity gearing.

As a key strategic requirement the Company will be actively involved in the unlocking of value in the assets that it acquires. The Company will seek active participation in the management of acquired assets irrespective of the equity ownership acquired in the assets with a view to improving performance and adding value to the assets. In Norway the “see to duty”, a central part of industry regulations, allows and requires a non-operating partner to have significant input into the asset partnership.

Given the time frame the Directors believe is required to fully maximise the value of an exploration project or early stage development asset, it is expected that such assets will generally be held for the medium to long term, although disposal of assets in the short term cannot be ruled out in exceptional circumstances or for efficient portfolio management.

The Directors consider that as acquisitions are made, and new acquisition opportunities arise, further equity funding of the Company will be required.

5. Investing Policy

The Company will look to achieve its investment objectives and strategy by taking an active approach in investments made in line with the following parameters:

- **Geographic focus:** initially the Company’s principal focus will be acquiring assets or corporate opportunities based in or principally operating in Norway, the United Kingdom, or in the wider EEA region. The Company may consider acquiring assets globally, including in emerging markets.
- **Sector focus:** the Company intends to focus on the oil and gas sector.
- **Proposed targets:** the proposed acquisitions to be made by the Company may be licence applications, direct interests in oil and gas assets, quoted or unquoted companies, made by acquisition or through farm-ins, either in companies, partnerships or joint ventures.
- **Types of investment and control of investments:** it is anticipated that the Company will acquire and control one or more working interests, assets, businesses or companies on a long term basis. The Company’s equity interest in a proposed acquisition may range from a minority position to 100 per cent. ownership. The Company intends, where possible, to be actively involved in the management and development of the assets that it acquires irrespective of the equity ownership acquired in the assets with a view to improving performance and adding value to the assets. The Board may issue new Ordinary Shares as acquisition consideration to vendors of working interests, assets, or businesses as appropriate, and the Board would expect such new Ordinary Shares to represent a non-controlling or minority shareholding in Longboat Energy at that point in time.
- **Investment size:** the Company intends to use the net funds received from the Placing, principally to investigate and pursue potential acquisitions, perform due diligence, contribute towards professional costs associated with an acquisition and fund the initial working capital requirements of the Company. It is envisaged that the Company’s first acquisition will be in the region of an enterprise value of US\$10-US\$500 million, which will be funded through further equity issuance and debt to appropriate and prudent levels.
- **Nature of returns:** it is anticipated that returns to Shareholders will be delivered through a combination of an appreciation in the Company’s share price and, at an appropriate time, dividends paid out of retained earnings or a one off capital return, if appropriate.

Any material change to the Investing Policy will be made only with the approval of Shareholders.

The Directors believe that the Investing Policy can be substantially implemented within 18 months of Admission. If this is not achieved, the Company, in accordance with the AIM Rules for Companies, will seek the consent of Shareholders for its Investing Policy or any changes thereto at the next annual general meeting of the Company and on an annual basis thereafter, until such time that its Investing Policy has been substantially implemented. If it appears unlikely that the Investing Policy will be substantially implemented, the Directors may consider returning the remaining proceeds from the Placing to Shareholders.

Given the nature of the Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of its net asset value.

6. Investment Process

The Directors will initially be responsible for sourcing Longboat Energy's investments.

The Company proposes to establish a comprehensive and thorough project review process in which all material aspects of a potential project will be subjected to rigorous due diligence:

- **Deal flow** – potential opportunities will initially be sourced through the Directors' contacts in the industry.
- **Region/location analysis** – research will be conducted to understand the fundamentals of each project.
- **Financial analysis** – a thorough financial analysis will be undertaken where reasoned assumptions are made and economics scoped.
- **Reserves analysis** – reserves and resources for each project will be carefully assessed in advance of independent due diligence.
- **Capital markets view** – consideration will be given to investors' expectations.
- **Independent due diligence** – all projects will be subject to a competent person's report in line with best practice.
- **NOMAD consultation** – the Company will consult with its nominated adviser.
- **Board approval** – all investments must be approved by the Board.

7. Reasons for Admission and use of proceeds

The Company is seeking Admission in order to:

- maximise its ability to pursue acquisition opportunities;
- increase credibility and lower perceived completion risk with asset vendors;
- establish a broad and supportive investor base;
- achieve public disclosure of governance standards and policies;
- enhance its ability to raise equity to fund future acquisitions and to potentially issue equity as consideration for acquisitions/investments;
- provide investors with the opportunity to participate in the growth of the Company from the outset; and
- accelerate pre-qualification as an operator.

The Company intends to use the net funds received from the Placing to investigate and pursue potential acquisitions, perform due diligence, contribute towards professional costs associated with an acquisition and fund the initial working capital requirements of the Company.

8. Directors and Management

The Directors and management team are as follows:

Helge Ansgar Hammer – *Chief Executive Officer (Age: 58)*

Helge has over 30 years' technical and business experience and served as Chief Operating Officer of Faroe Petroleum from 2006 until 2019. Prior to joining Faroe Petroleum, he was Asset Manager and Deputy Managing Director at Paladin Resources. He holds a degree in Petroleum Engineering from NTH University in Trondheim and in Economics from the Institut Francais du Pétrole in Paris. In addition, he worked for Shell for 13 years as a Reservoir Engineer, Team Leader and Business Manager in Norway, Oman, Australia and the Netherlands.

Jonathan Robert Cooper – *Chief Financial Officer (Age: 51)*

Jonathan has a broad range of experience in mergers, acquisitions, public offerings and financings. He is a chartered accountant by training having qualified with KPMG before joining Dresdner Kleinwort Benson (later Wasserstein) in their Oil and Gas Corporate Finance and Advisory Team. Jonathan is a Fellow of the ICAEW and also has a PhD in Mechanical Engineering from the University of Leeds. In 2006 he was appointed as an Executive Director of Gulf Keystone Petroleum, followed by Sterling Energy plc in 2008, where he was Finance Director. He subsequently joined Lamprell plc as Chief Financial Officer in 2011. Jonathan served as Chief Financial Officer of Faroe Petroleum Plc from 2013 until 2019.

Graham Duncan Stewart – *Non-Executive Chairman (Age: 59)*

Graham holds an honours degree in Offshore Engineering from Heriot-Watt University and an MBA from Edinburgh University and has over 25 years' experience in oil and gas technical commercial affairs. He founded Faroe Petroleum in 1998, where he was Non-Executive Chairman until December 2002 when he became Chief Executive Officer until January 2019 and before that he was with Dana Petroleum plc, the Petroleum Science and Technology Institute and Schlumberger.

Brent Cheshire CBE – *Senior Independent Non-Executive Director (Age: 64)*

Brent commenced his career with Shell as a geologist in its exploration and production division, eventually spending 14 years with the group. In 1991, he joined Amerada Hess, holding a number of senior positions, latterly as Senior Vice President for E&P Worldwide Technology, where he was responsible for all global technical activities. In 2004, he became DONG Energy's first UK employee, as managing director of its UK E&P business. Over the next 13 years, eventually becoming managing director of DONG Wind Power and Chairman of its entire UK operations; he developed the business into one of the largest acreage holders West of Shetland and the leading offshore wind developer in the UK. Brent was a Director of Faroe Petroleum from 2017 until 2019. He is Chairman of the Mersey Tidal Commission and a Professor in Practice at Durham University. He was made a CBE in the Queen's Birthday Honours in 2018 for services to the Renewable Energy Sector. He is a Fellow of the Geological Society and a Fellow of the Energy Institute.

Jorunn Johanne Saetre – *Independent Non-Executive Director (Age: 62)*

Jorunn is a chemical engineer, who worked in senior positions with Halliburton, in Norway, Europe and the US, over a 30 year period. Her roles included serving as director of Halliburton's European Research Centre, Head of Halliburton's overall Scandinavian operations and responsibility for Global Product Enhancement activities. In 2008, she was awarded the title of "Oil Woman of the Year" by Stavanger Society of Petroleum Engineers. Jorunn held a management and business development role with the engineering support group AGR. She is currently project manager with the energy cluster Norwegian Energy Solutions and was an Independent Non-Executive Director of Faroe Petroleum from 2014 until 2019.

Katherine Louise Margiad Roe – *Independent Non-Executive Director (Age: 41)*

Katherine's career began in investment banking in the City of London, starting within Morgan Stanley's investment banking division and then as a Director of Investment Banking at Panmure Gordon. For her last four years at Panmure Gordon, she headed up the natural resources team and has extensive experience in oil and gas transactions, advising companies on a range of strategic options and equity capital fund raisings and has led many capital markets and M&A transactions.

Katherine was the Senior Independent Director and Audit Chair of IDE Group, an AIM quoted IT services provider, from 2016 to 2018; and an independent Non-Executive Director of Faroe Petroleum from 2018 until 2019. Katherine is currently the CFO and interim CEO of Wentworth Resources Plc, an AIM quoted oil and gas company with gas production and extensive exploration interests in the onshore Rouuma Basin of Southern Tanzania.

Julian Riddick – Company Secretary (Age: 62)

Julian is company secretary and commercial director and is one of the founders of Longboat Energy. He read geology at Leicester University and started his career as an exploration geologist with Consolidated Goldfields in Australia. Prior to Longboat, he was the Company Secretary and Commercial Director at Faroe Petroleum which he joined in 2002 prior to its admission to AIM and before that he was with Dana Petroleum where he held various financial and corporate positions.

9. Founder Incentivisation Arrangements

Arrangements have been put in place to create incentives to reward key contributors for the creation of value. These arrangements will ensure that management is fully aligned with Shareholder returns by providing the Directors and Founders with the right to receive a portion of the growth delivered by Longboat Energy above a threshold that the Directors believe represents a very challenging hurdle. The incentive scheme has been structured as summarised in paragraph 5 of Part III.

The FIP has been designed to incentivise participants to deliver exceptional returns for Shareholders over a five-year period (the “Performance Period”). Under the FIP, participants will receive a proportion of the returns delivered for Shareholders from the date of grant. This is achieved in the form of “vested” shares (either in the form of a conditional share, nil cost option or a “growth share”). Only Founders will be eligible to participate in the FIP, these being parties who have invested financially and will continue to play an important role in driving the Company’s Shareholder returns.

Participants in the FIP are eligible to receive 15 per cent. of the growth in returns of the Company from the date of Admission should a hurdle of doubling of the Total Shareholder Return (the “Hurdle”) be met. Testing of the level of return achieved will be at the end of years 3, 4 and 5 from the date of Admission (the “Measurement Dates”). To measure the return achieved at each Measurement Date, the return shall be calculated with reference to the share price on the date of Admission (the FIP’s “Commencement Date”). At each Measurement Date the value of vested shares will be driven by the amount of return generated above the starting market share price by taking into account the share price at the Measurement Date as well as dividends paid since the Commencement Date.

The Hurdle will be adjusted for any capital raises that occur during the Performance Period and the growth shares will have no value until a Hurdle of doubling of the Total Shareholder Return has been reached. If at a Measurement Date the Hurdle has been reached then shares vest (or in the case of growth shares these will be exchanged for Ordinary Shares). At the Measurement Dates at years 3 and 4, the growth shares will vest and 50 per cent. can be realised immediately with the remaining half exchanged for Ordinary Shares in Longboat Energy which will be subject to a lock-in period until after the Measurement Date at year 5. All growth shares exchanged at the Measurement Date at year 5 can be realised immediately on that date as well as the shares subject to lock-in from years 3 and 4. Vesting of all shares will be after approval by the remuneration committee taking into account the overall performance of the Company during the Performance Period.

Under the FIP, no single participant will receive a pay out with a value of greater than £25 million in line with corporate governance best practice around the operation of such types of incentives. This cap is cumulative over the face value of the awards paid out at each Measurement Date.

Not more than 10 per cent. of the Company’s issued ordinary share capital may be issued under the FIP and in any period of 10 years not more than 15 per cent. total (including the FIP) of the Company’s issued ordinary share capital may be issued under all employee share schemes adopted by the Company. Shares issued out of treasury under the FIP will count towards these limits for so long as this is required under institutional shareholder guidelines.

Awards which have lapsed or been renounced will not count towards the limits set out above.

10. Employee Incentivisation Arrangements

The Company will operate a market standard employee share plan to provide incentivisation and retention for management personnel. It is anticipated that in future years this will include the Executive Directors participating in the FIP. The remuneration committee of the Board will retain discretion to ensure participants in the FIP will not be paid for the same performance under both the FIP and any future long-term incentive plan.

The structure and terms of the schemes is yet to be determined, but any proposal will be presented to Shareholders for approval.

11. Lock-in Arrangements

In accordance with the AIM Rules, the Directors, Julian Riddick and the trustees of Blackacre Trust No. 1 and Blackacre Trust No.2, whose interests in the Company when taken together amount to 8.0 per cent. of the Enlarged Share Capital, have undertaken to Stifel and the Company:

- not to dispose of any interest in their Ordinary Shares (including any Ordinary Shares which they may subsequently acquire within one year of Admission) or any options to subscribe for Ordinary Shares for a minimum period of 12 months following Admission except in the very limited circumstances allowed by the AIM Rules; and
- not to dispose of any interest in Ordinary Shares for a period of 12 months following the first anniversary of Admission otherwise than in an orderly manner through the Company's broker from time to time.

12. The Placing

Stifel has conditionally agreed to use its reasonable endeavours to place, as agent for the Company, the Placing Shares, which will represent 95 per cent. of the Enlarged Share Capital, at the Placing Price.

The gross proceeds of the Placing are expected to be £9,500,000 and the net cash proceeds to the Company of the Placing (after deduction of expenses estimated in total at approximately £740,000 (excluding VAT)) are expected to be £8,760,000.

The Placing is conditional, *inter alia*, on Admission occurring on or by 13 December 2019. The Placing Shares allotted pursuant to the Placing will (following issue) rank *pari passu* in all respects with the Existing Ordinary Shares.

The Placing Shares are not being offered generally in the UK or elsewhere and no applications have or will be accepted other than under the terms of the Placing Agreement and the terms and conditions of the Placing set out in Part IV of this document. It is expected that the proceeds of the Placing due to the Company will be received by it on or soon after Admission.

The Placing Shares will be issued in registered form. The register of members of the Company will be maintained by the Registrar. It is expected that, subject to the satisfaction of the conditions of the Placing, the Placing Shares will be registered in the names of the Placees subscribing for or acquiring them and issued or transferred either:

- in CREST, where the Placee so elects and only if the Placee is a "system member" (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares subscribed for or purchased expected to take place on 28 November 2019; or
- otherwise, in certificated form, with the relevant share certificate expected to be despatched by post at the risk of the Placee by 12 December 2019.

Notwithstanding the election by Placees as to the form of delivery of the Placing Shares, no temporary documents of title will be issued. All documents or remittances sent by or to Placees or as they may direct will be sent through the post at their risk.

Pending despatch of definitive share certificates or crediting of CREST stock accounts (as applicable), the Registrar will certify any instrument of transfer against the Company's register of members.

13. Admission to Trading and Dealing Arrangements

Application has been made for admission of the Enlarged Share Capital to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 28 November 2019.

The Ordinary Shares will have the ISIN number GB00BKF2482, with SEDOL BKF248. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

14. Financial Information

No financial statements have been prepared as at the date of this document because the Company is a newly incorporated investing company that has not traded or made any investments and has no material assets or liabilities.

Since incorporation, the only activities of the Company have been in connection with its Investing Policy. Save as noted under "Investing Policy" above or in the Risk Factors in Part II of this document, the Directors believe that there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

15. Borrowings

The Directors are of the opinion that the Company will have, following the Placing, sufficient funds to provide working capital for the Company's initial operations in line with its corporate strategy as set out in this document until it acquires investments or early stage assets, at which time debt and/or additional equity financing is likely to be required.

16. Dividend Policy

The nature of the Company's proposed business means that it is unlikely that the Directors will recommend a dividend in the early years following Admission. The Directors believe the Company should seek to generate capital growth for its Shareholders but may recommend distributions at some future date when the investment portfolio matures and production revenues are established and when it becomes commercially prudent to do so.

17. Taxation

The attention of prospective investors is drawn to the taxation section in paragraph 11 of Part III of this document.

18. Corporate Governance

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of the Shareholder. So far as it is practicable, the Directors intend to comply with the QCA Corporate Governance Code published by the Quoted Companies Alliance and to the extent appropriate to the size and nature of the Company.

The Company will hold regular board meetings and the Board will be responsible for formulating, reviewing and approving the Company's strategy, budgets and acquisitions. The Board currently comprises six Directors, of whom two are executive and four are non-executive.

The Board has established an audit committee, remuneration committee, nomination committee and disclosure committee with formally delegated duties and responsibilities, as described below.

Audit committee

The audit committee will be responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, monitoring the effectiveness of the internal audit function and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

The audit committee will initially comprise Katherine Roe, Brent Cheshire and Jorunn Saetre and will be chaired by Katherine Roe. The audit committee will meet at least three times a year at

appropriate times in the reporting and audit cycle and otherwise as required. The audit committee will also meet regularly with the Company's external auditors.

Remuneration committee

The remuneration committee will be responsible for determining and agreeing with the Board the framework for the remuneration of the executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of non-executive Directors will be a matter for the chairman and the executive members of the Board. No Director will be involved in any decision as to his or her own remuneration.

The remuneration committee will initially comprise Brent Cheshire and Katherine Roe and will be chaired by Brent Cheshire. The remuneration committee will meet at least twice a year and otherwise as required.

Nomination committee

The nomination committee will be responsible for reviewing the structure, size and composition of the Board and identifying and nominating, for the approval of Board, candidates to fill vacancies on the Board as and when they arise.

The nomination committee will initially comprise Jorunn Saetre and Graham Stewart and will be chaired by Graham Stewart. The nomination committee will meet at least twice a year and otherwise as required.

Disclosure committee

The disclosure committee will be responsible for ensuring that the Company makes timely and accurate disclosure of all information that is required to be disclosed to meet its disclosure obligations arising from the admission of its shares to AIM.

The disclosure committee will initially comprise Jonathan Cooper, Helge Hammer and Julian Riddick and will be chaired by Jonathan Cooper. The disclosure committee will meet as required.

Share dealing policy

The Company has adopted, with effect from Admission, a share dealing policy for Directors and applicable employees of the Company for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, Rule 21 of the AIM Rules and dealing during closed periods which will be in line with MAR). The Directors consider that this share dealing policy is appropriate for a company whose shares are admitted to trading on AIM.

The Company will take proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing policy and the relevant provisions of the AIM Rules (including Rule 21).

19. CREST

The Articles of Association permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. The Directors will apply for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place in the CREST system if the relevant Shareholders wish in accordance with the criteria listed in "The Placing and Use of Proceeds" paragraph in Part I of this document.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so.

20. Takeover Code

The Company is a public limited company incorporated in the UK and has its place of central management and control in the UK. Accordingly, the Takeover Code applies to the Company and, as a result, Shareholders are entitled to the benefit of the takeover offer protections provided under the Takeover Code.

Under Rule 9 of the Takeover Code when (i) a person acquires an interest (as defined by the Takeover Code) in shares which (taken together with shares in which he and persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code; or (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of the voting rights of a company subject to the Takeover Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person together with the persons acting in concert with him, is normally required to make a general offer to all remaining shareholders to acquire their shares. Any such offer must be in cash, at the highest price paid by him (or any persons acting in concert with him) for any interest in shares in the company within the preceding 12 months. Under the Takeover Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, a company subject to the Takeover Code.

Control means an interest or interests in shares carrying, in aggregate, 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

For the purposes of the Takeover Code, the Company understands that shareholders in a company registered as a public company before an initial public offering of its shares, together with, *inter alia*, their respective close relatives, related trusts and partnerships of which they are members are likely to be presumed to be acting in concert with each other unless the contrary can be established. Accordingly, until such time as the relevant persons can rebut this presumption, each of Blackacre Trust No. 1 and Blackacre Trust No.2 (being trusts of which Jonathan Cooper is a trustee), Jonathan Cooper, Julian Riddick, Graham Stewart and Hammering Investering AS (a private limited company incorporated in Norway of which Helge Hammer is the sole shareholder) are likely to be presumed to be acting in concert for the purposes of the Takeover Code (the “**Presumed Concert Party Group**”). Immediately following Admission, the Presumed Concert Party Group will hold in aggregate 8.0 per cent. of the Enlarged Share Capital.

Further information concerning the Takeover Code is set in paragraph 4.7(a) of Part III of this document.

PART II – RISK FACTORS

Prospective investors should be aware that an investment in Longboat Energy is speculative and involves a high degree of risk. In addition to the other information in this document, the Directors consider the following risk factors are of particular relevance to the Company's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. Any one or more of these risk factors could have a materially adverse impact on the value of the Company and its business prospects and should be taken into consideration when assessing the Company. In such circumstances, investors could lose all or part of the value of their investment. The risks are not presented in any order of priority.

Potential investors are advised to consult a person authorised under FSMA who specialises in advising on investments of this kind before making any investment decisions. A prospective investor should carefully consider whether an investment in the Company is suitable in light of his personal circumstances and the financial resources available to him. Prospective investors should also consider carefully all of the information set out in this document and the risks attaching to the investment in the Company, including, in particular, the risks described below, before making any investment decision.

RISKS RELATING TO THE COMPANY'S INVESTING POLICY

Limited operating history

The Company was formed on 28 May 2019 and as such has a limited trading history and financial track record. The Company has been pursuing its Investing Policy since incorporation but currently has not made any acquisitions or formally arranged any financing facilities and its acquisitions will only be made, if at all, after the Placing is completed and to coincide with a further fund raising. As a result, there can be no assurance that the Company will be successful or that it will meet the objectives of its Investing Policy and prospective investors do not have financial or other information regarding acquisitions to be made by the Company or information on the Company's future prospects to assist them in making their investment decision. There is, therefore, no basis on which to evaluate the Company's ability to achieve its business objective, implement its Investing Policy and provide a satisfactory investment return.

Any failure in achieving its Investing Policy or financing strategy or in managing its financial controls, reporting systems or procedures could have a material adverse effect on the Company's results of operations, financial condition and business prospects.

Identifying a suitable target

The Company will be dependent upon the ability of the Directors to identify suitable acquisition targets and to implement the Company's strategy. If the Directors do not identify an opportunity that corresponds to the Company's business strategy for creating value, then the Company may not be able to invest its cash in a manner which accomplishes its objectives. Although the Company will have sufficient cash reserves for at least 12 months from the date of Admission, the net proceeds of the Placing will be insufficient to fund in full suitable acquisitions identified by the Directors. Accordingly, the Company intends to seek additional sources of financing (through further equity and/or debt) to implement its strategy. There can be no assurance that the Company will be able to raise those funds, whether on acceptable terms or at all.

The Company may face significant competition for acquisition opportunities

There may be significant competition in some or all of the acquisition opportunities that the Company may explore. Such competition may for example come from strategic buyers, sovereign wealth funds, special purpose acquisition companies and public and private investment funds, many of which are well established and have extensive experience in identifying and completing acquisitions. A number of these competitors may possess greater technical, financial, human and other resources than the Company. The Company cannot assure investors that it will be successful against such competition. Such competition may cause the Company to be unsuccessful in executing an acquisition or may result in a successful acquisition being made at a significantly higher price than would otherwise have been the case.

The Company may be unable to complete desired acquisitions or to fund the assets that it acquires if it does not obtain additional funding

Although the Company cannot currently predict the amount of additional capital that may be required, the Company may be unable to raise the additional funds required to implement the Investing Policy. The Company may not receive sufficient support from its existing Shareholders to raise additional equity, and new equity investors may be unwilling to invest on terms that are favourable to the Company, or at all. Lenders or investors may be unwilling to extend debt financing to the Company on attractive terms, or at all. To the extent that additional equity or debt financing is necessary to implement the Investing Policy and remains unavailable or only available on terms that are unacceptable to the Company, the Company may be compelled either to restructure or abandon a particular acquisition target, or proceed with acquisitions on less favourable terms, which may reduce the Company's return on investment.

Reliance on key personnel

The success of the Company, including its ability to identify and complete potential acquisitions, will be dependent on the services of key management and operating personnel, including both its existing Directors and also individuals who have yet to be identified. The Directors believe that the Company's future success will depend largely on its ability to attract and retain highly skilled and qualified personnel, and to expand, train and manage its employee base. There can be no guarantee that suitably skilled and qualified individuals will be identified and employed or contracted on satisfactory terms or at all. If the Company fails to recruit or retain the necessary personnel, or if the Company loses the services of any of its key executives, its business could be materially and adversely affected.

Change in Investing Policy

The Company's Investing Policy may be modified and altered from time to time, although any material changes would require the prior consent of Shareholders, so it is possible that the approaches adopted to achieve the Company's investment objectives in the future may be different from those presently expected to be used and disclosed in this document.

Market conditions

Market conditions may have a negative impact on the Company's ability to execute investments in suitable assets which generate acceptable returns. There is no guarantee that the Company will be successful in sourcing suitable assets or making any investments in assets at all.

Interest rates

Until such time as all of the net proceeds of the Placing are applied by the Company to fund acquisitions, the unapplied portion of the net proceeds will be held by the Company in anticipation of future acquisitions and to meet the running costs of the Company. Such deposits are likely to yield very low interest rates and lower returns than the expected returns from an investment. The Company can give no assurance as to how long it will take it to source a transaction, if at all, and the longer the period the greater the likely impact on the Company's performance, financial condition and business prospects.

Costs associated with potential acquisitions

The Company expects to incur certain third party costs associated with the sourcing of suitable assets. The Company can give no assurance as to the level of such costs, and given that there can be no guarantee that negotiations to acquire any given assets will be successful (for example, the Company may fail to complete a proposed acquisition because it has been outbid by a competitor or does not meet the sellers' internal hold value), it may be left with substantial unrecovered transaction costs, including legal, financial, advisory or other expenses, including general and administration costs, which could have a material adverse effect on the financial condition and prospects of the Company. The greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Company's performance, share price, financial condition and business prospects.

Ownership risks

Under the Company's Investing Policy, the Company has the ability to enter into a variety of investment structures, including licence applications, joint ventures, the acquisition of controlling interests or the acquisition of minority interests.

In the event the Company acquires a 100 per cent. interest in a particular asset or entity, or makes a single investment in an entity, the resulting concentration of risk may result in a total or partial loss on its investment and have a material adverse effect on the Company's performance.

In the event the Company acquires less than a 100 per cent. interest in a particular asset or entity, the remaining ownership interest will be held by third parties and the subsequent management and control of such an asset or entity may entail risks associated with multiple owners and decision-makers. Any such investment also involves the risk that third party owners might become insolvent or fail to fund their share of any capital contribution which might be required, which may then fall to the Company to fund. In addition, such third parties may have economic or other interests which are inconsistent with the Company's interests, or they may obstruct the Company's plans, or they may propose alternative plans. If such third parties are in a position to take or influence actions contrary to the Company's interests and plans, this may affect the ability of the Company to implement its strategies.

In addition, there is a risk of disputes between the Company and third parties who have an interest in the asset or entity in question. Any litigation or arbitration resulting from any such disputes may increase the Company's expenses and distract the Board from focusing its time to fulfil the strategy of the Company. The Company may also, in certain circumstances, be liable for the actions of such third parties.

Due diligence process

The Company intends to conduct such due diligence as it deems reasonably practicable and appropriate, based on the facts and circumstances applicable to each potential project, before making an acquisition. The objective of the due diligence process will be to identify material issues which might affect an acquisition decision. When conducting due diligence and making an assessment regarding an acquisition, the Company will be required to rely on resources available to it, including, in the main, data provided by the vendor, public information and, in some circumstances, third party investigations. As a result, there can be no assurance that the due diligence undertaken with respect to any potential project will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such project. Further, there can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will be accurate and/or remain accurate in the period from conclusion of the due diligence exercise until the desired investment has been made. Due diligence may also be insufficient to reveal all of the past and future liabilities relating to the operations and activities of the target, including but not limited to liabilities relating to litigation, breach of environmental regulations or laws, governmental fines or penalties, pension deficits or contractual liabilities.

Valuation error

In assessing the consideration to be paid for an acquisition, the Directors, amongst other things, expect to rely on market data, industry statistics and industry forecasts consisting of estimates compiled by industry professionals, organisations, analysts or publicly available information. Industry publications generally state that their information is obtained from sources they believe to be reliable but that the accuracy and completeness of such information is not guaranteed and that the forecasts or projections they contain are based on a number of significant assumptions. Although the Company intends to use sources that are believed to be reliable, it may not always have access to the underlying information, methodology and other bases for such information and may not have independently verified the underlying information and, therefore, cannot guarantee its accuracy and completeness. Accordingly, errors in any of the assumptions or methodology employed by a third party in preparing a report on which the Company may place reliance may materially adversely affect the Company's valuation and therefore returns on any acquisition, business, results of operations, financial condition and prospects.

Long-term nature of investments

While an investment may be sold by the Company at any time, it is not generally expected that this will occur for a number of years after such an acquisition is made. Investments in oil and gas assets and companies are best suited for long-term investors.

Illiquid nature of the company's investments

Return of capital to Shareholders and the realisation of gains, if any, generally will occur only upon the partial or complete disposal of an investment, or ultimately the Company itself, which may be several years after first investment.

Increased pressure to reduce GHG emissions

There is increasing concern about climate change and the link between global warming and carbon emissions generated directly and indirectly by oil and gas activities. Certain pressure groups wish oil and gas to be replaced with other energy sources which generate lower emissions. In the medium to long term should energy generators and consumers switch to new forms of energy, including renewables, there will be a corresponding reduction in demand for oil and gas. Market sentiment towards oil and gas companies may be negatively impacted by both government regulation and by activism reducing available capital along with demand for the Company's shares from both the public and institutions.

Brexit

On 23 June 2016, the UK held a referendum on the UK's continued membership of the EU. This resulted in a vote for the UK to exit the EU on the UK government formally served notice of the UK's intention to leave the European Union on 29 March 2017 in accordance with Article 50(2) of the Treaty on European Union, marking the start of the process of the UK's withdrawal from the EU ("**Brexit**"). The date of Brexit has now been delayed until 31 January 2020. Brexit could have a serious impact on the Company's business, financial condition and results of operations. The extent of the impact would depend in part on the nature of the arrangements that are put in place between the UK and the European Union following Brexit and the extent to which the UK continues to apply laws that are based on European Union legislation. In addition the macroeconomic effect of Brexit on the Company's business (including on the pound sterling exchange rate in the long term) and of its clients is not known. Prolonged political and economic uncertainty and the potential negative economic trends that may follow could have a material adverse effect on the Company's results of operations, financial condition and business prospects.

Cyber risks

The Company is at risk of financial loss, reputational damage and general disruption from a failure of its information technology systems or an attack for the purposes of espionage, extortion, terrorism or to cause embarrassment. Any failure of, or attack against, Longboat Energy's information technology systems may be difficult to prevent or detect, and Longboat Energy's internal policies to mitigate these risks may be inadequate or ineffective. Longboat Energy may not be able to recover any losses that may arise from a failure or attack.

RISKS RELATING TO THE OIL AND GAS INDUSTRY

The Company's proposed projects will be subject to the normal risks of oil and gas projects, and such profits as may be derived from such projects are subject to numerous factors beyond the Company's control. Certain of these risk factors are discussed below.

HSE and operational risk

The North Sea is a harsh environment. Offshore operations, such as drilling, transportation, logistics, production and export of oil and gas, carry operational and HSE risks. The risks include accidents, fatalities, injuries to people, work environment related illnesses, spills into air and sea and environmental damage. Depending on the causes and severity, the materialisation of such risks may have a material adverse effect on the Company's business.

The Company will implement a business management system in compliance with regulatory requirements, and make sure it has competence and capacity available in its organisation, to ensure maximum planning and control of HSE risks

Reserve and resource estimates

Any future reserve and/or resource figures relating to future projects will be estimates and there can be no assurances that the reserves or resources are present, will be recovered or that they can be brought into profitable production. Reserves and resources estimates may require revisions based on actual production experience. Furthermore, a decline in the market price for commodities produced by projects that the Company may invest in could render remaining reserves uneconomic to recover and may ultimately result in a restatement of reserves.

Exploration risks

The Company intends to invest in projects relating to the exploration for and the development of resources which are speculative and involve a significant degree of risk. There is no assurance that such exploration will lead to commercial discoveries or, if there is a commercial discovery, that such reserves will be realisable.

Whilst the Directors will endeavour to apply what they consider from time to time to be the latest technology to assess potential projects, the business of exploration for minerals and hydrocarbons is speculative and involves a high degree of risk. The mineral or hydrocarbon deposits of any projects acquired, or invested in, by the Company may not contain economically recoverable volumes of minerals or hydrocarbons of sufficient quality and even if there are economically recoverable deposits, delays in the construction and commissioning of projects or other technical difficulties may make the deposits difficult to exploit.

The exploration and development of any projects in which the Company may have invested may be disrupted, damaged or delayed by a variety of risks and hazards which are beyond the control of the Company. These include (without limitation) geological, geotechnical and seismic factors, environmental hazards, technical failures, adverse weather conditions, "acts of God" and government regulations or delays.

Exploration/drilling, developing and operating risks

Oil and gas drilling/exploration, developing and operating involves a number of risks, many of which are beyond the control of the Company, which may delay or adversely impact the projects which the Company may have acquired or which the Company may have invested. These include mechanical failures or delay, adverse weather conditions and governmental regulations or delays. These delays and potential impacts could result in a project's activities being damaged, delayed or abandoned and substantial losses could be incurred.

Exploration/drilling may not result in the discovery of economically viable mineral or hydrocarbon resources either due to insufficient resources being discovered, the resources not being of sufficient quality to be developed economically or the costs of any development being in excess of that required for an economic project.

Exploration/drilling is also subject to general industry operating risks such as environmental spills or hazards, explosions, fires, blow-outs and equipment failures, the occurrence of any of which could result in losses for the projects which the Company may have acquired or in which the Company may have invested in the form of injury or loss of life, environmental damage, damage to or destruction of property and regulatory investigations that could result in curtailment of operations, fines and other additional costs.

Ability to exploit successful discoveries

It is possible that a project which the Company may have acquired or in which the Company may have invested may not be able to exploit commercially viable discoveries in which it holds an interest. Exploitation may require external approvals or consents from relevant authorities and the granting of these approvals and consents is beyond the Company's control. The granting of such approvals and consents may be withheld for lengthy periods, not given at all, or granted subject to the satisfaction of certain conditions which the project the Company may have acquired or in which the Company may have invested cannot meet. As a result of such delays, the project the Company

may have acquired or in which the Company may have invested may incur additional costs, losses of revenue or part or all of its equity in a licence.

Volatility of prices

The supply, demand and prices for commodities are volatile and are influenced by factors beyond the Company's control. These factors include global demand and supply, exchange rates, interest rates and inflation rates and political events. With increased pressure to reduce GHG emissions by replacing fossil fuel energy generation with zero emission energy generation it is possible that peak demand for oil will be reached, and oil price will be adversely impacted as and when this happens. A significant prolonged decline in commodity prices could impact the viability of some or all of the exploration, development and producing projects which the Company may propose to acquire. Additionally, production from geographically isolated countries may be sold at a discount to current market prices.

Corporate and regulatory formalities

Conducting exploration, development, production or other oil and gas activities has or will involve the requirement to comply with various procedures and approval formalities. It may not in the future be possible to comply or obtain waivers of all such formalities. In the case where it is not possible for the Company to comply, or it cannot obtain a waiver, in relation to an asset that it has acquired, that asset may incur a temporary or permanent disruption to its activities and a loss of part or all of its interest in a lease or licence.

Climate change and related regulation

Many participants in the oil and gas sector are large users of energy. Various regulatory measures aimed at reducing GHG emissions and improving energy efficiency may affect the Company's operations and acquisition opportunities. Policy developments at an international, regional, national and subnational level, including those related to the 2015 Paris Agreement and emissions trading systems, such as the Emissions Trading System of the European Union, could adversely affect the Company's profitability if projects that it invests in have material greenhouse gas-intensive and energy-intensive assets.

In addition, the impact of climate change on any of the Company's potential acquisitions is uncertain and will depend on circumstances at individual operating sites. These may increase costs, reduce production levels or otherwise impact the results of operations of the Company's acquisitions.

The Company expects GHG emission costs to increase from current levels beyond 2020 and for regulations targeting reduced GHG emissions to have a wider geographical application than today. There is continuing uncertainty over the detail of anticipated regulatory and policy developments, including the targets, mechanisms and penalties to be employed, the timeline for legislative change, the degree of global cooperation among nations and the homogeneity of the measures to be adopted across different regions. This ambiguity, in turn, creates uncertainty over the long-term implications for the Company's expected projects and operating costs and the constraints the Company may face in order to comply with any such new regulations. For example, to meet regulatory targets imposed in the future, the Company may be required to adopt new technological solutions for its assets within a limited timeframe to reduce GHG emissions, and there can be no assurance that the Company would be successful in making such adaptations.

The emergence of new technologies that disrupt the oil and gas sector, or a gradual shift towards alternative fuels

The oil and gas sector is dominated by large national and supermajor oil and gas companies, including Exxon, Shell, BP and Total, which possess significant cash and financial resources and class-leading technological expertise. These and other competitors are continuously investing substantial amounts in research, development and innovation. In addition, world-leading technology and automotive companies, such as Apple, Google and Tesla, are also conducting extensive research into new, potentially disruptive, technologies, such as the electrification and automation of motor vehicles and ground-breaking battery technologies, which could have a significant impact on demand for oil-based products worldwide if they were to be widely adopted.

This global research effort is, in part, in response to a trend in demand towards greater fuel efficiency and a shift to alternative fuels, prompted by heightened environmental-awareness among governments and consumers. There is a risk that greater-than-expected improvements in fuel efficiency over the near-term, whether due to technological advancements or more stringent regulation, could lower demand for diesel and gasoline. For example, automakers globally have, over recent years, significantly improved the efficiency of conventional internal combustion engines through technological innovation, and have developed increasingly competitive hybrid and fully-electric motor vehicles. Some countries offer programs that seek to incentivise the use of more environmentally-friendly vehicles by offering subsidies or tax breaks or by directly banning the use of vehicles using conventional petroleum-based fuels beyond a certain year. Legislative changes could also be accompanied by, or serve to accelerate, a shift in consumer preference towards alternative fuels due to increased environmental awareness and the improved competitiveness of “green” technologies.

Moreover, the emergence of one or more disruptive technologies that rapidly accelerate the pace of change, or suddenly alter the direction of change, could have a negative impact on the Company’s long-term strategy. There can be no assurance that the Company would be successful in adjusting its business model in a timely manner to anticipate, or react to, changes in demand resulting from changes in legislation, technologies, consumer preference or other market trends, and its failure to do so could have a material adverse effect on the Company’s strategy, financial condition, results of operations and prospects.

Fiscal and other risks derived from government involvement in the oil and gas industry

The governments of countries in which the Group currently operates or may operate have exercised and continue to exercise significant influence over many aspects of their respective economies, including the oil and gas industry. Any government action concerning the economy, including the oil and gas industry, such as a change in oil or gas pricing policy (including royalties), exploration and development policy, or taxation rules or practice (particularly the UK’s decommissioning tax relief and Norway’s exploration and appraisal tax incentives), or renegotiation or nullification of existing concession contracts, could have a material effect on the Group. Furthermore, there can be no assurance that these governments will not postpone or review projects or will not make any changes to laws, rules, regulations or policies, in each case, which could materially and adversely affect the Group’s financial position, results of operations or prospects.

Environmental regulation

Environment and safety legislation (such as in relation to plugging and abandonment of wells, discharge of materials into the environment and otherwise relating to environmental protection) may affect the Company’s ability to make or pursue investments and may change in a manner that may require more strict or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulation. There may also be unforeseen environmental liabilities resulting from oil and gas activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances for which a company may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions. Consequently the economic impact on the Company’s profitability is difficult to assess.

Assessing future abandonment expenditure.

When assessing assets for acquisition, the Company will assume certain obligations in respect of the decommissioning and abandonment of wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and will require the Company to make provisions for and/or underwrite the liabilities relating to such decommissioning. It is difficult to forecast with any accuracy the future costs the Company will incur in satisfying such decommissioning obligations. When such decommissioning costs crystallise on assets acquired, the Company will be jointly and severally liable for them with other former or current partners in the field. If such partners default on their obligations, the Company could remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated

decommissioning costs that the Company may incur could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Company will be reliant on a functioning insurance market

The Company intends to maintain a programme of insurance to cover exposure up to recognised industry limits. However, in the future, there may not be sufficient cover available at economic rates in conventional markets to insure all of the Company's potential liabilities. Operational insurance policies are usually placed in one-year contracts and the insurance market can withdraw cover for certain risks which can greatly increase the costs of risk transfer. Such increases are often driven by factors unrelated to the Company. In addition, insurers may come under pressure from activists to withdraw their support for the oil and gas industry reducing the underwriting capacity and increasing the cost of cover to potentially un-economic levels.

The Company may be at risk from uninsured hazards and/or uninsured liabilities

The Company may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of sub-contractors, operators or joint venture partners. Any indemnities the Company may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. Although the Company intends to maintain insurance in accordance with industry practice, there may be circumstances where the Company does not have, or cannot obtain, insurance to cover certain risks at a reasonable market premium, including business interruption insurance. In addition, there can be no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover the relevant losses or liabilities. Accordingly, the Company may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage that may have a material adverse effect on the Company's business.

Market risk

The scale of production from a development of a discovered oil and gas resource will be dependent upon factors over which the Company has no control such as market conditions at that time, access to, and the operation of, transportation and processing infrastructure, the available capacity levels and tariffs payable by a particular project entity for such infrastructure and the granting of any licences or quotas that a particular project entity may require from the relevant regulatory authority. All of these factors may result in delays in production and additional costs for a particular project or, ultimately, a reduction in expected revenues for the Company. Therefore, there is a risk that the Company may not make a commercial return on its investment.

Infrastructure

Inadequate supply of the critical infrastructure elements for oil and gas activity could result in reduced production or sales volumes, which could have a negative effect on the financial performance of the Company's investments. Disruptions in the supply of essential utility services, such as water and electricity, may halt production, or damage the oil and gas equipment or facilities of the Company's investments. In addition continued access to downstream infrastructure is critical to exporting and distributing products and disruption to such infrastructure may affect the operations of the Company's investments.

Labour disruptions

There is a risk that strikes or other types of conflict with unions or employees may occur at any one of the Company's investments or in any of the geographic regions in which the Company owns assets. Any labour disruptions could increase operational costs and decrease revenues by delaying the business activities of the Company's investments or increasing the cost of substitute labour, which may not be available. Furthermore, if such disruptions are material, they could adversely affect the Company's results of operations, cash flows and financial condition.

Competition

The oil and gas industry is very competitive and the Company will face competition for potential investments and in the countries within which it will conduct its investment activities. Some of the Company's competitors have access to greater financial and technical resources than the Company

and a greater ability to borrow funds to acquire assets. Competition for attractive investment opportunities may lead to higher asset prices which may affect the Company's ability to invest on terms which the Directors consider attractive. Such conditions may have a material adverse impact on the Company's ability to secure attractive investment opportunities and consequently may have an adverse effect on the net asset value and the market price of the Ordinary Shares.

RISKS RELATING TO THE ORDINARY SHARES

Liquidity of Ordinary Shares

Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. The market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Ordinary Shares may thus be difficult to realise. The Ordinary Shares will not be listed on the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. The price of the Ordinary Shares may be volatile, influenced by many factors, some of which are beyond the control of the Company, including the performance of the overall share market, other Shareholders buying or selling large numbers of Ordinary Shares, changes in legislation or regulations and general economic conditions.

Investment risk

The value of an investment in the Company could, for a number of reasons, go up or down. There is also the possibility that the market value of an investment in the Company may not reflect the true underlying value of the Company.

Distributions to Shareholders

Investors should note that payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs. Pursuant to the Act, dividends may only be declared and paid if the Company has distributable profits.

In addition, the Company's ability to pay distributions to Shareholders depends on the earnings and cash flows of the companies it invests in and their ability to pay the Company distributions and to repatriate funds to it. Other contractual and legal restrictions applicable to the Company and its investments could also limit its ability to obtain cash from them. If there are changes to accounting standards or to the interpretation of accounting standards, this could have an adverse impact on the Company's ability to pay dividends. The Company's right to participate in any distribution of its investee companies' assets upon their liquidation, reorganisation or insolvency would generally be subject to prior claims of such companies' creditors, including lenders and trade creditors.

Investor profile

The Placing will be marketed to institutional and sophisticated investors seeking capital appreciation. An investment in the Ordinary Shares is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise from that investment (taking into account the fact that those losses may be equal to the whole amount invested). Such an investment should be seen as medium to long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio. The value of shares can go down as well as up, any dividend returns can fluctuate widely and investors may not realise the value of their initial investment.

Investing company status

The Company is currently considered an investing company under the AIM Rules. As a result it may benefit from certain partial carve-outs as to the AIM Rules such as those in relation to the classification of reverse takeovers (as defined in the AIM Rules). The Directors expect that, if the Company is able to make acquisitions these may constitute reverse takeovers (as defined in the AIM Rules) and it will in the future cease to be an investing company. At that stage, such carve-outs will cease to apply. Certain stake building or acquisition activities might also be considered a

reverse takeover for the purposes of the AIM Rules, which would, amongst other things, require Shareholder approval of the acquisition or stake building. In certain cases this may result in the name of the selected investee company or a new investee company becoming public knowledge before the Company has acquired its desired holding in either the selected investee company or a new investee company and thus lead to an increase in the price of shares in the relevant company. The requirement for Shareholder approval of a potential transaction, which is classed as a reverse takeover, could result in the delay and or failure to complete the acquisition.

GENERAL RISKS

Financing

Implementation of the Investing Policy will require very significant capital investment. The only sources of financing currently available to the Company are through the issue of additional equity capital or through bringing in partners to fund exploration and development costs. The Company's ability to raise further funds will depend on the success of existing and acquired investments. The Company may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Company may be required to reduce the scope of its investments or anticipated expansion. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

Political and economic risks

Whilst the Company will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Company's investments will be adversely impacted by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences, expropriation, war, terrorism, insurrection and changes to laws governing oil and gas exploration and operations. There is also the possibility that the terms of any licence held by any project entity in which the Company has invested may be changed.

Currency risk

The Company will report its results in pounds sterling, whilst a majority of its costs and revenues may be denominated in other currencies. This may result in additions to the Company's reported costs or reductions in the Company's reported revenues. In addition, initially the proceeds from a capital raise will be held in Pounds Sterling and the consideration for an acquisition may be in other currencies and the conversion may lead to a foreign exchange loss and consequent material impact on the Company's finances

Legal systems

Some of the countries in which the projects in which the Company may invest in could have legal systems that are less well developed than the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Developments in global financial markets

There can be no assurances that financial conditions in the global financial markets will not worsen or adversely affect the Company's then prevailing financial position and performance or, indeed, those of its investments.

Taxation risk

Any change in the Company's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the Ordinary Shares or the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Company and its investors are based upon tax law and practice at the date of this document, which is subject to change.

Whilst the Directors will use their reasonable endeavours to structure the Company's investments to comply with local laws and regulations, as well as with a view to mitigating the tax effect of local tax regulations, there can be no guarantee that laws and regulations which may adversely impact the Company's ability to realise its investments will apply to some or all of the Company's investments. In such circumstances, the Company's ability to invest in assets in the target countries without suffering a material and adverse effect on its investments may be affected.

Force majeure

The Company's proposed projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

PART III – ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names and functions are set out on page 2 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered in England and Wales on 28 May 2019 as a private company limited by shares with registered number 12020297. The Company was incorporated with the name Longboat Energy Ltd and was re-registered as a public limited company on 26 November 2019 with the name Longboat Energy plc.
- 2.2 The registered office of the Company is 5th Floor, One New Change, London, EC4M 9AF, United Kingdom. The Company currently does not have a business address or a central telephone number. The address of the Company's website on which the information required by Rule 26 of the AIM Rules is available is www.longboatenergy.com.
- 2.3 The principal legislation under which the Company operates is the Act and regulations made under the Act.
- 2.4 The Company is domiciled in England and Wales.
- 2.5 The liability of the members of the Company is limited to the amount, if any, unpaid on the shares held by them.
- 2.6 The principal activity of the Company is that of a holding company.

3. Share capital

- 3.1 The history of the Company's share capital since its incorporation on 28 May 2019 is as follows:
 - (a) on incorporation, one subscriber share of £1 was issued to Helge Ansgar Hammer;
 - (b) on 3 September 2019 the subscriber share of £1 was subdivided into 10 Ordinary Shares and then transferred to Hammer Investering AS;
 - (c) on 3 September 2019, the Company issued:
 - (i) 100,000 Ordinary Shares to Blackacre Trust No. 1;
 - (ii) 100,000 Ordinary Shares to Blackacre Trust No. 2;
 - (iii) 199,990 Ordinary Shares to Hammer Investering AS;
 - (iv) 200,000 Ordinary Shares to Jonathan Cooper;
 - (v) 200,000 Ordinary Shares to Graham Stewart; and
 - (vi) 200,000 Ordinary Shares to Julian Riddick,being a total of 999,990 Ordinary Shares; and
 - (d) on 23 October 2019, the Company issued:
 - (i) 100,000 Ordinary Shares to Blackacre Trust No. 1;
 - (ii) 100,000 Ordinary Shares to Blackacre Trust No. 2;
 - (iii) 200,000 Ordinary Shares to Hammer Investering AS;
 - (iv) 200,000 Ordinary Shares to Jonathan Cooper;
 - (v) 200,000 Ordinary Shares to Graham Stewart; and
 - (vi) 200,000 Ordinary Shares to Julian Riddick,

being a total of 1,000,000 Ordinary Shares;

- (e) on 25 November 2019, the Company issued:
 - (i) 30,000 Ordinary Shares to Blackacre Trust No. 1;
 - (ii) 30,000 Ordinary Shares to Blackacre Trust No. 2;
 - (iii) 60,000 Ordinary Shares to Hammer Investering AS;
 - (iv) 60,000 Ordinary Shares to Jonathan Cooper;
 - (v) 60,000 Ordinary Shares to Graham Stewart; and
 - (vi) 60,000 Ordinary Shares to Julian Riddick,being a total of 300,000 Ordinary Shares; and
- (f) on 25 November 2019, the Company purchased 1,800,000 of its own Ordinary Shares and cancelled such shares (which was carried out in order to ensure that the Founders' subscription price for Ordinary Shares was equal to the Placing Price).

3.2 On 25 November 2019, the Company passed the following ordinary and special resolutions:

- (a) to approve the purchase by the Company of 1,800,000 of its own ordinary shares of £0.10 each;
- (b) in accordance with section 551 of the Act, the Directors were generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company provided that this authority was limited to:
 - (i) a nominal amount of £30,000 in respect of shares to be allotted prior to the Placing and Admission;
 - (ii) a nominal amount of £950,000 in respect of the shares to be allotted pursuant to the Placing;
 - (iii) a nominal amount of £333,333 (being 33.3 per cent. of the issued share capital of the Company on Admission);
 - (iv) a nominal amount of £666,666 (being 66.6 per cent. of the issued share capital of the Company on Admission) (after deducting from such limit any shares allotted under paragraph (i) above) in connection with an offer by way of a rights issue:
 - (A) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (B) to holders of other equity securities as required by the rights of those securities or, as the Directors otherwise consider necessary,

but subject to such exclusions, limits, restrictions or other arrangements as the Directors may deem necessary, appropriate or expedient to deal with treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory, the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever.

The authority conferred by this resolution shall expire on 30 November 2020 or at the conclusion of the next annual general meeting of the Company following the passing of the resolution, whichever occurs first, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or subscription or conversion rights to be granted after such expiry and the Directors may allot shares or grant subscription or conversion rights in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. All authorities and powers previously conferred upon the Directors of the Company pursuant to section 551 of the Act were revoked but without prejudice to any exercise of such other authorities and powers prior to the date on which this resolution was passed.

- 3.3 By the same resolution as is referred to in paragraph 3.2 above, it was resolved that, in accordance with sections 570 and 573 of the Act, the Directors be empowered to allot equity securities (within the meaning of section 560 of the Act), grant rights over or otherwise dispose of equity securities wholly for cash pursuant to the authority conferred by the resolution referred to in paragraph 3.2 above as if section 561 of the Act did not apply to any such allotment provided that this power be limited to the allotment of equity securities:
- (a) in connection with Ordinary Shares to be allotted prior to the Placing and Admission;
 - (b) in connection with the Placing;
 - (c) in connection with an offer of, or invitation to apply for, equity securities by way of rights issue to the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing respective holdings of Ordinary Shares and to holders of other equity securities, as required by the rights of those securities or as the Directors otherwise consider necessary, on a record date fixed by the Directors but subject to such exclusions, limits, restrictions or other arrangements as the Directors may consider necessary, appropriate or expedient to deal with treasury shares, fractional entitlements, record dates, any legal or practical problems in or under the laws of any territory, the requirements of any regulatory body or any stock exchange in any territory or any other matter whatsoever; and
 - (d) otherwise up to a nominal amount of £100,000 (being 10 per cent. of the issued share capital of the Company on Admission).

The power conferred by this resolution shall expire on 30 November 2020 or at the conclusion of the next annual general meeting of the Company following the passing of the resolution, whichever occurs first, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or subscription or conversion rights to be granted after such expiry and the Directors may allot shares or grant subscription or conversion rights in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. All authorities and powers previously conferred upon the Directors pursuant to section 561 of the Act were revoked but without prejudice to any exercise of such other authorities and powers prior to the date on which this resolution was passed.

- 3.4 On 25 November 2019, the Directors resolved to allot, conditional upon Admission, the Placing Shares pursuant to the Placing.
- 3.5 The issued and fully paid share capital of the Company as at the date of this document and as it is expected to be immediately following Admission is as follows:

Ordinary Shares	Number	Nominal value (£)
As at the date of this document	500,000	£0.10
Immediately following Admission	9,500,000	£0.10

- 3.6 The Company does not have an authorised share capital.
- 3.7 A total of 9,500,000 Placing Shares will be issued pursuant to the Placing. This will result in an increase of 1,900 per cent. to the existing issued share capital of the Company and a dilution to the interests in the Company of the holders of Existing Ordinary Shares of 95 per cent.
- 3.8 The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission.
- 3.9 The Ordinary Shares in issue on Admission will be in registered form and, following Admission, may be held either in certificated form or in uncertificated form. The records in respect of Ordinary Shares held in uncertificated form will be maintained by Euroclear UK & Ireland Limited and the Registrar.

- 3.10 It is expected that, where appropriate, share certificates in respect of Placing Shares will be despatched by post within 14 days of the date of Admission. Temporary documents of title will not be issued. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.
- 3.11 None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission.
- 3.12 The legislation under which the Ordinary Shares have been created is the Act and regulations made under the Act.
- 3.13 The Ordinary Shares are denominated in pounds sterling. The nominal value of an Ordinary Share is £0.10.
- 3.14 The International Securities Identification Number or ISIN for the Ordinary Shares is GB00BKFW2482.
- 3.15 The Ordinary Shares are not redeemable. However, the Company may, subject to the requirements of the Act, purchase any of the Ordinary Shares on or off-market. The Company may purchase Ordinary Shares only out of distributable reserves or the proceeds of a new issue of shares made for the purpose of financing the purchase.
- 3.16 Save as disclosed in this paragraph 3.16 of this Part III:
- (a) no shares in the capital of the Company have been issued otherwise than as fully paid;
 - (b) the Company does not have in issue any shares not representing capital;
 - (c) the Company does not hold any treasury shares;
 - (d) the Company does not have in issue any convertible securities, exchangeable securities or securities with warrants;
 - (e) there are no acquisition rights and/or obligations over any unissued shares in the capital of the Company and no undertaking has been given by the Company to increase its issued share capital; and
 - (f) no share or loan capital of any member of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.17 No shares in the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.18 There are no undertakings in which the Company holds a proportion of the capital that is likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

4. Articles of Association

The Articles, which were adopted by a special resolution passed on 25 November 2019, contain, amongst others, provisions to the following effect:

4.1 Limited liability

The liability of the Company's members is limited to the amount (if any) unpaid on the shares in the Company held by them.

4.2 Unrestricted objects

The objects of the Company are unrestricted.

4.3 Share rights

Rights of different classes of shares

Subject to the provisions of the Act and to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as the Company may by ordinary resolution determine or, in the absence of any such determination, as the Board may decide. Subject to the provisions of the Act and to any rights attached to any existing shares, the

Company may also issue shares which are to be redeemed or which, at the option of the Company or the holder, are liable to be redeemed. The Board may decide the terms, conditions and manner of redemption of any redeemable shares which are issued.

Voting rights

Subject to any rights or restrictions as to voting attached to any shares and to any suspension or abrogation of voting rights pursuant to the Articles:

- (a) on a vote on a resolution on a show of hands, every member present (not being present by proxy) and entitled to vote on the resolution has one vote and every proxy present who has been duly appointed by a member entitled to vote on the resolution has one vote (save that a proxy who has been appointed by more than one member has one vote for and one vote against if he has been instructed to vote in different ways on the resolution); and
- (b) on a vote on a resolution on a poll, every member who is present in person or by proxy and entitled to vote on the resolution has one vote for every share of which he is the holder.

Unless the Board otherwise decides, no member is entitled in respect of any share held by him to vote on any resolution at a shareholders meeting, either in person or by proxy, if any call or other sum presently payable by him to the Company in respect of that share remains unpaid.

Variation of rights

Subject to the provisions of the Act, if at any time the share capital of the Company is divided into different classes of share, the rights attached to any class may be varied either with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class and may be so varied either while the Company is a going concern or during or in contemplation of a winding up. The quorum at any such separate meeting (other than an adjourned meeting) shall be not less than two persons entitled to vote and holding or representing by proxy at least one third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares).

Transfer of shares

A member may transfer all or any of his shares which are in certificated form by an instrument of transfer in any usual form or common form or in any other form approved by the Board. The instrument of transfer must be signed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. A member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in accordance with the Act.

The Board may refuse to register the transfer of a share which is not fully paid or on which the Company has a lien provided that, in the case of a class of shares admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may refuse to register a transfer of a certificated share unless the instrument of transfer is:

- (a) in respect of only one class of share;
- (b) in favour of not more than four persons jointly; and
- (c) lodged (duly stamped if required) at the place where the register of members is situated (or such other place as the Board may appoint) accompanied (except in the case of a transfer by a person to whom the Company is not by law required to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

The Board may refuse to register a transfer of an uncertificated share in the circumstances set out in the Act or if the transfer is in favour of more than four persons jointly.

Subject to the above and subject to the transfer restrictions summarised in the paragraph headed "*Suspension of rights attaching to shares*" below, the Articles contain no restrictions on the free transferability of fully paid shares.

Pre-emption rights

There are no pre-emption rights under the Articles in respect of transfers of issued shares or the allotment of new shares.

Section 561 of the Act confers on holders of Ordinary Shares rights of pre-emption in respect of the allotment by the Company of equity securities (as defined in section 560 of the Act) which are, or are to be, paid up in cash. Under these statutory pre-emption rights, the Company is, subject to certain limited exceptions, required to offer to allot the equity securities concerned to holders of Ordinary Shares on a *pro rata* basis before allotting them to other persons. These statutory pre-emption rights have been disapplied to the extent set out in paragraph 3.3 above.

Suspension of rights attaching to shares

Under section 793 of the Act, the Company may send out a notice (a "section 793 notice") to any person whom the Company knows or has reasonable cause to believe to be interested in its shares (or to have been so interested at any time during the preceding three years) asking for information concerning his interest in the shares and information concerning any other interest in the shares of which he is aware.

If a member, or any other person appearing to be interested in shares held by that member, has been served with a section 793 notice and has failed in relation to any shares (the "default shares" which expression includes any further shares issued in respect of those shares) to give the Company the information required by the section 793 notice for a period of 14 days from the date of its service, then (unless the Board otherwise determines) the following sanctions apply:

- (a) the member is not entitled in respect of the default shares to attend or to vote (either in person or by proxy) at any meeting or on a poll or to exercise any other right conferred by membership in relation to shareholder meetings;
- (b) where the default shares represent 0.25 per cent. or more in nominal value of the issued shares of any class of shares of the Company (excluding any shares of that class held as treasury shares):
 - (i) any dividend or any other amount payable in respect of the default shares is to be withheld by the Company (without the Company being liable to pay interest on it) and the member is not entitled to elect to receive shares in lieu of dividend; and
 - (ii) save for an excepted transfer, no transfer of any default shares is to be registered unless the member is not himself in default in supplying the information required and he proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

Where the sanctions described above apply, they cease to have effect (and any dividend or other money withheld becomes payable) at the expiry of seven days (or such shorter period as the Board may decide) following the earlier of:

- (a) the date on which the Company receives notification that the default shares have been transferred by means of an excepted transfer; and
- (b) the date on which the Company receives, in a form satisfactory to the Board, all of the information required by the relevant section 793 notice.

For the purposes of the above, an "excepted transfer" is: (i) a transfer by way of acceptance of a takeover offer; (ii) a transfer in consequence of a sale made through a recognised investment exchange or any other stock exchange outside the UK on which the Company's shares are normally traded; or (iii) a transfer which is shown to the satisfaction of the Board

to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

Dividends

Subject to the provisions of the Act and the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board. If and so far as in the opinion of the Board, the profits of the Company available for distribution justify such payments, the Board may declare and pay fixed dividends on shares of any class carrying a fixed dividend on the dates prescribed for the payment of those dividends and interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as the Board thinks fit.

Except as otherwise provided by the rights attaching to, or the terms of issue of, any shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid and shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For this purpose, no amount paid up on a share in advance of the date on which a call is payable shall be treated as paid up on the share.

Unless otherwise provided by the rights attaching to the share, no dividend or other monies payable in respect of a share shall bear interest as against the Company. The Board may deduct from any dividend or other monies payable to any person in respect of a share all such sums as may be due from that person to the Company on account of calls or otherwise in relation to shares in the Company.

Any unclaimed dividend or other amount payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend which has remained unclaimed for a period of 12 years after it was declared or became due for payment shall, if the Board so resolves, be forfeited and shall cease to remain owing by the Company.

The Board may, with the prior authority of an ordinary resolution of the Company, offer holders of Ordinary Shares (excluding Ordinary Shares held as treasury shares) the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of all or any part of any dividend specified by the ordinary resolution. The ordinary resolution may specify a particular dividend or dividends (whether declared or not) or may specify all or any dividends declared within a specified period but such period may not end later than the fifth anniversary of the date of the meeting at which the resolution is passed.

Distribution of assets on liquidation

If the Company is wound up (whether the liquidation is voluntary, under supervision of the court or by the court), the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the members *in specie* the whole or any part of the assets of the Company. For this purpose, the liquidator may set such value as he considers fair on any one or more class or classes of property and may determine how such division shall be carried out as between members or classes of members. The liquidator may, with the same authority, transfer the whole or any part of the assets to trustees on such trusts for the benefit of members as he thinks fit.

4.4 **Shareholder meetings**

Annual general meetings

In accordance with the requirements of the Act, the Company must hold a general meeting as its annual general meeting in each six month period beginning with the day following its accounting reference date.

Calling of general meetings

The Board may call a general meeting whenever it thinks fit. The Board must, on the requirement of members under the Act, call a general meeting in accordance with the requirements of the Act.

Notice of general meetings

General meetings must be called by at least such minimum period of notice as is required under the Act which, in the case of an annual general meeting, is 21 clear days' notice and, in the case of other general meetings, is 14 clear days' notice. Notice of the meeting must be given to the members (other than any members who, under the Articles or by virtue of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and to the auditors of the Company. The accidental omission to send notice of a general meeting to any person entitled to receive it does not invalidate the proceedings of the meeting.

Every notice of a general meeting must specify: (i) the time, date and place of the meeting; (ii) (in the case of an annual general meeting) that the meeting is an annual general meeting; (iii) the general nature of the business to be transacted at the meeting; and (iv) any intention to propose a resolution as a special resolution. In addition, the notice must specify, with reasonable prominence, that a member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting, that a member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to different shares and that a proxy need not be a member.

Quorum

No business is to be transacted at any general meeting unless a quorum is present. The quorum for a general meeting is two members present in person or by proxy and entitled to vote on the business to be transacted at the meeting.

Method of voting

At any general meeting, a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is demanded in accordance with the Articles.

4.5 Directors

Number and appointment of Directors

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than two but shall not be subject to any maximum number. Directors may be appointed by the Company by ordinary resolution or by the Board, in each case either to fill a casual vacancy or as an addition to the existing Board.

A Director is not required to hold any shares in the Company by way of qualification.

Retirement of Directors

At each annual general meeting, any Director:

- (a) who has been appointed by the Board since the preceding annual general meeting; or
- (b) who held office at the time of the two preceding annual general meetings and who did not retire at either of them; or
- (c) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office but shall be eligible for re-appointment.

Removal of a Director by resolution of the Company

In addition to any power of removal conferred by the Act, the Company may by ordinary resolution remove any Director from office and appoint another person in place of a Director so removed.

Vacation of office

The Articles provide for the office of a Director to be vacated in the following circumstances:

- (a) if he resigns or offers to resign and the Board resolves to accept such offer;

- (b) if he ceases to be a Director by virtue of any provision of the Act, is removed from office pursuant to the Articles or the Act or becomes prohibited by law from acting as a Director;
- (c) if he becomes bankrupt, has an interim receiving order made against him, makes any arrangement with or compounds with his creditors generally or applies to the court for an interim order under the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
- (d) if he is, or may be, suffering from mental disorder or is otherwise incapable of managing his affairs and either:
 - (i) an order is made by any court or official having jurisdiction (whether in the UK or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
 - (ii) he is admitted to hospital following an application for admission for treatment under the Mental Health Act 1983 or any similar legislation in any other jurisdiction,
 and the Board resolves that his office be vacated;
- (e) if he is absent from meetings of the Board for a period of six consecutive months without the permission of the Board and his alternate Director (if any) has not attended in his place during that period and the Board resolves that his office be vacated;
- (f) (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company) if he is removed from office by a notice in writing addressed to him at his last known address signed by at least three fourths in number of his co-Directors;
- (g) in the case of any Director who holds any executive office with the Company, if his appointment as such is terminated or expires and the Board resolves that his office be vacated.

Alternate directors

Any Director may appoint any person to be his alternate and may remove any alternate appointed by him. The appointment requires the approval of the Board unless the appointee is another Director.

Directors' remuneration and expenses

Each Director is entitled to be paid by way of remuneration for his services as a Director such fee as may be decided by the Board (or such other amount as may be decided by ordinary resolution of the Company). Such fee shall be distinct from and additional to any salary, remuneration or other amounts which may be paid or provided to a Director under any other provision of the Articles.

Any Director who performs any special or extra services which in the opinion of the Board are outside the scope of his ordinary duties as a Director and not in his capacity as a holder of employment or executive office may be paid such additional remuneration (whether by way of lump sum, salary, commission, participation in profits or otherwise) as the Board may decide in addition to any remuneration paid or provided for pursuant to any other provision of the Articles.

The salary or remuneration of any Director appointed to hold any employment or executive office shall be such as the Board may decide and may be either a fixed sum of money or may, in whole or in part, be governed by business done or profits made or otherwise decided by the Board. Any such salary or remuneration may be in addition to or in lieu of any fee payable to him for his services as a Director under the Articles.

Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as a Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or shareholder meetings.

Pensions and other benefits

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) to or for the benefit of, amongst other persons, any past or present director of the Company or any of its subsidiary undertakings, members of his family and his dependants.

The Board may also exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of, amongst other persons, any past or present director of the Company or any of its subsidiary undertakings.

Borrowing powers

The Board may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Proceedings of the Directors

Subject to the provisions of the Articles, the Board may regulate its proceedings as it thinks fit. The quorum necessary for the transaction of business may be determined by the Board and, unless so determined at any other number, shall be two. A duly convened meeting of the Board at which a quorum is present is competent to exercise all or any of the powers, authorities and discretions vested in or exercisable by the Board. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting has a second or casting vote.

A resolution in writing signed by all the Directors who would have been entitled to vote on the resolution at a meeting of the Board (provided that those Directors would have formed a quorum at such a meeting) is as valid and effective as a resolution duly passed at a meeting of the Board.

Directors' conflicts of interest

The Board may authorise any situation or matter in which a Director (an "Interested Director") has, or can have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the Company and which would, if not so authorised, result in the Interested Director being in breach of his statutory duty to avoid conflicts of interest. An Interested Director seeking authorisation of a conflict of interest must declare to the Board the nature and extent of his interest giving rise to the conflict as soon as reasonably practicable. An Interested Director must not be counted in the quorum or vote in respect of any resolution of the Board giving such authorisation.

Where the Board authorises a situation or matter, it may impose on the Interested Director such terms for the purpose of dealing with the conflict of interest as the Board may determine.

Permitted interests of Directors

A Director, notwithstanding his office, may:

- (a) be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is directly or indirectly interested;
- (b) hold any other office or place of profit with the Company (except that of auditor) in conjunction with the office of Director or act by himself or through a firm with which he is associated in a professional capacity for the Company or any body corporate in which the Company is directly or indirectly interested (otherwise than as auditor);
- (c) be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested (including by the holding of shares or other securities) in, any body corporate promoted by the Company or in which the Company is otherwise directly or indirectly interested or as regards which the Company has any powers of appointment; and

- (d) be a director of any body corporate in which the Company is not directly or indirectly interested if, at the time of his appointment as a director of that other company, such appointment cannot reasonably be regarded as giving rise to a conflict of interest.

If a Director has any interest referred to above, he must, subject to certain exceptions, declare the nature and extent of that interest to the Board. The declaration must be made as soon as is reasonably practicable and, in the case of an interest in a proposed transaction or arrangement with the Company, before the Company enters into the transaction or arrangement.

Directors not liable to account

A Director is not liable to account to the Company for any remuneration, profit or other benefit which he derives from any transaction or arrangement or from any office, employment, position or relationship or from any interest in any body corporate if the relevant matter has been authorised by the Board (subject, in any such case, to the terms of such authorisation) or is permitted under the Articles.

No transaction or arrangement is liable to be avoided on the grounds that a Director has an interest in it (or derives a benefit from it) if the interest has been authorised by the Board or is permitted under the Articles.

Restrictions on voting by Directors

A Director must not vote on (or be counted in the quorum in relation to) any resolution of the Board (or of a Board committee) concerning any transaction or arrangement in which he has a direct or indirect interest. However, this prohibition does not apply to any resolution concerning a transaction or arrangement in which his interest cannot reasonably be regarded as likely to give rise to a conflict of interest or to any resolution concerning:

- (a) the giving of any guarantee, security or indemnity to the Director or any other person in respect of: (i) money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or (ii) a debt or other obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or in part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (b) an offer by the Company or any of its subsidiary undertakings of securities for subscription, purchase or exchange, in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (c) a transaction or arrangement in which he has an interest only by virtue of an interest in shares, debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (d) a transaction or arrangement concerning any other body corporate in which the Director (or any person connected with him) is interested (directly or indirectly) and whether as an officer, shareholder, creditor, employee or otherwise, if he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital of that body corporate or the voting rights available to members of that body corporate;
- (e) a transaction or arrangement concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefit scheme or employees' share scheme which relates both to directors and employees of the Company or any of its subsidiary undertakings and does not accord to any Director as such any privilege or benefit not accorded to the employees to whom the fund or scheme relates;
- (f) a transaction or arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings under which the Director benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or benefit not accorded to the employees to whom the transaction or arrangement relates;

- (g) any proposal relating to the purchase or maintenance of insurance against any liability for the benefit of any Directors (or of persons who include Directors);
- (h) the giving of indemnities in favour of Directors; and
- (i) the funding of expenditure incurred or to be incurred by any Director in defending any criminal or civil proceedings or in connection with an application to the court for relief or in defending him in any investigation by, or against action proposed to be taken by, a regulatory authority or the doing of anything to enable any Director to avoid incurring any such expenditure.

A Director must not vote on (or be counted in the quorum in relation to) any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested.

Indemnification of Directors

Subject to the Act, every Director is entitled to be indemnified by the Company against any liability incurred by him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or any associated company (other than any liability to the Company or any associated company or any liability of the kind referred to in section 234(3) of the Act) and any other liability incurred by him in the performance of his duties.

Subject to the Act, the Company may provide a Director with funding to meet his expenditure in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust in relation to the Company or any associated company. The Company may also provide a Director with funding to meet his expenditure in connection with any investigation or action undertaken by a regulatory authority.

The above is a summary only of certain provisions of the Articles. The full provisions of the Articles are available on the Company's website at www.longboatenergy.com.

Other relevant laws and regulations

4.6 *Disclosure and Transparency Rules*

Under Chapter 5 of the Disclosure and Transparency Rules, a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights:

- (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or
- (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure and Transparency Rules.

4.7 *Public takeover bids*

(a) *Takeover Code*

The Company is a public limited company incorporated and centrally managed and controlled in the UK. Accordingly, the Takeover Code applies to the Company and will, amongst other things, regulate any takeover offer for the Company and any other transaction which has its objective or potential effect (directly or indirectly) obtaining or consolidating control of the Company. For this purpose, control is defined as an interest or interests in shares carrying more than 30 per cent. of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control.

(b) *Mandatory bids*

Under Rule 9 of the Takeover Code, if an acquisition of an interest in shares in the Company were to increase the aggregate interests of the acquirer and persons acting in concert with it to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, the persons acting in

concert with it would be required (except with the consent of the Takeover Panel) to make an offer for the outstanding shares in the Company. Any such offer must be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the acquirer or any person acting in concert with it for an interest in shares in the Company during the previous 12 months.

A similar obligation to make a mandatory cash offer would also arise on an acquisition of an interest in shares in the Company by a person who (together with persons acting in concert with it) is interested in shares which in the aggregate carry between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of the acquisition were to increase the percentage of shares carrying voting rights in the Company in which that person is interested.

(c) *Squeeze-out rules*

Under the Act, if a takeover offer (as defined in section 974 of the Act) is made for the Company's shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the offer relates (the "offer shares") and not less than 90 per cent. of the voting rights carried by the offer shares, the offeror would then be able to acquire compulsorily the remainder of the offer shares. In order to do so, the offeror must send a notice to each holder of outstanding offer shares notifying him that it desires to acquire his shares and, at the end of six weeks from the date of such notices, the offeror must send copies of the notices to the Company accompanied by instruments of transfer in respect of the outstanding offer shares executed on behalf of the holders of those shares by a person appointed by the offeror. At the same time, the offeror must pay or transfer the consideration for the outstanding offer shares to the Company which is required to hold the consideration on trust for the holders of such shares.

(d) *Sell-out rules*

The Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If the takeover offer relates to all the shares in the Company and, at any time before the end of the period within which the offer can be accepted, the offeror holds or has agreed to acquire not less than 90 per cent. of the Company's shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require the offeror to acquire those shares. The offeror is required to give any shareholder who has not accepted the offer notice of his right to be bought out within one month of that right arising. The rights of minority shareholders to be bought out cannot be exercised after the expiry of three months from the end of the period within which the offer can be accepted or, if later, the date of the notice given by the offeror. If a shareholder exercises his rights to be bought out, the offeror is entitled and bound to acquire the relevant shares on the terms of the offer or on such other terms as may be agreed.

5. Founder incentivisation arrangements

5.1 A summary of the expected principal terms of the FIP are set out in paragraph 9 of Part I and in this paragraph 5 on the basis the plan is delivered via growth shares. The commercial terms of the plan are unchanged regardless of whether the plan is delivered in the form of a conditional share, nil cost option or a "growth share" albeit some of the definitions below may not be relevant if the plan is in the form of a conditional share or nil cost option. This summary does not form part of the arrangement and does not affect the interpretation of the detailed terms and conditions of the FIP. The FIP was approved by an ordinary resolution of the Company passed on 26 November 2019 and adopted by the Board on the same date.

5.2 Put Option

Pursuant to the Put Option, the holder of an A Share has the right to sell Vested Founders' subsidiary FIP shares (the "A Shares") to the Company at the relevant Put Price by giving notice to the Company during the relevant Exercise Period following the relevant

Measurement Date. For Measurement Dates 1 and 2, 50 per cent. of the value of the shares will be exchanged for shares issued by the Company and subject to a lock-in until Measurement Date 3.

For the purposes of the Put Option:

- (a) the "Call Option" means following a Measurement Date and Put Option Exercise Period, the Company has the right to buy all Vested A Shares from each A shareholder at the relevant Call Price during the Exercise Period in accordance with the articles;
- (b) the "Call Price" per A Share is 90 per cent. of the Put Price subject to the aggregate Call Price for all share acquisitions by the Company under the Call Option being limited to £25 million per A shareholder;
- (c) the "Call Price" per A Share is 90 per cent. of the Put Price;
- (d) "Exercise Date" means the date on which the exercise notice is given, or if later, the date he delivers the duly completed stock transfer form in relation to the transfer of the A Shares;
- (e) "Exercise Period" means:
 - (i) in respect of the Put Option, the period of 6 months following each Measurement Date; and
 - (ii) in respect of the Call Option, the period of 3 months following the end of the Put Option Exercise Period,
- (f) "Hurdle 1" means the Hurdle at Measurement Date 1, being the Initial Market Cap of the Company x 25.99 per cent. per annum applied from the date the A Shares are issued to Measurement Date 1) PLUS (value of equity raised in the Company x 25.99 per cent. per annum applied from the date the equity was raised to Measurement Date 1);
- (g) "Hurdle 2" means the Hurdle at Measurement Date 2, being the Initial Market Cap of the Company x 18.92 per cent. per annum applied from the date the A Shares are issued to Measurement Date 2) PLUS (value of equity raised in the Company x 18.92 per cent. per annum applied from the date the equity was raised to Measurement Date 2);
- (h) "Hurdle 3" means the Hurdle at Measurement Date 3, being the Initial Market Cap of the Company x 14.87 per cent. per annum applied from the date the A Shares are issued to Measurement Date 3) PLUS (value of equity raised in the Company x 14.87 per cent. per annum applied from the date the equity was raised to Measurement Date 3);
- (i) "Initial Market Cap" means the market capitalisation of the Company at the date of Admission, subject to adjustment to take account of any dividends paid by the Company, and if there is a variation of share capital or other corporate event applying to the Company such that the remuneration committee determines that an adjustment would be appropriate;
- (j) "Market Cap of the Company at Measurement Date 1/2/3" means the market capitalisation of the Company at the Measurement Date 1/2/3;
- (k) "Measurement Date" means the third anniversary of the date of Admission ("Measurement Date 1"), the fourth anniversary of the date of Admission ("Measurement Date 2"), the fifth anniversary of the date of Admission ("Measurement Date 3");
- (l) "Prescribed Value" means:
 - (i) in respect of Measurement Date 1, the prescribed value is the Market Cap of the Company at Measurement Date 1 LESS Hurdle 1 and nil if formula gives a negative result ("Prescribed Value 1");
 - (ii) in respect of Measurement Date 2, the prescribed value is:
 - (A) if Prescribed Value 1 is positive, the Market Cap of the Company at Measurement Date 2 LESS Prescribed Value 1; or

- (B) if Prescribed Value 1 is nil, the Market Cap of the Company at Measurement Date 2 LESS Hurdle 2,
("Prescribed Value 2");

(iii) in respect of Measurement Date 3, the prescribed value is:

- (A) if Prescribed Value 2 is positive, the Market Cap of the Company at Measurement Date 3 LESS Prescribed Value 2;
- (B) if Prescribed Value 2 is nil and Prescribed Value 1 is positive, the Market Cap of the Company at Measurement Date 3 LESS Prescribed Value 1; or
- (C) if Prescribed Value 2 is nil and Prescribed Value 1 is nil, the Market Cap of the Company at Measurement Date 3 LESS Hurdle 3,

in all cases the relevant Prescribed Value cannot exceed the value equalling 10 per cent. of the value of the entire issued share capital of the Company;

- (m) "Put Price" per A Share means 15 per cent. of the Prescribed Value subject to the aggregate Put Price for all share acquisitions by the Company under the Put Option being limited to £25 million per A shareholder;
- (n) "Put Option" means following a Measurement Date, each A shareholder has the right to sell all of their Vested A Shares to the Company at the relevant Put Price during the Exercise Period in accordance with the articles;
- (o) "Vesting" means one third of the A shares held by an A shareholder vest after each of the dates of Measurement Date 1, Measurement Date 2 and Measurement 3 subject to the discretion of the remuneration committee taking into account the overall performance of the Company during the FIP Performance Period; and
- (p) "Put Price" per A Share means 15 per cent. of the Prescribed Value.

5.3 Leaver provisions

If the relevant Founder ceases to be a director, employee or consultant of the Company or any subsidiary of the Company from time to time (the "Leaver") by reason of (a) fraud or acts of dishonesty, (b) gross negligence, or (c) being convicted of a criminal offence (other than an offence under any road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed) or any offence under any regulation or legislation relating to insider dealing, the Founders' subsidiary FIP company may within six months of the departure require the holder of the A Shares to transfer them to the Founders' subsidiary FIP company at the lower of cost or market value per A Share.

5.4 Transfer of A Shares

The A Shares may be transferred to a person who is an employee or director or consultant to the Founders' subsidiary FIP company subject to the unanimous written consent of the holders of the A Shares or as required pursuant to the Put Option.

6. Directors

Details of the Directors and their functions in the Company are set out on page 2 of this document under the heading "Directors, Secretary and Advisers". Each of the Directors can be contacted at the registered office at 5th Floor One New Change, London, EC4M 9AF.

6.1 In addition to their directorships of the Company, the Directors are currently or have within the five years prior to the date of this document been directors or partners of the following companies and partnerships:

<u>Name</u>	<u>Current directorships and partnerships</u>	<u>Previous directorships and partnerships</u>
Helge Ansgar Hammer	Hammer Investering AS	Faroe Petroleum Plc Faroe Petroleum (ROGB) Limited Faroe Petroleum (U.K.) Limited Faroe Petroleum Norge AS

Name	Current directorships and partnerships	Previous directorships and partnerships
Jonathan Robert Cooper		Durmine Holdings Limited Faroe Petroleum Plc Faroe Petroleum (Energy) Limited Faroe Petroleum (ROGB) Limited Faroe Petroleum SIP Employee Benefit Trust Limited Faroe Petroleum (U.K.) Limited Faroe Petroleum Norge AS
Graham Duncan Stewart	AEX Gold Inc.	Faroe Petroleum Plc Faroe Petroleum (Energy) Limited Faroe Petroleum (U.K.) Limited Faroe Petroleum SIP Employee Benefit Trust Limited Faroe Petroleum (ROGB) Limited Faroe Petroleum Norge AS Foroya Kolvetni p/f
Brent Cheshire	Mersey Tidal One Limited	Burbo Extension Ltd Faroe Petroleum Plc Hornsea 1 Limited DONG E&P (UK) Limited DONG E&P Services (UK) Limited DONG Power (UK) Limited DONG S&D (UK) Limited DONG (UK) Limited DONG Race Bank (Holding) Limited DONG VE AS DONG Vind AS DONG Energy Wind Power TW Holding AS DONG Energy Wind Power Taiwan Ltd. DONG Energy InvestCo Limited Race Bank Wind Farm Limited Race Bank Wind Farm (Holding) Limited Njord Limited Oftrac Limited Shetland Land Lease Limited The Danish-UK Chamber of Commerce Limited Vi Aura Transmission Limited Vi Aura Limited Walney Extension Limited
Jorunn Johanne Saetre	Norsk Hydro ASA Oslo Bergen Trondheim Stavanger i Dag AS	Faroe Petroleum Plc New Subsea Technology AS Sparebanken1 SR Bank ASA
Katherine Louise Margiad Roe*	Wentworth Resources Plc	Faroe Petroleum Plc IDE Group Holdings PLC Roe Resources Limited Mozambique Macambique Petroleos, Limitada

* All Faroe Petroleum companies are now DNO North Sea group companies

* All DONG companies are now Ineos group companies

* Katherine's married name is Ward but she uses her maiden name Roe for business purposes

- 6.2 As at the date of this document, no Director:
- (a) has any unspent convictions in relation to indictable offences;
 - (b) has been declared bankrupt or been subject to any individual voluntary arrangement;
 - (c) has been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which has entered into a company voluntary arrangement or a composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
 - (d) has been a partner in any partnership which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - (e) has had any asset belonging to him placed in receivership or has been a partner in any partnership which had an asset placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - (f) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body); or
 - (g) has been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

7. Directors' service agreements and letters of appointment

7.1 The following agreements have been entered into between the Directors and the Company:

(a) Helge Ansgar Hammer

Helge Ansgar Hammer has entered into a service agreement with the Company dated 28 November 2019 setting out the terms of his appointment as Chief Executive Officer. The service agreement is conditional on Admission. The agreement provides for the payment by the Company to Mr. Hammer of a salary of £150,000 per annum, which will increase to a rate commensurate with his position immediately following completion by the Company of its first corporate acquisition after Admission. Under the agreement, Mr. Hammer is also entitled to life assurance, travel insurance, permanent health insurance, critical illness cover and 30 days holiday per annum. The appointment is terminable by one month's notice by either party, increasing to six months' notice following (i) completion by the Company of its first corporate acquisition after Admission and (ii) an increase in Mr. Hammer's salary to more than £300,000 per annum. Upon a change of control of the Company, Mr. Hammer is entitled to terminate his service agreement within three months of the completion of such an event and receive compensation in the form of 6 months' salary and 65 per cent. of any bonus paid in the previous period. The agreement imposes certain restrictions on Mr. Hammer as regards the use of confidential information and intellectual property. In addition, Mr. Hammer will be subject to certain restrictive covenants following the termination of the agreement.

(b) Jonathan Robert Cooper

Jonathan Robert Cooper has entered into a service agreement with the Company dated 28 November 2019 setting out the terms of his appointment as Chief Financial Officer. The service agreement is conditional on Admission. The agreement provides for the payment by the Company to Mr. Cooper of a salary of £120,000 per annum, which will increase to a rate commensurate with his position immediately following completion by the Company of its first corporate acquisition after Admission. Under the agreement, Mr. Cooper is also entitled to life assurance, travel insurance, permanent health insurance, critical illness cover and 30 days holiday per annum. The appointment is terminable by one month's notice by either party, increasing to six months' notice following (i) completion by the Company of its first corporate acquisition after Admission and (ii) an increase in Mr. Cooper's salary to more than £275,000 per annum. Upon a change of control of the Company, Mr. Cooper is entitled to terminate his service agreement within three months of the completion of such an event and receive compensation in the form of 6 months' salary and 65 per cent. of any bonus paid in the

previous period. The agreement imposes certain restrictions on Mr. Cooper as regards the use of confidential information and intellectual property. In addition, Mr. Cooper will be subject to certain restrictive covenants following the termination of the agreement.

(c) Graham Duncan Stewart

Graham Duncan Stewart has entered into a letter of appointment with the Company dated 28 November 2019 setting out the terms of his appointment as a Non-Executive Director and Chairman. The letter of appointment is conditional on Admission. Under the letter of appointment, Mr. Stewart is entitled to an annual fee of £75,000, an annual fee of £8,000 for chairing the nomination committee and reimbursement of reasonable expenses but no other remuneration. The appointment may be terminated at any time by either party giving 90 days' notice. The agreement imposes certain restrictions on Mr. Stewart as regards the use of confidential information and intellectual property.

(d) Brent Cheshire

Brent Cheshire has entered into a letter of appointment with the Company dated 28 November 2019 setting out the terms of his appointment as a Non-Executive Director. The letter of appointment is conditional on Admission. Under the letter of appointment, Mr. Cheshire is entitled to an annual fee of £40,000, an annual fee of £8,000 for chairing the remuneration committee, an annual fee of £8,000 for services as the senior independent director and reimbursement of reasonable expenses but no other remuneration. The appointment may be terminated at any time by either party giving 90 days' notice. The agreement imposes certain restrictions on Mr. Cheshire as regards the use of confidential information and intellectual property.

(e) Jorunn Johanne Saetre

Jorunn Johanne Saetre has entered into a letter of appointment with the Company dated 28 November 2019 setting out the terms of her appointment as a Non-Executive Director. The letter of appointment is conditional on Admission. Under the letter of appointment, Ms. Saetre is entitled to an annual fee of £40,000 and reimbursement of reasonable expenses but no other remuneration. The appointment may be terminated at any time by either party giving 90 days' notice. The agreement imposes certain restrictions on Ms. Saetre as regards the use of confidential information and intellectual property.

(f) Katherine Louise Margiad Roe

Katherine Louise Margiad Roe has entered into a letter of appointment with the Company dated 28 November 2019 setting out the terms of her appointment as a Non-Executive Director. The letter of appointment is conditional on Admission. Under the letter of appointment, Mrs. Roe is entitled to an annual fee of £40,000, an annual fee of £8,000 for chairing the audit committee and reimbursement of reasonable expenses but no other remuneration. The appointment may be terminated at any time by either party giving 90 days' notice. The agreement imposes certain restrictions on Mrs. Roe as regards the use of confidential information and intellectual property.

- 7.2 On 28 November 2019, each of the Directors and the Company entered into deeds of indemnity giving effect to the provisions of Article 151 of the Articles entitling each director of the Company to an indemnity on the same terms as that Article. Pursuant to the deeds of indemnity the Company has agreed to indemnify the Directors out of the Company's assets against, *inter alia*, all liabilities incurred by the Director in the actual or purported execution and/or discharge of his duties including any liability incurred defending proceedings (whether civil or criminal) which relate to anything done or omitted to be done by him as an officer or employee of the Company (or associated company or in his capacity as trustee of an occupational pension scheme) or any other liability incurred by the Director as an officer of the Company or an associated company. The Company may provide the Directors with funds to meet expenditure incurred or to be incurred by the Directors in connection with any proceedings or applications in defending any criminal or civil proceedings relating to any alleged negligence, default, breach of duty or breach of trust by the Director in relation to the Company or an associated company.

- 7.3 Save as set out in this paragraph 7, there are no existing or proposed service agreements, consultancy agreements or letters of appointment between any of the Directors and the Company.
- 7.4 There are no arrangements under which any Director has agreed to waive future emoluments nor have there been any waivers of such emoluments during the financial year immediately preceding the date of this document.
- 7.5 The aggregate remuneration paid and benefits in kind granted to the Directors in the current financial year is approximately £nil. It is estimated that, under the agreements in force at the date of this document, the aggregate remuneration payable and benefits in kind to be granted to the Directors in the financial year ending 31 December 2020 will be approximately £802,000.

8. Directors' shareholdings and other interests

- 8.1 The interests (all of which are beneficial, unless otherwise stated) of the Directors (including, so far as is known to the Directors having made appropriate enquiries, the interests of any persons connected with the Directors within the meaning of section 252 of the Act) in the issued share capital of the Company as at the date of this document and as they will be immediately following Admission are as follows:

At the date of this document

Director	Number of Ordinary Shares	Percentage of current issued share capital
Helge Ansgar Hammer*	100,000	20
Jonathan Robert Cooper	100,000	20
Graham Duncan Stewart	100,000	20
Brent Cheshire	—	—
Jorunn Johanne Saetre	—	—
Katherine Louise Margiad Roe	—	—

At Admission

Director	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Helge Ansgar Hammer*	300,000	3.0%
Jonathan Robert Cooper	125,000	1.3%
Graham Duncan Stewart	150,000	1.5%
Brent Cheshire	0	0.0%
Jorunn Johanne Saetre	25,000	0.3%
Katherine Louise Margiad Roe	0	0.0%

* Held indirectly via Hammer Investering AS.

- 8.2 Save as disclosed in this paragraph 8, no Director has any interest (whether beneficial or non-beneficial) in the share or loan capital of the Company nor (so far as is known to the Directors having made appropriate enquiries) does any person connected with any of the Directors within the meaning of section 252 of the Act have any such interest (whether beneficial or non-beneficial).
- 8.3 None of the Directors nor (so far as is known to the Directors having made appropriate enquiries) any person connected with any of the Directors within the meaning of section 252 of the Act holds a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

- 8.4 There are no outstanding loans or guarantees granted or provided by the Company to or for the benefit of any of the Directors.
- 8.5 No Director has or has had any interest, whether direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company.
- 8.6 No Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company since its incorporation or which remains in any respect outstanding or unperformed.
- 8.7 No Director has any conflict of interest (or potential conflict of interest) between any of the duties owed by him to the Company and his private interests or any duties owed by him to third parties
- 8.8 Details of any restrictions agreed by the Directors with regard to the disposal of their holdings in the Company's securities are set out in paragraph 10.4 of this Part III.

9. Major Shareholders

In addition to the interests of the Directors disclosed in paragraph 9 above, the Directors are aware of the following persons who are at the date of this document, or will immediately following Admission be, directly or indirectly interested in 3 per cent. or more of the Company's issued share capital or voting rights:

As at the date of this document

Shareholder	Number of Ordinary Shares	Percentage of current issued share capital
Blackacre Trust No. 1	50,000	10
Blackacre Trust No. 2	50,000	10
Hammer Investering AS	100,000	20
Jonathan Robert Cooper	100,000	20
Julian Galloway Money Riddick	100,000	20
Graham Duncan Stewart	100,000	20

At Admission

Shareholder	Number of Ordinary Shares	Percentage of Enlarged Share Capital
Blackrock Investment Management (UK) Ltd	1,453,463.00	14.5%
Canaccord Genuity Wealth Management	999,999.00	10.0%
FIL Limited	999,999.00	10.0%
AXA Investment Managers UK	500,000.00	5.0%
SVM Funds ICVC	500,000.00	5.0%
TM CRUX OEIC	390,000.00	3.9%
Pentwater Capital Management LP	390,000.00	3.9%
Smith & Williamson Holdings Limited	320,000.00	3.2%
TM CAVENDISH AIM FUND	300,000.00	3.0%
Helge Hammer*	300,000.00	3.0%

*Held indirectly via Hammer Investering AS

- 9.1 None of the persons interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital or voting rights has voting rights which are different from other Shareholders.
- 9.2 The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

- 9.3 So far as the Directors are aware, there are no arrangements in place, the operation of which may at a later date result in a change of control of the Company.

10. Material contracts

10.1 Introduction

This paragraph 10 contains summaries of the contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Company since its incorporation and are or may be material.

10.2 Nominated adviser and broker agreement

On 26 November 2019 the Company entered into an agreement with Stifel pursuant to which the Company appointed Stifel to act as nominated adviser, broker and bookrunner to the Company with effect from Admission. The agreement is effective from the date of Admission and continues thereafter until terminated by either party giving not less than 30 days' notice. Under the agreement, the Company has agreed to pay Stifel an annual fee of £75,000 for their services.

10.3 Placing Agreement

On 26 November 2019 the Company entered into the Placing Agreement with Stifel and the Directors pursuant to which Stifel have agreed, subject to certain conditions, as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional, amongst other things, on Admission taking place on or before 28 November 2019 (or such later date as Stifel and the Company may agree, but in any event not later than 13 December 2019).

The Placing Agreement contains certain warranties by the Company and the Directors in favour of Stifel, including as to the accuracy of the information contained in this document, certain financial information and other matters relating to the Company and its business. The liability of the Directors under these warranties is limited in time and amount. In addition, the Company has agreed to indemnify Stifel in respect of any losses, damages and liabilities incurred by Stifel resulting from the carrying out by Stifel of its obligations or services under the Placing Agreement or otherwise in connection with the Placing and Admission.

The Placing Agreement provides for the payment by the Company to Stifel of a corporate finance fee of £100,000. A commission of 4 per cent. on the value of the Placing Shares at the Placing Price and a discretionary commission of 0.5 per cent. on the value of the Placing Shares at the Placing Price placed by Stifel with any applicable VAT. The Placing Agreement also provides for the Company to pay all costs, charges and expenses of, or incidental to, the Placing and Admission including all accountancy, legal and other professional fees and expenses.

Each of the Director has undertaken to the Company and Stifel that, subject to limited exceptions, he will not dispose of any interest in Ordinary Shares during the period of 12 months from Admission. The limited exceptions include the acceptance of a takeover offer for the Company, the execution of an irrevocable commitment to accept such an offer, a disposal by a Locked-in Party to a member of his immediate family or to a trust established for the benefit of members of his immediate family, a disposal following the death of a Locked-in Party to his personal representatives or to the beneficiaries of his estate and a disposal pursuant to a court order.

Each Director has also undertaken that, during the period of 12 months from the first anniversary of the date of Admission, he will not dispose of any Ordinary Shares unless such disposal is made on an orderly market basis through the Company's broker from time to time.

10.4 Lock-in and orderly market agreements

On 26 November 2019, the Company and Stifel entered into lock-in deeds with each of Julian Riddick and the trustees of Blackacre Trust No.1, Blackacre Trust No.2 (the "Locked-in Parties") pursuant to which each Locked-in Party has undertaken to the Company and Stifel that, subject to limited exceptions, he will not dispose of any interest in Ordinary Shares during the period of 12 months from Admission. The limited exceptions include the

acceptance of a takeover offer for the Company, the execution of an irrevocable commitment to accept such an offer, a disposal by a Locked-in Party to a member of his immediate family or to a trust established for the benefit of members of his immediate family, a disposal following the death of a Locked-in Party to his personal representatives or to the beneficiaries of his estate and a disposal pursuant to a court order.

Each Locked-in Party has also undertaken that, during the period of 12 months from the first anniversary of the date of Admission, he will not dispose of any Ordinary Shares unless such disposal is made on an orderly market basis through the Company's broker from time to time.

10.5 *Registrar agreement*

Pursuant to an agreement between the Registrar and the Company dated 22 November 2019, the Registrar has been retained by the Company to maintain the register of members. The agreement may be terminated by either party on service of 6 months' notice on the other, such notice to expire no earlier than the first anniversary of the date of the agreement. The agreement may also be terminated immediately by either party in certain specified circumstances such as insolvency or material breach of the agreement. The basic fee payable by the Company to the Registrar is subject to an annual minimum charge of £5,000. In addition, various transfer fees are also payable on the transfer of any Ordinary Shares. This agreement contains customary warranties and indemnities given by the Company to the Registrar relating to its incorporation and capacity.

10.6 *Julian Riddick service agreement*

Julian Riddick has entered into a service agreement with the Company dated 28 November 2019 setting out the terms of his appointment as company secretary and commercial director. The service agreement is conditional on Admission. The agreement provides for the payment by the Company to Mr. Riddick of a salary of £100,000 per annum, which will increase to a rate commensurate with his position immediately following completion by the Company of its first corporate acquisition after Admission. Under the agreement, Mr. Riddick is also entitled to life assurance, travel insurance, permanent health insurance, critical illness cover and 30 days holiday per annum. The appointment is terminable by one month's notice by either party, increasing to six months' notice following (i) completion by the Company of its first corporate acquisition after Admission and (ii) an increase in Mr. Riddick's salary to more than £150,000 per annum. Upon a change of control of the Company, Mr. Riddick is entitled to terminate his service agreement within three months of the completion of such an event and receive compensation in the form of 6 months' salary and 65 per cent. of any bonus paid in the previous period. The agreement imposes certain restrictions on Mr. Riddick as regards the use of confidential information and intellectual property. In addition, Mr. Riddick will be subject to certain restrictive covenants following the termination of the agreement.

11. Taxation

- 11.1 The following statements are intended only as a general guide for certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. They are based on current UK tax legislation and, what is understood to be, HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time, possibly with retroactive effect.
- 11.2 The Company is at the date of this document resident for tax purposes in the United Kingdom and the following is based on that status.
- 11.3 This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position applicable to Shareholders who are resident and, in the case of individuals, domiciled for tax purposes in (and only in) the UK (except in so far as express reference is made to the treatment of non-UK residents) and who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 10 per cent. or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds,

charities or UK insurance companies or whose shares are held under a self-invested personal pension or an individual savings account or are “employment related securities” as defined in section 421B of the Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

11.4 *Dividends*

The United Kingdom taxation implications relevant to the receipt of dividends on the Ordinary Shares are as follows:

The Company is not required to withhold tax when paying a dividend. Liability on tax on dividends will depend upon the individual circumstances of the Shareholder.

(a) *UK resident individual Shareholders*

Under current UK tax rules, specific rates of tax apply to dividend income. UK resident individuals are entitled to a nil rate of income tax on the first £2,000 of dividend income in the tax year 2019/2020 (the dividend allowance). Any dividend income received by a UK resident individual Shareholder in respect of the Ordinary Shares in excess of the nil rate band will be subject to income tax at a rate of 7.5 per cent. to the extent that it is within the basic rate band, 32.5 per cent., to the extent that it is within the higher rate band and 38.1 per cent. to the extent that it is within the additional rate band.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder’s income. In addition, dividends within the nil rate band (in the absence of the nil rate band exemption) would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

(b) *UK resident corporate Shareholders*

Dividends paid on the Ordinary Shares to UK resident corporate shareholders may fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent. (17 per cent. from 1 April 2020).

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

(c) *Other Shareholders*

The annual tax free dividend allowance of £2,000 available to individuals will not be available to UK resident trustees of a discretionary trust. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 7.5 per cent. of total trust income if below £1,000, or otherwise at 38.1 per cent., which mirrors the dividend additional rate.

No tax credit will be attached to any dividend paid by the Company. A Shareholder resident outside the United Kingdom may also be subject to non-UK taxation on dividend income under local law. A Shareholder who is resident outside the United Kingdom for tax purposes should consult its, his or her own tax adviser concerning its, his or her tax position on dividends received from the Company.

11.5 *Disposal of Ordinary Shares acquired under the Placing*

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is resident in the United Kingdom for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

For such individual Shareholders, any chargeable gain on their disposal of Ordinary Shares will be subject to capital gains tax at 10 per cent. to the extent it is within the basic rate band and 20 per cent. to the extent it is within the higher or additional rate bands. No indexation allowance will be available to such Shareholders but they may be entitled to an annual exemption from capital gains to the extent this has not been used against other gains, and any other tax reliefs available such as existing capital losses.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

For such corporate Shareholders, any chargeable gain will be subject to corporation tax. No indexation allowance will be available to reduce any chargeable gain arising on disposal of the Ordinary Shares.

Corporation tax is charged on chargeable gains at the rate applicable to that company at the date of disposal. Such tax would be applied at one of the relevant corporation tax rates already stated above depending on the timing of the disposal.

Shareholders who are not resident in the United Kingdom will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Ordinary Shares unless they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Ordinary Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who acquires shares whilst resident for tax purposes in the United Kingdom (and has been UK tax resident in at least 4 of the last 7 tax years) but subsequently ceases to be so resident or is subsequently treated as resident outside the United Kingdom for the purposes of a double tax treaty for a period of five years or less and who disposes of all or part of his or her Ordinary Shares during that period may be liable to capital gains tax on his or her return to the United Kingdom, subject to any available exemptions or reliefs. This is a complex area of tax legislation and individuals looking to leave the UK should seek specialist tax advice.

11.6 *Tax reliefs*

Entrepreneurs' relief may be available to reduce the capital gain liable to tax on a disposal of Ordinary Shares by a Shareholder who is an officer or employee of the Company and who meets certain other conditions, including holding at least 5 per cent. of the ordinary share capital, voting power and economic interest in the Company. A holding in the Ordinary Shares of the Company may qualify for other reliefs. However, individuals should seek confirmation as to whether any relief is available in their own particular circumstances at the relevant time.

11.7 *Stamp duty and Stamp Duty Reserve Tax*

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Placing Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (a) the Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

- (b) AIM continues to be accepted as a “recognised growth market” (as construed in accordance with section 99A of the Finance Act 1986). In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances, at the rate of 0.5 per cent. of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5).

11.8 *Inheritance Tax*

Individual and trustee Shareholders may be liable on occasions to inheritance tax (“IHT”) on the value of any Ordinary Shares held by them. Under current law, the primary occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder (which will also be brought into account when calculating the IHT on the death of the Shareholder), and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances. Additionally, for Ordinary Shares held in trust, an occasion of charge can also occur at every 10-year anniversary of the trust and at the point of the settlor’s death where certain anti-avoidance provisions apply.

However, a relief from IHT known as business property relief (“BPR”) may apply to ordinary shares in trading companies subject to conditions being met by the Shareholder(s) and the Company itself, including over the holding period of qualifying business assets. Shares may qualify for BPR notwithstanding that they will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes which means that there will be no IHT to pay. However, in some cases the shares may qualify for BPR, but the Company may hold certain assets, for example investment assets, the value of which is excluded for the purposes of applying BPR and therefore that value would be subject to IHT on a chargeable event subject to any other available reliefs.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK IHT and an equivalent tax in another country.

The comments set out above are intended only as a general guide to the current tax position in the UK at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder’s personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

Any person who is in any doubt as to his tax position or who may be subject to tax in any other jurisdiction should consult his professional adviser.

12. **Related party transactions**

The Company has not entered into a related party transaction during the period up to the date of this document.

13. **Principal investments**

Save as set out or referred to in this document:

- (a) no significant investments have been made by the Company since incorporation and up to the date of this document;
- (b) no significant investments by the Company are in progress; and
- (c) there are no future significant investments by the Company in respect of which a firm commitment has already been made.

14. Working capital

The Directors are of the opinion having made due and careful enquiry that, taking into account the estimated net proceeds of the Placing, the working capital available to the Company will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

15. Litigation

The Company is not nor has during the 12 months preceding the date of this document been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

16. No significant change

There has been no significant change in the financial or trading position of the Company since its incorporation, save as disclosed in this document.

17. Consents

Stifel Nicolaus Europe Limited has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

18. General

18.1 No financial statements have been prepared as at the date of this document as the Company is a newly incorporated investing company that has not traded or made any investments and has no material assets or liabilities.

18.2 The total costs and expenses payable by the Company in connection with or incidental to the Placing and Admission are estimated to be approximately £740,000 (exclusive of VAT). The gross proceeds of the Placing are estimated to be approximately £9,500,000 and the net proceeds of the Placing are estimated to be approximately £8,760,000.

18.3 Of the Placing Price, 10 pence represents the nominal value of each new Ordinary Share and 90 pence represents the premium.

18.4 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.

18.5 Save as disclosed in this document, so far as the Directors are aware, there have not, in relation to the Company, been:

(a) any significant recent trends in production, sales, inventory, costs and selling prices between the end of the last financial year of the Company and the date of this document; or

(b) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year.

18.6 Save as disclosed in this document, the Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

18.7 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission or has entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:

(a) fees totalling £10,000 or more;

(b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

- (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 18.8 The Directors confirm that, where information in this document has been sourced from a third party, this information has been accurately reproduced and that, so far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 18.9 BDO LLP are the auditors of the Company and are a member firm of the Institute of Chartered Accountants in England and Wales.
- 18.10 The accounting reference date of the Company is 31 December in each year. The current accounting reference period of the Company ends on 31 December 2019.
- 18.11 There are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to the Company's business or profitability.
- 18.12 Save as disclosed in this document, the Company has no employees.
- 18.13 There have been no takeover bids by third parties in respect of the Company's equity which have occurred during the last financial year or the current financial year.

19. Availability of this document

Copies of this document will be available to the public free of charge at the registered office address of the Company during normal business hours on any day (except Saturdays, Sundays and public holidays) for a period of one month from the date of Admission. This document will also be available for download from the Company's website at www.longboatenergy.com.

PART IV – TERMS AND CONDITIONS OF THE PLACING

The information contained in this Part IV is restricted and is not for publication, release or distribution in or into the United States, Canada, the Republic of South Africa, Australia, the Republic of Ireland or Japan or any other jurisdiction in which such publication, release or distribution would be unlawful.

Each Placee should consult with its own advisers as to legal, tax, business and related aspects in relation to any acquisition of Placing Shares.

Longboat Energy plc

Proposed Placing of new Ordinary Shares at the Placing Price of 100 pence per Placing Share

The terms and conditions set out in this Part IV (the “Terms and Conditions”) do not constitute an offer or invitation to acquire, underwrite or dispose of, or any solicitation of any offer or invitation to acquire, underwrite or dispose of, any Ordinary Shares or other securities of the Company to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation in such jurisdiction. Persons who seek to participate in the Placing must inform themselves about and observe any such restrictions and must be persons who are able to lawfully receive this document in their jurisdiction. In particular, neither the Admission Document nor these Terms and Conditions constitutes an offer or invitation (or a solicitation of any offer or invitation) to acquire, underwrite or dispose of or otherwise deal in any Ordinary Shares or other securities of the Company in the United States, Canada, the Republic of South Africa, Australia, the Republic of Ireland or Japan or in any other jurisdiction in which any such offer, invitation or solicitation is or would be unlawful.

Members of the public are not eligible to take part in the Placing. Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares. The Admission Document (including these Terms and Conditions) does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or Stifel. The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of the United States, Canada, the Republic of South Africa, Australia, the Republic of Ireland or Japan. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within the United States, Canada, the Republic of South Africa, Australia, the Republic of Ireland or Japan or to any national, resident or citizen of the United States, Canada, the Republic of South Africa, Australia, the Republic of Ireland or Japan.

The Ordinary Shares have not been, and will not be, registered with the US Securities and Exchange Commission under the Securities Act, or the securities laws of any other jurisdiction of the United States. The Ordinary Shares may not be offered or sold, directly or indirectly, in or into the United States (except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act). No public offering of the Ordinary Shares is being made in the United States. The Ordinary Shares are being offered and sold only outside the United States in “offshore transactions” within the meaning of, and in reliance on, Regulation S of the Securities Act. The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed on or endorsed the merits of the Placing or the accuracy or adequacy of the information contained in this Admission Document (including these Terms and Conditions). Any representation to the contrary is a criminal offence in the United States. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in the Admission Document, or any announcement made by the Company, will not be accepted.

In the United Kingdom, this Admission Document (including these Terms and Conditions) is being distributed to, and is directed only at: (a)(i) persons having professional experience in matters

relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); or (ii) high net worth companies, unincorporated associations and other bodies within the meaning of Article 49(2)(a) to (d) of the Order; and (b) “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation; or (c) persons to whom it is otherwise lawful to distribute it (all such persons together being referred to as “Relevant Persons”). It is not directed at and may not be acted or relied on by anyone other than a Relevant Person. Persons who do not fall within the definition of “Relevant Persons” above should not rely on this Admission Document, nor take any action upon it. By receiving this Admission Document you are deemed to warrant to the Company and Stifel that you are a Relevant Person and agree to and will comply with the contents of these Terms and Conditions.

Introduction

Each Placee which confirms its agreement to Stifel (whether orally or in writing) to subscribe for Placing Shares under the Placing, hereby agrees with Stifel and the Company that it will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and Stifel may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a “Placing Letter”).

Application for admission to trading

Application has been made to the London Stock Exchange for the admission of the Placing Shares to be issued pursuant to the Placing to trading on AIM. Except as otherwise set forth herein, it is anticipated that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 28 November 2019 for normal account settlement and that Admission will become effective on that date. The Placing Shares will not be admitted to trading on any stock exchange other than AIM.

Agreement to purchase Placing Shares

Conditional on (i) Admission occurring and becoming effective on or prior to 8:00 a.m. on 28 November 2019 (or such later time and/or date, being not later than 13 December 2019, as the Company and Stifel may agree), (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms on or before Admission, and (iii) Stifel confirming to the relevant Placees their allocation of Placing Shares in the Placing at the Placing Price, a Placee agrees to become a member of the Company and agrees to subscribe for those Placing Shares allocated to it by Stifel at the Placing Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or otherwise withdraw from such commitment at any time. This does not affect any other rights the Placee may have.

If (i) any of the conditions in the Placing Agreement are not satisfied (or, where relevant, waived by Stifel) or (ii) the Placing Agreement is terminated or (iii) the Placing Agreement does not otherwise become unconditional in all respects, the Placing will not proceed and all funds delivered by Placees to Stifel will be returned to them at their risk without interest, and their rights and obligations hereunder shall cease and determine at such time and no claim shall be made by them in respect thereof.

None of the Company, the Directors or Stifel owes any fiduciary duty to any Placee in respect of the warranties, undertakings or indemnities in the Placing Agreement.

Right to terminate under the Placing Agreement

Stifel is entitled in its absolute discretion, at any time before Admission and after such consultation with the Company as the circumstances allow, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, *inter alia*:

1. in the opinion of Stifel (acting in good faith), the warranties are not true and accurate or have become misleading (or would not be true and accurate or would be misleading if they were to be repeated at any time before Admission) by reference to the facts subsisting at the time when the notice referred to above is given, in each case in a way that is material in the context of the Placing and/or Admission; or

2. in the opinion of Stifel (acting in good faith), the Company fails to comply with any of its obligations under this agreement and that failure is material in the context of the Placing and/or Admission; or
3. in the opinion of Stifel (acting in good faith), there has been a development or event (or any development or event involving a prospective change of which the Company is, or might reasonably be expected to be, aware) which will or is likely to have a material adverse effect on the operations, condition (financial, operational, legal or otherwise), prospects, management, results of operations, financial position, business or general affairs of the Company or of the Group respectively, whether or not foreseeable and whether or not arising in the ordinary course of business; or
4. there has been a change in national or international financial, political, economic or stock market conditions (primary or secondary), an incident of terrorism, outbreak or escalation of hostilities, war, declaration of martial law or any other calamity or crisis; a suspension or material limitation in trading of securities generally on any stock exchange; any change in currency exchange rates or exchange controls or a disruption of settlement systems or a material disruption in commercial banking, in each case as would be likely in the opinion of Stifel (acting in good faith) to materially prejudice the success of the Placing.

The rights and obligations of the Placees shall terminate only in the circumstances described in these Terms and Conditions and in the Placing Agreement and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by Stifel of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Stifel, and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or decision not to exercise. Placees will have no rights against Stifel, the Company, nor any of their respective affiliates, directors or employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended).

Payment for Placing Shares

Each Placee undertakes to pay the Placing Price for the Placing Shares issued to the Placee in the manner and by the time directed by Stifel. In the event of any failure by any Placee to pay as so directed and/or by the time required, the relevant Placee shall be deemed hereby to have appointed Stifel or any nominee of Stifel as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as directed, and to indemnify Stifel and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Placing Shares shall not release the relevant Placee from the obligation to make such payment for relevant Placing Shares to the extent that Stifel or its nominees (as applicable) have failed to sell such Placing Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Placing Price per Ordinary Share.

Terms and conditions of, and the mechanics of participation in, the Placing

This Part IV gives details of the terms and conditions of, and the mechanics of participation in, the Placing. By participating in the Placing, each Placee will be deemed to have read and understood this Part IV in its entirety, to be participating in, making an offer for and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Part IV.

No commission will be paid to Placees or by Placees in respect of any Placing Shares.

Details of the Placing Shares

The Placing Shares will, when issued, be subject to the Articles and credited as fully paid and will rank *pari passu* in all respects with the existing issued Ordinary Shares in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

Principal terms of the Placing

Each Placee's allocation of Placing Shares will be communicated orally by Stifel to the relevant Placee. That oral confirmation will give rise to an irrevocable, legally binding commitment by such Placee, in favour of Stifel and the Company, under which it agrees to acquire the number of Placing Shares allocated to it at the Placing Price and otherwise on the terms and subject to the conditions set out in this Part IV and in accordance with the Articles. Except with Stifel's consent, such commitment will not be capable of variation, revocation, termination or rescission at either the time of such oral confirmation or any time thereafter.

Registration and settlement

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by Stifel in accordance with either the standing CREST or certificated settlement instructions which they have in place with Stifel.

Settlement of transactions in the Placing Shares (ISIN: GB00BKF2482) will take place within the CREST system, subject to certain exceptions. Settlement through CREST will be with respect to the Placing Shares on a T+2 basis unless otherwise notified by Stifel and is expected to occur at 8:00 a.m. on 28 November 2019.

In accordance with the contract note, settlement will be on a delivery versus payment basis.

In the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and Stifel may agree that the Placing Shares should be issued in certificated form.

Stifel reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as it deems necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of two percentage points above prevailing LIBOR as determined by Stifel.

Each Placee is deemed to agree that if it does not comply with these obligations, Stifel may sell any or all of their Placing Shares on their behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf.

Representations and warranties

By participating in the Placing, each Placee and/or any person acting on such Placee's behalf acknowledges, agrees, represents, undertakes, and warrants to each of the Company and Stifel that:

1. it has read and understood this document in its entirety and it agrees and acknowledges that the issue and acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements, undertakings and other information contained in this Part IV;
2. it acknowledges and agrees that its acceptance of its participation in the Placing on the terms set out in the Admission Document and these Terms and Conditions is legally binding, irrevocable and is not capable of termination or rescission by it in any circumstances;
3. it has not relied on, received nor requested nor does it have any need to receive, any prospectus, offering memorandum, listing particulars or any other document, other than the Admission Document describing the business and affairs of the Company which has been prepared for delivery to prospective investors in order to assist it in making an investment decision in respect of the Placing Shares, any information given or any representations, warranties agreements or undertakings (express or implied), written or oral, or statements made at any time by the Company or Stifel or by any subsidiary, holding company, branch or associate of the Company, Stifel, or any of their respective officers, directors, agents,

employees or advisers, or any other person in connection with the Placing and that in making its application under the Placing it will be relying solely on the information contained in the Admission Document and these Terms and Conditions and it will not be relying on any agreements by the Company and its subsidiaries or Stifel or any director, employee or agent of the Company or Stifel other than as expressly set out in the Admission Document and these Terms and Conditions for which none of Stifel or any of its directors and/or employees and/or person(s) acting on behalf of any of them shall to the maximum extent permitted under law have any liability except in the case of fraud. Each Placee further confirms, represents and warrants that it has reviewed the Admission Document, including the discussion of the conditions of the Placing Agreement, commissions to Stifel, and risks related to the Company, its operations and the Ordinary Shares;

4. it is a Relevant Person and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business;
5. in the case of a Relevant Person in a Relevant Member State who acquires any Placing Shares pursuant to the Placing:
 - a. it is a Qualified Investor; and
 - b. in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Regulation 5(1) of the Prospectus Regulation:
 - i. the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale in circumstances where the Prospectus Regulation applies or to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of Stifel has not been given to the offer or resale; or
 - ii. where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
6. it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are acquired will not be, a resident of, or with an address in, or subject to the laws of, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and may not be offered, sold or acquired, directly or indirectly, within those jurisdictions;
7. it agrees that the exercise by Stifel of any right of termination or any right of waiver exercisable by Stifel contained in the Placing Agreement or the exercise of any discretion thereunder is within the absolute discretion of Stifel and Stifel will not have any liability to it whatsoever in connection with any decision to exercise or not exercise any such rights. Each Placee acknowledges that if (i) any of the conditions in the Placing Agreement are not satisfied (or, where relevant, waived) or (ii) the Placing Agreement is terminated or (iii) the Placing Agreement does not otherwise become unconditional in all respects, the Placing will lapse and its rights and obligations hereunder shall cease and determine at such time and no claim shall be made by it in respect thereof;
8. it acknowledges that no action has been or will be taken by any of the Company, Stifel or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required. In addition, the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of the United States (or any state or other jurisdiction of the United States) Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa or in any country or jurisdiction where any such action for that purpose is required;

9. it will not distribute, forward, transfer or otherwise transmit this document or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
10. it and/or each person on whose behalf it is participating (i) is entitled to acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions; (ii) has fully observed such laws and regulations; (iii) has the capacity and has obtained all requisite authorities and consents (including, without limitation, in the case of a person acting on behalf of a Placee, all requisite authorities and consents to agree to the terms set out or referred to in this Part IV) under those laws or otherwise and has complied with all necessary formalities to enable it to enter into the transactions and make the acknowledgements, agreements, indemnities, representations, undertakings and warranties contemplated hereby and to perform and honour its obligations in relation thereto on its own behalf (and in the case of a person acting on behalf of a Placee on behalf of that Placee); (iv) does so agree to the terms set out in this Part IV and does so make the acknowledgements, agreements, indemnities, representations, undertakings and warranties contained in this document on its own behalf (and in the case of a person acting on behalf of a Placee, on behalf of that Placee); and (v) is and will remain liable to the Company and Stifel for the performance of all its obligations as a Placee of the Placing (whether or not it is acting on behalf of another person);
11. it is acquiring the Placing Shares for its own account or if it is acquiring the Placing Shares on behalf of another person it confirms that it exercises sole investment discretion in relation to such other person's affairs and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its acquisition of Placing Shares;
12. it understands (or if acting on behalf of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Part IV;
13. it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (i) is required under the Prospectus Regulation; and (ii) has been or will be prepared in connection with the Placing;
14. it has made its own assessment of the Company, the Placing Shares and the terms of the Placing and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. It has not relied on (i) any investigation that Stifel or any person acting on Stifel's behalf may have conducted with respect to the Company, the Placing or the Placing Shares; or (ii) any other information given or any other representations, statements or warranties made at any time by any person in connection with Admission, the Company, the Placing, the Placing Shares or otherwise;
15. neither Stifel, the Company nor any of their respective affiliates, agents, consultants, directors, employees, officers or any person acting on behalf of any of them has provided, nor will provide, it with any material regarding the Placing Shares or the Company or any other person in addition to the information in this document; nor has it requested either of Stifel or the Company, nor any of their respective affiliates, agents, consultants, employees, directors or officers or any person acting on behalf of any of them to provide it with any such information;
16. the content of this document has been prepared by and is exclusively the responsibility of the Company. Neither Stifel nor any persons acting on behalf of it is responsible for or has or shall have any liability for any information, representation, warranty or statement, written or oral relating to the Company and either contained in this document or previously or concurrently published by or on behalf of the Company. Stifel will not be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this document, or otherwise. None of Stifel, the Company, nor any of their respective affiliates, agents, consultants, directors, employees or officers has made any representation or warranty to the Placee, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the information in this document. Nothing in this Part IV shall exclude any liability of any person for fraudulent misrepresentation;

17. the only information on which it is entitled to rely and on which it has relied in committing to subscribe for the Placing Shares is contained in this document. It has satisfied itself that such information is still current and is all that it deems necessary to make an investment decision in respect of the Placing Shares;
18. it has the funds available to pay for the Placing Shares which it has agreed to acquire and acknowledges, agrees and undertakes that it will make payment to Stifel for the Placing Shares allocated to it in accordance with the terms and conditions of this document on the due times and dates set out in this document or as otherwise directed by Stifel, failing which the relevant Placing Shares may be placed with others on such terms as Stifel may, in its absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the Placing Price of the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this document) which may arise upon the sale of such Placee's Placing Shares on its behalf;
19. the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that no instrument under which it subscribes for Placing Shares (whether as principal, agent or nominee) would be subject to stamp duty or stamp duty reserve tax at the increased rates referred to in those sections and that it, or the person specified by it for registration as holder of the Placing Shares, is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
20. it, or the person specified by it for registration as a holder of the Placing Shares will be responsible for any liability to stamp duty or stamp duty reserve tax that is payable on the acquisition of any of the Placing Shares or the agreement to subscribe for the Placing Shares and shall indemnify the Company and Stifel in respect of the same on the basis that the Placing Shares will be allotted to a CREST stock account of Stifel who will hold them as nominee on behalf of such Placee (or the person specified by it for registration as holder of the Placing Shares) until settlement with it in accordance with its standing settlement instructions;
21. it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that Stifel has not approved this document in its capacity as an authorised person under section 21 of FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as a financial promotion by an authorised person;
22. it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of FSMA in respect of anything done in, from or otherwise involving the United Kingdom);
23. none of Stifel, the Company, any of their respective affiliates, agents, consultants, directors, employees or officers or any person acting on behalf of any of them are making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any acknowledgements, agreements, indemnities, representations, undertakings or warranties contained in the Placing Agreement nor the exercise or performance of Stifel's rights and obligations thereunder, including any rights to waive or vary any conditions or exercise any termination right. Its participation in the Placing is on the basis that it is not and will not be a client of Stifel and Stifel has no duties or responsibilities to it for providing the protections afforded to its clients or customers under the rules of the FCA, and any payment by it will not be treated as client money governed by the rules of the FCA;
24. Stifel and each of its affiliates, each acting as an investor for its or their own account(s), may, in accordance with applicable legal and regulatory provisions, bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise

- deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Stifel and/or any of its affiliates, acting as an investor for its or their own account(s). Neither Stifel nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;
25. it will not make any offer to the public of the Placing Shares and it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom for the purposes of section 85(1) of FSMA or an offer to the public in any other member state of the EEA within the meaning of the Prospectus Regulation;
 26. it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006, the Anti Terrorism Crime and Security Act 2001 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (together, the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
 27. it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, market abuse under the MAR and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
 28. it has neither received nor relied on any confidential or price-sensitive information concerning the Company in accepting this invitation to participate in the Placing;
 29. if it has received any 'inside information' (for the purposes of the MAR and section 56 of the Criminal Justice Act 1993) in relation to the Company and its securities, it confirms that it has received such information within the market soundings regime provided for in article 11 of the MAR and associated delegated regulations and it has not: (i) dealt (or attempted to deal) in the securities of the Company; (ii) encouraged, recommended or induced another person to deal in the securities of the Company; or (iii) unlawfully disclosed inside information to any person, prior to the information being made publicly available;
 30. in order to ensure compliance with the Regulations, Stifel (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to Stifel or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at Stifel's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at Stifel's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity Stifel (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, Stifel and/or the Company may, at their absolute discretion, terminate their commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
 31. it acknowledges that its commitment to acquire Placing Shares on the terms set out in this document will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or Stifel's conduct of the Placing;

32. it acknowledges and agrees that its commitment to subscribe for Placing Shares on the terms set out herein and in the trade confirmation or contract note will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing;
33. it acknowledges and agrees that the Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and are being offered and sold only outside the United States in "offshore transactions" (as defined in Regulation S). Accordingly, the Placing Shares may not be offered, sold, transferred or delivered directly or indirectly in or into the United States, except pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, and, in connection with any such transfer, the Company will have the right to obtain, as a condition to transfer, a legal opinion of counsel, in a form and by counsel reasonably satisfactory to the Company, that no such Securities Act registration is or will be required along with appropriate certifications by the transferee as to appropriate matters. No representation has been made as to the availability of any exemption under the Securities Act for the reoffer, resale, transfer or delivery of the Placing Shares;
34. it agrees, represents and warrants as follows:
 - a. it is acquiring the Placing Shares in an "offshore transaction" (as defined in Regulation S);
 - b. it will not offer or sell the Placing Shares in the United States absent registration or an exemption from registration under the Securities Act;
 - c. it is not acquiring the Placing Shares as a result of any form of "directed selling efforts" (as defined in Rule 902 under the Securities Act); and
 - d. if it is in the United Kingdom, it is a person falling within the exemption contained in section 86(1)(a) of FSMA or falling within one or more of the categories of persons set out in Article 19 (Investment Professionals) or Article 49 (High net worth companies, unincorporated associations etc.) of the Order;
35. it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
36. it irrevocably appoints any duly authorised officer of Stifel as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe or purchase upon the terms of this document;
37. the Company, Stifel and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to Stifel on its own behalf and on behalf of the Company and are irrevocable, and agree that if any of the representations and agreements deemed to have been made by it by its subscription for, or purchase of, Placing Shares, are no longer accurate, it shall promptly notify the Company and Stifel;
38. time is of the essence as regards its obligations under this Part IV;
39. any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to Stifel; and
40. the terms and conditions in this Part IV and all documents into which this Part IV is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire Placing Shares

pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or Stifel in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

Each Placee agrees to indemnify on an after-tax basis and hold harmless the Company, Stifel and any of their respective affiliates, officers, directors, agents, employees or advisers (the "Indemnified Persons") from and against any and all costs, claims losses, damages, liabilities or expenses, including legal fees and expenses (including any VAT thereon), which an Indemnified Person may incur by reason of, or in connection with, any representation, warranty, acknowledgement, agreement or undertaking made herein not having been true when made, any breach thereof or any misrepresentation.

26 November 2019

